District Form – Irrigation and M&I Contract No. 14-06-200-7422X-R-1

R.O. Draft 09/21/2012 R.O. Draft 12/13/2012 NCAO Draft 01/11/2013 NCAO Draft 02/26/2013 NCAO Draft 03/11/2013 R.O. Draft 03/19/2013 **R.O. Draft 04/04/2013** 

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

### $\frac{\text{CONTRACT BETWEEN THE UNITED STATES}}{\text{AND}}$

## WOODLAND-DAVIS CLEAN WATER AGENCY, DIVERTER OF WATER FROM SACRAMENTO RIVER SOURCES, SETTLING WATER RIGHTS DISPUTES

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1	UNITED STATES
2	DEPARTMENT OF THE INTERIOR
3	BUREAU OF RECLAMATION
4	Central Valley Project, California
5	CONTRACT BETWEEN THE UNITED STATES
6	AND
7	WOODLAND-DAVIS CLEAN WATER AGENCY,
8	DIVERTER OF WATER FROM SACRAMENTO RIVER SOURCES,
9	SETTLING WATER RIGHTS DISPUTES
10	
10	THIS CONTRACT, hereinafter referred to as "Settlement Contract," is entered
11	into by the UNITED STATES OF AMERICA, hereinafter referred to as the United States, made
12	this day of, 20, pursuant to the applicable authority
13	granted to it generally in the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or
14	supplementary thereto, including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844),
15	as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented,
16	particularly Section 14 thereto, October 12, 1982 (96 Stat. 1263), October 27, 1986
17	(100 Stat. 3050), as amended, and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706),
18	all collectively hereinafter referred to as Federal Reclamation law, and WOODLAND-DAVIS
19	CLEAN WATER AGENCY, hereinafter referred to as the Contractor, a California joint powers
20	authority, duly organized, existing and acting pursuant to the laws of the State of California,
21	with its principal place of business in California;

22	WIINESSEIH, Inat:	
23	EXPLANATORY RECITALS	
24	[1 <sup>st</sup> ] WHEREAS, the United States has constructed and is operating the Central Valle	ey
25	Project, California, for multiple purposes pursuant to its statutory authority; and	
26	[2 <sup>nd</sup> ] WHEREAS, the construction and operation of the integrated and coordinated	
27	Central Valley Project has changed and will further change the regimen of the Sacramento,	
28	American, San Joaquin, and Trinity Rivers and the Sacramento-San Joaquin Delta from	
29	unregulated flow to regulated flow; and	
30	[3 <sup>rd</sup> ] WHEREAS, the United States has rights to divert, is diverting, and will continue	e
31	to divert waters from said Rivers and said Delta in connection with the operation of said Centra	ıl
32	Valley Project; and	
33	[4 <sup>th</sup> ] WHEREAS, Conaway Preservation Group, LLC, hereinafter referred to as	
34	Conaway, has rights to divert water from the Sacramento River for irrigation purposes under	
35	Water Right Licenses 904, 905, and 5487, which are administered and enforced by the	
36	California State Water Resources Control Board, hereinafter referred to as SWRCB; and	
37	[5 <sup>th</sup> ] WHEREAS, the diversion of water by Conaway under Water Right	
38	Licenses 904, 905, and 5487 is subject to the terms and conditions of "Contract Between the	
39	United States and Conaway Preservation Group, LLC, Diverter of Water From Sacramento	
40	River Sources, Settling Water Right Disputes and Providing for Project Water", Contract	
41	No. 14-06-200-7422A-R-1, dated March 4, 2005, hereinafter referred to as the Existing Contraction	ct,
12	which provides for up to 50,190 acre-feet of Base Supply and a supplemental supply of	
13	672 acre-feet of Project Water to be diverted annually from the Sacramento River from	
14	April 1, 2005, through March 31, 2045; and	

45	[6 <sup>th</sup> ] WHEREAS, Conaway, Tri-City Water and Farm, LLC, and the Contractor
46	entered into that certain Water Agreement, dated December 21, 2010, which provides, in part,
47	for Conaway to assign and convey to the Contractor its interests in 10,000 acre-feet of
48	Sacramento River Water diverted under Water Right Licenses 904 and 5487, which is a portion
49	of the Base Supply made available under the terms and conditions of the Existing Contract; and
50	[7 <sup>th</sup> ] WHEREAS, on March 17, 2011, Conaway petitioned the SWRCB to approve the
51	proposed split of Water Right Licenses 904 and 5487 between Conaway and the Contractor, and
52	to add additional purposes of use, places of use and point of diversion to effectuate the
53	assignment and conveyance of the 10,000 acre-feet of Sacramento River water to the Contractor;
54	and
55	[8 <sup>th</sup> ] WHEREAS, pursuant to SWRCB letter, dated November 21, 2012, as modified
56	by SWRCB letter dated December 21, 2012, Conaway's petition for change was granted, and
57	Amended Licenses for Diversion and Use of Water, 904A and 5487A, were issued to the
58	Contractor and Amended Licenses for Diversion and Use of Water, 904B and 5487B, were
59	issued to Conaway, each subject to specific terms and conditions for its exercise; and
60	[9 <sup>th</sup> ] WHEREAS, the Existing Contract between Conaway and the United States will
61	be amended, and a new Sacramento River Settlement Contract between the Contractor and the
62	United States will be executed, to recognize the water right changes and the terms and conditions
63	in the Amended Licenses for Diversion and Use of Water, 904B and 5487B, and 904A and
64	5487A, respectively; and
65	[10 <sup>th</sup> ] WHEREAS, the parties acknowledge that the Secretary of the Interior's discretion
66	at the time of renewal of certain Sacramento River Water Right Settlement contracts including
67	Conaway's Existing Contract dated March 4, 2005 and the 10,000 acre-feet of Base Supply

68 water to be assigned to the Contractor from Conaway as set forth in this Contract is the subject of pending litigation in Natural Resources Defense Council, et al. v. Salazar, et al., Case 69 No. 09-17661 (9<sup>th</sup> Cir.), and: 70 [11<sup>th</sup>] WHEREAS, the parties further acknowledge that if the court issues an order or 71 72 opinion invalidating Conaway's Existing Contract due to consultation requirements under 73 Section 7 of the Endangered Species Act, the validity of this Settlement Contract may be 74 similarly affected, and; [12<sup>th</sup>] WHEREAS, to assure the Contractor of the enjoyment and use of the regulated 75 flow of the said Rivers and the Delta, and to provide for the economical operation of the 76 77 Central Valley Project by, and the reimbursement to, the United States for expenditures made for 78 said Project; 79 NOW, THEREFORE, in consideration of the performance of the herein contained provisions, conditions, and covenants, it is agreed as follows: 80 81 **DEFINITIONS** 82 1. When used herein, unless otherwise expressed or incompatible with the intent 83 hereof, the term: "Base Supply" shall mean the quantity of Surface Water established in 84 (a) 85 Articles 3 and 5 which may be diverted by the Contractor from the Sacramento River each month 86 during the period April through October of each Year without payment to the United States for 87 such quantities diverted; "Contract Total" shall mean the sum of the Base Supply available for 88 (b) diversion by the Contractor for the period April 1 through October 31; 89

90	(c) "Critical Year" shall mean any Year in which either of the following
91	eventualities exists:
92	(1) The forecasted full natural inflow to Shasta Lake for the current
93	Water Year, as such forecast is made by the United States on or before February 15 and
94	reviewed as frequently thereafter as conditions and information warrant, is equal to or
95	less than 3.2 million acre-feet; or
96	(2) The total accumulated actual deficiencies below 4 million acre-feet
97	in the immediately prior Water Year or series of successive prior Water Years each of
98	which had inflows of less than 4 million acre-feet, together with the forecasted deficiency
99	for the current Water Year, exceed 800,000 acre-feet.
100	For the purpose of determining a Critical Year, the computation of inflow
101	to Shasta Lake shall be performed in a manner that considers the extent of upstream development
102	above Shasta Lake during the year in question, and shall be used as the full natural flow to
103	Shasta Lake. In the event that major construction has occurred or occurs above Shasta Lake after
104	September 1, 1963, and which has materially altered or alters the regimen of the stream systems
105	contributing to Shasta Lake, the computed inflow to Shasta Lake used to define a Critical Year
106	will be adjusted to eliminate the effect of such material alterations. After consultation with the
107	State of California, the National Weather Service, and other recognized forecasting agencies, the
108	Contracting Officer will select the forecast to be used and will make the details of it available to
109	the Contractor. The same forecasts used by the United States for the operation of the Project
110	shall be used to make the forecasts hereunder;
111	(d) "CVPIA" shall mean the Central Valley Project Improvement Act,
112	Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

113	(e) "Project" shall mean the Central Valley Project owned by the
114	United States and managed by the Department of the Interior, Bureau of Reclamation;
115	(f) "Project Water" shall mean all water that is developed, diverted, stored, or
116	delivered by the United States pursuant to Federal Reclamation law;
117	(g) "Rescheduling Fee" shall mean the payments required for each acre-foot
118	of Base Supply rescheduled pursuant to subdivision (c)(1) of Article 3 of this Settlement
119	Contract, as determined annually by the Contracting Officer in accordance with the then-current
120	applicable water rate setting policies for the Project. The type and amount of the Rescheduling
121	Fee will be identified on Exhibit "C";
122	(h) "Secretary" or "Contracting Officer" shall mean the Secretary of the
123	Interior, a duly appointed successor, or an authorized representative acting pursuant to any
124	authority of the Secretary and through any agency of the Department of the Interior;
125	(i) "Surface Water" shall mean only those waters that are considered as
126	surface water under California law;
127	(j) "Water Year" shall mean the period commencing with October 1 of one
128	year and extending through September 30 of the next; and
129	(k) "Year" shall mean a calendar year.
130	TERM OF SETTLEMENT CONTRACT
131	2. This Settlement Contract shall become effective on the date the Contractor starts
132	diverting the assigned water pursuant to Licenses 904A and 5487A or January 15, 2016,
133	whichever is earlier, and shall remain in effect until and including March 31, 2045: Provided,
134	That under terms and conditions mutually agreeable to the parties hereto, renewals may be made
135	for successive periods not to exceed 40 years each. The terms and conditions of each renewal

shall be agreed upon not later than one year prior to the expiration of the then-existing Settlement Contract.

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#### WATER TO BE FURNISHED TO CONTRACTOR

3. (a) Subject to the conditions, limitations, and provisions hereinafter expressed, the Contractor is hereby entitled and authorized to divert from the Sacramento River at the locations shown in Exhibit "A", for beneficial use within the area delineated on Exhibit "B", (both Exhibits are attached hereto and made a part hereof), the Contract Total designated in Exhibit "A", or any revision thereof, in accordance with the monthly operating schedule required by subdivision (c) of Article 3 of this Settlement Contract. The quantity of any water diverted under this Settlement Contract from the Sacramento River, during the period April through October, for use on any lands delineated on Exhibit "B", by the owner of such lands or otherwise shall constitute a part of the Contract Total as shown on Exhibit "A" and shall be subject to all the provisions of this Settlement Contract relating to such Contract Total as if such diversion were made by the Contractor: Provided, however, That the Contractor reserves the right to, and may at its option, divert water for beneficial use from the Sacramento River under Water Right Permit 20281 issued to the Contractor by the SWRCB under Application 30358, to the extent permitted under California law for beneficial use within the authorized place of use for Permit 20281, and such diversions will not be considered to be diversions under this Settlement Contract or a part of the quantity of Base Supply specified in Exhibit "A". The lawfulness of the Contractor's points of diversion for said area from the Sacramento River will not be challenged by, or on behalf of, the Bureau of Reclamation except in the case of a general adjudication as provided in subdivisions (b) and (c) of Article 9 of this Settlement Contract.

River during the period April through October after the date of execution of this Settlement Contract. All diversions made from the Sacramento River, pursuant to such rights, during the period April through October, shall not be considered to be diversions made pursuant to this Settlement Contract or a part of the quantity of Base Supply specified in Exhibit "A": *Provided*, That the quantities diverted pursuant to the above rights shall be identified on the schedule submitted pursuant to subdivision (c) of Article 3 below, and shall not be substituted for any Base Supply: *Provided*, *further*, That any such identified quantities of water under other acquired rights may be diverted by the Contractor before incurring any fee pursuant to subdivision (c)(1) of Article 3 below.

- (c) Before April 1 and before the first day of each month thereafter when a revision is needed, the Contractor shall submit a written schedule to the Contracting Officer indicating the Contract Total to be diverted by the Contractor for irrigation and/or municipal and industrial purposes during each month under this Settlement Contract. The United States shall furnish water to the Contractor in accordance with the monthly operating schedule or any revisions thereof. However, the United States recognizes the need of the Contractor to change from time to time its monthly diversions of water from the quantities shown in Exhibit "A"; the Contractor may make such changes, provided:
  - (1) that for the quantity of Base Supply diverted in excess of the monthly quantity shown in Exhibit "A", and as may be reduced in accordance with subdivision (c) of Article 5, during June, July, August, September, or October of any Water Year, the Contractor shall be charged a Rescheduling Fee equal to 50 percent of

180	the sum of the storage operations and maintenance rate and the storage capital rate
181	components of the Project ratesetting policy.
182	(2) that in no event shall the total quantity scheduled for diversion by
183	the Contractor from the Sacramento River:
184	(i) During the period April through October exceed the
185	aggregate of the Contract Total for that period shown in Exhibit "A" or any
186	revision thereof;
187	(ii) During the period July through September exceed the
188	aggregate of the Contract Total for that period shown in Exhibit "A" or any
189	revision thereof.
190	(d) In the event conditions warrant, the Contracting Officer reserves the
191	right to require the Contractor to submit, at least 72 hours prior to the beginning of each
192	weekly period, its estimate of daily diversion requirements for each such period from the
193	Sacramento River: Provided, however, That changes during any such period may be made upon
194	the giving of 72 hours' notice thereof to the Contracting Officer.
195	(e) No sale, transfer, exchange, or other disposal of any of the Contract Total
196	designated in Exhibit "A" or the right to the use thereof for use on land other than that shown on
197	Exhibit "B" shall be made by the Contractor without first obtaining the written consent of the
198	Contracting Officer. Such consent will not be unreasonably withheld and a decision will be
199	rendered in a timely manner. For short-term actions that will occur within one year or less, the
200	decision will be rendered within 30 days after receipt of a complete written proposal. For
201	long term actions that will occur in a period longer than one year, the decision will be rendered
202	within 90 days after receipt of a complete written proposal. For a proposal to be deemed

complete by the Contracting Officer, it must comply with all provisions required by State and Federal law, including information sufficient to enable the Contracting Officer to comply with the National Environmental Policy Act, the Endangered Species Act, and applicable rules or regulations then in effect: *Provided*, That such consent does not authorize the use of Federal facilities to facilitate or effectuate the sale, transfer, exchange, or other disposal of Base Supply. Such use of Federal facilities will be the subject of a separate agreement to be entered into between the Contractor and Reclamation.

- (f) Nothing herein contained shall prevent the Contractor from diverting water during the months of November through March for beneficial use on the lands within the area shown on Exhibit "B" or elsewhere to the extent authorized under the laws of the State of California.
- (g) The United States assumes no responsibility for and neither it nor its officers, agents, or employees shall have any liability for or on account of:
  - (1) The quality of water to be diverted by the Contractor;
  - (2) The control, carriage, handling, use, disposal, or distribution of water diverted by the Contractor outside the facilities constructed and then being operated and maintained by or on behalf of the United States; and
  - (3) Claims of damage of any nature whatsoever, including but not limited to, property loss or damage, personal injury, or death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of said water outside of the hereinabove referred to facilities.

224 <u>RETURN FLOW</u>

4. Nothing herein shall be construed as an abandonment or a relinquishment by the United States of any right it may have to the use of waste, seepage, and return flow water derived from water diverted by the Contractor hereunder and which escapes or is discharged beyond the boundaries of the lands shown on Exhibit "B": *Provided*, That this shall not be construed as claiming for the United States any right to such water which is recovered by the Contractor pursuant to California law from within the boundaries of the lands shown on Exhibit "B", and which is being used pursuant to this Settlement Contract for surface irrigation, municipal and industrial use, or underground storage for the benefit of the lands shown on Exhibit "B" by the Contractor.

#### CONSTRAINTS ON THE AVAILABILITY OF WATER

- 5. (a) In its operation of the Project, the Contracting Officer will use all reasonable means to guard against a condition of shortage in the quantity of water to be made available to the Contractor pursuant to this Settlement Contract. In the event the Contracting Officer determines that a condition of shortage appears probable, the Contracting Officer will notify the Contractor of said determination as soon as practicable.
- (b) If there is a condition of shortage because of errors in physical operations of the Project, drought, other physical causes beyond the control of the Contracting Officer or actions taken by the Contracting Officer to meet current and future legal obligations, then no liability shall accrue against the United States or any of its officers, agents, or employees for any damage, direct or indirect, arising therefrom.
- (c) In a Critical Year, the Contractor's Base Supply agreed to be diverted during the period April through October of the Year in which the principal portion of the Critical Year occurs and, each monthly quantity of said period shall be reduced by 25 percent.

#### INTEGRATED WATER MANAGEMENT AND PARTNERSHIPS

6. The Contractor and United States desire to work together to maximize the reasonable beneficial use of water for their mutual benefit. As a consequence, the United States and the Contractor will work in partnership and with others within the Sacramento Valley,

including other contractors, to facilitate the better integration within the Sacramento Valley of all water supplies including, but not limited to, the better management and integration of surface water and groundwater, the development and better utilization of surface water storage, the effective utilization of waste, seepage and return flow water, and other operational and management options that may be identified in the future.

#### USE OF WATER FURNISHED TO CONTRACTOR

- 7. (a) Base Supply diverted pursuant to this Settlement Contract shall not be used by the Contractor for other than agricultural purposes or municipal and industrial purposes without the written consent of the Contracting Officer. For purposes of this Settlement Contract, "agricultural purposes" includes, but is not restricted to, the irrigation of crops, the watering of livestock, incidental domestic use including related landscape irrigation, and underground water replenishment; and "municipal and industrial purposes" includes, but is not limited to, the watering of landscaping or pasture for animals (e.g., horses) which are kept for personal enjoyment or water delivered to landholdings operated in units of less than 5 acres, fish and wildlife enhancement, and fisheries and aquaculture research.
- (b) The Contractor shall comply with requirements applicable to the Contractor in biological opinion(s) prepared as a result of a consultation regarding the execution of this Settlement Contract undertaken pursuant to Section 7 of the Endangered Species Act of 1973, as amended, that are within the Contractor's legal authority to implement. The Existing Contract, which evidences in excess of 40 years of diversions for agricultural uses, of the quantities of water provided for in Article 3 of this Settlement Contract, and the underlying water rights of the Contractor will be considered in developing an appropriate base-line for the Biological Assessment prepared pursuant to the Endangered Species Act, and in any other

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

#### RATE AND METHOD OF PAYMENT FOR WATER

- 8. (a) The Contract Total in this Settlement Contract only provides for Base Supply and does not include Project Water. In order to recover Reclamation's costs for administration of this Settlement Contract, the Contractor shall pay the United States an annual fee of \$400 beginning on the effective date specified in Article 2. This amount shall be increased by \$50 every five years thereafter. Payment of this fee shall be due and payable on May 1 of each Year. This annual fee shall cover activities including, but not limited to, operation and maintenance of water measurement devices, preparation of monthly water delivery statements, and maintenance of official records. Payment for activities performed by Reclamation at the request of the Contractor shall be covered under Article 27 of this Settlement Contract.
- (b) Payments to be made by the Contractor to the United States under this Settlement Contract may be paid from any revenues available to the Contractor. All revenues received by the United States from the Contractor relating to the delivery of non-Project water through Project facilities shall be allocated and applied in accordance with Federal Reclamation law and the associated rules or regulations, and the then-current Project ratesetting policies.
- (c) The Contracting Officer shall keep its accounts pertaining to the administration of the financial terms and conditions of its long-term water service and Settlement Contracts, in accordance with applicable Federal standards, so as to reflect the application of Project costs and revenues. The Contracting Officer shall, each Year upon request of the Contractor, provide to the Contractor a detailed accounting of all Project and Contractor

expense allocations, the disposition of all Project and Contractor revenues, and a summary of all water delivery information. The Contracting Officer and the Contractor shall enter into good faith negotiations to resolve any discrepancies or disputes relating to accountings, reports, or information.

- (d) The parties acknowledge and agree that the efficient administration of this Settlement Contract is their mutual goal. Recognizing that experience has demonstrated that mechanisms, policies, and procedures used for establishing and allocating costs and/or for making and allocating payments, other than those set forth in this Article may be in the mutual best interest of the parties, it is expressly agreed that the parties may enter into agreements to modify the mechanisms, policies, and procedures for any of those purposes while this Settlement Contract is in effect without amendment of this Settlement Contract.
- 309 (e) Each payment to be made pursuant to subdivision (a) of this Article
  310 shall be made at the office of the Bureau of Reclamation, MP Region: Mid-Pacific,
  311 P.O. Box 301502, Los Angeles, CA, 90030-1502, or at such other place as the United States may
  312 designate in a written notice to the said Contractor.
  - (f) All payments from the Contractor to the United States under this Settlement Contract shall be by the medium requested by the United States on or before the date payment is due. The required method of payment may include checks, wire transfers, or other types of payment specified by the United States.
  - (g) Upon execution of this Settlement Contract, the Contractor shall furnish the Contracting Officer with the Contractor's taxpayer's identification number (TIN). The purpose for requiring the Contractor's TIN is for collecting and reporting any delinquent amounts arising out of the Contractor's relationship with the United States.
  - (h) In the event there should be a default in the payment of the amount due, the delinquent payment provisions of Article 13 shall apply. The Contractor shall not be relieved of the whole or any part of its said obligation by, on account of, or notwithstanding, as the case may be:

325	(1) The default in payment to it by any water user of assessments,
326	tolls, or other charges levied by or owing to said Contractor;
327	(2) Any judicial determination that any assessment, toll, or other
328	charge referred to in this Settlement Contract is irregular, void, or ineffectual; or
329	(3) Any injunctive process enjoining or restraining the Contractor
330	from making or collecting any such assessment, toll, or other charge referred to in this
331	Settlement Contract.
332	(i) The amount of any overpayment by the Contractor shall be credited upon
333	amounts to become due to the United States from the Contractor under the provisions hereof in
334	the ensuing Year. To the extent of such deficiency, such adjustment of overpayment shall
335	constitute the sole remedy of the Contractor.
336	AGREEMENT ON WATER QUANTITIES
337	9. (a) During the term of this Settlement Contract and any renewals thereof:
338	(1) It shall constitute full agreement as between the United States and
339	the Contractor as to the quantities of Base Supply which may be diverted by the Contractor from
340	the Sacramento River for beneficial use on the lands shown on Exhibit "B" from April 1 through
341	October 31, which said diversion, use, and allocation shall not be disturbed so long as the
342	Contractor shall fulfill all of its obligations hereunder;
343	(2) Neither party shall claim any right against the other in conflict with
344	the provisions of subdivision (a)(1) of Article 9 hereof.
345	(b) Nothing herein contained is intended to or does limit rights of the
346	Contractor against others than the United States or of the United States against any person other
347	than the Contractor: <i>Provided, however</i> . That in the event the Contractor, the United States, or

any other person shall become a party to a general adjudication of rights to the use of water of the Sacramento River system, this Settlement Contract shall not jeopardize the rights or position of either party hereto or of any other person and the rights of all such persons in respect to the use of such water shall be determined in such proceedings the same as if this Settlement Contract had not been entered into, and if final judgment in any such general adjudication shall determine that the rights of the parties hereto are different from the rights as assumed herein, the parties shall negotiate an amendment to give effect to such judgment. In the event the parties are unable to agree on an appropriate amendment they shall, within 60 days of determining that there is an impasse, employ the services of a neutral mediator, experienced in resolving water rights disputes, to assist in resolving the impasse. The cost of the mediation will be shared equally. A failure to reach agreement on an amendment within 60 days of the end of mediation will cause the immediate termination of this Settlement Contract.

(c) In the event that the SWRCB or a court of competent jurisdiction issues a final decision or order modifying the terms and conditions of the water rights of either party to this Settlement Contract in order to impose Bay-Delta water quality obligations, the Contractor and the United States shall promptly meet to determine whether or not to modify any of the terms of this Settlement Contract to comply with the final decision or order, including, but not limited to, the applicability of the Rescheduling Fee in subdivision (c)(1) of Article 3 of this Settlement Contract. If within 60 days of the date of the issuance of the final decision or order the parties are not able to reach agreement regarding either the need to modify this Settlement Contract or the manner in which this Settlement Contract is to be modified, the parties shall promptly retain a neutral mediator, experienced in resolving water right disputes, to assist the parties in resolving their dispute. The cost of the mediator shall be shared equally. In the event

that either of the parties to this Settlement Contract determines that the parties will not be able to develop mutually-agreeable modification(s) to this Settlement Contract even with the assistance of a mediator, either of the parties to this Settlement Contract may attempt to resolve the impasse by seeking appropriate judicial relief including, but not limited to, filing a general adjudication of the rights to the use of water in the Sacramento River system. The foregoing provisions of this subarticle shall only apply to the incremental obligations contained within a final decision or order of the SWRCB that reflects a modification to the obligations imposed in SWRCB Revised Water Rights Decision 1641, dated March 15, 2000, and its associated 2006 Water Quality Control Plan which, taken together, will be considered the baseline for the application of the provisions of this subarticle.

thereafter divert and use water shall exist as if this Settlement Contract had not been entered into; and the fact that as a compromise settlement of a controversy as to the respective rights of the parties to divert and use water and the yield of such rights during the term hereof, this Settlement Contract places a limit on the Contract Total to be diverted annually by the Contractor during the Settlement Contract term shall not jeopardize the rights or position of either party with respect to its water rights or the yield thereof at all times after the Settlement Contract terminates. It is further agreed that the Contractor at all times will first use water to the use of which it is entitled by virtue of its own water rights, and neither the provisions of this Settlement Contract, action taken thereunder, nor payments made thereunder to the United States by the Contractor shall be construed as an admission that any part of the water used by the Contractor during the term of this Settlement Contract was in fact water to which it would not have been entitled under water rights owned by it nor shall receipt of payments thereunder by the United States from the

Contractor be construed as an admission that any part of the water used by the Contractor during the term of this Settlement Contract was in fact water to which it would have been entitled under water rights owned by it.

#### MEASUREMENT OF WATER

- 10. (a) All water diverted by the Contractor from the Sacramento River will be diverted at the existing point or points of diversion shown on Exhibit "A" or at such other points as may be mutually agreed upon in writing by the Contracting Officer and the Contractor.
- (b) All water diverted from the Sacramento River pursuant to this

  Settlement Contract will be measured or caused to be measured by the United States at each

  point of diversion with existing equipment or equipment to be installed, operated, and

  maintained by the Contractor, and/or others, under contract with and at the option of the

  United States, at the Contractor's expense. The equipment and methods used to make such

  measurement shall be in accordance with sound engineering practices. Upon request of the

  Contractor, the accuracy of such measurements will be investigated by the Contracting Officer

  and any errors appearing therein will be corrected.
- (c) The right of ingress to and egress from all points of diversion is hereby granted to all authorized employees of the United States. The Contractor also hereby grants to the United States the right to install, operate, maintain, and replace such equipment on diversion or carriage facilities at each point of diversion as the Contracting Officer deems necessary.
- (d) The Contractor shall not modify, alter, remove, or replace diversion facilities or do any other act which would alter the effectiveness or accuracy of the measuring equipment installed by the United States or its representatives unless and until the Contracting Officer has been notified with due diligence and has been given an opportunity to modify such

417	measuring equipment in such manner as may be necessary or appropriate. In the event of an
418	emergency the Contractor shall notify the United States within a reasonable time thereafter as to
419	the existence of the emergency and the nature and extent of such modification, alteration,
420	removal, or replacement of diversion facilities.
421	(e) The Contractor shall pay the United States for the costs to repair, relocate,
422	or replace measurement equipment when the Contractor modifies, alters, removes, or replaces
423	diversion or carriage facilities.
424	(f) All new surface water delivery systems installed within the lands
425	delineated on Exhibit "B" after the effective date of this Settlement Contract shall also comply
426	with the measurement provisions described in this Article.
427	(g) The Contractor shall inform the Contracting Officer on or before the 10 <sup>th</sup>
428	calendar day of each month of the quantity of Contract Total diverted or furnished for
429	agricultural and municipal and industrial purposes during the preceding month.
430	RULES AND REGULATIONS
431	11. The parties agree that the use of Federal facilities pursuant to this Settlement
432	Contract is subject to Federal Reclamation law, including but not limited to, the Reclamation
433	Reform Act of 1982 (96 Stat. 1263), as amended and supplemented, and the rules and regulations
434	promulgated by the Secretary of the Interior under Federal Reclamation law.
435	GENERAL OBLIGATION—BENEFITS CONDITIONED UPON PAYMENT
436 437 438 439	12. (a) The obligation of the Contractor to pay the United States as provided in this Settlement Contract is a general obligation of the Contractor notwithstanding the manner in which the obligation may be distributed among the Contractor's water users and notwithstanding the default of individual water users in their obligations to the Contractor.
440 441 442 443	(b) The payment of charges becoming due hereunder is a condition precedent to receiving benefits under this Settlement Contract. The United States shall not make water available to the Contractor through Project facilities during any period in which the Contractor may be in arrears in the advance payment of water rates due the United States. The Contractor

- shall not furnish water made available pursuant to this Settlement Contract for lands or parties which are in arrears in the advance payment of water rates levied or established by the Contractor.
- 447 (c) With respect to subdivision (b) of this Article, the Contractor shall have no 448 obligation to require advance payment for water rates which it levies.

#### CHARGES FOR DELINQUENT PAYMENTS

- 13. (a) The Contractor shall be subject to interest, administrative, and penalty charges on delinquent payments. If a payment is not received by the due date, the Contractor shall pay an interest charge on the delinquent payment for each day the payment is delinquent beyond the due date. If a payment becomes 60 days delinquent, the Contractor shall pay, in addition to the interest charge, an administrative charge to cover additional costs of billing and processing the delinquent payment. If a payment is delinquent 90 days or more, the Contractor shall pay, in addition to the interest and administrative charges, a penalty charge for each day the payment is delinquent beyond the due date, based on the remaining balance of the payment due at the rate of 6 percent per year. The Contractor shall also pay any fees incurred for debt collection services associated with a delinquent payment.
- (b) The interest rate charged shall be the greater of either the rate prescribed quarterly in the <u>Federal Register</u> by the Department of the Treasury for application to overdue payments, or the interest rate of 0.5 percent per month. The interest rate charged will be determined as of the due date and remain fixed for the duration of the delinquent period.
- (c) When a partial payment on a delinquent account is received, the amount received shall be applied first to the penalty charges, second to the administrative charges, third to the accrued interest, and finally to the overdue payment.

#### PROTECTION OF WATER AND AIR QUALITY

- 14. (a) Project facilities used to make available and deliver water to the Contractor shall be operated and maintained in the most practical manner to maintain the quality of the water at the highest level possible as determined by the Contracting Officer: *Provided*, *That* the United States does not warrant the quality of the water delivered to the Contractor and is under no obligation to furnish or construct water treatment facilities to maintain or improve the quality of water delivered to the Contractor.
  - (b) The Contractor shall comply with all applicable water and air pollution laws and regulations of the United States and the State of California; and shall obtain all required permits or licenses from the appropriate Federal, State, or local authorities necessary for the delivery of water by the Contractor; and shall be responsible for compliance with all Federal, State, and local water quality standards applicable to surface and subsurface drainage and/or discharges generated through the use of Federal or Contractor facilities or water provided by the Contractor within the Contractor's service area.
  - (c) This Article shall not affect or alter any legal obligations of the Secretary to provide drainage or other discharge services.

#### **EQUAL EMPLOYMENT OPPORTUNITY**

482 483	15. During the performance of this Settlement Contract, the Contractor agrees as follows:
484 485 486 487 488 489 490 491 492 493	(a) The Contractor will not discriminate against any employee or applicant femployment because of race, color, religion, sex, disability, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, disability, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of the nondiscrimination clause.
494 495 496 497	(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, disability, or national origin.
498 499 500 501 502 503	(c) The Contractor will send to each labor union or representative of worker with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the Contracting Officer, advising the labor union or workers' representative of the Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 19 (EO 11246), and shall post copies of the notice in conspicuous places available to employees an applicants for employment.
504 505	(d) The Contractor will comply with all provisions of EO 11246, and of the rules, regulations, and relevant orders of the Secretary of Labor.
506 507 508 509 510	(e) The Contractor will furnish all information and reports required by EO 11246, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the Contracting Agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rule regulations, and orders.
511 512 513 514 515 516 517	(f) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this Settlement Contract or with any of such rules, regulations, or orders, this Settlement Contract may be canceled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in EO 11246, and such other sanctions may be imposed and remedies invoked as provided in EO 11246 or by rule, regulation, or order of the Secretary of Labor, or a otherwise provided by law.
518	(g) The Contractor will include the provisions of paragraphs (a) through (g)

every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of EO 11246, so that such provisions will be

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- 521 binding upon each subcontractor or vendor. The Contractor will take such action with respect to
- any subcontract or purchase order as may be directed by the Secretary of Labor as a means of
- enforcing such provisions, including sanctions for noncompliance: *Provided, however*, That in
- 524 the event the Contractor becomes involved in, or is threatened with, litigation with a
- subcontractor or vendor as a result of such direction, the Contractor may request the United
- 526 States to enter into such litigation to protect the interests of the United States.

#### COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

- 528 16. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964 529 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1973 (P.L. 93-112, as amended), the 530 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights 531 laws, as well as with their respective implementing regulations and guidelines imposed by the
- 532 U.S. Department of the Interior and/or Bureau of Reclamation.

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- (b) These statutes require that no person in the United States shall, on the grounds of race, color, national origin, handicap, or age, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving financial assistance from the Bureau of Reclamation. By executing this Settlement Contract, the Contractor agrees to immediately take any measures necessary to implement this obligation, including permitting officials of the United States to inspect premises, programs, and documents.
- (c) The Contractor makes this agreement in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other Federal financial assistance extended after the date hereof to the Contractor by the Bureau of Reclamation, including installment payments after such date on account of arrangements for Federal financial assistance which were approved before such date. The Contractor recognizes and agrees that such Federal assistance will be extended in reliance on the representations and agreements made in this Article, and that the United States reserves the right to seek judicial enforcement thereof.

#### BOOKS, RECORDS, AND REPORTS

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

558	CHANGE OF PLACE OF USE OR ORGANIZATION
559	18. (a) Unless the written consent of the United States is first obtained no change
560	shall be made in the place of water use shown on Exhibit "B".
561	(b) While this Settlement Contract is in effect, no change shall be made in the
562	Contractor's Service Area as shown on Exhibit "B", by inclusion, exclusion, annexation or
563	detachment of lands, by dissolution, consolidation, or merger or otherwise, except upon the
564	Contracting Officer's written consent thereto. Such consent will not be unreasonably withheld
565	and a decision will be provided in a timely manner.
566	CONSOLIDATION OF CONTRACTING ENTITIES
567	19. Consolidation of Contractors may be approved by the Contracting Officer
568	provided: (i) the Contracting Officer approves the form and organization of the resulting entity
569	and the utilization by it of the Contract Total; and (ii) the obligations of the Contractors are
570	assumed by such entity.
571	No such consolidation shall be valid unless and until approved by the Contracting
572	Officer.
573	<u>NOTICES</u>
574 575 576 577 578 579 580 581	20. Any notice, demand, or request authorized or required by this Settlement Contract shall be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered to the Area Manager, Northern California Area Office, Bureau of Reclamation, 16349 Shasta Dam Boulevard, Shasta Lake, California 96019, and on behalf of the United States, when mailed, postage prepaid, or delivered to General Manager, Woodland-Davis Clean Water Agency, 23 Russell Boulevard, Davis, California 95616. The designation of the addressee or the address may be changed by notice given in the same manner as provided in this Article for other notices.
582	ASSIGNMENT LIMITED—SUCCESSORS AND ASSIGNS OBLIGATED
583 584 585 586	21. (a) The provisions of this Settlement Contract shall apply to and bind the successors and assigns of the parties hereto, but no assignment or transfer of this Settlement Contract or any right or interest therein shall be valid until approved in writing by the Contracting Officer.

587	(b) The assignment of any right or interest in this Settlement Contract by		
588	either party shall not interfere with the rights or obligations of the other party to this Settlement		
589	Contract absent the written concurrence of said other party.		
590	(c) The Contracting Officer shall not unreasonably condition or withhold his		
591	approval of any proposed assignment.		
592	OFFICIALS NOT TO BENEFIT		
593 594 595	22. (a) No Member of or Delegate to Congress, Resident Commissioner, or official of the Contractor shall benefit from this Settlement Contract other than as a water user or landowner in the same manner as other water users or landowners.		
596	(b) No officer or member of the governing board of the Contractor shall		
597	receive any benefit that may arise by reason of this Settlement Contract other than as a water		
598	user or landowner within the Contractor's service area delineated on Exhibit "B" and in the same		
599	manner as other water users and landowners within the said service area.		
500	CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS		
501 502 503 504 505	23. The expenditure or advance of any money or the performance of any obligation of the United States under this Settlement Contract shall be contingent upon appropriation or allotment of funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any obligations under this Settlement Contract. No liability shall accrue to the United States in case funds are not appropriated or allotted.		
506	CONFIRMATION OF SETTLEMENT CONTRACT		
507 508 509 510 511 512 513	24. The Contractor, after the execution of this Settlement Contract, shall promptly seek to secure a decree of a court of competent jurisdiction of the State of California, if appropriate, confirming the execution of this Settlement Contract. The Contractor shall furnish the United States a certified copy of the final decree, the validation proceedings, and all pertinent supporting records of the court approving and confirming this Settlement Contract, and decreeing and adjudging it to be lawful, valid, and binding on the Contractor. This Settlement Contract shall not be binding on the United States until such final decree has been secured.		
514	WATER CONSERVATION		
515	25. Prior to the diversion of water under this Settlement Contract, the Contractor shall		
516	be implementing effective water conservation and efficiency programs based on the water		
517	conservation elements of the water management plans prepared pursuant to sections 10800 and		

10620 through 10645 of the California Water Code. In the event that the state requirement for preparation and implementation of the water management plans is discontinued, suspended or otherwise terminated during the term of this contract, the Contractor will then be required to prepare the plan(s) required by Section 210(b) of the Reclamation Reform Act of 1982 96 Stat. 1263), as amended, and Part 427.1 of the Water Conservation Rules and Regulations effective January 1, 1998.

#### **OPINIONS AND DETERMINATIONS**

- 26. (a) Where the terms of this Settlement Contract provide for actions to be based upon the opinion or determination of either party to this Settlement 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 Settlement 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 26 of this Settlement 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 Settlement Contract that are consistent with the provisions of this Settlement 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.

#### CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

- 27. (a) In addition to all other payments to be made by the Contractor pursuant to this Settlement Contract, the Contractor shall pay to the United States, within 60 days after receipt of a bill and detailed statement submitted by the Contracting Officer to the Contractor for such specific items of direct cost incurred by the United States for work requested by the Contractor associated with this Settlement Contract plus indirect costs in accordance with applicable Bureau of Reclamation policies and procedures. All such amounts referred to in this Article shall not exceed the amount agreed to in writing in advance by the Contractor. This Article shall not apply to costs for routine contract administration.
- (b) All advances for miscellaneous costs incurred for work requested by the Contractor pursuant to Article 27 of this Settlement Contract shall be adjusted to reflect the actual costs when the work has been completed. If the advances exceed the actual costs incurred, the difference will be refunded to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be billed for the additional costs pursuant to Article 27 of this Settlement Contract.

#### WAIVER OF DEFAULT

28. The waiver by either party to this Settlement Contract as to any default shall not be construed as a waiver of any other default or as authority of the other party to continue such default or to make, do, or perform, or not to make, do, or perform, as the case may be, any act or thing which would constitute a default.

#### TERMINATION

29. This Settlement Contract will terminate upon mutual agreement of the parties prior to the end of the term or any renewal thereof.

663	CONTRACT DRAFTING CONSIDERATIONS			
664 665 666 667	30. This Contract has been negotiated and reviewed by the parties hereto, each of whom is sophisticated in the matters to which this Contract pertains. The double-spaced articles of this Contract have been drafted, negotiated, and reviewed by the parties, and no one party shall be considered to have drafted the stated articles.			
668	IN WITNESS WHEREOF, the parties hereto have executed this Settlement			
669	Contract as of the day and year first hereinabove written.			
670	UNITED STATES OF AMERICA			
671	By:			
672	Regional Director, Mid-Pacific Region			
673	Bureau of Reclamation			
674	(SEAL)			
675	WOODLAND-DAVIS CLEAN WATER AGENCY			
676	By:			
677	General Manager			

#### Exhibit A

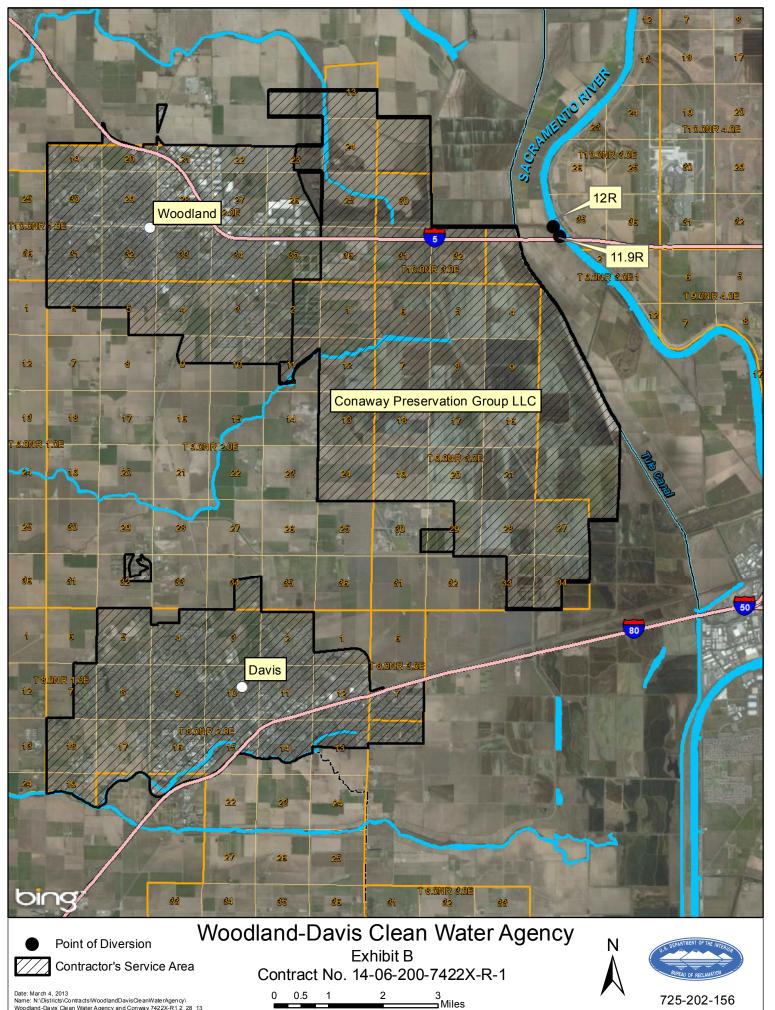
#### WOODLAND-DAVIS CLEAN WATER AGENCY Sacramento River

#### SCHEDULE OF MONTHLY DIVERSIONS OF WATER

	Base Supply (acre-feet)	Contract Total (acre-feet)
April	<u>0</u>	<u>0</u>
May	<u>0</u>	<u>0</u>
June	2,500	<u>2,500</u>
July	3,500	3,500
August	_500	<u>500</u>
September	3,500	3,500
October	<u>0</u>	<u>0</u>
Total	10,000	10,000

Points of Diversion: 12.0R, 11.9R

Dated:



725-202-156

Date: March 4, 2013
Name: N:\Districts\Contracts\Woodland\Davis\Clean\Water\Agency\\
Woodland\-Davis\Clean\Water\Agency\and\Conway 7422X-R1 2\_28\_13

#### Exhibit C

## WOODLAND-DAVIS CLEAN WATER AGENCY Sacramento River

#### 2013 Rescheduling Fee per Acre-Foot<sup>1</sup>

<u>Agricultural</u>	Municipal and Industrial
<u>Purposes</u>	<u>Purposes</u>
\$8.41	\$6.35

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<sup>&</sup>lt;sup>1</sup> The Rescheduling Fee is determined annually pursuant to the Central Valley Project Ratesetting Policies.