

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

LONG-TERM RENEWAL CONTRACT BETWEEN THE UNITED STATES  
AND  
SHAFTER-WASCO IRRIGATION DISTRICT  
PROVIDING FOR PROJECT WATER SERVICE  
FROM FRIANT DIVISION

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10 THIS CONTRACT, made this 20<sup>th</sup> day of January, 2001, in pursuance generally  
11 of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or supplementary thereto, including, but  
12 not limited to, the Acts of August 26, 1937 (50 Stat. 844), as amended and supplemented, August 4, 1939  
13 (53 Stat. 1187), as amended and supplemented, July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68),  
14 October 12, 1982 (96 Stat. 1262), October 27, 1986 (100 Stat. 3050), as amended, and Title XXXIV of  
15 the Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter referred to as Federal  
16 Reclamation law, between THE UNITED STATES OF AMERICA, hereinafter referred to as the United  
17 States, and SHAFTER-WASCO IRRIGATION DISTRICT, hereinafter referred to as the Contractor, a  
18 public agency of the State of California, duly organized, existing, and acting pursuant to the laws thereof,  
19 with its principal place of business in California;

20 WITNESSETH, That:

21 EXPLANATORY RECITALS

22 [1<sup>st</sup>] WHEREAS, the United States has constructed and is operating the Central Valley Project,  
23 California, for diversion, storage, carriage, distribution and beneficial use, for flood control, irrigation,

24 municipal, domestic, industrial, fish and wildlife mitigation, protection and restoration, generation and  
25 distribution of electric energy, salinity control, navigation and other beneficial uses, of waters of the  
26 Sacramento River, the American River, the Trinity River, and the San Joaquin River and their tributaries; and

27 [2<sup>nd</sup>] WHEREAS, the United States constructed Friant Dam (thereby creating Millerton Lake)  
28 and the Friant-Kern and Madera Canals, hereinafter collectively referred to as the Friant Division facilities,  
29 which will be used in part for the furnishing of water to the Contractor pursuant to the terms of this Contract;  
30 and

31 [3<sup>rd</sup>] WHEREAS, pursuant to Section 8 of the Act of June 17, 1902 (32 Stat. 388), the United  
32 States has acquired water rights and other rights to the flows of the San Joaquin River, including without  
33 limitation the permits issued as the result of Decision 935 by the California State Water Resource Control  
34 Board and the contracts described in subdivision (n) of Article 3 of this Contract, pursuant to which the  
35 Contracting Officer develops, diverts, stores and delivers Project Water stored or flowing through Millerton  
36 Lake in accordance with State and Federal law for the benefit of Project Contractors in the Friant Division;  
37 and

38 [3.1] WHEREAS, the water supplied to the Contractor pursuant to this Contract is Project Water  
39 developed through the exercise of the rights described in the third (3rd) Explanatory Recital of this Contract;  
40 and

41 [4<sup>th</sup>] WHEREAS, the Contractor and the United States entered into Contract  
42 No. 14-06-200-4032, as amended, which established terms for the delivery to the Contractor of Project  
43 Water from the Friant Division from February 11, 1955, through February 28, 1995; and

44 [5<sup>th</sup>] WHEREAS, the Contractor and the United States have pursuant to subsection 3404(c)(1)  
45 of the Central Valley Project Improvement Act (CVPIA), subsequently entered into interim renewal  
46 contract(s) identified as Contract No(s). 14-06-200-4032-IR1, IR2, IR3, and IR4, the current of which is  
47 hereinafter referred to as the Existing Contract, which provided for the continued water service to the  
48 Contractor from December 1, 2000, through February 28, 2001; and

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

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

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

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

61 [10<sup>th</sup>] WHEREAS, the Contractor has demonstrated to the satisfaction of the Contracting Officer  
62 that the Contractor has utilized the Project Water supplies available to it for reasonable and beneficial use  
63 and/or has demonstrated projected future demand for water use such that the Contractor has the capability

64 and expects to utilize fully for reasonable and beneficial use the quantity of Project Water to be made  
65 available to it pursuant to this Contract; and

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

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

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

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

81 [15<sup>th</sup>] Omitted;

82 [15.1] WHEREAS, during Uncontrolled Seasons, Friant Division Project Contractors utilize  
83 undependable Class 2 Water in their service areas to, among other things, assist in the management and

84 alleviation of groundwater overdraft in the Friant Division service area, provide opportunities for  
85 environmental enhancement, including restoration of the San Joaquin River below Friant Dam, minimize  
86 flooding along the San Joaquin River, encourage optimal water management, and maximize the reasonable  
87 and beneficial use of the water; and

88 [15.2] WHEREAS, the parties desire and intend that this Contract not provide a disincentive to  
89 the Friant Division Project Contractors continuing to carry out the beneficial activities set out in the  
90 Explanatory Recital immediately above; and

91 [16<sup>th</sup>] WHEREAS, the United States and the Contractor are willing to enter into this Contract  
92 pursuant to Federal Reclamation law on the terms and conditions set forth below;

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

95 DEFINITIONS

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

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

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

103 (b2) "Class 1 Water" shall mean that supply of water stored in or flowing through

104 Millerton Lake which, subject to the contingencies hereinafter described in Articles 3, 11, and 12 of  
105 this Contract, will be available for delivery from Millerton Lake and the Friant-Kern and Madera Canals as  
106 a dependable water supply during each Year;

107 (b3) "Class 2 Water" shall mean that supply of water which can be made available  
108 subject to the contingencies hereinafter described in Articles 3, 11, and 12 of this Contract for delivery from  
109 Millerton Lake and the Friant-Kern and Madera Canals in addition to the supply of Class 1 Water.  
110 Because of its uncertainty as to availability and time of occurrence, such water will be undependable in  
111 character and will be furnished only if, as, and when it can be made available as determined by the  
112 Contracting Officer;

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

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

117 (e) "Contract Total" shall mean the maximum amount of Class 1 Water, plus the  
118 maximum amount of Class 2 Water to which the Contractor is entitled under subdivision (a) of Article 3 of  
119 this Contract;

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



123 Contract;

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

126 (h) “Eligible Lands” shall mean all lands to which Irrigation Water may be delivered in  
127 accordance with Section 204 of the Reclamation Reform Act of October 12, 1982  
128 (96 Stat. 1263), as amended, hereinafter referred to as RRA;

129 (i) “Excess Lands” shall mean all lands in excess of the limitations contained in Section  
130 204 of the RRA, other than those lands exempt from acreage limitation under Federal Reclamation law;

131 (j) “Full Cost Rate” shall mean that water rate described in Sections 205(a)(3) or  
132 202(3) of the RRA, whichever is applicable;

133 (k) “Ineligible Lands” shall mean all lands to which Irrigation Water may not be  
134 delivered in accordance with Section 204 of the RRA;

135 (l) “Irrigation Full Cost Water Rate” shall have the same meaning as “full cost” as that  
136 term is used in paragraph (3) of Section 202 of the RRA;

137 (m) “Irrigation Water” shall mean water made available from the Project that is used  
138 primarily in the production of agricultural crops or livestock, including domestic use incidental thereto, and  
139 watering of livestock;

140 (n) “Landholder” shall mean a party that directly or indirectly owns or leases nonexempt  
141 land, as provided in 43 CFR 426.2;

142 (n2) “Long Term Historic Average” shall mean the average of the final forecast of Water

143 Made Available to the Contractor pursuant to this Contract and the contracts referenced in the fourth (4<sup>th</sup>)  
144 and fifth (5<sup>th</sup>) Explanatory Recitals of this Contract;

145 (o) "Municipal and Industrial (M&I) Water" shall mean water made available from the  
146 Project other than Irrigation Water made available to the Contractor. M&I Water shall include water used  
147 for human use and purposes such as the watering of landscaping or pasture for animals (e.g., horses) which  
148 are kept for personal enjoyment or water delivered to land holdings operated in units of less than five (5)  
149 acres unless the Contractor establishes to the satisfaction of the Contracting Officer that the use of water  
150 delivered to any such landholding is a use described in subdivision (m) of this Article;

151 (p) "M&I Full Cost Water Rate" shall mean the annual rate, which, as determined by  
152 the Contracting Officer, shall amortize the expenditures for construction allocable to Project M&I facilities in  
153 service, including, O&M deficits funded, less payments, over such periods as may be required under  
154 Federal Reclamation law with interest accruing from the dates such costs were first incurred plus the  
155 applicable rate for the O&M of such Project facilities. Interest rates used in the calculation of the M&I Full  
156 Cost Rate shall comply with the Interest Rate methodology contained in Section 202 (3) (B) and (C) of the  
157 RRA;

158 (q) "Operation and Maintenance" or "O&M" shall mean normal and reasonable care,  
159 control, operation, repair, replacement (other than Capital replacement), and maintenance of Project  
160 facilities;

161 (r) "Operating Non-Federal Entity" shall mean the Friant Water Users Authority, a  
162 Non-Federal entity which has the obligation to operate and maintain all or a portion of the Friant Division

163 facilities pursuant to an agreement with the United States, and which may have funding obligations with  
164 respect thereto;

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

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

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

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

175 (w) Omitted;

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

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

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

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

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

189 (cc) "Year" shall mean the period from and including March 1 of each Calendar Year  
190 through the last day of February of the following Calendar Year.

191 TERM OF CONTRACT

192 2. (a) This Contract shall be effective March 1, 2001, through February 28, 2026. In the  
193 event the Contractor wishes to renew the Contract beyond February 28, 2026, the Contractor shall submit  
194 a request for renewal in writing to the Contracting Officer no later than two (2) years prior to the date this  
195 Contract expires. The renewal of this Contract insofar as it pertains to the furnishing of Irrigation Water to  
196 the Contractor shall be governed by subdivision (b) of this Article, and the renewal of this Contract insofar  
197 as it pertains to the furnishing of M&I Water to the Contractor shall be governed by subdivision (c) of this  
198 Article.

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

203 be renewed for a period of twenty-five (25) years.

204 (2) The conditions which must be met for this Contract to be renewed are: (i)  
205 the Contractor has prepared a water conservation plan that has been determined by the Contracting Officer  
206 in accordance with Article 26 of this Contract to meet the conservation and efficiency criteria for evaluating  
207 such plans established under Federal law; (ii) the Contractor is implementing an effective water conservation  
208 and efficiency program based on the Contractor's water conservation plan as required by Article 26 of this  
209 Contract; (iii) the Contractor is operating and maintaining all water measuring devices and implementing all  
210 water measurement methods as approved by the Contracting Officer pursuant to Article 6 of this Contract;  
211 (iv) the Contractor has reasonably and beneficially used the Project Water supplies made available to it and,  
212 based on projected demands, is reasonably anticipated and expects fully to utilize for reasonable and  
213 beneficial use the quantity of Project Water to be made available to it pursuant to such renewal; (v) the  
214 Contractor is complying with all terms and conditions of this Contract and all legal obligations of the  
215 Contractor, if any, set forth in an enforceable court order, final judgment and/or settlement relating to  
216 restoration of the San Joaquin River; and (vi) the Contractor has the physical and legal ability to deliver  
217 Project Water.

218 (3) The terms and conditions of the renewal contract described in subdivision  
219 (b)(1) of this Article and any subsequent renewal contracts shall be developed consistent with the parties'  
220 respective legal rights and obligations, and in consideration of all relevant facts and circumstances, as those  
221 circumstances exist at the time of renewal, including, without limitation, the Contractor's need for continued  
222 delivery of Project Water; environmental conditions affected by implementation of the Contract to be

223 renewed, and specifically changes in those conditions that occurred during the life of the Contract to be  
224 renewed; the Secretary's progress toward achieving the purposes of the CVPIA as set out in Section 3402  
225 and in implementing the specific provisions of the CVPIA; and current and anticipated economic  
226 circumstances of the region served by the Contractor.

227 (c) This Contract, insofar as it pertains to the furnishing of M&I Water to the  
228 Contractor, shall be renewed for a period of twenty-five (25) years and thereafter shall be renewed for  
229 successive periods of up to forty (40) years each, which periods shall be consistent with the then-existing  
230 Reclamation-wide policy, under terms and conditions mutually agreeable to the parties and consistent with  
231 Federal and State law. The present Reclamation-wide policy, dated March 20, 2000, provides that the  
232 term of such contracts shall be no more than twenty-five (25) years each, subject to a variance to allow a  
233 longer term in appropriate circumstances. The Contractor shall be afforded the opportunity to comment to  
234 the Contracting Officer on the proposed adoption and application of any revised Reclamation-wide policy  
235 applicable to the delivery of Project M&I Water that would affect the term of any subsequent renewal  
236 contract with the Contractor for the furnishing of M&I Water.

237 (d) The Contracting Officer anticipates that by December 31, 2024, all authorized  
238 Project construction expected to occur will have occurred, and on that basis the Contracting Officer agrees  
239 by that date to allocate all costs that are properly assignable to the Contractor, and agrees further that, at  
240 any time after such allocation is made, and subject to satisfaction of the conditions set out in this subdivision  
241 of this Article, this Contract shall, at the request of the Contractor, be converted to a contract under

242 subsection (c)(1) and (d) of Section 9, of the Reclamation Project Act of 1939, subject to applicable  
243 Federal law and under stated terms and conditions mutually agreeable to the Contractor and the Contracting  
244 Officer. A condition for such conversion to occur shall be a determination by the Contracting Officer that,  
245 account being taken of the amount credited to return by the Contractor as provided for under Reclamation  
246 law, the remaining amount of construction costs assignable for ultimate return by the Contractor can  
247 probably be repaid to the United States within the term of a contract under said subsection 9(c)(1) and (d).  
248 If the remaining amount of costs that are properly assignable to the Contractor cannot be determined by  
249 December 31, 2024, the Contracting Officer shall notify the Contractor, and provide the reason(s) why such  
250 a determination could not be made. Further, the Contracting Officer shall make such a determination as  
251 soon thereafter as possible so as to permit, upon request of the Contractor and satisfaction of the conditions  
252 set out above, conversion to a contract under said subsection 9(c)(1) and (d). In the event such  
253 determination of costs has not been made at a time which allows conversion of this Contract during the term  
254 of this Contract or the Contractor has not requested conversion of this Contract within such term, the parties  
255 shall incorporate in any subsequent renewal contract as described in Articles 2(b) and (c) a provision that  
256 carries forth in substantially identical terms the provisions of this Article 2(d). In the event the Contracting  
257 Officer is able to make a determination of the remaining amount of costs that are properly assignable to the  
258 Contractor before December 31, 2024, the Contracting Officer shall do so at the earliest time he/she has  
259 such ability.

260 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

261 3. (a) During each Year, consistent with all applicable State water rights, permits, and

262 licenses; Federal law; and subject to the provisions set forth in Articles 11 and 12 of this Contract, the  
263 Contracting Officer shall make available for delivery to the Contractor 50,000 acre-feet of Class 1 Water  
264 and 39,600 acre-feet of Class 2 Water, both for irrigation and M&I purposes. The quantity of Water  
265 Delivered to the Contractor in accordance with this subdivision shall be scheduled and paid for pursuant to  
266 the provisions of Articles 4 and 7 of this Contract.

267 (b) Omitted.

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

270 (d) The Contractor shall make reasonable and beneficial use of all Project Water or  
271 other water furnished pursuant to this Contract. Groundwater recharge programs, groundwater banking  
272 programs, surface water storage programs, and other similar programs utilizing Project Water or other water  
273 furnished pursuant to this Contract conducted within the Contractor's Service Area which are consistent  
274 with applicable State law and result in use consistent with Reclamation law will be allowed; Provided, That  
275 any direct recharge program(s) is (are) described in the Contractor's Water Conservation Plan submitted  
276 pursuant to Article 26 of this Contract; Provided, further, That such Water Conservation Plan demonstrates  
277 sufficient lawful uses exist in the Contractor's Service Area so that using a long-term average, the quantity of  
278 Delivered Water is demonstrated to be reasonable for such uses and in compliance with Reclamation law.  
279 Groundwater recharge programs, groundwater banking programs, surface water storage programs, and  
280 other similar programs utilizing Project Water or other water furnished pursuant to this Contract conducted  
281 outside the Contractor's Service Area may be permitted upon written approval of the Contracting Officer,



282 which approval will be based upon environmental documentation, Project Water rights, and Project  
283 operational concerns. The Contracting Officer will address such concerns in regulations, policies, or  
284 guidelines.

285 (e) The Contractor shall comply with requirements applicable to the Contractor in  
286 biological opinion(s) prepared as a result of a consultation regarding the execution of this Contract  
287 undertaken pursuant to Section 7 of the Endangered Species Act of 1973, as amended, that are within the  
288 Contractor's legal authority to implement. The Contractor shall comply with the limitations or requirements  
289 imposed by environmental documentation applicable to the Contractor and within its legal authority to  
290 implement regarding specific activities, including conversion of Irrigation Water to M&I Water. Nothing  
291 herein shall be construed to prevent the Contractor from challenging or seeking judicial relief in a court of  
292 competent jurisdiction with respect to any biological opinion or other environmental documentation referred  
293 to in this Article.

294 (f) Subject to subdivisions (l) and (n) of Article 3 of this Contract, following the  
295 declaration of Water Made Available under Article 4 of this Contract, the Contracting Officer will make a  
296 determination whether Project Water, or other water available to the Project, can be made available to the  
297 Contractor in addition to the Contract Total under Article 3 of this Contract during the Year without  
298 adversely impacting other Project Contractors. At the request of the Contractor, the Contracting Officer  
299 will consult with the Contractor prior to making such a determination. Subject to subdivisions (l) and (n) of  
300 Article 3 of this Contract, if the Contracting Officer determines that Project Water, or other water available  
301 to the Project, can be made available to the Contractor, the Contracting Officer will announce the availability

302 of such water and shall so notify the Contractor as soon as practical. The Contracting Officer will thereafter  
303 meet with the Contractor and other Project Contractors capable of taking such water to determine the most  
304 equitable and efficient allocation of such water. If the Contractor requests the delivery of any quantity of  
305 such water, the Contracting Officer shall make such water available to the Contractor in accordance with  
306 applicable statutes, regulations, guidelines, and policies.

307 (g) The Contractor may request permission to reschedule for use during the subsequent  
308 Year some or all of the Water Made Available to the Contractor during the current Year referred to as  
309 “carryover.” The Contractor may request permission to use during the current Year a quantity of Project  
310 Water which may be made available by the United States to the Contractor during the subsequent Year  
311 referred to as “preuse.” The Contracting Officer’s written approval may permit such uses in accordance  
312 with applicable statutes, regulations, guidelines, and policies.

313 (h) The Contractor’s right pursuant to Federal Reclamation law and applicable State  
314 law to the reasonable and beneficial use of Water Delivered pursuant to this Contract during the term thereof  
315 and any subsequent renewal contracts, as described in Article 2 of this Contract, during the terms thereof  
316 shall not be disturbed so long as the Contractor shall fulfill all of its obligations under this Contract and any  
317 renewals thereof. Nothing in the preceding sentence shall affect the Contracting Officer’s ability to impose  
318 shortages under Article 11 or subdivision (b) of Article 12 of this Contract or applicable provisions of any  
319 subsequent renewal contracts.

320 (i) Project Water furnished to the Contractor pursuant to this Contract may be  
321 delivered for purposes other than those described in subdivisions (m) and (o) of Article 1 of this Contract

322 upon written approval by the Contracting Officer in accordance with the terms and conditions of such  
323 approval.

324 (j) The Contracting Officer shall make reasonable efforts to protect the water rights and  
325 other rights described in the third (3rd) Explanatory Recital of this Contract and to provide the water  
326 available under this Contract. The Contracting Officer shall not object to participation by the Contractor, in  
327 the capacity and to the extent permitted by law, in administrative proceedings related to the water rights and  
328 other rights described in the third (3rd) Explanatory Recital of this

329 Contract; Provided, however, That the Contracting Officer retains the right to object to the substance of the  
330 Contractor's position in such a proceeding.

331 (k) Project Water furnished to the Contractor during any month designated in a  
332 schedule or revised schedule submitted by the Contractor and approved by the Contracting Officer shall be  
333 deemed to have been accepted by the Contractor as Class 1 Water to the extent that Class 1 Water is  
334 called for in such schedule for such month and shall be deemed to have been accepted as Class 2 Water to  
335 the extent Class 2 Water is called for in such schedule for such month. If in any month the Contractor  
336 diverts a quantity of water in addition to the total amount of Class 1 Water and Class 2 Water set forth in  
337 the Contractor's approved schedule or revised schedule for such month, such additional diversions shall be  
338 charged first against the Contractor's remaining Class 2 Water supply available in the current Year. To the  
339 extent the Contractor's remaining Class 2 Water supply available in the current Year is not sufficient to  
340 account for such additional diversions, such additional diversions shall be charged against the Contractor's

341 remaining Class 1 Water supply available in the current Year. To the extent the Contractor's remaining  
342 Class 1 Water and Class 2 Water supplies available in the current Year are not sufficient to account for such  
343 additional diversions, such additional diversions shall be charged first against the Contractor's available  
344 Class 2 Water supply and then against the Contractor's available Class 1 Water supply, both for the  
345 following Year. Payment for all additional diversions of water shall be made in accordance with Article 7 of  
346 this Contract.

347 (l) If the Contracting Officer determines there is a Project Water supply available at  
348 Friant Dam as the result of an unusually large water supply not otherwise storable for Project purposes or  
349 infrequent and otherwise unmanaged flood flows of short duration, such water will be made available to the  
350 Contractor and others under Section 215 of the RRA pursuant to the priorities specified below if the  
351 Contractor enters into a temporary contract with the United States not to exceed one (1) year for the  
352 delivery of such water or, as otherwise provided for in Federal Reclamation law and associated regulations.  
353 Such water may be identified by the Contractor either (i) as additional water to supplement the supply of  
354 Class 1 Water and/or Class 2 Water made available to it pursuant to this Contract or, (ii) upon written  
355 notification to the Contracting Officer, as water to be credited against the Contractor's Class 2 Water supply  
356 available pursuant to this Contract. The Contractor shall deliver such water to Eligible Lands, or to Excess  
357 Lands in accordance with this Article. The Contracting Officer shall make water determined to be available  
358 pursuant to this subsection according to the following priorities: first, to long-term contractors for Class 1  
359 Water and/or Class 2 Water within the Friant Division; second, to long-term contractors in the Cross Valley  
360 Division of the Project. The Contracting Officer will consider and seek to accommodate requests from

361 other parties for Section 215 Water for use within the area identified as the Friant Division service area in  
362 the environmental assessment developed in connection with the execution of this Contract.

363 (m) Nothing in this Contract, nor any action or inaction of the Contractor or Contracting  
364 Officer in connection with the implementation of this Contract, is intended to override, modify, supersede or  
365 otherwise interfere with any term or condition of the water rights and other rights referred in the third (3rd)  
366 Explanatory Recital of this Contract.

367 (n) The rights of the Contractor under this Contract are subject to the terms of the  
368 contract for exchange waters, dated July 27, 1939, between the United States and the San Joaquin and  
369 Kings River Canal and Irrigation Company, Incorporated, et al., (hereinafter referred to as the Exchange  
370 Contractors), Contract No. I1r-1144, as amended. The United States agrees that it will not deliver to the  
371 Exchange Contractors thereunder waters of the San Joaquin River unless and until required by the terms of  
372 said contract, and the United States further agrees that it will not voluntarily and knowingly determine itself  
373 unable to deliver to the Exchange Contractors entitled thereto from water that is available or that may  
374 become available to it from the Sacramento River and its tributaries or the Sacramento-San Joaquin Delta  
375 those quantities required to satisfy the obligations of the United States under said Exchange Contract and  
376 under Schedule 2 of the Contract for Purchase of Miller and Lux Water Rights (Contract I1r-1145, dated  
377 July 27, 1939).

378 TIME FOR DELIVERY OF WATER

379 4. (a) On or about February 20 of each Calendar Year, the Contracting Officer shall  
380 announce the Contracting Officer's expected declaration of the Water Made Available. The declaration will

381 be updated monthly, and more frequently if necessary, based on then-current operational and hydrologic  
382 conditions and a new declaration with changes, if any, to the Water Made Available will be made. The  
383 Contracting Officer shall provide forecasts of Project operations and the basis of the estimate, with relevant  
384 supporting information, upon the written request of the Contractor. Concurrently with the declaration of the  
385 Water Made Available, the Contracting Officer shall provide the Contractor with the updated Long Term  
386 Historic Average. The declaration of Project operations will be expressed in terms of both Water Made  
387 Available and the Long Term Historic Average.

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

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

397 (d) Subject to the conditions set forth in subdivision (a) of Article 3 of this Contract, the  
398 United States shall deliver Project Water to the Contractor in accordance with the initial schedule submitted  
399 by the Contractor pursuant to subdivision (b) of this Article, or any written revision(s), satisfactory to the

400 Contracting Officer, thereto submitted within a reasonable time prior to the date(s) on which the requested  
401 change(s) is/are to be implemented; Provided, That the total amount of water requested in that schedule or  
402 revision does not exceed the quantities announced by the Contracting Officer pursuant to the provisions of  
403 subdivision (a) of Article 3, and the Contracting Officer determines that there will be sufficient capacity  
404 available in the appropriate Friant Division facilities to deliver the water in accordance with that schedule:  
405 Provided, further, That the Contractor shall not schedule the delivery of any water during any period as to  
406 which the Contractor is notified by the Contracting Officer or Operating Non-Federal Entity that Project  
407 facilities required to make deliveries to the Contractor will not be in operation because of scheduled O&M.

408 (e) The Contractor may, during the period from and including November 1 of each  
409 Year through and including the last day of February of that Year, request delivery of any amount of the  
410 Class 1 Water estimated by the Contracting Officer to be made available to it during the following Year.  
411 The Contractor may, during the period from and including January 1 of each Year (or such earlier date as  
412 may be determined by the Contracting Officer) through and including the last day of February of that Year,  
413 request delivery of any amount of Class 2 Water estimated by the Contracting Officer to be made available  
414 to it during the following Year. Such water shall hereinafter be referred to as preuse water. Such request  
415 must be submitted in writing by the Contractor for a specified quantity of preuse and shall be subject to the  
416 approval of the Contracting Officer. Payment for preuse water so requested shall be at the appropriate  
417 rate(s) for the following Year in accordance with Article 7 of this Contract and shall be made in advance of  
418 delivery of any preuse water. The Contracting Officer shall deliver such preuse water in accordance with a  
419 schedule or any revision thereof submitted by the Contractor and approved by the Contracting Officer, to

420 the extent such water is available and to the extent such deliveries will not interfere with the delivery of  
421 Project Water entitlements to other Friant Division contractors or the physical maintenance of the Project  
422 facilities. The quantities of preuse water delivered pursuant to this subdivision shall be deducted from the  
423 quantities of water that the Contracting Officer would otherwise be obligated to make available to the  
424 Contractor during the following Year; Provided, That the quantity of preuse water to be deducted from the  
425 quantities of either Class 1 Water or Class 2 Water to be made available to the Contractor in the following  
426 Year shall be specified by the Contractor at the time the preuse water is requested or as revised in its first  
427 schedule for the following Year submitted in accordance with subdivision (b) of this Article, based on the  
428 availability of the following Year water supplies as determined by the Contracting Officer.

429 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

430 5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this Contract  
431 shall be delivered to the Contractor at a point or points of delivery either on Project facilities or another  
432 location or locations mutually agreed to in writing by the Contracting Officer and the Contractor.

433 (b) The Contracting Officer, the Operating Non-Federal Entity, or other appropriate  
434 entity shall make all reasonable efforts to maintain sufficient flows and levels of water in the Friant-Kern  
435 Canal to deliver Project Water to the Contractor at specific turnouts established pursuant to subdivision (a)  
436 of this Article.

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



441 (d) All Water Delivered to the Contractor pursuant to this Contract shall be measured  
442 and recorded with equipment furnished, installed, operated, and maintained by the United States, the  
443 Operating Non-Federal Entity or other appropriate entity as designated by the Contracting Officer  
444 (hereafter “other appropriate entity”) at the point or points of delivery established pursuant to subdivision (a)  
445 of this Article. Upon the request of either party to this Contract, the Contracting Officer shall investigate, or  
446 cause to be investigated by the responsible Operating Non-Federal Entity, the accuracy of such  
447 measurements and shall take any necessary steps to adjust any errors appearing therein. For any period of  
448 time when accurate measurements have not been made, the Contracting  
449 Officer shall consult with the Contractor and the responsible Operating Non-Federal Entity prior to making  
450 a final determination of the quantity delivered for that period of time.

451 (e) Neither the Contracting Officer nor any Operating Non-Federal Entity shall be  
452 responsible for the control, carriage, handling, use, disposal, or distribution of Project Water Delivered to  
453 the Contractor pursuant to this Contract beyond the delivery points specified in subdivision (a) of this  
454 Article. The Contractor shall indemnify the United States, its officers, employees, agents, and assigns on  
455 account of damage or claim of damage of any nature whatsoever for which there is legal responsibility,  
456 including property damage, personal injury, or death arising out of or connected with the control, carriage,  
457 handling, use, disposal, or distribution of such Project Water beyond such delivery points, except for any  
458 damage or claim arising out of: (i) acts or omissions of the Contracting Officer or any of its officers,  
459 employees, agents, or assigns, including any responsible Operating Non-Federal Entity, with the intent of  
460 creating the situation resulting in any damage or claim; (ii) willful misconduct of the Contracting Officer or

461 any of its officers, employees, agents, or assigns, including any responsible Operating Non-Federal Entity;  
462 (iii) negligence of the Contracting Officer or any of its officers, employees, agents, or assigns including any  
463 responsible Operating Non-Federal Entity; or (iv) damage or claims resulting from a malfunction of facilities  
464 owned and/or operated by the United States or responsible Operating Non-Federal Entity; Provided, That  
465 the Contractor is not the Operating Non-Federal Entity that owned or operated the malfunctioning  
466 facility(ies) from which the damage claim arose.

467 MEASUREMENT OF WATER WITHIN THE SERVICE AREA

468 6. (a) The Contractor established a measurement program satisfactory to the Contracting  
469 Officer, all surface water delivered for irrigation purposes within the Contractor's Service Area is measured  
470 at each agricultural turnout and such water delivered for municipal and industrial purposes is measured at  
471 each municipal and industrial service connection. The water measuring devices or water measuring methods  
472 of comparable effectiveness must be acceptable to the Contracting Officer. The Contractor shall be  
473 responsible for installing, operating, and maintaining and repairing all such measuring devices and  
474 implementing all such water measuring methods at no cost to the United States. The Contractor shall use the  
475 information obtained from such water measuring devices or water measuring methods to ensure its proper  
476 management of the water, to bill water users for water delivered by the Contractor; and, if applicable, to  
477 record water delivered for municipal and industrial purposes by customer class as defined in the  
478 Contractor's water conservation plan provided for in Article 26 of this Contract. Nothing herein contained,  
479 however, shall preclude the Contractor from establishing and collecting any charges, assessments, or other

480 revenues authorized by California law. The Contractor shall include a summary of all its annual surface  
481 water deliveries in the annual report described in subdivision (c) of Article 26 of this Contract.

482 (b) To the extent the information has not otherwise been provided, upon execution of  
483 this Contract, the Contractor shall provide to the Contracting Officer a written report describing the  
484 measurement devices or water measuring methods being used or to be used to implement subdivision (a) of  
485 this Article and identifying the agricultural turnouts and the municipal and industrial service connections or  
486 alternative measurement programs approved by the Contracting Officer, at which such measurement devices  
487 or water measuring methods are being used, and, if applicable, identifying the locations at which such  
488 devices and/or methods are not yet being used including a time schedule for implementation at such  
489 locations. The Contracting Officer shall advise the Contractor in writing within sixty (60) days as to the  
490 adequacy of, and necessary modifications, if any, of the measuring devices or water measuring methods  
491 identified in the Contractor's report and if the Contracting Officer does not respond in such time, they shall  
492 be deemed adequate. If the Contracting Officer notifies the Contractor that the measuring devices or  
493 methods are inadequate, the parties shall within sixty (60) days following the Contracting Officer's response,  
494 negotiate in good faith the earliest practicable date by which the Contractor shall modify said measuring  
495 devices and/or measuring methods as required by the Contracting Officer to ensure compliance with  
496 subdivision (a) of this Article.

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

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

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

506 RATES AND METHOD OF PAYMENT FOR WATER

507 7. (a) The Contractor shall pay the United States as provided in this Article for all  
508 Delivered Water at Rates, Charges, and the Tiered Pricing Component established in accordance with: (i)  
509 the Secretary's ratesetting policy for Irrigation Water adopted in 1988 and the Secretary's then-existing  
510 ratesetting policy for M&I Water. Such ratesetting policies shall be amended, modified, or superseded only  
511 through a public notice and comment procedure; (ii) applicable Reclamation law and associated rules and  
512 regulations, or policies; and (iii) other applicable provisions of this Contract. Payments shall be made by  
513 cash transaction, wire, or any other mechanism as may be agreed to in writing by the Contractor and the  
514 Contracting Officer. The Rates, Charges, and Tiered Pricing Components applicable to the Contractor  
515 upon execution of this Contract are set forth in Exhibit "B", as may be revised annually.

516 (b) The Contracting Officer shall notify the Contractor of the Rates, Charges, and  
517 Tiered Pricing Components as follows:

518 (1) Prior to July 1 of each Calendar Year, the Contracting Officer shall provide

519 the Contractor an estimate of the Charges for Project Water that will be applied to the period October 1, of  
520 the current Calendar Year, through September 30, of the following Calendar Year, and the basis for such  
521 estimate. The Contractor shall be allowed not less than two (2) months to review and comment on such  
522 estimates. On or before September 15 of each Calendar Year, the Contracting Officer shall notify the  
523 Contractor in writing of the Charges to be in effect during the period  
524 October 1 of the current Calendar Year, through September 30, of the following Calendar Year, and such  
525 notification shall revise Exhibit "B."

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

533 (c) At the time the Contractor submits the initial schedule for the delivery of Project  
534 Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the Contractor shall make an  
535 advance payment to the United States equal to the total amount payable pursuant to the applicable Rate(s)  
536 set under subdivision (a) of this Article, for the Project Water scheduled to be delivered pursuant to this  
537 Contract during the first two (2) calendar months of the Year. Before the end of the first month and before  
538 the end of each calendar month thereafter, the Contractor shall make an advance payment to the United

539 States, at the Rate(s) set under subdivision (a) of this Article, for the Water Scheduled to be delivered  
540 pursuant to this Contract during the second month immediately following. Adjustments between advance  
541 payments for Water Scheduled and payments at Rates due for Water Delivered shall be made before the  
542 end of the following month; Provided, That any revised schedule submitted by the Contractor pursuant to  
543 Article 4 of this Contract which increases the amount of Water Delivered pursuant to this Contract during  
544 any month shall be accompanied with appropriate advance payment, at the Rates then in effect, to assure  
545 that Project Water is not delivered to the Contractor in advance of such payment. In any month in which the  
546 quantity of Water Delivered to the Contractor pursuant to this Contract equals the quantity of Water  
547 Scheduled and paid for by the Contractor, no additional Project Water shall be delivered to the Contractor  
548 unless and until an advance payment at the Rates then in effect for such additional Project Water is made.  
549 Final adjustment between the advance payments for the Water Scheduled and payments for the quantities of  
550 Water Delivered during each Year pursuant to this Contract shall be made as soon as practicable but no  
551 later than April 30th of the following Year, or sixty (60) days after the delivery of Project Water carried  
552 over under subdivision (f) of Article 3 of this Contract if such water is not delivered by the last day of  
553 February.

554 (d) The Contractor shall also make a payment in addition to the Rate(s) in subdivision  
555 (c) of this Article to the United States for Water Delivered, at the Charges and the appropriate Tiered  
556 Pricing Component then in effect, before the end of the month following the month of delivery; Provided,  
557 That the Contractor may be granted an exception from the Tiered Pricing Component pursuant to  
558 subdivision (j)(2) of this Article. The payments shall be consistent with the quantities of Irrigation Water and

559 M&I Water Delivered as shown in the water delivery report for the subject month prepared by the  
560 Operating Non-Federal Entity or, if there is no Operating Non-Federal Entity, by the Contracting Officer.  
561 Such water delivery report shall be the basis for payment of Charges and Tiered Pricing Components by the  
562 Contractor, and shall be provided to the Contractor by the Operating Non-Federal Entity or the Contracting  
563 Officer (as applicable) within five (5) days after the end of the month of delivery. The water delivery report  
564 shall be deemed a bill for the payment of Charges and the applicable Tiered Pricing Component for Water  
565 Delivered. Adjustment for overpayment or underpayment of Charges shall be made through the adjustment  
566 of payments due to the United States for Charges for the next month. Any amount to be paid for past due  
567 payment of Charges and the Tiered Pricing Component shall be computed pursuant to Article 20 of this  
568 Contract.

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

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

576 (g) All revenues received by the United States from the Contractor relating to the  
577 delivery of Project Water or the delivery of non-project water through Project facilities shall be allocated  
578 and applied in accordance with Federal Reclamation law and the associated rules or regulations, and the

579 then current Project ratesetting policies for M&I Water or Irrigation Water.

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

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

593 (j) (1) Beginning at such time as the total of the deliveries of Class 1 Water and  
594 Class 2 Water in a Year exceed eighty (80%) percent of the Contract Total, then before the end of the  
595 month following the month of delivery the Contractor shall make an additional payment to the United States  
596 equal to the applicable Tiered Pricing Component. The Tiered Pricing Component for the total of the  
597 deliveries of Class 1 Water and Class 2 Water in excess of eighty (80%) percent of the Contract Total, but  
598 less than or equal to ninety (90%) percent of the Contract Total, shall equal the one-half of the difference



599 between the Rate established under subdivision (a) of Article 7 of this Contract and the Irrigation Full Cost  
600 Water Rate or M&I Full Cost Water Rate, whichever is applicable. The Tiered Pricing Component for the  
601 total of the deliveries of Class 1 Water and Class 2 Water which exceeds ninety (90%) percent of the  
602 Contract Total shall equal the difference between (i) the Rate established under subdivision (a) of Article 7  
603 of this Contract and (ii) the Irrigation Full Cost Water Rate or M&I Full Cost Water Rate, whichever is  
604 applicable.

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

612 (3) For purposes of determining the applicability of the Tiered Pricing  
613 Components pursuant to this Article, Water Delivered shall include Project Water that the Contractor  
614 transfers to others but shall not include Project Water transferred and delivered to the Contractor.

615 (k) For the term of this Contract, Rates under the respective ratesetting policies will be  
616 established to recover only reimbursable "operation and maintenance" (including any deficits) and capital  
617 costs of the Project, as those terms are used in the then-current Project ratesetting policies, and interest,  
618 where appropriate, except in instances where a minimum Rate is applicable in accordance with the relevant

619 Project ratesetting policy. Changes of significance in practices which implement the Contracting Officer's  
620 ratesetting policies will not be implemented until the Contracting Officer has provided the Contractor an  
621 opportunity to discuss the nature, need, and impact of the proposed change.

622 (l) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the CVPIA, the  
623 Rates for Project Water transferred by the Contractor shall be the Contractor's Rates adjusted upward or  
624 downward to reflect the changed costs of delivery (if any) of the transferred Project Water to the  
625 transferee's point of delivery in accordance with the then applicable CVP Ratesetting Policy. If the  
626 Contractor is receiving lower Rates and Charges because of inability to pay and is transferring Project  
627 Water to another entity whose Rates and Charges are not adjusted due to inability to pay, the Rates and  
628 Charges for transferred Project Water shall be the Contractor's Rates and Charges unadjusted for ability to  
629 pay.

630 (m) Pursuant to the Act of October 27, 1986 (100 Stat. 3050), the Contracting Officer  
631 is authorized to adjust determinations of ability to pay every five (5) years.

632 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

633 8. The Contractor and the Contracting Officer concur that, as of the effective date of this  
634 Contract, the Contractor has no non-interest bearing operation and maintenance deficits and shall have no  
635 further liability therefor.

636 SALES, TRANSFERS, OR EXCHANGES OF WATER

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

639 sale, transfer, or exchange is authorized by applicable Federal and State laws, and applicable guidelines or  
640 regulations then in effect. No sale, transfer, or exchange of Project Water under this Contract may take  
641 place without the prior written approval of the Contracting Officer, except as provided for in subdivision (b)  
642 of this Article, and no such sales, transfers, or exchanges shall be approved absent compliance with  
643 appropriate environmental documentation including but not limited to the National Environmental Policy Act  
644 and the Endangered Species Act. Such environmental documentation should include, as appropriate, an  
645 analysis of groundwater impacts and economic and social effects, including environmental justice, of the  
646 proposed water transfers on both the transferor and transferee.

647 (b) In order to facilitate efficient water management by means of water transfers of the  
648 type historically carried out among Project Contractors located within the same geographical area and to  
649 allow the Contractor to participate in an accelerated water transfer program during the term of this Contract,  
650 the Contracting Officer shall prepare, as appropriate, necessary environmental documentation including, but  
651 not limited to, the National Environmental Policy Act and the Endangered Species Act analyzing annual  
652 transfers within such geographical areas and the Contracting Officer shall determine whether such transfers  
653 comply with applicable law. Following the completion of the environmental documentation, such transfers  
654 addressed in such documentation shall be conducted with advance notice to the Contracting Officer, but  
655 shall not require prior written approval by the Contracting Officer. Such environmental documentation and  
656 the Contracting Officer's compliance determination shall be reviewed every five (5) years and updated, as  
657 necessary, prior to the expiration of the then existing five (5) -year period. All subsequent environmental  
658 documentation shall include an alternative to evaluate not less than the quantity of Project Water historically

659 transferred within the same geographical area.

660 (c) For a water transfer to qualify under subdivision (b) of this Article, such water  
661 transfer must: (i) be for irrigation purposes for lands irrigated within the previous three (3) years, for M&I  
662 use, groundwater recharge, groundwater banking, similar groundwater activities, surface water storage, or  
663 fish and wildlife resources; not lead to land conversion; and be delivered to established cropland, wildlife  
664 refuges, groundwater basins or municipal and industrial use; (ii) occur within a single Year; (iii) occur  
665 between a willing seller and a willing buyer; (iv) convey water through existing facilities with no new  
666 construction or modifications to facilities and be between existing Project Contractors and/or the Contractor  
667 and the United States, Department of the Interior; and (v) comply with all applicable Federal, State, and  
668 local or tribal laws and requirements imposed for protection of the environment and Indian Trust Assets, as  
669 defined under Federal law.

670 APPLICATION OF PAYMENTS AND ADJUSTMENTS

671 10. (a) The amount of any overpayment by the Contractor of the Contractor's O&M,  
672 Capital, and deficit (if any) obligations for the Year shall be applied first to any current liabilities of the  
673 Contractor arising out of this Contract then due and payable. Overpayments of more than One Thousand  
674 Dollars (\$1,000) shall be refunded at the Contractor's request. In lieu of a refund, any amount of such  
675 overpayment at the option of the Contractor, may be credited against amounts to become due to the United  
676 States by the Contractor. With respect to overpayment, such refund or adjustment shall constitute the sole  
677 remedy of the Contractor or anyone having or claiming to have the right to the use of any of the Project  
678 Water supply provided for herein. All credits and refunds of overpayments shall be made within thirty (30)

679 days of the Contracting Officer obtaining direction as to how to credit or refund such overpayment in  
680 response to the notice to the Contractor that it has finalized the accounts for the Year in which the  
681 overpayment was made.

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

687 TEMPORARY REDUCTIONS--RETURN FLOWS

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

692 (b) The Contracting Officer or Operating Non-Federal Entity may temporarily  
693 discontinue or reduce the quantity of Water Delivered to the Contractor as herein provided for the purposes  
694 of investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or any part  
695 thereof necessary for the delivery of Project Water to the Contractor, but so far as feasible the Contracting  
696 Officer or Operating Non-Federal Entity will give the Contractor due notice in advance of such temporary  
697 discontinuance or reduction, except in case of emergency, in which case no notice need be given; Provided,

698 That the United States shall use its best efforts to avoid any discontinuance or reduction in such service.  
699 Upon resumption of service after such reduction or discontinuance, and if requested by the Contractor, the  
700 United States will, if possible, deliver the quantity of Project Water which would have been delivered  
701 hereunder in the absence of such discontinuance or reduction.

702 (c) The United States reserves the right to all seepage and return flow water derived  
703 from Water Delivered to the Contractor hereunder which escapes or is discharged beyond the Contractor's  
704 Service Area; Provided, That this shall not be construed as claiming for the United States any right as  
705 seepage or return flow to water being used pursuant to this Contract for surface irrigation or underground  
706 storage either being put to reasonable and beneficial use pursuant to this Contract within the Contractor's  
707 Service Area by the Contractor or those claiming by, through, or under the Contractor. For purposes of this  
708 subdivision, groundwater recharge, groundwater banking and all similar groundwater activities will be  
709 deemed to be underground storage.

710 CONSTRAINTS ON THE AVAILABILITY OF WATER

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

716 (b) If there is a Condition of Shortage because of errors in physical operations of the  
717 Project, drought, other physical causes beyond the control of the Contracting Officer or actions taken by the

718 Contracting Officer to meet legal obligations then, except as provided in subdivision (a) of Article 18 of this  
719 Contract, no liability shall accrue against the United States or any of its officers, agents, or employees for  
720 any damage, direct or indirect, arising therefrom.

721 (c) The United States shall not execute contracts which together with this Contract, shall  
722 in the aggregate provide for furnishing during the life of this Contract or any renewals hereof Class 1 Water  
723 in excess of 800,000 acre-feet per Year or Class 2 Water in excess of 1,401,475 acre-feet per Year;  
724 Provided, That, subject to subdivision (l) of Article 3 of this Contract, the limitation placed on Class 2 Water  
725 contracts shall not prohibit the United States from entering into temporary contracts of one year or less in  
726 duration for delivery of Project Water to other entities if such water is not necessary to meet the schedules  
727 as may be submitted by all Friant Division long-term water service contractors entitled to receive Class 1  
728 Water and/or Class 2 Water under their water service contracts. Nothing in this subdivision shall limit the  
729 Contracting Officer's ability to take actions that result in the availability of new water supplies to be used for  
730 Project purposes and allocating such new supplies; Provided, That the Contracting Officer shall not take  
731 such actions until after consultation with the Friant Division Project Contractors.

732 (d) The Contracting Officer shall not deliver any Class 2 Water pursuant to this or any  
733 other contract for water service heretofore or hereafter entered into any Year unless and until the  
734 Contracting Officer determines that the cumulative total quantity of Class 1 Water specified in subdivision (c)  
735 of this Article will be available for delivery in said Year. If the Contracting Officer determines there is or will  
736 be a shortage in any Year in the quantity of Class 1 Water available for delivery, the Contracting Officer  
737 shall apportion the available Class 1 Water among all contractors entitled to receive such water that will be  
738 made available at Friant Dam in accordance with the following:

739 (1) A determination shall be made of the total quantity of Class 1 Water at  
740 Friant Dam which is available for meeting Class 1 Water contractual commitments, the amount so  
741 determined being herein referred to as the available supply.

742 (2) The total available Class 1 supply shall be divided by the Class 1 Water  
743 contractual commitments, the quotient thus obtained being herein referred to as the Class 1 apportionment  
744 coefficient.

745 (3) The total quantity of Class 1 Water under Article 3 of this Contract shall be  
746 multiplied by the Class 1 apportionment coefficient and the result shall be the quantity of Class 1 Water  
747 required to be delivered by the Contracting Officer to the Contractor for the respective Year, but in no  
748 event shall such amount exceed the total quantity of Class 1 Water specified in subdivision (a) of Article 3 of  
749 this Contract.

750 (e) If the Contracting Officer determines there is less than the quantity of Class 2 Water  
751 which the Contractor otherwise would be entitled to receive pursuant to Article 3 of this Contract, the  
752 quantity of Class 2 Water which shall be furnished to the Contractor by the Contracting Officer will be  
753 determined in the manner set forth in paragraphs (1), (2), and (3), of subdivision (d) of this Article  
754 substituting the term "Class 2" for the term "Class 1."

755 (f) In the event that in any Year there is made available to the Contractor, by reason of  
756 any shortage or apportionment as provided in subdivisions (a), (d) or (e) of this Article, or any  
757 discontinuance or reduction of service as set forth in subdivision (a) of Article 11 of this Contract, less than  
758 the quantity of water which the Contractor otherwise would be entitled to receive hereunder, there shall be



759 made an adjustment on account of the amounts already paid to the Contracting Officer by the Contractor for  
760 Class 1 Water and Class 2 Water for said Year in accordance with Article 10 of this Contract.

761 UNAVOIDABLE GROUNDWATER PERCOLATION

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

766 RULES AND REGULATIONS

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

771 (b) The terms of this Contract are subject to any enforceable order, judgment and/or  
772 settlement in NRDC v. Patterson, No. CIVS 88-1658-LKK-EM and shall be timely modified as necessary  
773 to effectuate or facilitate any final order, judgment or settlement in said litigation.

774 (c) The parties acknowledge that, as of the effective date of this Contract, active  
775 settlement discussions are underway in NRDC v. Patterson between Friant Division water service  
776 contractors, representatives of the Contracting Officer, and the plaintiffs in NRDC v. Patterson. The mutual  
777 goals of the parties to those discussions are (i) to expeditiously evaluate and implement, on a mutually  
778 acceptable basis, instream and related measures that will restore ecological functions and hydrologic and

779 geomorphologic processes of the San Joaquin River below Friant Dam to a level that restores and maintains  
780 fish populations in good condition, including but not limited to naturally-reproducing, self-sustaining  
781 populations of chinook salmon and (ii) to accomplish these restoration goals while not adversely impacting  
782 the overall sufficiency, reliability and cost of water supplies to Friant Division water users. The Contractor  
783 has been actively participating, and intends to continue to participate in such settlement discussions. Except  
784 as provided in this Contract, this Contract does

785 not add to the obligations of the parties, if any, relating to the San Joaquin River. This Contract does not  
786 limit or detract from the obligations of the parties, if any, relating to the San Joaquin River.

787 WATER AND AIR POLLUTION CONTROL

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

791 QUALITY OF WATER

792 16. (a) Project facilities used to deliver Project Water to the Contractor pursuant to this  
793 Contract shall be operated and maintained to enable the United States to deliver Project Water to the  
794 Contractor in accordance with the water quality standards specified in subsection 2(b) of the Act of August  
795 26, 1937 (50 Stat. 865), as added by Section 101 of the Act of October 27, 1986 (100 Stat. 3050) or  
796 other existing Federal laws. The United States is under no obligation to construct or furnish water treatment  
797 facilities to maintain or to improve the quality of Water Delivered to the Contractor pursuant to this

798 Contract. The United States does not warrant the quality of Water Delivered to the Contractor pursuant to  
799 this Contract.

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

806 WATER ACQUIRED BY THE CONTRACTOR  
807 OTHER THAN FROM THE UNITED STATES

808 17. (a) Water or water rights now owned or hereafter acquired by the Contractor other  
809 than from the United States and Irrigation Water furnished pursuant to the terms of this Contract may be  
810 simultaneously transported through the same distribution facilities of the Contractor subject to the following:  
811 (i) if the facilities utilized for commingling Irrigation Water and non-project water were constructed without  
812 funds made available pursuant to Federal Reclamation law, the provisions of Federal Reclamation law will  
813 be applicable only to the Landholders of lands which receive Irrigation Water; (ii) the eligibility of land to  
814 receive Irrigation Water must be established through the certification requirements as specified in the  
815 Acreage Limitation Rules and Regulations (43 CFR  
816 Part 426); (iii) the water requirements of Eligible Lands within the Contractor's Service Area can be

817 established and the quantity of Irrigation Water to be utilized is less than or equal to the quantity necessary to  
818 irrigate such Eligible Lands; and (iv) if the facilities utilized for commingling Irrigation Water and non-project  
819 water are/were constructed with funds made available pursuant to Federal Reclamation law, the non-project  
820 water will be subject to the acreage limitation provisions of Federal Reclamation law, unless the Contractor  
821 pays to the United States the incremental fee described in

822 43 CFR 426.15. In determining the incremental fee, the Contracting Officer will calculate annually the cost  
823 to the Federal Government, including interest of storing or delivering non-Project Water, which for purposes  
824 of this Contract shall be determined as follows: The quotient shall be the unpaid distribution system costs  
825 divided by the total irrigable acreage within the Contractor's Service Area. The incremental fee per acre is  
826 the mathematical result of such quotient times the interest rate determined using Section 202 (3) of the Act of  
827 October 12, 1982 (96 Stat. 1263). Such incremental fee will be charged to each acre of excess or full cost  
828 land within the Contractor's Service Area that receives non-project water through Federally financed or  
829 constructed facilities. The incremental fee calculation methodology will continue during the term of this  
830 Contract absent the promulgation of a contrary Reclamation-wide rule, regulation or policy adopted after the  
831 Contractor has been afforded the opportunity to review and comment on the proposed rule, regulation or  
832 policy. If such rule, regulation or policy is adopted it shall supersede this provision.

833 (b) Water or water rights now owned or hereafter acquired by the Contractor, other  
834 than from the United States or adverse to the Project or its contractors (i.e., non-project water), may be  
835 stored, conveyed and/or diverted through Project facilities, subject to the completion of appropriate  
836 environmental documentation, with the approval of the Contracting Officer and the execution of any contract  
837 determined by the Contracting Officer to be necessary, consistent with the following provisions:

838                   (1)     The Contractor may introduce non-project water into Project facilities and  
839 deliver said water to lands within the Contractor's Service Area, including Ineligible Lands, subject to  
840 payment to the United States and/or to any applicable Operating Non-Federal Entity of an appropriate rate  
841 as determined by the CVP Ratesetting Policy and the RRA, each as amended, modified or superseded from  
842 time to time. In addition, if electrical power is required to pump  
843 non-project water through the facilities, the Contractor shall be responsible for obtaining the necessary  
844 power and paying the necessary charges therefor.

845                   (2)     Delivery of such non-project water in and through Project facilities shall only  
846 be allowed to the extent such deliveries do not: (i) interfere with other Project purposes as determined by  
847 the Contracting Officer; (ii) reduce the quantity or quality of water available to other Project water service  
848 contractors; (iii) interfere with the delivery of contractual water entitlements to any other Project water  
849 service contractors; or (iv) interfere with the physical maintenance of the Project facilities.

850                   (3)     Neither the United States nor the Operating Non-Federal Entity shall be  
851 responsible for control, care or distribution of the non-project water before it is introduced into or after it is  
852 delivered from the Project facilities. The Contractor hereby releases and agrees to defend and indemnify the  
853 United States and the Operating Non-Federal Entity, and their respective officers, agents, and employees,  
854 from any claim for damage to persons or property, direct or indirect, resulting from Contractor's diversion  
855 or extraction of non-project water from any source.

856                   (4)     Diversion of such non-project water into Project facilities shall be consistent  
857 with all applicable laws, and if involving groundwater, consistent with any groundwater management plan for

858 the area from which it was extracted.

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

863 OPINIONS AND DETERMINATIONS

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

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

877 COORDINATION AND COOPERATION

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

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

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

896 (1) The Contracting Officer will, at the request of the Contractor, assist in the

897 development of integrated resource management plans for the Contractor. Further, the Contracting Officer  
898 will, as appropriate, seek authorizations for implementation of partnerships to improve water supply, water  
899 quality, and reliability.

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

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

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

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

910 (d) Without limiting the contractual obligations of the Contracting Officer hereunder,  
911 nothing in this Contract shall be construed to limit or constrain the Contracting Officer's ability to  
912 communicate, coordinate, and cooperate with the Contractor or other interested stakeholders or to make  
913 decisions in a timely fashion as needed to protect health, safety, physical integrity of structures or facilities, or  
914 the Contracting Officer's ability to comply with applicable laws.

915 CHARGES FOR DELINQUENT PAYMENTS



916 20. (a) The Contractor shall be subject to interest, administrative and penalty charges on  
917 delinquent installments or payments. When a payment is not received by the due date, the Contractor shall  
918 pay an interest charge for each day the payment is delinquent beyond the due date. When a payment  
919 becomes sixty (60) days delinquent, the Contractor shall pay an administrative charge to cover additional  
920 costs of billing and processing the delinquent payment. When a payment is delinquent ninety (90) days or  
921 more, the Contractor shall pay an additional penalty charge of six (6%) percent per year for each day the  
922 payment is delinquent beyond the due date. Further, the Contractor shall pay any fees incurred for debt  
923 collection services associated with a delinquent payment.

924 (b) The interest charge rate shall be the greater of the rate prescribed quarterly in the  
925 Federal Register by the Department of the Treasury for application to overdue payments, or the interest rate  
926 of one-half of one (0.5%) percent per month prescribed by Section 6 of the Reclamation Project Act of  
927 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date and remain  
928 fixed for the duration of the delinquent period.

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

#### 932 EQUAL OPPORTUNITY

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

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

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

946 (c) The Contractor will send to each labor union or representative of workers with  
947 which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided

948 by the Contracting Officer, advising the said labor union or workers' representative of the Contractor's  
949 commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies  
950 of the notice in conspicuous places available to employees and applicants for employment.

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

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

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

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

973 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

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

978 (b) The payment of charges becoming due hereunder is a condition precedent to  
979 receiving benefits under this Contract. The United States shall not make water available to the Contractor

980 through Project facilities during any period in which the Contractor may be in arrears in the advance  
981 payment of water rates due the United States. The Contractor shall not furnish water made available  
982 pursuant to this Contract for lands or parties which are in arrears in the advance payment of water rates  
983 levied or established by the Contractor.

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

986 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

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

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

998 (c) The Contractor makes this agreement in consideration of and for the purpose of  
999 obtaining any and all Federal grants, loans, contracts, property discounts, or other Federal financial  
1000 assistance extended after the date hereof to the Contractor by the Bureau of Reclamation, including  
1001 installment payments after such date on account of arrangements for Federal financial assistance which were  
1002 approved before such date. The Contractor recognizes and agrees that such Federal assistance will be  
1003 extended in reliance on the representations and agreements made in this Article, and that the United States  
1004 reserves the right to seek judicial enforcement thereof.

1005 PRIVACY ACT COMPLIANCE

1006 24. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a) (the  
1007 Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et seq.) in  
1008 maintaining Landholder acreage certification and reporting records, required to be submitted to the  
1009 Contractor for compliance with Sections 206 and 228 of the Reclamation Reform Act of 1982 (96 Stat.  
1010 1266), and pursuant to 43 CFR 426.18.

1011 (b) With respect to the application and administration of the criminal penalty provisions  
1012 of the Act (5 U.S.C. 552a(i)), the Contractor and the Contractor's employees responsible for maintaining

1013 the certification and reporting records referenced in (a) above are considered to be employees of the  
1014 Department of the Interior. See 5 U.S.C. 552a(m).

1015 (c) The Contracting Officer or a designated representative shall provide the Contractor  
1016 with current copies of the Interior Department Privacy Act regulations and the Bureau of Reclamation  
1017 Federal Register Privacy Act System of Records Notice (Acreage Limitation--Interior, Reclamation-31)  
1018 which govern the maintenance, safeguarding, and disclosure of information contained in the Landholder's  
1019 certification and reporting records.

1020 (d) The Contracting Officer shall designate a full-time employee of the Bureau of  
1021 Reclamation to be the System Manager who shall be responsible for making decisions on denials pursuant to  
1022 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The Contractor is authorized to  
1023 grant requests by individuals for access to their own records.

1024 (e) The Contractor shall forward promptly to the System Manager each proposed  
1025 denial of access under 43 CFR 2.64; and each request for amendment of records filed under 43 CFR 2.71;  
1026 notify the requester accordingly of such referral; and provide the System Manager with information and  
1027 records necessary to prepare an appropriate response to the requester. These requirements do not apply to  
1028 individuals seeking access to their own certification and reporting forms filed with the Contractor pursuant to  
1029 43 CFR 426.18, unless the requester elects to cite the Privacy Act as a basis for the request.

1030 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

1031 25. In addition to all other payments to be made by the Contractor pursuant to this Contract, the  
1032 Contractor shall pay to the United States, within sixty (60) days after receipt of a bill and detailed statement  
1033 submitted by the Contracting Officer to the Contractor for such specific items of direct cost incurred by the  
1034 United States for work requested by the Contractor associated with this Contract plus indirect costs in  
1035 accordance with applicable Bureau of Reclamation policies and procedures. All such amounts referred to in  
1036 this Article shall not exceed the amount agreed to in writing in advance by the Contractor. This Article shall  
1037 not apply to costs for routine contract administration.

1038 WATER CONSERVATION

1039 26. (a) Prior to the delivery of water provided from or conveyed through Federally

1040 constructed or Federally financed facilities pursuant to this Contract, the Contractor shall be implementing an  
1041 effective water conservation and efficiency program based on the Contractor's water conservation plan that  
1042 has been determined by the Contracting Officer to meet the conservation and efficiency criteria for  
1043 evaluating water conservation plans established under Federal law. The water conservation and efficiency  
1044 program shall contain definite water conservation objectives, appropriate economically feasible water  
1045 conservation measures, and time schedules for meeting those objectives. Continued Project Water delivery  
1046 pursuant to this Contract shall be contingent upon the Contractor's continued implementation of such water  
1047 conservation program. In the event the Contractor's water conservation plan or any revised water  
1048 conservation plan completed pursuant to subdivision (d) of Article 26 of this Contract have not yet been  
1049 determined by the Contracting Officer to meet such criteria, due to circumstances which the Contracting  
1050 Officer determines are beyond the control of the Contractor, water deliveries shall be made under this  
1051 Contract so long as the Contractor diligently works with the Contracting Officer to obtain such  
1052 determination at the earliest practicable date, and thereafter the Contractor immediately begins implementing  
1053 its water conservation and efficiency program in accordance with the time schedules therein.

1054 (b) Should the amount of M&I Water delivered pursuant to subdivision (a) of Article 3  
1055 of this Contract equal or exceed two thousand (2,000) acre-feet per Year, the Contractor shall implement  
1056 the Best Management Practices identified by the time frames issued by the California Urban Water  
1057 Conservation Council for such M&I Water unless any such practice is determined by the Contracting  
1058 Officer to be inappropriate for the Contractor.

1059 (c) The Contractor shall submit to the Contracting Officer a report on the status of its

1060 implementation of the water conservation plan on the reporting dates specified in the then existing  
1061 conservation and efficiency criteria established under Federal law.

1062 (d) At five (5) -year intervals, the Contractor shall revise its water conservation plan to  
1063 reflect the then current conservation and efficiency criteria for evaluating water conservation plans  
1064 established under Federal law and submit such revised water management plan to the Contracting Officer  
1065 for review and evaluation. The Contracting Officer will then determine if the water conservation plan meets  
1066 Reclamation's then current conservation and efficiency criteria for evaluating water conservation plans  
1067 established under Federal law.

1068 (e) If the Contractor is engaged in direct groundwater recharge, such activity shall be  
1069 described in the Contractor's water conservation plan.

1070 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

1071 27. Except as specifically provided in Article 17 of this Contract, the provisions of this Contract  
1072 shall not be applicable to or affect non-project water or water rights now owned or hereafter acquired by  
1073 the Contractor or any user of such water within the Contractor's Service Area. Any such water shall not be  
1074 considered Project Water under this Contract. In addition, this Contract shall not be construed as limiting or  
1075 curtailing any rights which the Contractor or any water user within the Contractor's Service Area acquires or  
1076 has available under any other contract pursuant to Federal Reclamation law.

1077 OPERATION AND MAINTENANCE BY NON-FEDERAL ENTITY

1078 28. (a) The Operation and Maintenance of a portion of the Project facilities which serve the

1079 Contractor, and responsibility for funding a portion of the costs of such Operation and Maintenance, have  
1080 been transferred to the Operating Non-Federal Entity by separate agreement  
1081 between the United States and the Operating Non-Federal Entity. That separate agreement shall not  
1082 interfere with or affect the rights or obligations of the Contractor or the United States hereunder.

1083 (b) The Contracting Officer has previously notified the Contractor in writing that the  
1084 Operation and Maintenance of a portion of the Project facilities which serve the Contractor has been  
1085 transferred to the Operating Non-Federal Entity, and therefore, the Contractor shall pay directly to the  
1086 Operating Non-Federal Entity, or to any successor approved by the Contracting Officer under the terms  
1087 and conditions of the separate agreement between the United States and the Operating  
1088 Non-Federal Entity described in subdivision (a) of this Article, all rates, charges or assessments of any kind,  
1089 including any assessment for reserve funds, which the Operating Non-Federal Entity or such successor  
1090 determines, sets or establishes for (i) the Operation and Maintenance of the portion of the Project facilities  
1091 operated and maintained by the Operating Non-Federal Entity or such successor, or (ii) the Friant Division's  
1092 share of the operation, maintenance and replacement costs for physical works and appurtenances associated  
1093 with the Tracy Pumping Plant, the Delta-Mendota Canal, the O'Neill Pumping/Generating Plant, the federal  
1094 share of the O'Neill Forebay, the Mendota Pool, and the federal share of San Luis Unit joint use  
1095 conveyance and conveyance pumping facilities. Such direct payments to the Operating Non-Federal Entity  
1096 or such successor shall not relieve the Contractor of its obligation to pay directly to the United States the  
1097 Contractor's share of the Project Rates, Charges, and Tiered Pricing Components except to the extent the  
1098 Operating Non-Federal Entity collects payments on behalf of the United States in accordance with the

1099 separate agreement identified in subdivision (a) of this Article.

1100 (c) For so long as the Operation and Maintenance of any portion of the Project facilities  
1101 serving the Contractor is performed by the Operating Non-Federal Entity, or any successor thereto, the  
1102 Contracting Officer shall adjust those components of the Rates for Water Delivered under this Contract  
1103 representing the cost associated with the activity being performed by the Operating Non-Federal Entity or  
1104 its successor.

1105 (d) In the event the Operation and Maintenance of the Project facilities operated and  
1106 maintained by the Operating Non-Federal Entity is re-assumed by the United States during the term of this  
1107 Contract, the Contracting Officer shall so notify the Contractor, in writing, and present to the Contractor a  
1108 revised Exhibit "B" which shall include the portion of the Rates to be paid by the Contractor for Project  
1109 Water under this Contract representing the Operation and Maintenance costs of the portion of such Project  
1110 facilities which have been re-assumed. The Contractor shall, thereafter, in the absence of written notification  
1111 from the Contracting Officer to the contrary, pay the Rates, Charges, and Tiered Pricing Component(s)  
1112 specified in the revised Exhibit "B" directly to the United States in compliance with Article 7 of this Contract.

1113 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

1114 29. The expenditure or advance of any money or the performance of any obligation of the  
1115 United States under this Contract shall be contingent upon appropriation or allotment of funds. Absence of  
1116 appropriation or allotment of funds shall not relieve the Contractor from any obligations under this Contract.  
1117 No liability shall accrue to the United States in case funds are not appropriated or allotted.

1118 BOOKS, RECORDS, AND REPORTS

1119 30. (a) The Contractor shall establish and maintain accounts and other books and records  
1120 pertaining to administration of the terms and conditions of this Contract, including: the Contractor's financial



1121 transactions, water supply data, and Project land and right-of-way agreements; the water users' land-use  
1122 (crop census), land ownership, land-leasing and water use data; and other matters that the Contracting  
1123 Officer may require. Reports thereon shall be furnished to the Contracting Officer in such form and on such  
1124 date or dates as the Contracting Officer may require. Subject to applicable Federal laws and regulations,  
1125 each party to this Contract shall have the right during office hours to examine and make copies of the other  
1126 party's books and records relating to matters covered by this Contract.

1127 (b) Notwithstanding the provisions of subdivision (a) of this Article, no books, records,  
1128 or other information shall be requested from the Contractor by the Contracting Officer unless such books,  
1129 records, or information are reasonably related to the administration or performance of this Contract. Any  
1130 such request shall allow the Contractor a reasonable period of time within which to provide the requested  
1131 books, records, or information.

1132 (c) At such time as the Contractor provides information to the Contracting Officer  
1133 pursuant to subdivision (a) of this Article, a copy of such information shall be provided to the Operating  
1134 Non-Federal Entity.

1135 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

1136 31. (a) The provisions of this Contract shall apply to and bind the successors and assigns of  
1137 the parties hereto, but no assignment or transfer of this Contract or any right or interest therein shall be valid  
1138 until approved in writing by the Contracting Officer.

1139 (b) The assignment of any right or interest in this Contract by either party shall not  
1140 interfere with the rights or obligations of the other party to this Contract absent the written concurrence of  
1141 said other party.

1142 (c) The Contracting Officer shall not unreasonably condition or withhold approval of  
1143 any proposed assignment.

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SEVERABILITY

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32. In the event that a person or entity who is neither (i) a party to a Project contract, nor (ii) a

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person or entity that receives Project Water from a party to a Project contract, nor (iii) an association or

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other form of organization whose primary function is to represent parties to Project contracts, brings an

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action in a court of competent jurisdiction challenging the legality or enforceability of a provision included in

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this Contract and said person, entity, association, or organization obtains a final court decision holding that

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such provision is legally invalid or unenforceable and the Contractor has not intervened in that lawsuit in

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support of the plaintiff(s), the parties to this Contract shall use their best efforts to (i) within thirty (30) days

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of the date of such final court decision identify by mutual agreement the provisions in this Contract which

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must be revised and (ii) within three (3) months thereafter promptly agree on the appropriate revision(s).

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The time periods specified above may be extended by mutual agreement of the parties. Pending the

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completion of the actions designated above, to the extent it can do so without violating any applicable

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provisions of law, the United States shall continue to make the quantities of Project Water specified in this

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Contract available to the Contractor pursuant to the provisions of this Contract which were not found to be

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legally invalid or unenforceable in the final court decision.

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RESOLUTION OF DISPUTES

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33. Should any dispute arise concerning any provisions of this Contract, or the parties' rights

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and obligations thereunder, the parties shall meet and confer in an attempt to resolve the dispute. Prior to

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the Contractor commencing any legal action, or the Contracting Officer referring any matter to Department

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of Justice, the party shall provide to the other party thirty (30) days' written notice of the intent to take such

1164 action; Provided, That such notice shall not be required where a delay in commencing an action would  
1165 prejudice the interests of the party that intends to file suit. During the thirty (30) -day notice period, the  
1166 Contractor and the Contracting Officer shall meet and confer in an attempt to resolve the dispute. Except as  
1167 specifically provided, nothing herein is intended to waive or abridge any right or remedy that the Contractor  
1168 or the United States may have.

1169 OFFICIALS NOT TO BENEFIT

1170 34. No Member of or Delegate to Congress, Resident Commissioner, or official of the  
1171 Contractor shall benefit from this Contract other than as a water user or landowner in the same manner as  
1172 other water users or landowners.

1173 CHANGES IN CONTRACTOR'S SERVICE AREA

1174 35. (a) While this Contract is in effect, no change may be made in the Contractor's Service  
1175 Area or boundaries, by inclusion or exclusion of lands, dissolution, consolidation, merger, or otherwise,  
1176 except upon the Contracting Officer's written consent.

1177 (b) Within thirty (30) days of receipt of a request for such a change, the Contracting  
1178 Officer will notify the Contractor of any additional information required by the Contracting Officer for  
1179 processing said request, and both parties will meet to establish a mutually agreeable schedule for timely  
1180 completion of the process. Such process will analyze whether the proposed change is likely to: (i) result in  
1181 the use of Project Water contrary to the terms of this Contract; (ii) impair the ability of the Contractor to pay  
1182 for Project Water furnished under this Contract or to pay for any Federally-constructed facilities for which  
1183 the Contractor is responsible; and (iii) have an impact on any Project Water rights applications, permits, or

1184 licenses. In addition, the Contracting Officer shall comply with the National Environmental Policy Act and  
1185 the Endangered  
1186 Species Act. The Contractor will be responsible for all costs incurred by the Contracting Officer in this  
1187 process, and such costs will be paid in accordance with Article 25 of this Contract.

1188 FEDERAL LAWS

1189 36. By entering into this Contract, the Contractor does not waive its rights to contest the validity  
1190 or application in connection with the performance of the terms and conditions of this Contract of any Federal  
1191 law or regulation; Provided, That the Contractor agrees to comply with the terms and conditions of this  
1192 Contract unless and until relief from application of such Federal law or regulation to the implementing  
1193 provision of the Contract is granted by a court of competent jurisdiction.

1194 NOTICES

1195 37. Any notice, demand, or request authorized or required by this Contract shall be deemed to  
1196 have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered to the Area  
1197 Manager, South-Central California Area Office, 1243 “N” Street, Fresno, California 93721, and on behalf  
1198 of the United States, when mailed, postage prepaid, or delivered to the Board of Directors of the Shafter-  
1199 Wasco Irrigation District, PO Box 1168, Wasco, California 93280. The designation of the addressee or  
1200 the address may be changed by notice given in the same manner as provided in this Article for other notices.

1201 CONFIRMATION OF CONTRACT

1202 38. The Contractor, after the execution of this Contract, shall promptly seek to secure a decree  
1203 of a court of competent jurisdiction of the State of California, confirming the execution of this Contract. The  
1204 Contractor shall furnish the United States a certified copy of the final decree, the validation proceedings, and  
1205 all pertinent supporting records of the court approving and confirming this Contract, and decreeing and  
1206 adjudging it to be lawful, valid, and binding on the Contractor.

1207            IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the day and  
1208            year first above written.

THE UNITED STATES OF AMERICA

By:           /s/ William H. Luce, Jr.            
Acting Regional Director, Mid-Pacific Region  
Bureau of Reclamation

(SEAL)

SHAFTER-WASCO IRRIGATION DISTRICT

By:           /s/ Roger Frantz            
President of the Board of Directors

Attest:

By:           /s/ Jerry L. Ezell            
Secretary of the Board of Directors

(I:Shaf.wpd)

EXHIBIT A

[Map or Description of Service Area]

Contract No.14-06-200-4032-LTR1

**EXHIBIT B**  
[Initial Rates and Charges]