

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

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

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Exhibit A – Map of Contractor's Service Area

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

5 LONG-TERM RENEWAL CONTRACT BETWEEN THE UNITED STATES
6 AND
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8 PROVIDING FOR PROJECT WATER SERVICE
9 FROM THE SACRAMENTO RIVER DIVISION

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

20 WITNESSETH, That:

21 EXPLANATORY RECITALS

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

28 [2nd] WHEREAS, the United States constructed the Red Bluff Diversion Dam, and the
29 Tehama-Colusa Canal and related delivery facilities including pumping plants, hereinafter
30 collectively referred to as the Canal Facilities, which will be used in part for the furnishing of
31 water to the Contractor pursuant to the terms of this Contract; and

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

34 [4th] WHEREAS, the Contractor and the United States entered into Contract
35 No. 14-06-200-8310A, which established terms for the delivery to the Contractor of Project
36 Water from the Canal Facilities from November 18, 1975, through February 28, 1995, and under
37 which the initial date of water delivery to the Contractor was January 1, 1981; and

38 [5th] WHEREAS, the Contractor and the United States have pursuant to subsection
39 3404(c)(1) of the Central Valley Project Improvement Act (CVPIA), subsequently entered into
40 interim renewal contract(s) identified as Contract No(s). 14-06-200-8310A-IR1, 14-06-200-
41 8310A-IR2, 14-06-200-8310A-IR3, 14-06-200-8310A-IR4, 14-06-200-8310A-IR5, 14-06-200-
42 8310A-IR6, 14-06-200-8310A-IR7, and 14-06-200-8310A-IR8, the current of which is
43 hereinafter referred to as the Existing Contract, which provided for the continued water service
44 to the Contractor from March 1, 2004, through February 28, 2006; and

45 [5.1] WHEREAS, in accordance with Article 5 (a) of Contract No. 14-06-200-8310A,
46 and with the prior approval of the Contracting Officer, the Contractor entered into subcontracts

47 for the resale and distribution of all of the Project Water under Contract No. 14-06-200-8310A
48 with the Member Units, with an initial delivery date of January 1, 1981, and for the quantities set
49 forth below:

50 Colusa County Water District for 5,965 acre-feet;
51 Cortina Water District for 1,700 acre-feet;
52 4-M Water District for 5,700 acre-feet;
53 Glenn Valley Water District for 1,730 acre-feet;
54 Holthouse Water District for 2,450 acre-feet;
55 La Grande Water District for 2,200 acre-feet;
56 Myers-Marsh Mutual Water Company for 255 acre-feet;
57 Westside Water District for 40,000 acre-feet; and

58 [5.2] WHEREAS, the Contractor and Westside Water District entered into a partial
59 assignment on March 27, 2002, identified as Contract No. 14-06-200-8310X, to permanently
60 assign to Westside Water District 40,000 acre-feet of the Project Water made available to the
61 Contractor pursuant to Contract No. 14-06-200-8310A; and

62 [6th] WHEREAS, Section 3404(c) of the CVPIA provides for long-term renewal of the
63 Existing Contract following completion of appropriate environmental documentation, including a
64 programmatic environmental impact statement (PEIS) pursuant to the National Environmental
65 Policy Act (NEPA), analyzing the direct and indirect impacts and benefits of implementing the
66 CVPIA and the potential renewal of all existing contracts for Project Water; and

67 [7th] WHEREAS, the United States has completed the PEIS and all other appropriate
68 environmental review necessary to provide for long-term renewal of the Existing Contract; and

69 [8th] WHEREAS, the Contractor has requested the long-term renewal of the Existing
70 Contract, pursuant to the terms of the Existing Contract, Federal Reclamation law, and the laws
71 of the State of California, for water service from the Project; and

72 [9th] WHEREAS, the United States has determined that the Contractor has fulfilled all
73 of its obligations under the Existing Contract; and

74 [10th] WHEREAS, the Contractor has demonstrated to the satisfaction of the
75 Contracting Officer that the Contractor has utilized the Project Water supplies available to it for
76 reasonable and beneficial use and, based upon a needs analysis cooperatively prepared by the
77 Contracting Officer and the Contractor, has demonstrated projected future demand for water use
78 that exceeds the Contract Total to be made available to it pursuant to this Contract; and

79 [11th] WHEREAS, water obtained from the Project has been relied upon by urban and
80 agricultural areas within California for more than 50 years, and is considered by the Contractor
81 as an essential portion of its water supply; and

82 [12th] WHEREAS, the economies of regions within the Project, including the
83 Contractor's, depend upon the continued availability of water, including water service from the
84 Project; and

85 [13th] WHEREAS, the Secretary intends through coordination, cooperation, and
86 partnerships to pursue measures to improve water supply, water quality, and reliability of the
87 Project for all Project purposes; and

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

94 [15th] WHEREAS, the parties intend by this Contract to develop a more cooperative
95 relationship in order to achieve their mutual goals; and

96 [16th] WHEREAS, the United States and the Contractor are willing to enter into this
97 Contract pursuant to Federal Reclamation law on the terms and conditions set forth below;

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

100 DEFINITIONS

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

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

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

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

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

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

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

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

122 (h) "Eligible Lands" shall mean all lands to which Irrigation Water may be
123 delivered in accordance with Section 204 of the Reclamation Reform Act of October 12, 1982
124 (96 Stat. 1263), as amended, hereinafter referred to as RRA;

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

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

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

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

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

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

147 (o) “Member Unit” shall mean an entity within the Contractor's Service Area
148 organized for the purpose of obtaining Project Water from the Canal Facilities and executing a
149 subcontract with the Contractor for such a supply;

150 (p) “Municipal and Industrial (M&I) Water” shall mean Project Water, other
151 than Irrigation Water, made available to the Contractor. M&I Water shall include water used for
152 human use and purposes such as the watering of landscaping or pasture for animals (e.g., horses)
153 which are kept for personal enjoyment or water delivered to land holdings operated in units of
154 less than five acres, unless the Contractor establishes to the satisfaction of the Contracting
155 Officer that the use of water delivered to any such landholding is a use described in subdivision
156 (m) of this Article;

157 (q) “M&I Full Cost Water Rate” shall mean the Full Cost Rate applicable to
158 the delivery of M&I Water;

159 (r) “Operation and Maintenance” or “O&M” shall mean normal and
160 reasonable care, control, operation, repair, replacement (other than capital replacement), and
161 maintenance of Project facilities;

162 (s) “Operating Non-Federal Entity” shall mean the Tehama-Colusa Canal
163 Authority, its successors or assigns, a non-Federal entity which has the obligation to operate and
164 maintain all or a portion of the Canal Facilities pursuant to an agreement with the United States,
165 and which may have funding obligations with respect thereto;

166 (t) “Project” shall mean the Central Valley Project owned by the United
167 States and managed by the Department of the Interior, Bureau of Reclamation;

168 (u) “Project Contractors” shall mean all parties who have water service
169 contracts for Project Water from the Project with the United States pursuant to Federal
170 Reclamation law;

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

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

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

180 (y) "Secretary" shall mean the Secretary of the Interior, a duly appointed
181 successor, or an authorized representative acting pursuant to any authority of the Secretary and
182 through any agency of the Department of the Interior;

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

185 (aa) "Water Delivered" or "Delivered Water" shall mean Project Water
186 diverted for use by the Contractor at the point(s) of delivery approved by the Contracting
187 Officer;

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

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

194 (dd) "Year" shall mean the period from and including March 1 of each
195 Calendar Year through the last day of February of the following Calendar Year.

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TERM OF CONTRACT

2. (a) This Contract shall be effective March 1, 2005, through February 28, 2030, and supersedes the Existing Contract. In the event the Contractor wishes to renew this Contract beyond February 28, 2030, the Contractor shall submit a request for renewal in writing to the Contracting Officer no later than two years prior to the date this Contract expires. The renewal of this Contract insofar as it pertains to the furnishing of Irrigation Water to the Contractor shall be governed by subdivision (b) of this Article, and the renewal of this Contract insofar as it pertains to the furnishing of M&I Water to the Contractor shall be governed by subdivision (c) of this Article.

(b) (1) Under terms and conditions of a renewal contract that are mutually agreeable to the parties hereto, and upon a determination by the Contracting Officer that at the time of contract renewal the conditions set forth in subdivision (b)(2) of this Article are met, and subject to Federal and State law, this Contract, insofar as it pertains to the furnishing of Irrigation Water to the Contractor, shall be renewed for a period of 25 years.

(2) The conditions which must be met for this Contract to be renewed are: (i) the Contractor and/or each Member Unit has prepared a water conservation plan that has been determined by the Contracting Officer in accordance with Article 26 of this Contract to meet the conservation and efficiency criteria for evaluating such plans established under Federal law; (ii) the Contractor and/or each Member Unit is implementing an effective water conservation and efficiency program based on the Contractor's and/or each Member Unit's water conservation plan as required by Article 26 of this Contract; (iii) the Contractor and/or each Member Unit is maintaining all water measuring devices and implementing all water measurement methods as approved by the Contracting Officer pursuant to Article 6 of this Contract; (iv) the Contractor and/or each Member Unit has reasonably and beneficially used the Project Water supplies made available to it and, based on projected demands, is reasonably anticipated and expects to fully utilize for reasonable and beneficial use the quantity of Project

222 Water to be made available to it pursuant to such renewal; (v) the Contractor and/or each
223 Member Unit is complying with all terms and conditions of this Contract; and (vi) the Contractor
224 and/or each Member Unit has the physical and legal ability to deliver Project Water.

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

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

243 (d) The Contracting Officer shall make a determination ten years after the
244 date of execution of this Contract, and every five years thereafter during the term of this
245 Contract, of whether a conversion of the relevant portion of this Contract to a contract under
246 subsection 9(d) of the Reclamation Project Act of 1939 can be accomplished pursuant to the Act
247 of July 2, 1956 (70 Stat. 483). The Contracting Officer shall also make a determination ten years

248 after the date of execution of this Contract and every five years thereafter during the term of this
249 contract of whether a conversion of the relevant portion of this Contract to a contract under
250 subsection 9(c)(1) of the Reclamation Project Act of 1939 can be accomplished.

251 Notwithstanding any provision of this Contract, the Contractor reserves and shall have all rights
252 and benefits under the Act of July 2, 1956 (70 Stat. 483). The Contracting Officer anticipates
253 that during the term of this Contract, all authorized Project construction expected to occur will
254 have occurred, and on that basis the Contracting Officer agrees upon such completion to allocate
255 all costs that are properly assignable to the Contractor, and agrees further that, at any time after
256 such allocation is made, and subject to satisfaction of the condition set out in this subdivision,
257 this Contract shall, at the request of the Contractor, be converted to a contract under subsection
258 9(d) or 9(c)(1), whichever is applicable, of the Reclamation Project Act of 1939, subject to
259 applicable Federal law and under stated terms and conditions mutually agreeable to the
260 Contractor and the Contracting Officer. A condition for such conversion to occur shall be a
261 determination by the Contracting Officer that, account being taken of the amount credited to
262 return by the Contractor as provided for under Federal Reclamation law, the remaining amount
263 of construction costs assignable for ultimate return by the Contractor can probably be repaid to
264 the United States within the term of a contract under subsection 9(d) or 9(c)(1), whichever is
265 applicable. If the remaining amount of costs that are properly assignable to the Contractor
266 cannot be determined during the term of this Contract, the Contracting Officer shall notify the
267 Contractor, and provide the reason(s) why such a determination could not be made. Further, the
268 Contracting Officer shall make such a determination as soon thereafter as possible so as to
269 permit, upon request of the Contractor and satisfaction of the condition set out above, conversion
270 to a contract under subsection 9(d) or 9(c)(1), whichever is applicable. In the event such
271 determination of costs has not been made at a time which allows conversion of this Contract
272 during the term of this Contract or the Contractor has not requested conversion of this Contract
273 within such term, the parties shall incorporate in any subsequent renewal contract as described in

274 subdivision (b) of this Article a provision that carries forth in substantially identical terms the
275 provisions of this subdivision.

276 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

277 3. (a) During each Year, consistent with all applicable State water rights,
278 permits, and licenses, Federal law, and subject to the provisions set forth in Articles 11 and 12 of
279 this Contract, the Contracting Officer shall make available for delivery to the Contractor 20,000
280 acre-feet of Project Water for irrigation and M&I purposes. Water Delivered to the Contractor in
281 accordance with this subdivision shall be scheduled and paid for pursuant to the provisions of
282 Articles 4 and 7 of this Contract.

283 (b) Because the capacity of the Project to deliver Project Water has been
284 constrained in recent years and may be constrained in the future due to many factors including
285 hydrologic conditions and implementation of Federal and State laws, the likelihood of the
286 Contractor actually receiving the amount of Project Water set out in subdivision (a) of this
287 Article in any given Year is uncertain. The Contracting Officer's modeling referenced in the
288 PEIS projected that the Contract Total set forth in this Contract will not be available to the
289 Contractor in many years. During the most recent five years, the Recent Historic Average of
290 water made available to the Contractor was 18,400 acre-feet. Nothing in subdivision (b) of this
291 Article shall affect the rights and obligations of the parties under any provision of this Contract.

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

294 (d) The Contractor shall make reasonable and beneficial use of all water
295 furnished pursuant to this Contract. Groundwater recharge programs (direct, indirect, or in lieu),
296 groundwater banking programs, surface water storage programs, and other similar programs
297 utilizing Project Water or other water furnished pursuant to this Contract conducted within the
298 Contractor's Service Area which are consistent with applicable State law and result in use
299 consistent with Federal Reclamation law will be allowed; Provided, That any direct recharge

300 program(s) is (are) described in each Member Unit's water conservation plan submitted pursuant
301 to Article 26 of this Contract; Provided, further, That such water conservation plan demonstrates
302 sufficient lawful uses exist in the Contractor's Service Area so that using a long-term average,
303 the quantity of Delivered Water is demonstrated to be reasonable for such uses and in
304 compliance with Federal Reclamation law. Groundwater recharge programs, groundwater
305 banking programs, surface water storage programs, and other similar programs utilizing Project
306 Water or other water furnished pursuant to this Contract conducted outside the Contractor's
307 Service Area may be permitted upon written approval of the Contracting Officer, which approval
308 will be based upon environmental documentation, Project Water rights, and Project operational
309 concerns. The Contracting Officer will address such concerns in regulations, policies, or
310 guidelines.

311 (e) The Contractor shall comply with requirements applicable to the
312 Contractor in biological opinion(s) prepared as a result of a consultation regarding the execution
313 of this Contract undertaken pursuant to Section 7 of the Endangered Species Act of 1973 (ESA),
314 as amended, that are within the Contractor's legal authority to implement. The Existing
315 Contract, which evidences in excess of 22 years of diversions for irrigation and/or M&I purposes
316 of the quantities of water provided in subdivision (a) of Article 3 of this Contract, will be
317 considered in developing an appropriate baseline for biological assessment(s) prepared pursuant
318 to the ESA, and any other needed environmental review. Nothing herein shall be construed to
319 prevent the Contractor from challenging or seeking judicial relief in a court of competent
320 jurisdiction with respect to any biological opinion or other environmental documentation referred
321 to in this Article.

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

326 impacting other Project Contractors. At the request of the Contractor, the Contracting Officer
327 will consult with the Contractor prior to making such a determination. If the Contracting Officer
328 determines that Project Water, or other water available to the Project, can be made available to
329 the Contractor, the Contracting Officer will announce the availability of such water and shall so
330 notify the Contractor as soon as practical. The Contracting Officer will thereafter meet with the
331 Contractor and other Project Contractors capable of taking such water to determine the most
332 equitable and efficient allocation of such water. If the Contractor requests the delivery of any
333 quantity of such water, the Contracting Officer shall make such water available to the Contractor
334 in accordance with applicable statutes, regulations, guidelines, and policies.

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

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

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

353 (j) The Contracting Officer shall make reasonable efforts to protect the water
354 rights necessary for the Project and to provide the water available under this Contract. The
355 Contracting Officer shall not object to participation by the Contractor, in the capacity and to the
356 extent permitted by law, in administrative proceedings related to the Project Water rights;
357 Provided, That the Contracting Officer retains the right to object to the substance of the
358 Contractor's position in such a proceeding; Provided further, That in such proceedings the
359 Contracting Officer shall recognize the Contractor has a legal right under the terms of this
360 Contract to use Project Water.

361 TIME FOR DELIVERY OF WATER

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

371 (b) On or before each March 1 and at such other times as necessary, the
372 Contractor shall, or, if so provided by subcontract with a Member Unit, a Member Unit shall
373 submit to the Contracting Officer a written schedule, satisfactory to the Contracting Officer,
374 showing the monthly quantities of Project Water to be delivered by the United States to the
375 Contractor pursuant to this Contract for the Year commencing on such March 1. The

376 Contracting Officer shall use all reasonable means to deliver Project Water according to the
377 approved schedule for the Year commencing on such March 1.

378 (c) The Contractor, or, if so provided by subcontract with a Member Unit, a
379 Member Unit shall not schedule Project Water in excess of the quantity of Project Water the
380 Contractor intends to put to reasonable and beneficial use within the Contractor's Service Area or
381 to sell, transfer, or exchange pursuant to Article 9 of this Contract during any Year.

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

388 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

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

393 (b) The Contracting Officer, either directly or through its written agreement(s)
394 with the Operating Non-Federal Entity/Entities shall make all reasonable efforts to maintain
395 sufficient flows and levels in the Project facilities to deliver Project Water to the Contractor at
396 specific turnouts established pursuant to subdivision (a) of this Article. The parties acknowledge
397 that it may be necessary from time to time to shut down some or all of Project facilities for
398 maintenance or emergencies. Except in the case of emergency, the Contracting Officer shall
399 consult with the Contractor to schedule the shutdown at such times and for such duration as will
400 allow for the work to be accomplished completely and efficiently, and with a minimum of

401 disruption of water service to the Contractor. In this regard, shutdowns will, to the extent
402 reasonably possible, be limited to the months of December and January.

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

407 (d) All Water Delivered to the Contractor pursuant to this Contract shall be
408 measured and recorded with equipment furnished, installed, operated, and maintained by the
409 United States or the Operating Non-Federal Entity/Entities at the point or points of delivery
410 established pursuant to subdivision (a) of this Article. Upon the request of either party to this
411 Contract, the Contracting Officer shall investigate, or cause to be investigated by the responsible
412 Operating Non-Federal Entity/Entities, the accuracy of such measurements and shall take any
413 necessary steps to adjust any errors appearing therein. For any period of time when accurate
414 measurements have not been made, the Contracting Officer shall consult with the Contractor and
415 the responsible Operating Non-Federal Entity/Entities prior to making a final determination of
416 the quantity delivered for that period of time.

417 (e) Neither the Contracting Officer nor any Operating Non-Federal
418 Entity/Entities shall be responsible for the control, carriage, handling, use, disposal, or
419 distribution of Water Delivered to the Contractor pursuant to this Contract beyond the delivery
420 points specified in subdivision (a) of this Article. The Contractor shall indemnify the United
421 States, its officers, employees, agents, and assigns on account of damage or claim of damage of
422 any nature whatsoever for which there is legal responsibility, including property damage,
423 personal injury, or death arising out of or connected with the control, carriage, handling, use,
424 disposal, or distribution of such Water Delivered beyond such delivery points, except for any
425 damage or claim arising out of (i) acts or omissions of the Contracting Officer or any of its
426 officers, employees, agents, or assigns, including the Operating Non-Federal Entity/Entities, with

427 the intent of creating the situation resulting in any damage or claim, (ii) willful misconduct of the
428 Contracting Officer or any of its officers, employees, agents, or assigns, including the Operating
429 Non-Federal Entity/Entities, (iii) negligence of the Contracting Officer or any of its officers,
430 employees, agents, or assigns including the Operating Non-Federal Entity/Entities, or (iv)
431 damage or claims resulting from a malfunction of facilities owned and/or operated by the United
432 States or responsible Operating Non-Federal Entity/Entities.

433 MEASUREMENT OF WATER WITHIN THE CONTRACTOR'S SERVICE AREA

434 6. (a) The Contractor has established a measuring program satisfactory to the
435 Contracting Officer. The Contractor shall ensure that all surface water delivered for irrigation
436 purposes within the Contractor's Service Area is measured at each agricultural turnout and such
437 water delivered for M&I purposes is measured at each M&I service connection. The water
438 measuring devices or water measuring methods of comparable effectiveness must be acceptable
439 to the Contracting Officer. The Contractor shall be responsible for installing, operating, and
440 maintaining and repairing all such measuring devices and implementing all such water
441 measuring methods at no cost to the United States. The Contractor shall use the information
442 obtained from such water measuring devices or water measuring methods to ensure its proper
443 management of the water, to bill water users for water delivered by the Contractor; and, if
444 applicable, to record water delivered for M&I purposes by customer class as defined in the
445 Member Unit's water conservation plan provided for in Article 26 of this Contract. Nothing
446 herein contained, however, shall preclude the Contractor from establishing and collecting any
447 charges, assessments, or other revenues authorized by California law. The Contractor shall
448 include a summary of all its annual surface water deliveries in the annual report described in
449 subdivision (c) of Article 26.

450 (b) To the extent the information has not otherwise been provided, upon
451 execution of this Contract, the Contractor shall provide to the Contracting Officer a written
452 report describing the measurement devices or water measuring methods being used or to be used

453 to implement subdivision (a) of this Article and identifying the agricultural turnouts and the M&I
454 service connections or alternative measurement programs approved by the Contracting Officer,
455 at which such measurement devices or water measuring methods are being used, and, if
456 applicable, identifying the locations at which such devices and/or methods are not yet being used
457 including a time schedule for implementation at such locations. The Contracting Officer shall
458 advise the Contractor in writing within 60 days as to the adequacy and necessary modifications,
459 if any, of the measuring devices or water measuring methods identified in the Contractor's report
460 and if the Contracting Officer does not respond in such time, they shall be deemed adequate. If
461 the Contracting Officer notifies the Contractor that the measuring devices or methods are
462 inadequate, the parties shall within 60 days following the Contracting Officer's response,
463 negotiate in good faith the earliest practicable date by which the Contractor shall modify said
464 measuring devices and/or measuring methods as required by the Contracting Officer to ensure
465 compliance with subdivision (a) of this Article.

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

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

472 (e) The Contractor shall inform the Contracting Officer and the Operating
473 Non-Federal Entity on or before the 20th calendar day of each month of the quantity of Irrigation
474 and M&I Water taken during the preceding month.

475 RATES AND METHOD OF PAYMENT FOR WATER

476 7. (a) The Contractor shall pay the United States as provided in this Article for
477 all Delivered Water at Rates, Charges, and the Tiered Pricing Component established in
478 accordance with (i) the Secretary's ratesetting policy for Irrigation Water adopted in 1988 and

479 the Secretary's then-existing ratesetting policy for M&I Water. Such ratesetting policies shall be
480 amended, modified, or superseded only through a public notice and comment procedure; (ii)
481 applicable Federal Reclamation law and associated rules and regulations, or policies; and (iii)
482 other applicable provisions of this Contract. Payments shall be made by cash transaction,
483 electronic funds transfer, or any other mechanism as may be agreed to in writing by the
484 Contractor and the Contracting Officer. The Rates, Charges, and Tiered Pricing Component
485 applicable to the Contractor upon execution of this Contract are set forth in Exhibits "B-1
486 through B-7" for subcontracts with the Member Units identified in said exhibits, as may be
487 revised annually. For subcontracts with Member Units other than those identified in the said
488 exhibits, Rates, Charges, and Tiered Pricing Component will be developed as necessary and will
489 automatically become exhibits hereto as though fully set forth herein.

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

492 (1) Prior to July 1 of each Calendar Year, the Contracting Officer shall
493 provide the Contractor an estimate of the Charges for Project Water that will be applied to the
494 period October 1, of the current Calendar Year, through September 30, of the following Calendar
495 Year, and the basis for such estimate. The Contractor shall be allowed not less than two months
496 to review and comment on such estimates. On or before September 15 of each Calendar Year,
497 the Contracting Officer shall notify the Contractor in writing of the Charges to be in effect during
498 the period October 1 of the current Calendar Year, through September 30, of the following
499 Calendar Year, and such notification shall revise Exhibits "B-1" through "B-7" and any
500 additional exhibits.

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

505 comment on such computations and cost allocations. By December 31 of each Calendar Year,
506 the Contracting Officer shall provide the Contractor with the final Rates and Tiered Pricing
507 Component to be in effect for the upcoming Year, and such notification shall revise
508 Exhibits "B-1" through "B-7" and any additional exhibits.

509 (c) At the time the Contractor submits the initial schedule for the delivery of
510 Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the
511 Contractor shall make an advance payment to the United States equal to the total amount payable
512 pursuant to the applicable Rate(s) set under subdivision (a) of this Article, for the Project Water
513 scheduled to be delivered pursuant to this Contract during the first two calendar months of the
514 Year. Before the end of the first month and before the end of each calendar month thereafter, the
515 Contractor shall make an advance payment to the United States, at the Rate(s) set under
516 subdivision (a) of this Article, for the Water Scheduled to be delivered pursuant to this Contract
517 during the second month immediately following. Adjustments between advance payments for
518 Water Scheduled and payments at Rates due for Water Delivered shall be made before the end of
519 the following month; Provided, That any revised schedule submitted by the Contractor pursuant
520 to Article 4 of this Contract which increases the amount of Water Delivered pursuant to this
521 Contract during any month shall be accompanied with appropriate advance payment, at the Rates
522 then in effect, to assure that Project Water is not delivered to the Contractor in advance of such
523 payment. In any month in which the quantity of Water Delivered to the Contractor pursuant to
524 this Contract equals the quantity of Water Scheduled and paid for by the Contractor, no
525 additional Project Water shall be delivered to the Contractor unless and until an advance
526 payment at the Rates then in effect for such additional Project Water is made. Final adjustment
527 between the advance payments for the Water Scheduled and payments for the quantities of Water
528 Delivered during each Year pursuant to this Contract shall be made as soon as practicable but no
529 later than April 30th of the following Year, or 60 days after the delivery of Project Water carried

530 over under subdivision (g) of Article 3 of this Contract if such water is not delivered by the last
531 day of February.

532 (d) The Contractor shall also make a payment in addition to the Rate(s) in
533 subdivision (c) of this Article to the United States for Water Delivered, at the Charges and the
534 appropriate Tiered Pricing Component then in effect, before the end of the month following the
535 month of delivery; Provided, That the Contractor may be granted an exception from the Tiered
536 Pricing Component pursuant to subdivision (j)(2) of this Article. The payments shall be
537 consistent with the quantities of Irrigation Water and M&I Water Delivered as shown in the
538 water delivery report for the subject month prepared by the Operating Non-Federal
539 Entity/Entities or, if there is no Operating Non-Federal Entity/Entities, by the Contracting
540 Officer. The water delivery report shall be deemed a bill for the payment of Charges and the
541 applicable Tiered Pricing Component for Water Delivered. Adjustment for overpayment or
542 underpayment of Charges shall be made through the adjustment of payments due to the United
543 States for Charges for the next month. Any amount to be paid for past due payment of Charges
544 and the Tiered Pricing Component shall be computed pursuant to Article 20 of this Contract.

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

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

553 (g) All revenues received by the United States from the Contractor relating to
554 the delivery of Project Water or the delivery of non-Project water through Project facilities shall

555 be allocated and applied in accordance with Federal Reclamation law and the associated rules or
556 regulations, and the then-current Project ratesetting policies for M&I Water or Irrigation Water.

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

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

572 (j) (1) Beginning at such time as deliveries of Project Water in a Year
573 exceed 80 percent of the quantity of Project Water under subcontract with each Member Unit,
574 then before the end of the month following the month of delivery the Contractor shall make an
575 additional payment to the United States equal to the applicable Tiered Pricing Component. The
576 Tiered Pricing Component for the amount of Water Delivered in excess of 80 percent of the
577 quantity of Project Water under subcontract with each Member Unit, but less than or equal to 90
578 percent of the quantity of Project Water under subcontract with each Member Unit, shall equal
579 one-half of the difference between the Rate established under subdivision (a) of this Article and
580 the Irrigation Full Cost Water Rate or M&I Full Cost Water Rate, whichever is applicable. The

581 Tiered Pricing Component for the amount of Water Delivered which exceeds 90 percent of the
582 quantity of Project Water under subcontract with each Member Unit shall equal the difference
583 between (i) the Rate established under subdivision (a) of this Article and (ii) the Irrigation Full
584 Cost Water Rate or M&I Full Cost Water Rate, whichever is applicable. For all Water Delivered
585 pursuant to subdivision (a) of Article 3 of this Contract which is in excess of 80 percent of the
586 quantity of Project Water under subcontract with each Member Unit, this increment shall be
587 deemed to be divided between Irrigation Water and M&I Water in the same proportion as actual
588 deliveries of each bear to the cumulative total Water Delivered.

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

597 (3) For purposes of determining the applicability of the Tiered Pricing
598 Component pursuant to this Article, Water Delivered shall include Project Water that each
599 Member Unit transfers to others but shall not include Project Water transferred to each Member
600 Unit, nor shall it include the additional water provided to the Contractor and/or each Member
601 Unit under the provisions of subdivision (f) of Article 3 of this Contract.

602 (k) For the term of this Contract, Rates under the respective ratesetting
603 policies will be established to recover only reimbursable O&M (including any deficits) and
604 capital costs of the Project, as those terms are used in the then-current Project ratesetting
605 policies, and interest, where appropriate, except in instances where a minimum Rate is applicable
606 in accordance with the relevant Project ratesetting policy. Changes of significance in practices

607 which implement the Contracting Officer's ratesetting policies will not be implemented until the
608 Contracting Officer has provided the Contractor an opportunity to discuss the nature, need, and
609 impact of the proposed change.

610 (l) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the
611 CVPIA, the Rates for Project Water transferred by each Member Unit shall be each Member
612 Unit's Rates adjusted upward or downward to reflect the changed costs, if any, incurred by the
613 Contracting Officer in the delivery of the transferred Project Water to the transferee's point of
614 delivery in accordance with the then applicable Project ratesetting policy. If each Member Unit
615 is receiving lower Rates and Charges because of inability to pay and is transferring Project Water
616 to another entity whose Rates and Charges are not adjusted due to inability to pay, the Rates and
617 Charges for transferred Project Water shall will not be adjusted to reflect the Member's inability
618 to pay.

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

621 (n) With respect to the Rates for M&I Water, the Contractor asserts that it is
622 not legally obligated to repay any Project deficits claimed by the United States to have accrued
623 as of the date of this Contract or deficit-related interest charges thereon. By entering into this
624 Contract, the Contractor does not waive any legal rights or remedies that it may have with
625 respect to such disputed issues. Notwithstanding the execution of this Contract, and payments
626 made hereunder, the Contractor may challenge in the appropriate administrative or judicial
627 forums: (1) the existence, computation, or imposition of any deficit charges accruing during the
628 term of the Existing Contract and any preceding interim renewal contracts, if applicable; (2)
629 interest accruing on any such deficits; (3) the inclusion of any such deficit charges or interest in
630 the Rates; (4) the application by the United States of payments made by the Contractor under its
631 Existing Contract and any preceding interim renewal contracts, if applicable; and (5) the
632 application of such payments in the Rates. The Contracting Officer agrees that the Contractor

633 shall be entitled to the benefit of any administrative or judicial ruling in favor of any other
634 Project M&I contractor on any of these issues, and credits for payments heretofore made,
635 Provided, That the basis for such ruling is applicable to the Contractor.

636 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

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

640 SALES, TRANSFERS, OR EXCHANGES OF WATER

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

652 (b) In order to facilitate efficient water management by means of water
653 transfers of the type historically carried out among Project Contractors located within the same
654 geographical area and to allow the Contractor to participate in an accelerated water transfer
655 program during the term of this Contract, the Contracting Officer shall prepare, as appropriate,
656 necessary environmental documentation including, but not limited to, documents prepared
657 pursuant to NEPA and ESA, analyzing annual transfers within such geographical areas and the
658 Contracting Officer shall determine whether such transfers comply with applicable law.

659 Following the completion of the environmental documentation, such transfers addressed in such
660 documentation shall be conducted with advance notice to the Contracting Officer, but shall not
661 require prior written approval by the Contracting Officer. Such environmental documentation
662 and the Contracting Officer's compliance determination shall be reviewed every five years and
663 updated, as necessary, prior to the expiration of the then-existing five-year period. All
664 subsequent environmental documentation shall include an alternative to evaluate not less than the
665 quantity of Project Water historically transferred within the same geographical area.

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

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

683 APPLICATION OF PAYMENTS AND ADJUSTMENTS

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

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

700 TEMPORARY REDUCTIONS--RETURN FLOWS

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

706 (b) The Contracting Officer or Operating Non-Federal Entity/Entities may
707 temporarily discontinue or reduce the quantity of Water Delivered to the Contractor as herein
708 provided for the purposes of investigation, inspection, maintenance, repair, or replacement of any

709 of the Project facilities or any part thereof necessary for the delivery of Project Water to the
710 Contractor, but so far as feasible the Contracting Officer or Operating Non-Federal Entity will
711 give the Contractor due notice in advance of such temporary discontinuance or reduction, except
712 in case of emergency, in which case no notice need be given; Provided, That the United States
713 shall use its best efforts to avoid any discontinuance or reduction in such service. Upon
714 resumption of service after such reduction or discontinuance, and if requested by the Contractor,
715 the United States will, if possible, deliver the quantity of Project Water which would have been
716 delivered hereunder in the absence of such discontinuance or reduction.

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

723 CONSTRAINTS ON THE AVAILABILITY OF WATER

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

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

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

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

743 UNAVOIDABLE GROUNDWATER PERCOLATION

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

748 RULES AND REGULATIONS

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

754 WATER AND AIR POLLUTION CONTROL

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

759 QUALITY OF WATER

760 16. (a) Project facilities used to deliver Project Water to the Contractor pursuant
761 to this Contract shall be operated and maintained to enable the United States to deliver Project

762 Water to the Contractor in accordance with the water quality standards specified in subsection
763 2(b) of the Act of August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act of
764 October 27, 1986 (100 Stat. 3050) or other existing Federal laws. The United States is under no
765 obligation to construct or furnish water treatment facilities to maintain or to improve the quality
766 of Water Delivered to the Contractor pursuant to this Contract. The United States does not
767 warrant the quality of Water Delivered to the Contractor pursuant to this Contract.

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

775 WATER ACQUIRED BY THE CONTRACTOR
776 OTHER THAN FROM THE UNITED STATES

777 17. (a) Water or water rights now owned or hereafter acquired by the Contractor
778 other than from the United States and Irrigation Water furnished pursuant to the terms of this
779 Contract may be simultaneously transported through the same distribution facilities of the
780 Contractor subject to the following: (i) if the facilities utilized for commingling Irrigation Water
781 and non-Project water were constructed without funds made available pursuant to Federal
782 Reclamation law, the provisions of Federal Reclamation law will be applicable only to the
783 Landholders of lands which receive Irrigation Water; (ii) the eligibility of land to receive
784 Irrigation Water must be established through the certification requirements as specified in the
785 Acreage Limitation Rules and Regulations (43 CFR Part 426); (iii) the water requirements of
786 Eligible Lands within the Contractor's Service Area can be established and the quantity of
787 Irrigation Water to be utilized is less than or equal to the quantity necessary to irrigate such
788 Eligible Lands; and (iv) if the facilities utilized for commingling Irrigation Water and

789 non-Project water are/were constructed with funds made available pursuant to Federal
790 Reclamation law, the non-Project water will be subject to the acreage limitation provisions of
791 Federal Reclamation law, unless the Contractor pays to the United States the incremental fee
792 described in 43 CFR 426.15. In determining the incremental fee, the Contracting Officer will
793 calculate annually the cost to the Federal Government, including interest, on storing or delivering
794 non-Project water, which for purposes of this Contract shall be determined as follows: The
795 quotient shall be the unpaid distribution system costs divided by the total irrigable acreage within
796 the Contractor's Service Area. The incremental fee per acre is the mathematical result of such
797 quotient times the interest rate determined using Section 202 (3) of the Act of October 12, 1982
798 (96 Stat. 1263). Such incremental fee will be charged to each acre of excess or full cost land
799 within the Contractor's Service Area that receives non-Project water through Federally financed
800 or constructed facilities. The incremental fee calculation methodology will continue during the
801 term of this Contract absent the promulgation of a contrary Reclamation-wide rule, regulation, or
802 policy adopted after the Contractor has been afforded the opportunity to review and comment on
803 the proposed rule, regulation, or policy. If such rule, regulation, or policy is adopted it shall
804 supersede this provision.

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

810 (1) The Contractor may introduce non-Project water into Project
811 facilities and deliver said water to lands within the Contractor's Service Area, including
812 *Ineligible Lands*, subject to payment to the United States and/or to any applicable Operating
813 Non-Federal Entity of an appropriate rate as determined by the applicable Project ratesetting

814 policy, the RRA, and the Project use power policy, if such Project use power policy is applicable,
815 each as amended, modified, or superseded from time to time.

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

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

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

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

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OPINIONS AND DETERMINATIONS

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

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

COORDINATION AND COOPERATION

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

863 Contract. Each party shall retain exclusive decision making authority for all actions, opinions,
864 and determinations to be made by the respective party.

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

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

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

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

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

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

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

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

894 CHARGES FOR DELINQUENT PAYMENTS

895 20. (a) The Contractor shall be subject to interest, administrative and penalty
896 charges on delinquent installments or payments. When a payment is not received by the due
897 date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond
898 the due date. When a payment becomes sixty (60) days delinquent, the Contractor shall pay an
899 administrative charge to cover additional costs of billing and processing the delinquent payment.
900 When a payment is delinquent ninety (90) days or more, the Contractor shall pay an additional
901 penalty charge of six (6%) percent per year for each day the payment is delinquent beyond the
902 due date. Further, the Contractor shall pay any fees incurred for debt collection services
903 associated with a delinquent payment.

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

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

912 EQUAL OPPORTUNITY

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

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

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

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

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

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

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

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

958 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

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

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

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

971 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

972 23. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964
973 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the
974 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights
975 laws, as well as with their respective implementing regulations and guidelines imposed by the
976 U.S. Department of the Interior and/or Bureau of Reclamation.

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

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

991 PRIVACY ACT COMPLIANCE

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

997 (b) With respect to the application and administration of the criminal penalty
998 provisions of the Act (5 U.S.C. 552a(i)), the Contractor and the Contractor's employees
999 responsible for maintaining the certification and reporting records referenced in (a) above are
1000 considered to be employees of the Department of the Interior. See 5 U.S.C. 552a(m).

1001 (c) The Contracting Officer or a designated representative shall provide the
1002 Contractor with current copies of the Interior Department Privacy Act regulations and the Bureau
1003 of Reclamation Federal Register Privacy Act System of Records Notice (Acreage Limitation--
1004 Interior, Reclamation-31) which govern the maintenance, safeguarding, and disclosure of
1005 information contained in the Landholder's certification and reporting records.

1006 (d) The Contracting Officer shall designate a full-time employee of the
1007 Bureau of Reclamation to be the System Manager who shall be responsible for making decisions
1008 on denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The
1009 Contractor is authorized to grant requests by individuals for access to their own records.

1010 (e) The Contractor shall forward promptly to the System Manager each
1011 proposed denial of access under 43 CFR 2.64; and each request for amendment of records filed
1012 under 43 CFR 2.71; notify the requester accordingly of such referral; and provide the System
1013 Manager with information and records necessary to prepare an appropriate response to the
1014 requester. These requirements do not apply to individuals seeking access to their own
1015 certification and reporting forms filed with the Contractor pursuant to 43 CFR 426.18, unless the
1016 requester elects to cite the Privacy Act as a basis for the request.

1017 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

1018 25. In addition to all other payments to be made by the Contractor pursuant to this
1019 Contract, the Contractor shall pay to the United States, within 60 days after receipt of a bill and
1020 detailed statement submitted by the Contracting Officer to the Contractor for such specific items
1021 of direct cost incurred by the United States for work requested by the Contractor associated with
1022 this Contract plus indirect costs in accordance with applicable Bureau of Reclamation policies
1023 and procedures. All such amounts referred to in this Article shall not exceed the amount agreed
1024 to in writing in advance by the Contractor. This Article shall not apply to costs for routine
1025 contract administration.

1026 WATER CONSERVATION

1027 26. (a) Prior to the delivery of water provided from or conveyed through
1028 Federally constructed or Federally financed facilities pursuant to this Contract, each Member
1029 Unit which has a subcontract shall be implementing an effective water conservation and
1030 efficiency program based on the Member Unit's water conservation plan that has been
1031 determined by the Contracting Officer to meet the conservation and efficiency criteria for
1032 evaluating water conservation plans established under Federal law. The water conservation and

1033 efficiency program shall contain definite water conservation objectives, appropriate
1034 economically feasible water conservation measures, and time schedules for meeting those
1035 objectives. Continued Project Water delivery pursuant to this Contract shall be contingent upon
1036 the Member Unit's continued implementation of such water conservation program. In the event
1037 the Member Unit's water conservation plan or any revised water conservation plan completed
1038 pursuant to subdivision (d) of Article 26 of this Contract have not yet been determined by the
1039 Contracting Officer to meet such criteria, due to circumstances which the Contracting Officer
1040 determines are beyond the control of the Member Unit, water deliveries shall be made under this
1041 Contract so long as the Member Unit diligently works with the Contracting Officer to obtain
1042 such determination at the earliest practicable date, and thereafter the Member Unit immediately
1043 begins implementing its water conservation and efficiency program in accordance with the time
1044 schedules therein.

1045 (b) Should the amount of M&I Water delivered pursuant to subdivision (a) of
1046 Article 3 of this Contract equal or exceed 2,000 acre-feet per Year, the Member Unit shall
1047 implement the Best Management Practices identified by the time frames issued by the California
1048 Urban Water Conservation Council for such M&I Water unless any such practice is determined
1049 by the Contracting Officer to be inappropriate for the Member Unit.

1050 (c) The Member Unit shall submit to the Contracting Officer a report on the
1051 status of its implementation of the water conservation plan on the reporting dates specified in the
1052 then existing conservation and efficiency criteria established under Federal law.

1053 (d) At five-year intervals, the Contractor shall revise its water conservation
1054 plan to reflect the then-current conservation and efficiency criteria for evaluating water
1055 conservation plans established under Federal law and submit such revised water management
1056 plan to the Contracting Officer for review and evaluation. The Contracting Officer will then
1057 determine if the water conservation plan meets Reclamation's then-current conservation and
1058 efficiency criteria for evaluating water conservation plans established under Federal law.

1059 (e) If the Contractor is engaged in direct groundwater recharge, such activity
1060 shall be described in the Contractor's water conservation plan.

1061 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

1062 27. Except as specifically provided in Article 17 of this Contract, the provisions of
1063 this Contract shall not be applicable to or affect non-Project water or water rights now owned or
1064 hereafter acquired by the Contractor or any user of such water within the Contractor's Service
1065 Area. Any such water shall not be considered Project Water under this Contract. In addition,
1066 this Contract shall not be construed as limiting or curtailing any rights which the Contractor or
1067 any water user within the Contractor's Service Area acquires or has available under any other
1068 contract pursuant to Federal Reclamation law.

1069 OPERATION AND MAINTENANCE BY OPERATING NON-FEDERAL ENTITY

1070 28. (a) The O&M of a portion of the Project facilities which serve the Contractor,
1071 and responsibility for funding a portion of the costs of such O&M, have been transferred to the
1072 Operating Non-Federal Entity by separate agreement between the United States and the
1073 Operating Non-Federal Entity. That separate agreement shall not interfere with or affect the
1074 rights or obligations of the Contractor or the United States hereunder.

1075 (b) The Contracting Officer has previously notified the Contractor in writing
1076 that the O&M of a portion of the Project facilities which serve the Contractor has been
1077 transferred to the Operating Non-Federal Entity, and therefore, the Contractor shall pay directly
1078 to the Operating Non-Federal Entity, or to any successor approved by the Contracting Officer
1079 under the terms and conditions of the separate agreement between the United States and the
1080 Operating Non-Federal Entity described in subdivision (a) of this Article, all rates, charges, or
1081 assessments of any kind, including any assessment for reserve funds, which the Operating Non-
1082 Federal Entity or such successor determines, sets, or establishes for the O&M of the portion of
1083 the Project facilities operated and maintained by the Operating Non-Federal Entity or such
1084 successor. Such direct payments to the Operating Non-Federal Entity or such successor shall not

1085 relieve the Contractor of its obligation to pay directly to the United States the Contractor's share
1086 of the Project Rates, Charges, and Tiered Pricing Component(s) except to the extent the
1087 Operating Non-Federal Entity collects payments on behalf of the United States in accordance
1088 with the separate agreement identified in subdivision (a) of this Article.

1089 (c) For so long as the O&M of any portion of the Project facilities serving the
1090 Contractor is performed by the Operating Non-Federal Entity, or any successor thereto, the
1091 Contracting Officer shall adjust those components of the Rates for Water Delivered under this
1092 Contract representing the cost associated with the activity being performed by the Operating
1093 Non-Federal Entity or its successor.

1094 (d) In the event the O&M of the Project facilities operated and maintained by
1095 the Operating Non-Federal Entity is reassumed by the United States during the term of this
1096 Contract, the Contracting Officer shall so notify the Contractor, in writing, and present to the
1097 Contractor a revised Exhibit "B" which shall include the portion of the Rates to be paid by the
1098 Contractor for Project Water under this Contract representing the O&M costs of the portion of
1099 such Project facilities which have been reassumed. The Contractor shall, thereafter, in the
1100 absence of written notification from the Contracting Officer to the contrary, pay the Rates,
1101 Charges, and Tiered Pricing Component(s) specified in the revised Exhibit "B" directly to the
1102 United States in compliance with Article 7 of this Contract.

1103 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

1104 29. The expenditure or advance of any money or the performance of any obligation of
1105 the United States under this Contract shall be contingent upon appropriation or allotment of
1106 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any
1107 obligations under this Contract. No liability shall accrue to the United States in case funds are
1108 not appropriated or allotted.

1109 BOOKS, RECORDS, AND REPORTS

1110 30. (a) The Contractor shall establish and maintain accounts and other books and
1111 records pertaining to administration of the terms and conditions of this Contract, including: the
1112 Contractor's financial transactions, water supply data, and Project land and right-of-way
1113 agreements; the water users' land-use (crop census), land ownership, land-leasing and water use

1114 data; and other matters that the Contracting Officer may require. Reports thereon shall be
1115 furnished to the Contracting Officer in such form and on such date or dates as the Contracting
1116 Officer may require. Subject to applicable Federal laws and regulations, each party to this
1117 Contract shall have the right during office hours to examine and make copies of the other party's
1118 books and records relating to matters covered by this Contract.

1119 (b) Notwithstanding the provisions of subdivision (a) of this Article, no
1120 books, records, or other information shall be requested from the Contractor by the Contracting
1121 Officer unless such books, records, or information are reasonably related to the administration or
1122 performance of this Contract. Any such request shall allow the Contractor a reasonable period of
1123 time within which to provide the requested books, records, or information.

1124 (c) At such time as the Contractor provides information to the Contracting
1125 Officer pursuant to subdivision (a) of this Article, a copy of such information shall be provided
1126 to the Operating Non-Federal Entity.

1127 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

1128 31. (a) The provisions of this Contract shall apply to and bind the successors and
1129 assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest
1130 therein shall be valid until approved in writing by the Contracting Officer.

1131 (b) The assignment of any right or interest in this Contract by either party
1132 shall not interfere with the rights or obligations of the other party to this Contract absent the
1133 written concurrence of said other party.

1134 (c) The Contracting Officer shall not unreasonably condition or withhold his
1135 approval of any proposed assignment.

1136 SEVERABILITY

1137 32. In the event that a person or entity who is neither (i) a party to a Project contract,
1138 nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii)
1139 an association or other form of organization whose primary function is to represent parties to
1140 Project contracts, brings an action in a court of competent jurisdiction challenging the legality or
1141 enforceability of a provision included in this Contract and said person, entity, association, or
1142 organization obtains a final court decision holding that such provision is legally invalid or

1143 unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s),
1144 the parties to this Contract shall use their best efforts to (i) within 30 days of the date of such
1145 final court decision identify by mutual agreement the provisions in this Contract which must be
1146 revised, and (ii) within three months thereafter promptly agree on the appropriate revision(s).
1147 The time periods specified above may be extended by mutual agreement of the parties. Pending
1148 the completion of the actions designated above, to the extent it can do so without violating any
1149 applicable provisions of law, the United States shall continue to make the quantities of Project
1150 Water specified in this Contract available to the Contractor pursuant to the provisions of this
1151 Contract which were not found to be legally invalid or unenforceable in the final court decision.

1152 RESOLUTION OF DISPUTES

1153 33. Should any dispute arise concerning any provisions of this Contract, or the
1154 parties' rights and obligations thereunder, the parties shall meet and confer in an attempt to
1155 resolve the dispute. Prior to the Contractor commencing any legal action, or the Contracting
1156 Officer referring any matter to Department of Justice, the party shall provide to the other party
1157 30 days' written notice of the intent to take such action; Provided, That such notice shall not be
1158 required where a delay in commencing an action would prejudice the interests of the party that
1159 intends to file suit. During the 30-day notice period, the Contractor and the Contracting Officer
1160 shall meet and confer in an attempt to resolve the dispute. Except as specifically provided,
1161 nothing herein is intended to waive or abridge any right or remedy that the Contractor or the
1162 United States may have.

1163 OFFICIALS NOT TO BENEFIT

1164 34. No Member of or Delegate to Congress, Resident Commissioner, or official of the
1165 Contractor shall benefit from this Contract other than as a water user or landowner in the same
1166 manner as other water users or landowners.

1167 CHANGES IN CONTRACTOR'S SERVICE AREA

1168 35. (a) While this Contract is in effect, no change may be made in the
1169 Contractor's Service Area, by inclusion or exclusion of lands, dissolution, consolidation, merger,
1170 or otherwise, except upon the Contracting Officer's written consent.

1171 (b) Within 30 days of receipt of a request for such a change, the Contracting
1172 Officer will notify the Contractor of any additional information required by the Contracting
1173 Officer for processing said request, and both parties will meet to establish a mutually agreeable
1174 schedule for timely completion of the process. Such process will analyze whether the proposed
1175 change is likely to: (i) result in the use of Project Water contrary to the terms of this Contract;
1176 (ii) impair the ability of the Contractor to pay for Project Water furnished under this Contract or
1177 to pay for any Federally-constructed facilities for which the Contractor is responsible; and (iii)
1178 have an impact on any Project Water rights applications, permits, or licenses. In addition, the
1179 Contracting Officer shall comply with the NEPA and the ESA. The Contractor will be
1180 responsible for all costs incurred by the Contracting Officer in this process, and such costs will
1181 be paid in accordance with Article 25 of this Contract.

1182 FEDERAL LAWS

1183 36. By entering into this Contract, the Contractor does not waive its rights to contest
1184 the validity or application in connection with the performance of the terms and conditions of this
1185 Contract of any Federal law or regulation; Provided, That the Contractor agrees to comply with
1186 the terms and conditions of this Contract unless and until relief from application of such Federal
1187 law or regulation to the implementing provision of the Contract is granted by a court of
1188 competent jurisdiction.

1189 NOTICES

1190 37. Any notice, demand, or request authorized or required by this Contract shall be
1191 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or
1192 delivered to the Area Manager, Bureau of Reclamation, Northern California Area Office, 16349
1193 Shasta Dam Boulevard, Shasta Lake, California 96019, and on behalf of the United States, when
1194 mailed, postage prepaid, or delivered to the Board of Supervisors of the County of Colusa, 546
1195 Jay Street, Colusa, California 95932. The designation of the addressee or the address may be
1196 changed by notice given in the same manner as provided in this Article for other notices.

1197 CONFIRMATION OF CONTRACT

1198 38. The Contractor, after the execution of this Contract, shall promptly seek to secure
1199 a decree of a court of competent jurisdiction of the State of California, confirming the execution

1200 of this Contract. The Contractor shall furnish the United States a certified copy of the final
1201 decree, the validation proceedings, and all pertinent supporting records of the court approving
1202 and confirming this Contract, and decreeing and adjudging it to be lawful, valid, and binding on
1203 the Contractor.

1204 CONTRACTS WITH MEMBER UNITS-RESALE OF WATER

1205 39. The Contractor may enter into subcontracts with Member Units for the resale and
1206 distribution of water furnished pursuant to this Contract within the Contractor's Service Area.
1207 Each such Member Unit subcontract shall be subject to the obligations and limitations imposed,
1208 and to the rights granted, by this Contract and shall so provide. The terms and conditions of each
1209 Member Unit's subcontract shall be approved by the Contracting Officer prior to the execution of
1210 such Member Unit subcontract, which approval shall be limited to a determination that the
1211 subcontract is consistent with the provisions of this Contract. Nothing herein or therein
1212 contained shall be deemed in any way to release the Contractor from its primary liability to the
1213 United States hereunder with respect to each and all of the obligations undertaken by the
1214 Contractor in this Contract.

1215 IN WITNESS WHEREOF, the parties hereto have executed this Contract as of
1216 the day and year first above written.

1217 THE UNITED STATES OF AMERICA

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

1218 By: *[Signature]*
1219 Regional Director, Mid-Pacific Region
1220 Bureau of Reclamation

1221 (SEAL)

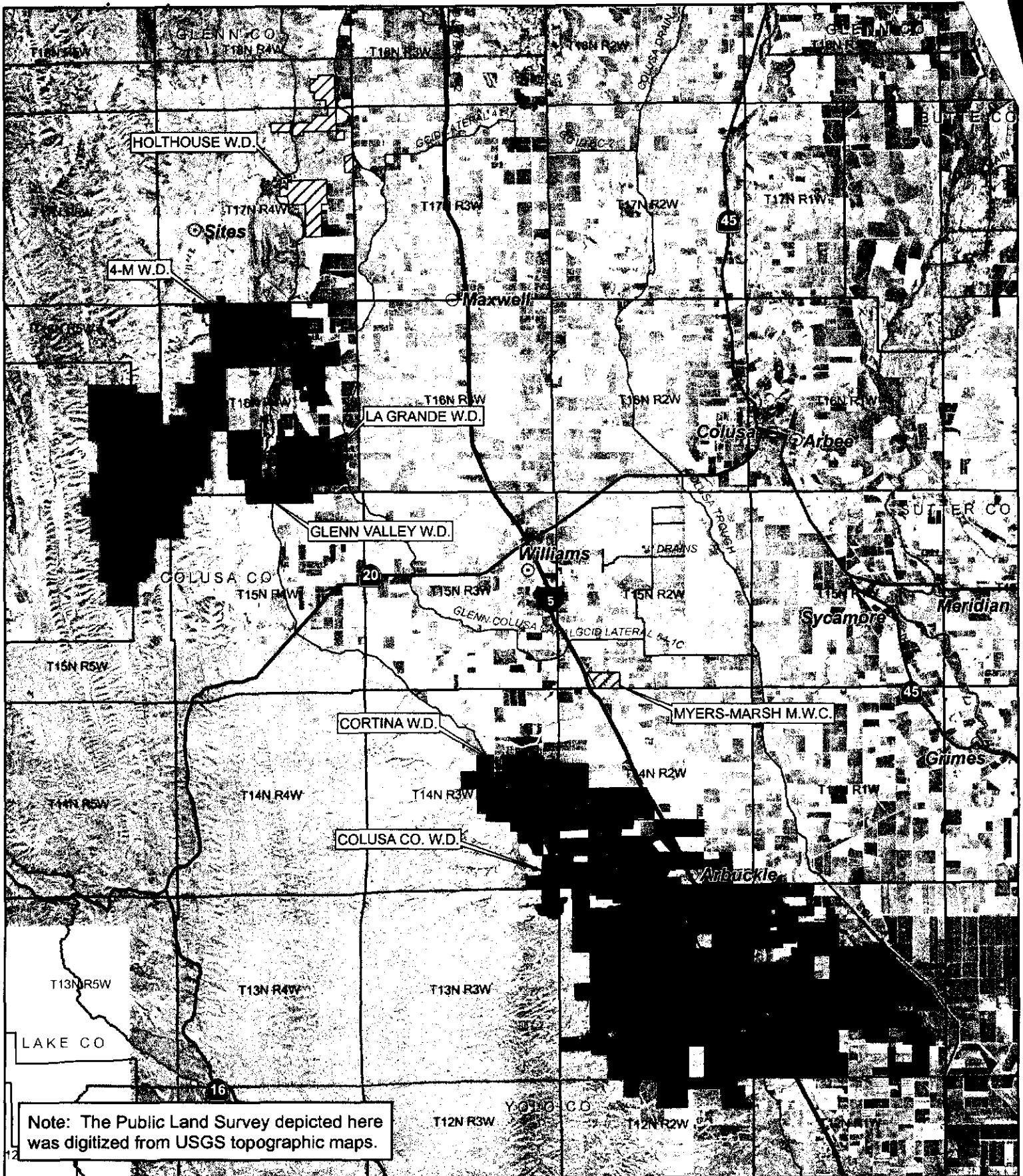
1222 COUNTY OF COLUSA

1223 By: *David G. Womble*
1224 Chairperson of the Board of Supervisors

1225 Attest:

1226 By: *Ami Gurney [Signature]*
1227 Secretary of the Board of Supervisors

1228 (H:\public\Willows Final LTRC's\2005-01-31 County of Colusa Final LTRC Draft
1229 Contract.doc)



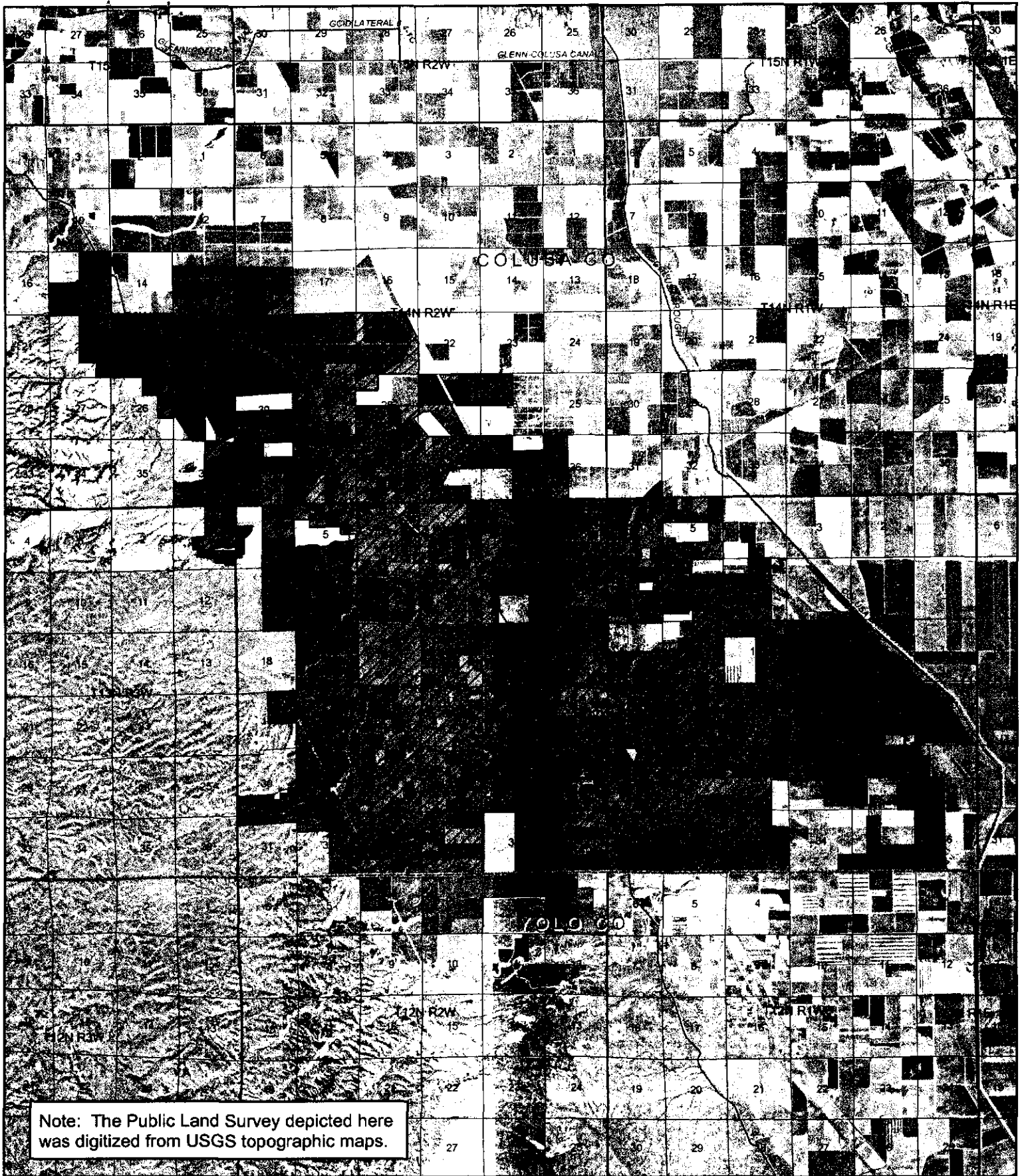
County of Colusa

Contract No. 14-06-200-8310A-LTR1
Exhibit A



Contractor's Service Area





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

Colusa County Water District



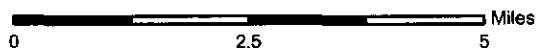
Contractor's Service Area

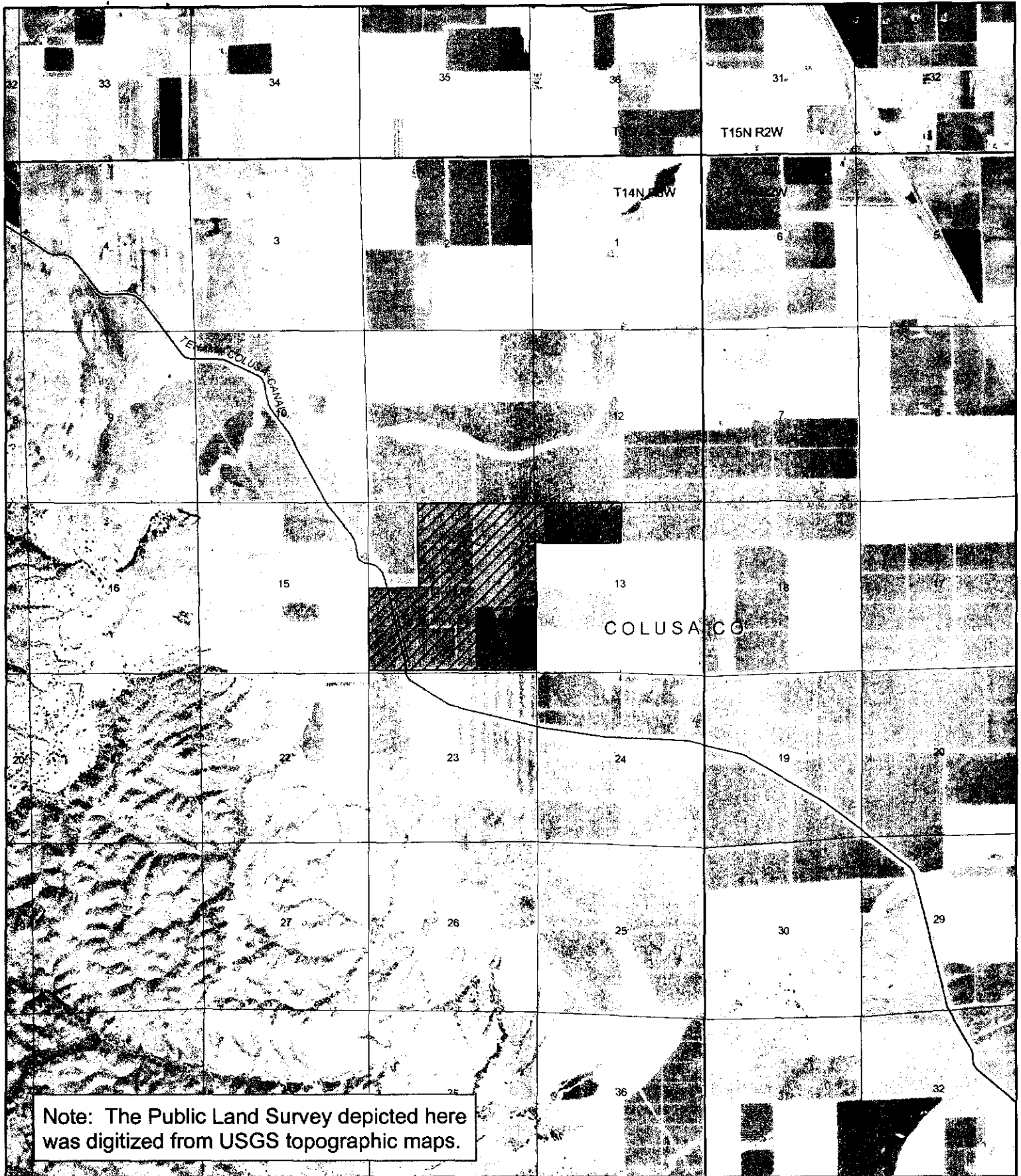


District Boundary

Contract No. 1-07-20-W0220-R-1

Exhibit A





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

Cortina Water District

Contract No. 0-07-20-W0206-R-1

Exhibit A

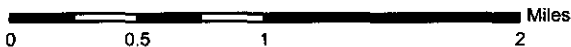


Contractor's Service Area

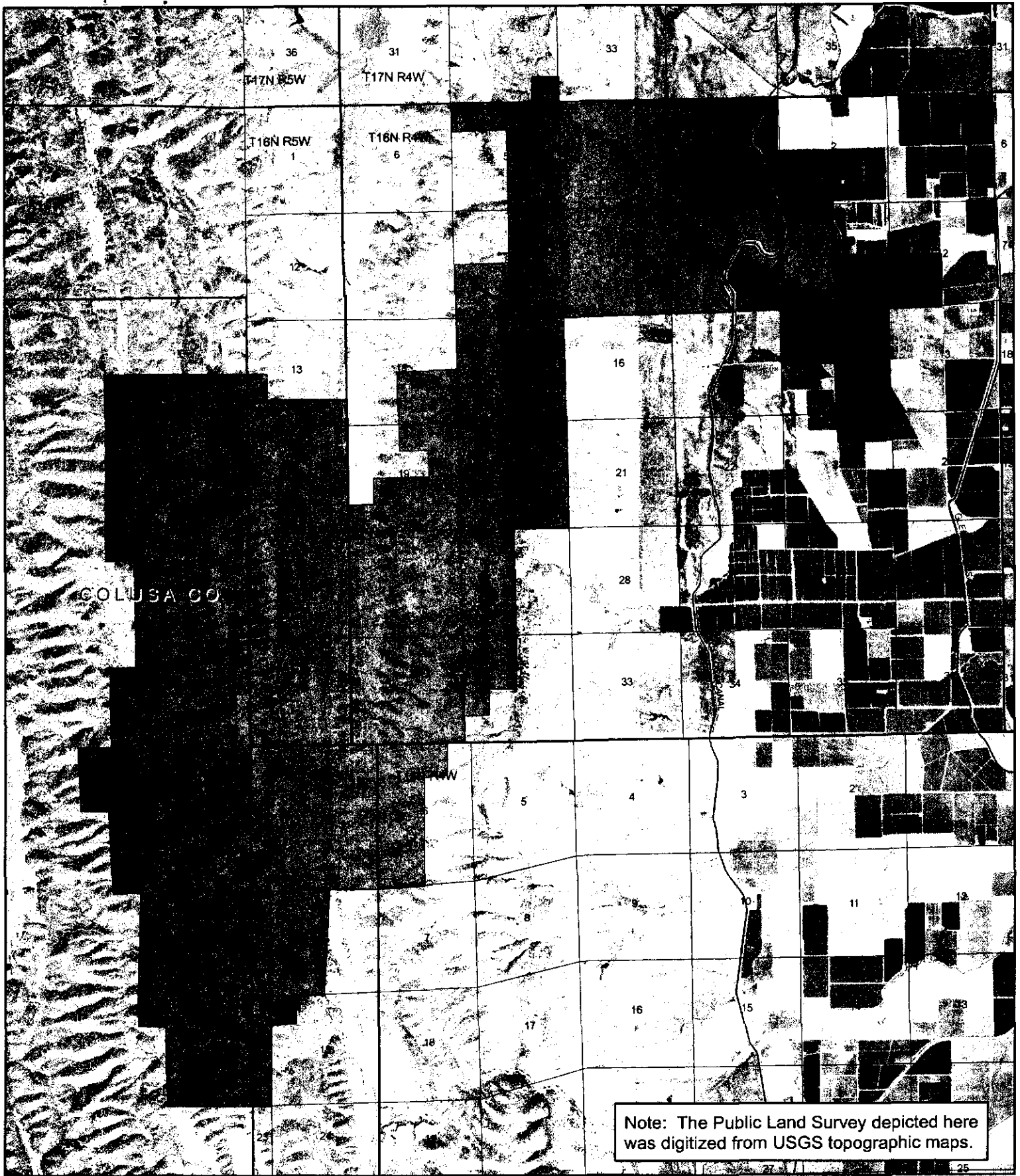


District Boundary

Date: November 17, 2004
 File Name: N:\districts\contracts\cortina_wd\cortina_subcontr.mxd



602-202-14



COLUSA CO

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



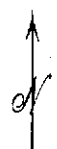
Contractor's Service Area

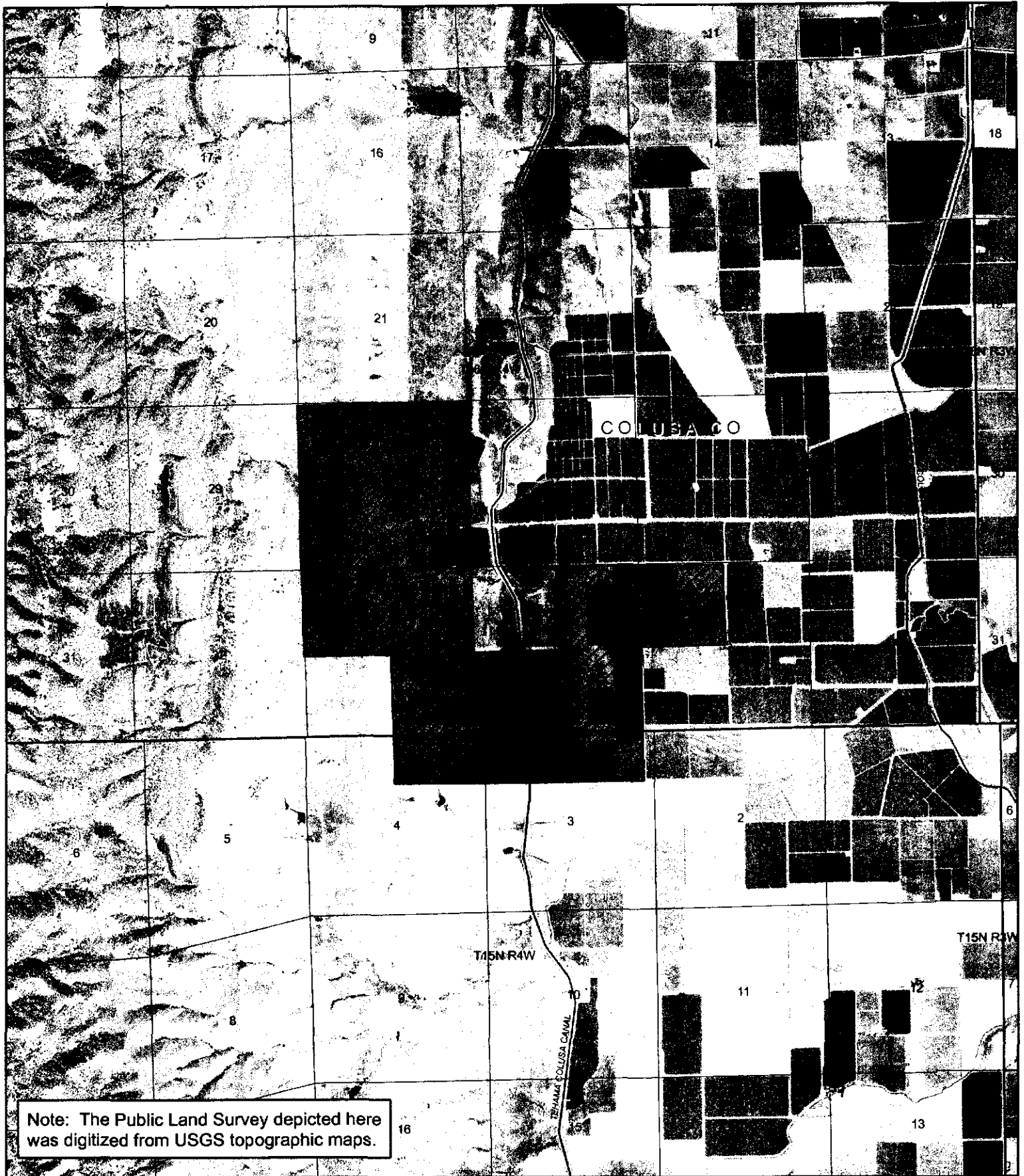


District Boundary

4-M Water District



Contract No. 0-07-20-W0183-R-1
Exhibit A

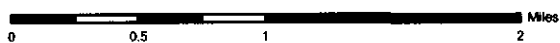
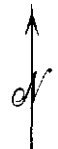




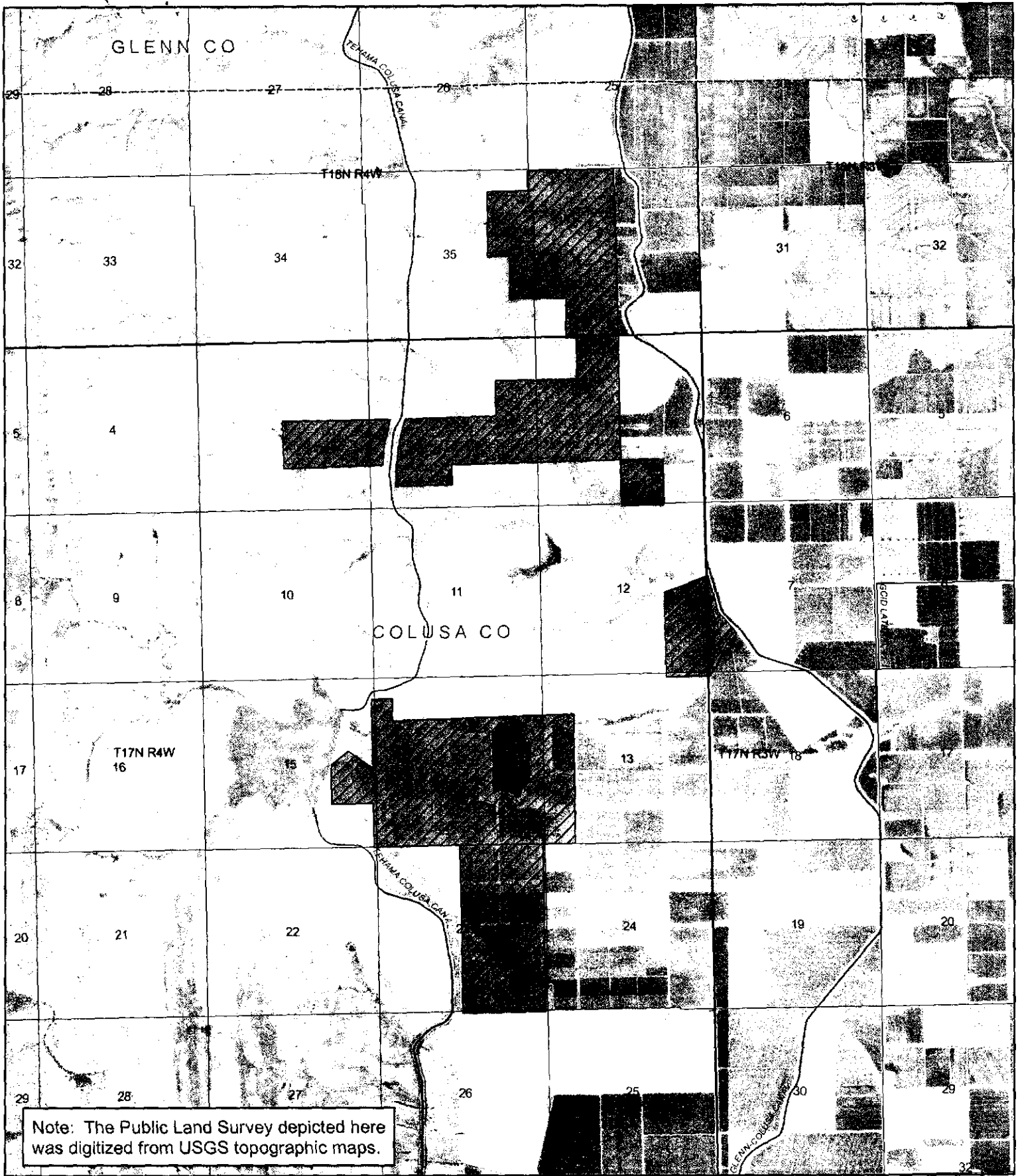
Glenn Valley Water District

Contract No. 1-07-20-W0219-R-1
Exhibit A

-  Contractor's Service Area
-  District Boundary





602-202-16

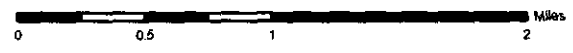


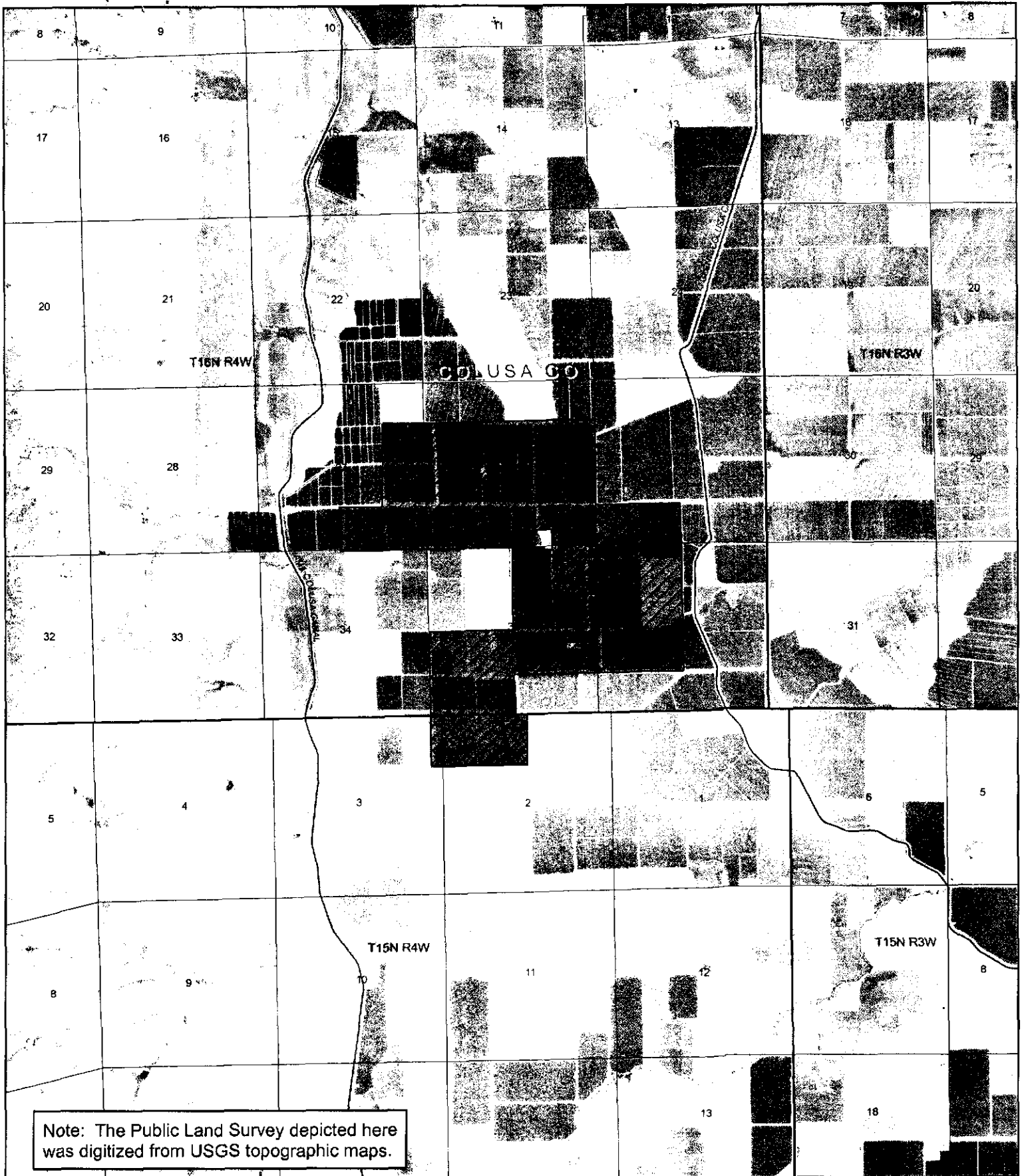
Note: The Public Land Survey depicted here was digitized from USGS topographic maps.

Holthouse Water District

Contract No. 1-07-20-W0224-R-1
Exhibit A

-  Contractor's Service Area
-  District Boundary





La Grande Water District

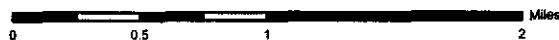
Contract No. 0-07-20-W0190-R-1
Exhibit A

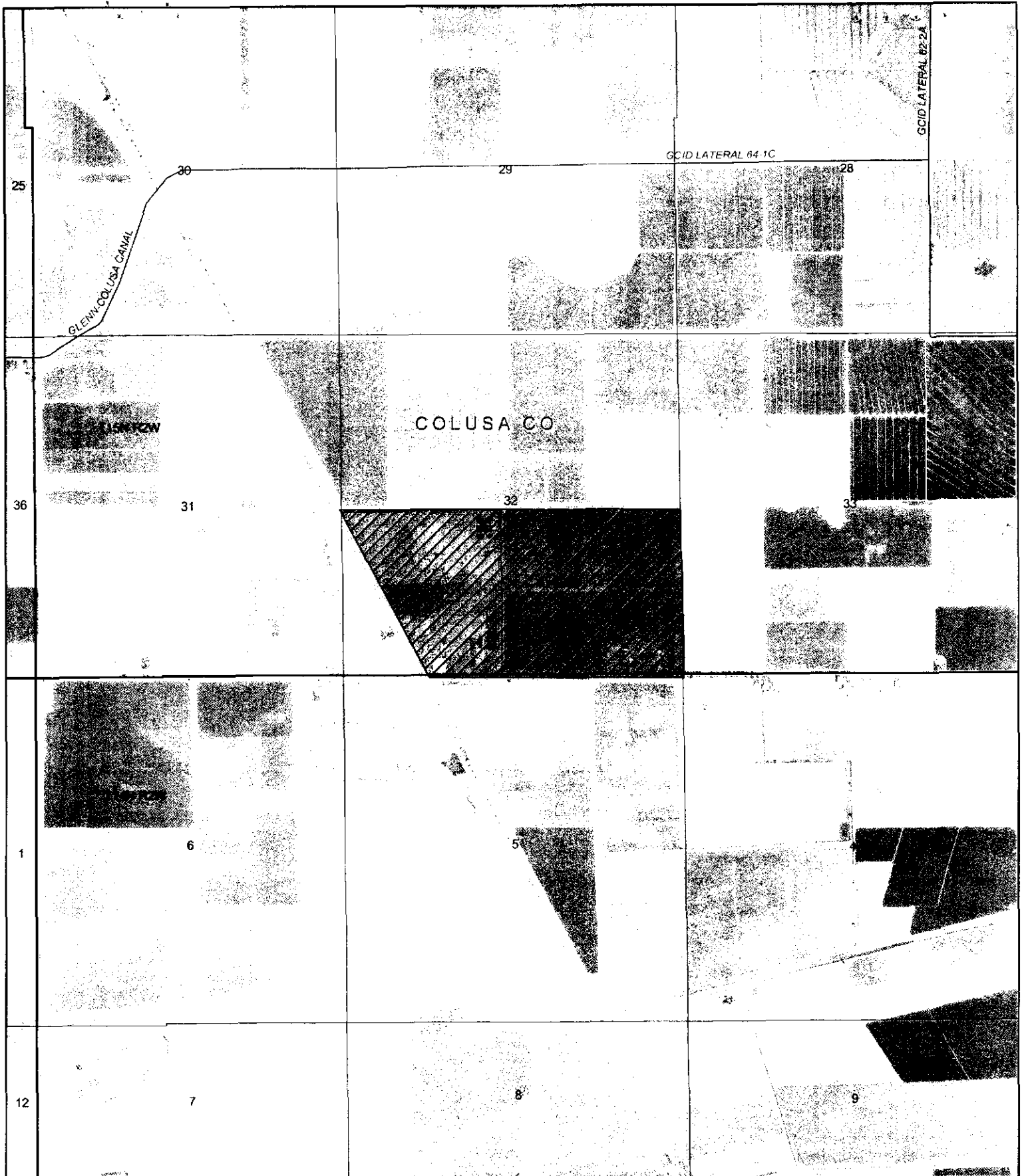


Contractor's Service Area



District Boundary





Myers-Marsh M.W.C.

Contract No. 1-07-20-W0225-R-1

Exhibit A



Contractor's Service Area



District Boundary

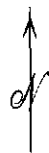


EXHIBIT B-1

COUNTY OF COLUSA
 (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&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 3/	<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>

IRRIGATION FULL-COST RATES:

Section 202(3) Rate is applicable to a Qualified Recipient or to a Limited Recipient receiving irrigation water on or before October 1, 1981.

\$80.11 \$80.11

Section 205(a)(3) Rate is applicable to a Limited Recipient that did not receive irrigation water on or before October 1, 1981.

\$106.10 \$106.10

M&I FULL COST RATE:

\$

TIERED PRICING COMPONENTS:

Tiered Pricing Component >80% <=90% of Contract

Total [Full Cost Rate – COS Rate / 2]

\$ \$

Tiered Pricing Component >90% of Contract

Total [Full Cost Rate – COS Rate]

\$ \$

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

Restoration Payments (3407(d)(2)(A))

\$ 7.93 \$15.87 \$ 0.00

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/ 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).

3/ 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.

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

EXHIBIT B-2

COUNTY OF COLUSA
 (Cortina Water District)
2005 Water Rates and Charges per Acre-Foot

	Cost of Service		Calculated Payment Capacity 1/ <u>Irrigation</u>
	<u>Irrigation</u>	<u>M&I</u>	
<u>COST OF SERVICE RATES:</u>			
Capital Rates	\$10.33	2/	\$ 0.00
O&M Rates:			
Water Marketing	6.61		6.61
Storage	5.93		5.93
Deficit Rates:			
Interest Bearing	1.85		1.85
CFO/PRF Adj. Rate 3/	<u>\$ 2.24</u>	<u>2/</u>	<u>\$ 2.24</u>
TOTAL	<u>\$26.96</u>	<u>2/</u>	<u>\$16.63</u>
<u>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>\$44.82</u>		<u>\$44.82</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>\$56.76</u>		<u>\$56.76</u>
<u>TIERED PRICING COMPONENTS:</u>			
Tiered Pricing Component >80% <=90% of Contract Total [Full Cost Rate -- COS Rate / 2]	<u>\$8.93</u>	<u>2/</u>	<u>\$14.10</u>
Tiered Pricing Component >90% of Contract Total [Full Cost Rate -- COS Rate]	<u>\$17.86</u>	<u>2/</u>	<u>\$28.19</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>2/</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/ To be provided as needed. Contractor does not currently receive M&I water and is not projected to take any in the near future.

3/ 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.

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).

EXHIBIT B-3

COUNTY OF COLUSA
(4-M Water District)

2005 Water Rates and Charges per Acre-Foot

	<u>Cost of Service</u>		<u>Calculated Payment Capacity 1/ Irrigation</u>
	<u>Irrigation</u>	<u>M&I</u>	
<u>COST OF SERVICE RATES:</u>			
Capital Rates	\$ 6.46	2/	\$ 0.00
O&M Rates:			
Water Marketing	6.61		6.61
Storage	5.93		5.93
Deficit Rates:			
Interest Bearing	0.20		0.20
CFO/PRF Adj. Rate 3/	\$ 1.46	2/	\$ 1.46
TOTAL	<u>\$20.66</u>	<u>2/</u>	<u>\$14.20</u>
<u>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>\$34.68</u>		<u>\$34.68</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>\$41.86</u>		<u>\$41.86</u>
<u>TIERED PRICING COMPONENTS:</u>			
Tiered Pricing Component >80% <=90% of Contract Total [Full Cost Rate – COS Rate / 2]	<u>\$ 7.01</u>	2/	<u>\$10.24</u>
Tiered Pricing Component >90% of Contract Total [Full Cost Rate – COS Rate]	<u>\$14.02</u>	2/	<u>\$20.48</u>
<u>CHARGES UNDER P.L. 102-575 TO THE RESTORATION FUND 4/</u>			
Restoration Payments (3407(d)(2)(A))	<u>\$ 7.93</u>	2/	<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/ To be provided as needed. Contractor does not currently receive M&I water and is not projected to take any in the near future.

3/ 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.

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).

EXHIBIT B-4

COUNTY OF COLUSA
(Glenn Valley 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&I</u>	
<u>COST OF SERVICE RATES:</u>			
Capital Rates	\$ 6.52	2/	\$ 0.00
O&M Rates:			
Water Marketing	6.61		6.61
Storage	5.93		5.93
Direct Pumping	1.01		1.01
Deficit Rates:			
Interest Bearing	2.23		2.23
CFO/PRF Adj. Rate 3/	<u>\$ 1.24</u>	2/	<u>\$ 1.24</u>
TOTAL	<u>\$23.54</u>	2/	<u>\$17.02</u>
<u>FULL-COST RATES:</u>			
Section 202(3) Rate is applicable to a Qualified Recipient or to a Limited Recipient receiving irrigation water on or before October 1, 1981.	<u>\$35.86</u>		<u>\$35.86</u>
Section 205(a)(3) Rate is applicable to a Limited Recipient that did <u>not</u> receive irrigation water on or before October 1, 1981.	<u>\$43.04</u>		<u>\$43.04</u>
<u>TIERED PRICING COMPONENTS:</u>			
Tiered Pricing Component >80% <=90% of Contract Total [Full Cost Rate – COS Rate / 2]	<u>\$ 6.16</u>	2/	<u>\$ 9.42</u>
Tiered Pricing Component >90% of Contract Total [Full Cost Rate – COS Rate]	<u>\$12.32</u>	2/	<u>\$18.84</u>
<u>CHARGES UNDER P.L. 102-575 TO THE RESTORATION FUND 4/</u>			
Restoration Payments (3407(d)(2)(A))	<u>\$ 7.93</u>	2/	<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/ To be provided as needed. Contractor does not currently receive M&I water and is not projected to take any in the near future.

3/ 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.

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).

EXHIBIT B-5

COUNTY OF COLUSA
(Holthouse 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&I</u>	
<u>COST OF SERVICE RATES:</u>			
Capital Rates	\$ 7.05	2/	\$ 0.00
O&M Rates:			
Water Marketing	6.61		6.61
Storage	5.93		5.93
Deficit Rates:			
Interest Bearing	0.57		0.57
CFO/PRF Adj. Rate 3/	<u>\$ 1.34</u>	2/	<u>\$ 1.34</u>
TOTAL	<u>\$21.50</u>	2/	<u>\$14.45</u>
<u>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>\$34.62</u>		<u>\$34.62</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>\$41.80</u>		<u>\$41.80</u>
<u>TIERED PRICING COMPONENTS:</u>			
Tiered Pricing Component >80% <=90% of Contract Total [Full Cost Rate – COS Rate / 2]	<u>\$ 6.56</u>	2/	<u>\$10.09</u>
Tiered Pricing Component >90% of Contract Total [Full Cost Rate – COS Rate]	<u>\$13.12</u>	2/	<u>\$20.17</u>
<u>CHARGES UNDER P.L. 102-575 TO THE RESTORATION FUND 4/</u>			
Restoration Payments (3407(d)(2)(A))	<u>\$ 7.93</u>	2/	<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/ To be provided as needed. Contractor does not currently receive M&I water and is not projected to take any in the near future.

3/ 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.

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).

EXHIBIT B-6

COUNTY OF COLUSA
 (La Grande Water District)
2005 Water Rates and Charges per Acre-Foot

	<u>Cost of Service</u>		<u>Calculated Payment Capacity 1/ Irrigation</u>
	<u>Irrigation</u>	<u>M&I</u>	
<u>COST OF SERVICE RATES:</u>			
Capital Rates	\$ 7.17	2/	\$ 0.00
O&M Rates:			
Water Marketing	6.61		6.61
Storage	5.93		5.93
Deficit Rates:			
Interest Bearing	1.42		1.42
CFO/PRF Adj. Rate 3/	<u>\$ 1.35</u>	2/	<u>\$ 1.35</u>
TOTAL	<u>\$22.48</u>	2/	<u>\$15.31</u>
<u>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>\$34.74</u>		<u>\$34.74</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>\$41.93</u>		<u>\$41.93</u>
<u>TIERED PRICING COMPONENTS:</u>			
Tiered Pricing Component >80% <=90% of Contract Total [Full Cost Rate – COS Rate / 2]	<u>\$ 6.13</u>	2/	<u>\$ 9.72</u>
Tiered Pricing Component >90% of Contract Total [Full Cost Rate – COS Rate]	<u>\$12.26</u>	2/	<u>\$19.43</u>
<u>CHARGES UNDER P.L. 102-575 TO THE RESTORATION FUND 4/</u>			
Restoration Payments (3407(d)(2)(A))	<u>\$ 7.93</u>	2/	<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/ To be provided as needed. Contractor does not currently receive M&I water and is not projected to take any in the near future.

3/ 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.

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).

EXHIBIT B-7

COUNTY OF COLUSA
(Myers-Marsh Mutual Water Company)
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&I</u>	
<u>COST OF SERVICE RATES:</u>			
Capital Rates	\$ 7.77	2/	\$ 0.00
O&M Rates:			
Water Marketing	6.61		6.61
Storage	5.93		5.93
Deficit Rates:			
Interest Bearing	6.02		6.02
CFO/PRF Adj. Rate 3/	<u>\$ 1.86</u>	2/	<u>\$ 1.86</u>
TOTAL	<u>\$28.19</u>	2/	<u>\$20.42</u>
<u>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>\$37.83</u>		<u>\$37.83</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>\$44.98</u>		<u>\$44.98</u>
<u>TIERED PRICING COMPONENTS:</u>			
Tiered Pricing Component >80% <=90% of Contract Total [Full Cost Rate – COS Rate / 2]	<u>\$ 4.82</u>	2/	<u>\$ 8.71</u>
Tiered Pricing Component >90% of Contract Total [Full Cost Rate – COS Rate]	<u>\$ 9.64</u>	2/	<u>\$17.41</u>
<u>CHARGES UNDER P.L. 102-575 TO THE RESTORATION FUND 4/</u>			
Restoration Payments (3407(d)(2)(A))	<u>\$ 7.93</u>	2/	<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/ To be provided as needed. Contractor does not currently receive M&I water and is not projected to take any in the near future.

3/ 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.

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).

BOARD OF SUPERVISORS

COUNTY OF COLUSA

RESOLUTION NO. 2004- 33

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

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

1. On November 18, 1975 the County of Colusa ("County") and the United
States of America entered into a contract providing for water service, designated Contract No. 14-
06-200-8310A ("Original Contract").

2. Water service under the Original Contract began in 1981, and has
continued uninterrupted since then. Water service is provided to seven subcontractors ("Member
Units"), specifically:


4-M Water District
Colusa County Water District
Cortina Water District
Glenn Valley Water District
Holthouse Water District
LaGrande Water District
Myers-Marsh Mutual Water Company

3. The Original Contract expired on February 28, 1995.

4. In advance of the expiration of the Original Contract, the County 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

I certify this copy to be a true
and correct copy of the
original record on file in this
office.

Attest: Kathleen Moran
County Clerk and Recorder
and ex-officio Clerk of the
Board of Supervisors, in and
for the County of Colusa,
State of California


Deputy

Statement ("PEIS"). The interim renewal applied to all the subcontracts, as well.

5. Upon completion of the PEIS, the United States announced its intent to negotiate a long-term renewal of the Original Contract.

6. The County and the United States engaged in a series of negotiations commencing in 1999 and completed in 2004. A copy of the proposed Long-Term Renewal Contract, designated Contract No. 14-06-200-8310-A-LTR1 is attached hereto and incorporated herein by this reference as Exhibit "A" ("Renewal Contract").

7. The Renewal Contract reflects the results of the negotiations and contains the terms and conditions that the County and the United States have tentatively agreed upon. The parties intend that the Renewal Contract will be ready for execution no later than March 1, 2005, and will be effective as of that date.

8. Prior to execution of the 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. As set forth in the Renewal Contract, the County and the United States entered into subcontracts for the resale and distribution of all of the Project Water with the Member Units. Each of the respective Member Unit's subcontracts was renewed at the same time as, and in accordance with, the first and all subsequent Interim Renewal Contracts. Each of the Member Units has fully complied with the terms and conditions of its respective subcontract.

10. The Board has been presented with and reviewed a sample form of subcontract, attached as Exhibit "B" that is consistent with both the form and substance of the

original subcontracts, and with the Renewal Contract.

11. Prior to execution of the Renewal Contract, and the subcontracts thereunder, the Board must analyze the action under the California Environmental Quality Act ("CEQA"). The Board has previously analyzed its interim renewals of the Original Contract under CEQA, and has found them to be exempt. The Board believes that its execution of the Renewal Contract and the subcontracts is similarly exempt, for the reasons set forth in the Notice of Exemption attached hereto and incorporated herein by this reference as Exhibit "C".

12. It is in the best interests of the County and its Member Units that the County renew its water service contract with the United States, and execute, at the appropriate time, the Renewal Contract and the subcontracts.

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

1. The Board of Supervisors of the County of Colusa approves the *Long-Term Renewal Contract Between the United States and the County of Colusa Providing for Project Water Service from the Sacramento River Division, Contract No.14-06-200-8310-A-LTR1*. The Board also approves the form of the subcontract attached hereto as Exhibit "B".

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 Board with a Renewal Contract that is in substantially the same form as that attached hereto as Exhibit "A", then the Chairman of the Board of Supervisors or his or her designee, is authorized to execute that Renewal Contract, and the subcontracts thereunder, without further action by this Board.

3. The Clerk of the Board shall prepare and file a Notice of Exemption under CEQA in the form attached hereto as Exhibit "C" with the Colusa County Clerk as soon as possible.

In accordance with this finding of exemption, no fee is due under California Fish and Game Code section 711.4.

4. The Clerk of the Board of Supervisors shall forthwith prepare and transmit a certified copy of this Resolution to Reclamation.

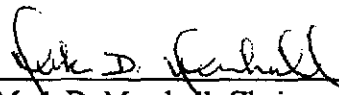
5. The Chairman of the Board of Supervisors, county staff, and consultants are authorized and directed to do all things necessary and appropriate to carry out this Resolution and to ensure continued and uninterrupted water service to the County and its Member Units under the County's water service contract.

PASSED AND ADOPTED at a regular meeting on May 25, 2004 by the following vote:

AYES: Supervisors Womble, Waite, White, and Scofield.

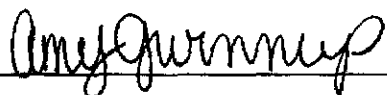
NOES: None.

ABSENT: Supervisor Scofield.

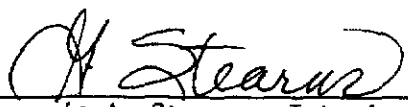


Mark D. Marshall, Chairman
Board of Supervisors

ATTEST: Kathleen Moran, County Clerk and
Recorder and ex officio Clerk to the Board

By  _____, Deputy

APPROVED AS TO FORM:



Georgia A. Stearns, Interim County Counsel