

MP-3730 WTR 400

CENTRAL VALLEY

UN TOP

Irrigation and/or M&I  
R. O. Draft 12/12-2005  
Contract No.  
14-06-200-8466A-IR10

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

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INTERIM RENEWAL CONTRACT AMONG THE UNITED STATES,  
DEPARTMENT OF WATER RESOURCES  
OF THE STATE OF CALIFORNIA,  
AND  
HILLS VALLEY IRRIGATION DISTRICT  
PROVIDING FOR PROJECT WATER SERVICE

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THIS CONTRACT, made this 31<sup>st</sup> day of May, 2006, in

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pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or

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supplementary thereto, including, but not limited to, the acts of August 26, 1937 (50 Stat. 844), as

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amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, July 2,

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1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1263), as amended, and

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Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter referred to

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as Federal Reclamation law, among the UNITED STATES OF AMERICA, hereinafter referred to as

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the United States, DEPARTMENT OF WATER RESOURCES OF THE STATE OF CALIFORNIA,

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hereinafter referred to as DWR, and HILLS VALLEY IRRIGATION DISTRICT, hereinafter referred

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to as the Contractor, a public agency of the State of California, duly organized, existing, and acting

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pursuant to the laws thereof;

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WITNESSETH, That:

Classification	WTR 400
Project	CV
Contract No.	6008896
Folder I.D.	69937-0
Date Input & Initials	7-6-06 RL

27 EXPLANATORY RECITALS

28 WHEREAS, the United States, DWR, and the Contractor entered into an interim  
29 renewal contract identified as Contract No. 14-06-200-8466A-IR5, hereinafter referred to as the  
30 Interim Renewal Contract, which provided for the continued water service to the Contractor  
31 following expiration of Contract No. 14-06-200-8466A; and

32 WHEREAS, the United States, DWR, and the Contractor have entered into  
33 successive renewals of the Interim Renewal Contract, the most recent of which is Contract No.  
34 14-06-200-8466A-IR9, hereinafter referred to as the Existing Interim Renewal Contract, from  
35 March 1, 2005, through February 28, 2006; and

36 WHEREAS, the United States, DWR, and the Contractor have made significant  
37 progress in their negotiations of a long-term renewal contract, believe that further negotiations on  
38 the long-term renewal contract would be beneficial, and mutually commit to continue to negotiate to  
39 seek to reach agreement, but anticipate that the environmental documentation necessary for  
40 execution of any long-term renewal contract will be delayed until March 2007 and may be delayed  
41 further for reasons beyond the control of the parties; and

42 WHEREAS, the Contractor has requested a subsequent interim renewal contract  
43 pursuant to Subdivision (b)(1) of Article 2 of the Interim Renewal Contract and Article 1 of the  
44 Existing Interim Renewal Contract; and

45 WHEREAS, the United States has determined that the Contractor has to date fulfilled  
46 all of its obligations under the Existing Interim Renewal Contract; and

47 WHEREAS, the United States is willing to renew the Existing Interim Renewal  
48 Contract pursuant to the terms and conditions set forth below;

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

51                   INCORPORATION AND REVISION OF EXISTING INTERIM RENEWAL CONTRACT

52                   1.       The terms and conditions of the Existing Interim Renewal Contract are hereby  
53 incorporated by reference into this Contract with the same force and effect as if they were included in  
54 full text with the exception of Article 1 thereof, which is revised as follows:

55                   (a)       The first sentence in Subdivision (a) of Article 1 of the Existing Interim  
56 Renewal Contract is modified as follows: “This interim renewal contract shall be effective from  
57 March 1, 2006, and shall remain in effect through February 28, 2007, and thereafter will be renewed  
58 as described in Subdivision (a) of Article 2 of the Interim Renewal Contract if a long-term renewal  
59 contract has not been executed with an effective commencement date of March 1, 2007.”

60                   (b)       Subdivision (b) of Article 1 of the Existing Interim Renewal Contract is  
61 amended by deleting the date “February 15, 2006,” and replacing same with the date  
62 “February 15, 2007.”

63                   (c)       Subdivision (c) of Article 1 of the Existing Interim Renewal Contract is  
64 amended by deleting the dates “February 1, 2006,” “February 15, 2006,” and “February 28, 2006,”  
65 and replacing same with the dates “February 1, 2007,” “February 15, 2007,” and “February 28,  
66 2007,” respectively.

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

69 UNITED STATES OF AMERICA  
70

71 APPROVED AS TO LEGAL  
72 FORM AND SUFFICIENCY  
73 *James E. Turner*  
OFFICE OF REGIONAL SOLICITOR  
DEPARTMENT OF THE INTERIOR

By: *John F. Davis*  
Regional Director, Mid-Pacific Region  
Bureau of Reclamation

74 Approved as to Legal Form and  
75 Sufficiency:

DEPARTMENT OF WATER RESOURCES  
OF THE STATE OF CALIFORNIA

76 *David A. Smith*  
77 Chief Counsel (Acting)  
78 Department of Water Resources

By: *[Signature]*  
Director  
Department of Water Resources

79 (SEAL)

HILLS VALLEY IRRIGATION DISTRICT

80 By: *Don G. Schroeder*  
81 President of the Board of Directors

82 Attest:

83 *Dennis R. Keller*  
84 Secretary

85 (H:\pub440\Interim Renewal Contracts - Drafts, charts, etc.\2006-2007 IRC's\CVC Revised 12-14-  
86 05\CVC-Hills Valley 12 mo-(3-1-06 - 2-28-07) Revised 12-14-05.doc

BEFORE THE BOARD OF DIRECTORS  
OF THE  
HILLS VALLEY IRRIGATION DISTRICT  
COUNTIES OF FRESNO AND TULARE, STATE OF CALIFORNIA

RE: STATUTORY AND CATEGORICAL )  
EXEMPTION FROM CALIFORNIA )  
ENVIRONMENTAL QUALITY ACT FOR ) RESOLUTION NO. 2006-1  
INTERIM CONTRACT RENEWAL )  
\_\_\_\_\_ )

WHEREAS, the Hills Valley Irrigation District was formed on August 16, 1948, pursuant to Division 13 of the California Water Code: and

WHEREAS, the District entered into Contract No. 14-06-200-8466A, as amended, with the United States providing water service from the Central Valley Project from August 5, 1976, until February 29, 1996, (the "Original Contract"); and

WHEREAS, the Original Contract provided for delivery of 3,346 acre feet of water diverted from the Sacramento-San Joaquin Rivers delta through the California Aqueduct to the Cross Valley Canal for exchange or direct delivery to the District's distribution system; and

WHEREAS, the United States, the State of California and the District agreed to several extensions of the term of the Original Contract through and including February 28, 2006, by executing amendatory contracts up to and including 14-06-200-8466A-IR9 (the "Existing Interim Renewal Contract"); and

WHEREAS, with the exception of pricing, which was mandated by federal law, the Interim Renewal Contracts continued the District's water service in substantially the same manner as the Original Contract. The District determined the previous Interim Renewal Contracts were exempt under Title 14 of the California Code of Regulation Section 15273(a) and Section 15301 of the CEQA Guidelines (Public Resources Code Section 21083); and

WHEREAS, no challenges under CEQA to the preceding Interim Renewal Contracts were made and all applicable statutes of limitation have passed; and

WHEREAS, the District has fully utilized, when available and for reasonable and beneficial use, all water provided under the Interim Renewal Contracts by receiving and delivering such water to lands within the District's boundaries for irrigation purposes; and

WHEREAS, the District believes it is imperative that, for the benefit of the District, the water supply originally made available under the Original Contract and continued by the Interim Renewal Contracts be continued; and

WHEREAS, the Bureau of Reclamation has again offered to renew the Original Contract upon expiration of the IR-9 Contract (the "IR-10 Contract"). The IR-10 Contract continues the same water service as provided under the Original Contract and the subsequent Interim Renewal Contracts. The terms of the IR-10 Contract are essentially unchanged from the Existing Interim Renewal Contract with exception of the length of the renewal term; and

WHEREAS, CEQA requires the District, as a public agency, to conduct a preliminary environmental assessment regarding the potential environmental effects of "projects." Generally, the IR-10 Contract would be considered a "project" for purposes of CEQA. However, CEQA contains exemptions, both within the law itself and in the form of CEQA Guidelines, for certain types of projects; and

WHEREAS, the District may base a decision to file a Notice of Exemption on CEQA Guidelines (14 CCR Section 15000, et seq.); and

WHEREAS, California Code of Regulations Section 15273(a) provides a statutory exemption since significant modifications to the project which might have a new significant effect on the environment have not been proposed, and the District's distribution system will continue to be operated within the range of operations contemplated under the Original Contract; and

WHEREAS, Section 15301 of the CEQA Guidelines provides a categorical exemption from CEQA for the operation, repair, maintenance or minor alteration of existing public structures or facilities involving negligible or no expansion of use beyond that previously existing; and

WHEREAS, the District's execution of the IR-10 Contract would allow District to continue providing the same water service through the same facilities as the Original Contract and the subsequent Interim Renewal Contracts, and no expansion of the current facilities would occur; and

WHEREAS, Section 15300.2 of the CEQA Guidelines provides that a categorical exemption shall not be used for a project when there is a reasonable possibility that the project will have a significant effect on the environment due to unusual circumstances; and

WHEREAS, no unusual circumstances exist for the District and approval of the IR-10 Contract is exempt under Section 15301 of the CEQA Guidelines; and

WHEREAS, the District proposes to renew its Original Contract with the United States in the form of an IR-10 Contract as noted above in order to provide for the continued delivery of the same quantity of water to lands within the District's boundaries; and

WHEREAS, water service under the proposed renewal will be diverted from the Sacramento-San Joaquin Rivers delta through the California Aqueduct for exchange or direct delivery for use within the District boundaries as water provided for in the Original Contract; and

WHEREAS, the District will distribute water received pursuant to terms of the renewal through the same distribution system to the same lands within the District's boundaries as water provided for in the Original Contract; and

WHEREAS, the District has copies of contracts, water delivery reports, crop information and other data supporting these factual findings.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Hills Valley Irrigation District has determined:

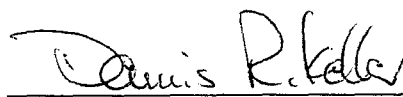
1. That renewal of the Original Contract with the United States will not create any effects specified in Title 14 of the California Code of Regulations, Section 15300.2; and
2. That renewal of the Original Contract is statutorily exempt pursuant to Title 14 of the California Code of Regulations, Section 15273(a) and categorically exempt from CEQA pursuant to Section 15301 of the CEQA Guidelines (Public Resources Code Section 21083), because it merely provides for continued operation of an existing facility; and
3. That the Secretary of the District shall forthwith prepare and file a Notice of Exemption with the Clerk of Fresno County as provided for in Title 14 of the California Code of Regulations, Section 15062(b).

This Resolution shall take affect immediately upon its being passed and adopted by the Board of Directors of the Hills Valley Irrigation District on January 12, 2006, by the following vote:

AYES: Booth and Schroeder

NOES: None

ABSENT: Corrin

  
Secretary

BEFORE THE BOARD OF DIRECTORS  
HILLS VALLEY IRRIGATION DISTRICT

IN THE MATTER OF APPROVING )  
THE INTERIM RENEWAL CONTRACT )  
BETWEEN THE UNITED STATES, THE ) RESOLUTION NO. 2006-2  
STATE OF CALIFORNIA AND THE )  
HILLS VALLEY IRRIGATION DISTRICT )  
PROVIDING FOR PROJECT WATER SERVICE. )

WHEREAS, this District entered into a "Contract between the United States, the State of California and the Hills Valley Irrigation District, providing for water service from the Central Valley Project", dated May 11, 1976, Contract 14-06-200-8466A; and

WHEREAS, said Contract expired on December 31, 1995; and

WHEREAS, the District executed a number of Amendatory Contracts to extend the term of the original Contract; and

WHEREAS, the Bureau of Reclamation of the Department of Interior of the United States of America has submitted the form of the tenth interim renewal contract to the District entitled "Interim Renewal Contract between the United States, the State of California and Hills Valley Irrigation District providing for Project Water Service" (14-06-200-8466A-IR10); and

WHEREAS, the State of California has indicated that it is willing to execute said Contract; and

WHEREAS, the District has verified the terms and conditions of this Interim Renewal Contract and finds it to be acceptable to the District; and

WHEREAS, a Notice of Exemption was filed with the Fresno County Clerk.

NOW, THEREFORE, BE IT RESOLVED, by this Board of Directors that:

The District approves entering into the Interim Renewal Contract and authorizes the President and Secretary to sign the Interim Renewal Contract.



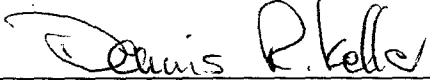
Upon motion of Director Booth, seconded by Director Schroeder, the foregoing Resolution was adopted by the Board of Directors at an official meeting held January 12, 2006, by the following vote.

AYES: Directors Booth and Schroeder

NOES: None

ABSTAIN: None

ABSENT: Corrin

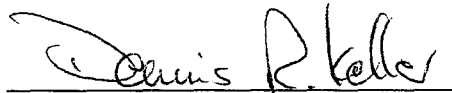
  
\_\_\_\_\_  
Dennis R. Keller, Secretary

CERTIFICATE OF SECRETARY OF HILLS VALLEY IRRIGATION DISTRICT  
AUTHENTICATING RESOLUTION

I, Dennis R. Keller, hereby certify as follows:

1. That I am the secretary of the Hills Valley Irrigation District; and
2. That the foregoing resolution, consisting of three pages, is a true and correct copy of a resolution of the directors of the Hills Valley Irrigation District at a meeting of the Board of Directors held on January 12, 2006, at Visalia, California.

IN WITNESS WHEREOF, I have signed this certificate this 12th day of January, 2006, at the District's principal office.

A handwritten signature in cursive script that reads "Dennis R. Keller". The signature is written in black ink and is positioned above a horizontal line.

Dennis R. Keller, Secretary