

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

CONTRACT BETWEEN THE UNITED STATES AND
THE CITY OF REDDING,
DIVERTER OF WATER FROM SACRAMENTO RIVER SOURCES,
SETTLING WATER RIGHTS DISPUTES AND
PROVIDING FOR PROJECT WATER

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THIS CONTRACT, hereinafter referred to as "Settlement Contract," is entered into by THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, made this ____ day of _____, 2004, pursuant to the applicable authority granted to it generally in the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or supplementary thereto, including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844), as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, including but not limited to Sections 9 and 14 thereto, July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1262), October 27, 1986 (100 Stat. 3050), as amended, and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter referred to as Federal Reclamation law, and THE CITY OF REDDING, hereinafter referred to as the City or Contractor, an incorporated city of the State of California, duly organized, existing, and acting pursuant to the laws thereof, with its principal place of business in California;

WITNESSETH, that:

EXPLANATORY RECITALS

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[1st] WHEREAS, the United States has constructed and is operating the Central Valley Project, California, for multiple purposes pursuant to its statutory authority; and

[2nd] WHEREAS, the City has rights to divert, is diverting, and will continue to divert for reasonable beneficial use, water from the natural flow of the Sacramento River and tributaries thereto, that would have been flowing therein if the Central Valley Project were not in existence; and

[3rd] WHEREAS, the construction and operation of the integrated and coordinated Central Valley Project has changed and will further change the regimen of the Sacramento, American, San Joaquin, and Trinity Rivers and the Sacramento-San Joaquin Delta from unregulated flow to regulated flow; and

[4th] WHEREAS, the United States has rights to divert, is diverting, and will continue to divert waters from said Rivers and said Delta in connection with the operation of said Central Valley Project; and

[5th] WHEREAS, the City and the United States had a dispute over the respective rights of the parties to divert and use water from the regulated flow of the Sacramento River which threatened to result in litigation, and as a means to settle that dispute entered into Contract No. 14-06-200-2871A, hereinafter referred to as the Existing Contract, which established terms for the delivery to the City of Central Valley Project Water, and the quantities of Base Supply the United States and the City agreed may be diverted by the City from the Sacramento River pursuant to such contract; and

[6th] WHEREAS, the United States and the City disagree with respect to the authority of the United States to change the quantities of Base Supply and/or Project Water specified as

1 available for diversion in this Settlement Contract from the quantities specified in the Existing
2 Contract, and other issues related thereto. That dispute was the subject of litigation in a lawsuit
3 entitled *Glenn-Colusa Irrigation District, et al. v. United States, et al.* (Civ. No. S-01-1816
4 GEB/JFM (E.D. Cal.)), but that litigation was dismissed, without prejudice, pursuant to a
5 stipulation of dismissal filed by the parties thereto on August 29, 2002. Notwithstanding that
6 dismissal, the City and the United States enter into this Settlement Contract to renew the Existing
7 Contract, pursuant to the terms of the Existing Contract, Federal Reclamation law, and the laws
8 of the State of California; and

9 [7th] WHEREAS, to assure the City of the enjoyment and use of the regulated flow of
10 the said Rivers and the Delta, and to provide for the economical operation of the Central Valley
11 Project by, and the reimbursement to, the United States for expenditures made for said Project;

12 NOW, THEREFORE, in consideration of the performance of the herein contained
13 provisions, conditions, and covenants, it is agreed as follows:

14 DEFINITIONS

15 1. When used herein, unless otherwise expressed or incompatible with the intent
16 hereof, the term:

17 (a) “Base Supply” shall mean the quantity of Surface Water established in
18 Articles 3 and 5 which may be diverted by the City from the Sacramento River each Year
19 without payment to the United States for such quantities diverted;

20 (b) “Basin-Wide Water Management Plan” shall mean the mutually agreeable
21 Sacramento River Basinwide Water Management Plan, dated _____, developed by Glenn-
22 Colusa Irrigation District, Maxwell Irrigation District, Natomas Central Mutual Water Company,
23 Pelger Mutual Water Company, Princeton-Codora-Glenn Irrigation District, Provident Irrigation

1 District, Reclamation District 108, Sutter Mutual Water Company, Anderson-Cottonwood
2 Irrigation District, Meridian Farms Water Company, Reclamation District 1004 and the U.S.
3 Bureau of Reclamation.

4 (c) "Charges" shall mean the payments for Project Water that the City is
5 required to pay to the United States in addition to the "Rates" specified in this Settlement
6 Contract. The Contracting Officer will, on an annual basis, determine the extent of these
7 Charges. The type and amount of each Charge shall be specified in Exhibit D;

8 (d) "Contract Total" shall mean the sum of the Base Supply and Project Water
9 available for diversion by the City for the Year;

10 (e) "Critical Year" shall mean any Year in which either of the following
11 eventualities exists:

12 (1) The forecasted full natural inflow to Shasta Lake for the current
13 Water Year, as such forecast is made by the United States on or before February 15 and reviewed
14 as frequently thereafter as conditions and information warrant, is equal to or less than 3.2 million
15 acre-feet; or

16 (2) The total accumulated actual deficiencies below 4 million acre-feet
17 in the immediately prior Water Year or series of successive prior Water Years each of which had
18 inflows of less than 4 million acre-feet, together with the forecasted deficiency for the current
19 Water Year, exceed 800,000 acre-feet.

20 For the purpose of determining a Critical Year, the computation of inflow to
21 Shasta Lake shall be performed in a manner that considers the extent of upstream development
22 above Shasta Lake during the year in question, and shall be used as the full natural flow to
23 Shasta Lake. In the event that major construction has occurred or occurs above Shasta Lake after

1 September 1, 1963, and which has materially altered or alters the regimen of the stream systems
2 contributing to Shasta Lake, the computed inflow to Shasta Lake used to define a Critical Year
3 will, be adjusted to eliminate the effect of such material alterations. After consultation with the
4 State of California, the National Weather Service, and other recognized forecasting agencies, the
5 Contracting Officer will select the forecast to be used and will make the details of it available to
6 the City. The same forecasts used by the United States for the operation of the Project shall be
7 used to make the forecasts hereunder;

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

10 (g) “Project” shall mean the Central Valley Project owned by the United
11 States and managed by the Department of the Interior, Bureau of Reclamation;

12 (h) “Project Water” shall mean all Surface Water diverted or scheduled to be
13 diverted each Year by the City from the Sacramento River which is in excess of the Base Supply.
14 The United States recognizes the right of the City to make arrangements for acquisition of water
15 from projects of others than the United States for delivery through the Sacramento River and
16 tributaries subject to written agreement between City and the United States as to identification of
17 such water which water when so identified shall not be deemed Project Water under this
18 Settlement Contract;

19 (i) “Rates” shall mean the payments for Project Water determined annually
20 by the Contracting Officer in accordance with the then current applicable water ratesetting
21 policies for the Project, as described in subdivision (a) of Article 8 of this Settlement Contract;

1 (j) "Secretary" or "Contracting Officer" shall mean the Secretary of the
2 Interior, a duly appointed successor, or an authorized representative acting pursuant to any
3 authority of the Secretary and through any agency of the Department of the Interior;

4 (j) "Surface Water" shall mean only those waters that are considered as
5 surface water under California law;

6 (k) "Water Year" shall mean the period commencing with October 1 of 1 year
7 and extending through September 30 of the next; and

8 (l) "Year" shall mean a calendar year.

9 TERM OF SETTLEMENT CONTRACT

10 2. (a) This Settlement Contract shall become effective April 1, 2004, and shall
11 remain in effect until and including March 31, 2044: Provided, that under terms and conditions
12 mutually agreeable to the parties hereto, renewals may be made for successive periods not to
13 exceed 40 years each. The terms and conditions of each renewal shall be agreed upon not later
14 than one year prior to the expiration of the then existing Settlement Contract.

15 (b) With respect to Project Water and the portions of this Settlement Contract
16 pertaining thereto, upon written request by the City of the Secretary made not later than one year
17 prior to the expiration of this Settlement Contract, whenever, account being taken of the amount
18 then credited to the costs of construction of water supply works, the remaining amount of
19 construction costs of water supply work which is properly assignable for ultimate return by the
20 City probably can be repaid to the United States within the term of a contract under subsection
21 9(c)(1) of the 1939 Reclamation Project Act (53 Stat. 1187), the relevant portions of this
22 Settlement Contract may be converted to a contract under said subsection 9(c)(1) upon terms and
23 conditions mutually agreeable to the United States and the City. The Secretary shall make a

1 determination 10 years after the date of execution of this Settlement Contract, and every 5 years
2 thereafter, of whether a conversion to a contract under said subsection 9(c)(1) can be
3 accomplished.

4 WATER TO BE FURNISHED TO CONTRACTOR

5 3. (a) Subject to the conditions, limitations, and provisions hereinafter
6 expressed, the City is hereby entitled and authorized to divert from the Sacramento River at the
7 locations shown in Exhibit A, for beneficial use within the area delineated on Exhibit B, (both
8 Exhibits are attached hereto and made a part hereof), the Contract Total designated in Exhibit A,
9 or any revision thereof, in accordance with the monthly operating schedule required by Article
10 3(c) of this Settlement Contract.

11 (b) The City may have acquired rights to divert water from the Sacramento
12 River that were obtained after the date of execution of the Existing Contract, or the City may
13 acquire such rights in the future. All diversions made from the Sacramento River, pursuant to
14 such rights, shall not be considered a part of the quantity of Base Supply and Project Water
15 specified in Exhibit A; Provided, that the quantities diverted pursuant to the above rights shall be
16 identified on the schedule submitted pursuant to Article 3(c) below, and shall not be substituted
17 for any Base Supply or Project Water; Provided, further, that any such identified quantities of
18 other acquired rights may be diverted by the City before incurring any fee pursuant to Article
19 3(c)(1), below.

20 (c) Before March 1 and before the first day of each month thereafter when a
21 revision is needed, the City shall submit a written schedule to the Contracting Officer indicating
22 the Contract Total to be diverted by the City for municipal, industrial and domestic purposes
23 during each month under this Settlement Contract. The United States shall furnish water to the

1 City in accordance with the monthly operating schedule or any revisions thereof. However, the
2 United States recognizes the need of the City to change from time to time its monthly diversions
3 of water; the City may make such changes, provided:

4 (1) that the City's rate of diversion from the Sacramento River shall
5 not exceed 75 cubic feet per second, however, the City shall be entitled to reasonable flexibility
6 in demands based on maximum daily requirements and maximum daily peaks and will cooperate
7 with the Contracting Officer to facilitate United States operations to make this possible.

8 (2) that for the quantity of Base Supply diverted in excess of the
9 monthly quantity shown in Exhibit A, and as may be reduced in accordance with Article 5(a),
10 during June, July, August, September, or October of any Water Year, the Contractor shall be
11 charged a rescheduling fee equal to 50 percent of the sum of the storage operations and
12 maintenance rate and the storage capital rate components of the Project ratesetting policy.

13 (3) that in no event shall the total quantity scheduled for diversion by
14 the Contractor from the Sacramento River:

15 (i) During the period March through February of the following
16 Year exceed the aggregate of the Contract Total for that period shown in Exhibit A or any
17 revision thereof;

18 (ii) During the period July through August exceed the
19 aggregate of the Contract Total for that period shown in Exhibit A or any revision thereof.

20 (d) In the event conditions warrant, the Contracting Officer reserves the right
21 to require the City to submit, at least 72 hours prior to the beginning of each weekly period, its
22 estimate of daily diversion requirements for each such period from the Sacramento River:

1 Provided, however, that changes during any such period may be made upon the giving of 72
2 hours' notice thereof to the Contracting Officer.

3 (e) No sale, transfer, exchange, or other disposal of any of the Contract Total
4 designated in Exhibit A or the right to the use thereof for use on land other than that shown on
5 Exhibit B shall be made by the City without first obtaining the written consent of the Contracting
6 Officer. Such consent will not be unreasonably withheld and a decision will be rendered in a
7 timely manner. For short-term actions that will occur within 1 year or less, the decision will be
8 rendered within 30 days after receipt of a complete written proposal. For long-term actions that
9 will occur in a period longer than 1 year, the decision will be rendered within 90 days after
10 receipt of a complete written proposal. For a proposal to be deemed complete by the
11 Contracting Officer, it must comply with all provisions required by State and Federal law,
12 including information sufficient to enable the Contracting Officer to comply with the National
13 Environmental Policy Act, the Endangered Species Act, and applicable rules or regulations then
14 in effect; Provided that, such consent does not authorize the use of Federal facilities to facilitate
15 or effectuate the sale, transfer, exchange or other disposal of Base Supply. Such use of Federal
16 facilities will be the subject of a separate agreement to be entered into between the City and
17 Reclamation.

18 (f) For the purpose of determining whether Section 3405(a)(1)(M) of the
19 CVPIA applies to the City as a transferor or transferee of Project Water, the Contracting Officer
20 acknowledges that the City is within a county, watershed or other area of origin, as those terms
21 are utilized under California law.

22 (g) The United States assumes no responsibility for and neither it nor its
23 officers, agents, or employees shall have any liability for or on account of:

1 Contract Total shall not exceed 25 percent of the average quantity taken by the City during the
2 period April 1 through October 31 for the last 3 preceding non-Critical Years as determined from
3 those Years' record of actual measurements. Such reduction shall be apportioned to Base Supply
4 and Project Water in the same ratio as contained in Exhibit A.

5 (b) The amount of any overpayment by the City shall, at its option, be
6 refunded or credited upon amounts to become due to the United States from the City under the
7 provisions hereof in the ensuing Year. To the extent of such deficiency such adjustment of
8 overpayment shall constitute the sole remedy of the City.

9 INTEGRATED WATER MANAGEMENT AND PARTNERSHIPS

10 6. The City and United States desire to work together to maximize the reasonable
11 beneficial use of water for their mutual benefit. As a consequence, the United States and the
12 City will work in partnership and with others within the Sacramento Valley, including other
13 Contractors, to facilitate the better integration within the Sacramento Valley of all water supplies
14 including, but not limited to, the better management and integration of surface water and
15 groundwater, the development and better utilization of surface water storage, the effective
16 utilization of waste, seepage and return flow water, and other operational and management
17 options that may be identified in the future.

18 USE OF WATER FURNISHED TO CONTRACTOR

19 7. (a) Project Water furnished to the City pursuant to this Settlement Contract
20 shall not be delivered or furnished by the City for any purposes other than municipal, industrial,
21 and domestic purposes without the written consent of the Contracting Officer.

22 (b) The City shall comply with requirements applicable to the City in
23 biological opinion(s) prepared as a result of a consultation regarding the execution of this

1 Settlement Contract undertaken pursuant to Section 7 of the Endangered Species Act of 1973, as
2 amended, that are within the City's legal authority to implement. The City shall comply with the
3 limitations or requirements imposed by environmental documentation applicable to the City and
4 within its legal authority to implement. The Existing Contract, which evidences in excess of 115
5 years of diversions, for municipal, industrial, and domestic purposes, of the quantities of water
6 provided for in Article 3, and the underlying water rights of the City will be considered in
7 developing an appropriate base-line for the Biological Assessment prepared pursuant to the
8 Endangered Species Act, and in any other needed environmental review. Nothing herein shall be
9 construed to prevent the City from challenging or seeking judicial relief in a court of competent
10 jurisdiction with respect to any biological opinion or other environmental documentation referred
11 to in this Article.

12 RATE AND METHOD OF PAYMENT FOR WATER

13 8. (a) The City shall make payments to the United States as provided in this
14 Article for all Project Water shown in Exhibit A as follows:

15 (1) 75 percent of the amount shown as Project Water shall be paid for
16 by the City in each Year; and in addition

17 (2) the City shall pay for Project Water actually diverted in excess of
18 75 percent of the amount shown as Project Water.

19 Such payments shall be at Rates and Charges established in accordance with: (i) the
20 Secretary's then current ratesetting policies for the Project; and (ii) applicable Reclamation law
21 and associated rules and regulations, or policies. The Rates and Charges applicable to the City
22 upon execution of this Settlement Contract are set forth in Exhibit D, as may be revised annually.
23 The Secretary's ratesetting policies for the Project shall be amended, modified, or superseded

1 only through a public notice and comment procedure. The Contracting Officer shall adjust the
2 amount of Project Water for which payment is required to the extent of any reduction in
3 diversions of Project Water made in accordance with the water conservation provisions of
4 Article 29(e).

5 (b) The Contracting Officer shall notify the City of the Rates and Charges as
6 follows:

7 (1) Prior to July 1 of each Year, the Contracting Officer shall provide
8 the City an estimate of the Charges for Project Water that will be applied to the period October 1,
9 of the current Year, through September 30, of the following Year, and the basis for such
10 estimate. The City shall be allowed not less than 2 months to review and comment on such
11 estimates. On or before September 15 of each Year, the Contracting Officer shall notify the City
12 in writing of the Charges to be in effect during the period October 1 of the current Year, through
13 September 30, of the following Year, and such notification shall revise Exhibit D.

14 (2) Prior to October 1 of each Year, the Contracting Officer shall make
15 available to the City an estimate of the Rates for Project Water for the following Year and the
16 computations and cost allocations upon which those Rates are based. The City shall be allowed
17 not less than 2 months to review and comment on such computations and cost allocations. By
18 December 31 of each Year, the Contracting Officer shall provide the City with the final Rates to
19 be in effect for the upcoming Year, and such notification shall revise Exhibit D.

20 (c) The City shall pay the United States for Project Water in the following
21 manner:

22 (1) With respect to Rates, prior to May 1 of each Year, the City shall
23 pay the United States one-half the total amount payable pursuant to subdivision (a) of this Article

1 and the remainder shall be paid prior to July 1 or such later date or dates as may be specified by
2 the United States in a written notice to the City: Provided, however, that if at any time during
3 the Year the amount of Project Water diverted by the City shall equal the amount for which
4 payment has been made, the City shall pay for the remaining amount of such water as shown in
5 Exhibit A in advance of any further diversion of Project Water.

6 (2) With respect to Charges, the City shall also make a payment to the
7 United States, in addition to the Rate(s) in subdivision (c)(1) of this Article, at the Charges then
8 in effect, before the end of the month following the month of delivery or transfer. The payments
9 shall be consistent with the quantities of Project Water delivered or transferred. Adjustment for
10 overpayment or underpayment of Charges shall be made through the adjustment of payments due
11 to the United States for Charges for the next month. Any amount to be paid for past due
12 payment of Charges shall be computed pursuant to Article 13 of this Settlement Contract.

13 (d) Payments to be made by the City to the United States under this
14 Settlement Contract may be paid from any revenues available to the City.

15 (1) All revenues received by the United States from the City relating
16 to the delivery of Project Water or the delivery of non-Project Water through Project facilities
17 shall be allocated and applied in accordance with Federal Reclamation law and the associated
18 rules or regulations, and the then current Project ratesetting policies for municipal and industrial
19 water.

20 (e) The Contracting Officer shall keep its accounts pertaining to the
21 administration of the financial terms and conditions of its long-term water service and Settlement
22 Contracts, in accordance with applicable Federal standards, so as to reflect the application of
23 Project costs and revenues. The Contracting Officer shall, each Year upon request of the City,

1 provide to the City a detailed accounting of all Project and City expense allocations, the
2 disposition of all Project and City revenues, and a summary of all water delivery information.
3 The Contracting Officer and the City shall enter into good faith negotiations to resolve any
4 discrepancies or disputes relating to accountings, reports, or information.

5 (f) The parties acknowledge and agree that the efficient administration of this
6 Settlement Contract is their mutual goal. Recognizing that experience has demonstrated that
7 mechanisms, policies, and procedures used for establishing Rates and Charges and/or for making
8 and allocating payments, other than those set forth in this Article may be in the mutual best
9 interest of the parties, it is expressly agreed that the parties may enter into agreements to modify
10 the mechanisms, policies, and procedures for any of those purposes while this Settlement
11 Contract is in effect without amendment of this Settlement-Contract.

12 (g) For the term of this Settlement Contract, Rates under the respective
13 ratesetting policies for the Project will be established to recover only reimbursable operation and
14 maintenance (including any deficits) and capital costs of the Project, as those terms are used in
15 the then current Project ratesetting policies, and interest, where appropriate, except in instances
16 where a minimum Rate is applicable in accordance with the relevant Project ratesetting policy.
17 Proposed changes of significance in practices which implement the ratesetting policies for the
18 Project will not be implemented until the Contracting Officer has provided the City an
19 opportunity to discuss the nature, need, and impact of the proposed change. The City retains all
20 rights to challenge the validity of Rates and Charges imposed pursuant to this Settlement
21 Contract, including but not limited to operation and maintenance expenses and operation and
22 maintenance deficits, in an appropriate administrative or judicial proceeding.

1 (h) Except as provided in subsection 3405(a)(1)(B) of the CVPIA, the Rates
2 for Project Water transferred, exchanged, or otherwise disposed of, by the City shall be the
3 City's Rates adjusted upward or downward to reflect the changed costs of delivery (if any) of the
4 transferred, exchanged, or otherwise disposed of Project Water to the transferee's point of
5 delivery in accordance with the then current ratesetting policies for the Project. Except as
6 provided in subsection 3407(d)(2)(A) of the CVPIA, the Charges for Project Water transferred,
7 exchanged, or otherwise disposed of, by the City shall be the City's Charges specified in Exhibit
8 D.

9 (j) Each payment to be made pursuant to subdivisions (a) and (b) of this
10 Article shall be made at the office of the Bureau of Reclamation, Mid-Pacific Region, File No.
11 11546, P.O. Box 6000, San Francisco, California 94160-1546, or at such other place as the
12 United States may designate in a written notice to the said City. Payments shall be made by cash
13 transaction, wire, or any other mechanism as may be agreed to in writing by the City and the
14 Contracting Officer. In the event there should be a default in the payment of the amount due, the
15 delinquent payment provisions of Article 13 shall apply. The City shall not be relieved of the
16 whole or any part of its said obligation by, on account of, or notwithstanding, as the case may be:

17 (1) Its failure, refusal, or neglect to divert 75 percent of the quantity of
18 Project Water shown on Exhibit A;

19 (2) The default in payment to it by any water user of assessments,
20 tolls, or other charges levied by or owing to said City;

21 (3) Any judicial determination that any assessment, toll, or other
22 charge referred to in subsection 8(c)(2) of this Settlement Contract is irregular, void, or
23 ineffectual; or

1 (4) Any injunctive process enjoining or restraining the City from
2 making or collecting any such assessment, toll, or other charge referred to in subsection 8(c)(2)
3 of this Settlement Contract.

4 AGREEMENT ON WATER QUANTITIES

5 9. (a) During the term of this Settlement Contract and any renewals thereof:

6 (1) It shall constitute full agreement as between the United States and
7 the City as to the quantities of water and the allocation thereof between Base Supply and Project
8 Water which may be diverted by the City from the Sacramento River for beneficial use on the
9 land shown on Exhibit B which said diversion, use, and allocation shall not be disturbed so long
10 as the City shall fulfill all of its obligations hereunder;

11 (2) Neither party shall claim any right against the other in conflict with
12 the provisions of Article 9(a)(1) hereof.

13 (b) Nothing herein contained is intended to or does limit rights of the City
14 against others than the United States or of the United States against any person other than the
15 City: Provided, however, that in the event the City, the United States, or any other person shall
16 become a party to a general adjudication of rights to the use of water of the Sacramento River
17 system, this Settlement Contract shall not jeopardize the rights or position of either party hereto
18 or of any other person and the rights of all such persons in respect to the use of such water shall
19 be determined in such proceedings the same as if this Settlement Contract had not been entered
20 into, and if final judgment in any such general adjudication shall determine that the rights of the
21 parties hereto are different from the rights as assumed herein, the parties shall negotiate an
22 amendment to give effect to such judgment. In the event the parties are unable to agree on an
23 appropriate amendment they shall, within 60 days of determining that there is an impasse,

1 employ the services of a neutral mediator, experienced in resolving water rights disputes, to
2 assist in resolving the impasse. The cost of the mediation will be shared equally. A failure to
3 reach agreement on an amendment within 60 days of the end of mediation will cause the
4 immediate termination of this Settlement Contract.

5 (c) In the event that the California State Water Resources Control Board or a
6 court of competent jurisdiction issues a final decision or order modifying the terms and
7 conditions of the water rights of either party to this Settlement Contract in order to impose Bay-
8 Delta water quality obligations, the City and the United States shall promptly meet to determine
9 whether or not to modify any of the terms of this Settlement Contract to comply with the final
10 decision or order, including (but not limited to) to the applicability of the rescheduling charge in
11 Article 3(c)(1) of this Settlement Contract. If within 60 days of the date of the issuance of the
12 final decision or order the parties are not able to reach agreement regarding either the need to
13 modify this Settlement Contract or the manner in which this Settlement Contract is to be
14 modified, the parties shall promptly retain a neutral mediator, experienced in resolving water
15 right disputes, to assist the parties in resolving their dispute. The cost of the mediator shall be
16 shared equally. In the event that either of the parties to this Settlement Contract determines that
17 the parties will not be able to develop mutually-agreeable modification(s) to this Settlement
18 Contract even with the assistance of a mediator, either of the parties to this Settlement Contract
19 may attempt to resolve the impasse by seeking appropriate judicial relief including, but not
20 limited to, filing a general adjudication of the rights to the use of water in the Sacramento River
21 system. The foregoing provisions of this sub-article shall only apply to the incremental
22 obligations contained within a final decision or order of the State Water Resources Control
23 Board that reflects a modification to the obligations imposed in State Water Resources Control

1 Board Revised Water Rights Decision 1641 dated March 15, 2000, and its associated 1995 Water
2 Quality Control Plan which, taken together, will be considered the baseline for the application of
3 the provisions of this sub-article.

4 (d) In the event this Settlement Contract terminates, the rights of the parties to
5 thereafter divert and use water shall exist as if this Settlement Contract had not been entered into;
6 and the fact that as a compromise settlement of a controversy as to the respective rights of the
7 parties to divert and use water and the yield of such rights during the term hereof, this Settlement
8 Contract places a limit on the Contract Total to be diverted annually by the City during the
9 Settlement Contract term and segregates it into Base Supply and Project Water shall not
10 jeopardize the rights or position of either party with respect to its water rights or the yield thereof
11 at all times after the Settlement Contract terminates. It is further agreed that the City at all times
12 will first use water to the use of which it is entitled by virtue of its own water rights, and neither
13 the provisions of this Settlement Contract, action taken thereunder, nor payments made
14 thereunder to the United States by the City shall be construed as an admission that any part of the
15 water used by the City during the term of this Settlement Contract was in fact water to which it
16 would not have been entitled under water rights owned by it nor shall receipt of payments
17 thereunder by the United States from the City be construed as an admission that any part of the
18 water used by the City during the term of this Settlement Contract was in fact water to which it
19 would have been entitled under water rights owned by it.

20 MEASUREMENT OF WATER

21 10. (a) All water diverted by the City from the Sacramento River will be diverted
22 at the existing point or points of diversion shown on Exhibit A or at such other points as may be
23 mutually agreed upon in writing by the Contracting Officer and the City.

1 (b) All water diverted from the Sacramento River pursuant to this Settlement
2 Contract will be measured or caused to be measured by the City at each point of diversion with
3 existing equipment or equipment to be installed, operated, and maintained by the City and at the
4 City's expense. The equipment and methods used to make such measurement shall be in
5 accordance with sound engineering practices. Upon request of the Contracting Officer, the
6 accuracy of such measurements will be investigated by the Contracting Officer and the City and
7 any errors appearing therein will be corrected.

8 (c) The right of ingress to and egress from all points of diversion is hereby
9 granted to all authorized employees of the United States.

10 (d) City and Contracting Officer shall develop a mutually agreeable surface
11 water delivery water measurement program which shall be implemented by the City, and such
12 measurement program shall be consistent with the conservation and efficiency criteria for
13 evaluating water conservation plans as provided in Article 29(a).

14 (e) All new surface water delivery systems installed within the lands
15 delineated on Exhibit B after the effective date of this Settlement Contract shall also comply with
16 the measurement provisions described in this Article.

17 RULES AND REGULATIONS

18 11. The parties agree that the delivery of Project Water for municipal and industrial
19 use or use of Federal facilities pursuant to this Settlement Contract is subject to Federal
20 Reclamation law, and the rules and regulations promulgated by the Secretary of the Interior
21 under Federal Reclamation law.

22 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

23 12. (a) The obligation of the Contractor to pay the United States as provided in
24 this Settlement Contract is a general obligation of the Contractor notwithstanding the manner in

1 which the obligation may be distributed among the Contractor's water users and notwithstanding
2 the default of individual water users in their obligations to the Contractor.

3 (b) The payment of Charges becoming due hereunder is a condition precedent
4 to receiving benefits under this Settlement Contract. The United States shall not make water
5 available to the Contractor through Project facilities during any period in which the Contractor
6 may be in arrears in the advance payment of water Rates due the United States. The Contractor
7 shall not furnish water made available pursuant to this Settlement Contract for lands or parties
8 which are in arrears in the advance payment of water rates levied or established by the
9 Contractor.

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

12 CHARGES FOR DELINQUENT PAYMENTS

13 13. (a) The Contractor shall be subject to interest, administrative and penalty
14 charges on delinquent installments or payments. When a payment is not received by the due
15 date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond
16 the due date. When a payment becomes 60 days delinquent, the Contractor shall pay an
17 administrative charge to cover additional costs of billing and processing the delinquent payment.
18 When a payment is delinquent 90 days or more, the Contractor shall pay an additional penalty
19 charge of six percent per year for each day the payment is delinquent beyond the due date.
20 Further, the Contractor shall pay any fees incurred for debt collection services associated with a
21 delinquent payment.

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

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

30 QUALITY OF WATER

31 14. The operation and maintenance of Project facilities shall be performed in such
32 manner as is practicable to maintain the quality of raw water made available through such
33 facilities at the highest level reasonably attainable as determined by the Contracting Officer. The

1 United States does not warrant the quality of water and is under no obligation to construct or
2 furnish water treatment facilities to maintain or better the quality of water.

3 WATER AND AIR POLLUTION CONTROL

4 15. The City, in carrying out this Settlement Contract, shall comply with all
5 applicable water and air pollution laws and regulations of the United States and the State of
6 California, and shall obtain all required permits or licenses from the appropriate Federal, State,
7 or local authorities.

8 EQUAL OPPORTUNITY

9 16. During the performance of this Settlement Contract, the Contractor agrees as
10 follows:

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

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

25 (c) The Contractor will send to each labor union or representative of workers
26 with which it has a collective bargaining agreement or other contract or understanding, a notice,
27 to be provided by the Contracting Officer, advising the said labor union or workers'
28 representative of the Contractor's commitments under Section 202 of Executive Order No. 11246
29 of September 24, 1965, as amended, and shall post copies of the notice in conspicuous places
30 available to employees and applicants for employment.

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

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

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

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

22 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

23 17. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964
24 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the
25 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights
26 laws, as well as with their respective implementing regulations and guidelines imposed by the
27 U.S. Department of the Interior and/or Bureau of Reclamation.

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

35 (c) The Contractor makes this agreement in consideration of and for the
36 purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other
37 Federal financial assistance extended after the date hereof to the Contractor by the Bureau of
38 Reclamation, including installment payments after such date on account of arrangements for
39 Federal financial assistance which were approved before such date. The Contractor recognizes
40 and agrees that such Federal assistance will be extended in reliance on the representations and

1 agreements made in this Article, and that the United States reserves the right to seek judicial
2 enforcement thereof.

3 MINGLING OF CONTRACTOR'S PROJECT AND NON-PROJECT WATER

4 18. Omitted.

5 BOOKS, RECORDS, AND REPORTS

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

15 CHANGE OF PLACE OF USE OR ORGANIZATION

16 20. (a) Unless the written consent of the United States is first obtained no change
17 shall be made in the place of water use shown on Exhibit B.

18 (b) While this Settlement Contract is in effect, no change shall be made in the
19 area of the City as shown on its Exhibit B, by inclusion, exclusion, annexation or detachment of
20 lands, by dissolution, consolidation, or merger or otherwise, except upon the Contracting
21 Officer's written consent thereto. Such consent will not be unreasonably withheld and a decision
22 will be provided in a timely manner.

23 (c) In the event lands are annexed to or detached from the area of the City, as
24 provided herein, the quantity of Project Water to be diverted may be increased or decreased, as
25 may be appropriate, pursuant to a supplemental agreement to be executed in respect thereto.

26 CONSOLIDATION OF CONTRACTING ENTITIES

27 21. Consolidation of Contractors may be approved by the Contracting Officer
28 provided: (i) the Contracting Officer approves the form and organization of the resulting entity

1 and the utilization by it of the Contract Total; and (ii) the obligations of the Contractors are
2 assumed by such entity.

3 No such consolidation shall be valid unless and until approved by the Contracting
4 Officer.

5 NOTICES

6 22. Any notice, demand, or request authorized or required by this Settlement Contract
7 shall be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid,
8 or delivered to the Area Manager, Northern California Area Office, Bureau of Reclamation,
9 16349 Shasta Dam Boulevard, Shasta Lake, California 96019, and on behalf of the United
10 States, when mailed, postage prepaid, or delivered to the Council of the City of Redding, 777
11 Cypress Avenue, Redding, California 96001. The designation of the addressee or the address
12 may be changed by notice given in the same manner as provided in this Article for other notices.

13 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

14 23. (a) The provisions of this Settlement Contract shall apply to and bind the
15 successors and assigns of the parties hereto, but no assignment or transfer of this Settlement
16 Contract or any right or interest therein shall be valid until approved in writing by the
17 Contracting Officer.

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

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

23 OFFICIALS NOT TO BENEFIT

24 24. (a) No Member of or Delegate to Congress, Resident Commissioner, or
25 official of the Contractor shall benefit from this Settlement Contract other than as a water user or
26 landowner in the same manner as other water users or landowners.

27 (b) No officer or member of the governing board of the Contractor shall
28 receive any benefit that may arise by reason of this Settlement Contract other than as a
29 landowner within the Contractor's service area and in the same manner as other landowners
30 within the said service area.

1 CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS

2 25. The expenditure or advance of any money or the performance of any obligation of
3 the United States under this Settlement Contract shall be contingent upon appropriation or
4 allotment of funds. Absence of appropriation or allotment of funds shall not relieve the
5 Contractor from any obligations under this Settlement Contract. No liability shall accrue to the
6 United States in case funds are not appropriated or allotted.

7 CONFIRMATION OF SETTLEMENT CONTRACT

8 26. The Contractor, after the execution of this Settlement Contract, shall promptly
9 seek to secure a decree of a court of competent jurisdiction of the State of California, if
10 appropriate, confirming the execution of this Settlement Contract. The Contractor shall furnish
11 the United States a certified copy of the final decree, the validation proceedings, and all pertinent
12 supporting records of the court approving and confirming this Settlement Contract, and
13 decreeing and adjudging it to be lawful, valid, and binding on the Contractor. This Settlement
14 Contract shall not be binding on the United States until such final decree has been secured.

15 UNAVOIDABLE GROUNDWATER PERCOLATION

16 27. Omitted.

17 PRIVACY ACT COMPLIANCE

18 28. Omitted.

19 WATER CONSERVATION

20 29. (a) Prior to the diversion of Project Water, the City shall be implementing an
21 effective water conservation and efficiency program based on the Basin-Wide Water
22 Management Plan and/or City's water conservation plan that has been determined by the
23 Contracting Officer to meet the conservation and efficiency criteria for evaluating water
24 conservation plans established under Federal law. The water conservation and efficiency
25 program shall contain definite water conservation objectives, appropriate economically feasible
26 water conservation measures, and time schedules for meeting those objectives. Continued
27 diversion of Project Water pursuant to this Settlement Contract shall be contingent upon the
28 City's continued implementation of such water conservation program. In the event the City's

1 water conservation plan or any revised water conservation plan completed pursuant to
2 subdivision (c) of Article 29 of this Settlement Contract have not yet been determined by the
3 Contracting Officer to meet such criteria, due to circumstances which the Contracting Officer
4 determines are beyond the control of the City, Project Water deliveries shall be made under this
5 Settlement Contract so long as the City diligently works with the Contracting Officer to obtain
6 such determination at the earliest practicable date, and thereafter the City immediately begins
7 implementing its water conservation and efficiency program in accordance with the time
8 schedules therein.

9 (b) The City shall submit to the Contracting Officer a report on the status of
10 its implementation of the water conservation plan on the reporting dates specified in the then
11 existing conservation and efficiency criteria established under Federal law.

12 (c) At 5-year intervals, the City shall revise its water conservation plan to
13 reflect the then current conservation and efficiency criteria for evaluating water conservation
14 plans established under Federal law and submit such revised water management plan to the
15 Contracting Officer for review and evaluation. The Contracting Officer will then determine if
16 the water conservation plan meets Reclamation's then current conservation and efficiency
17 criteria for evaluating water conservation plans established under Federal law.

18 (d) If the City is engaged in direct ground-water recharge, such activity shall
19 be described in the City's water conservation plan.

20 (e) In order to provide incentives for water conservation, the City may reduce
21 the amount of Project Water for which payment is required under Article 8(a) in accordance with
22 the provisions of this Article 29(e).

1 (1) On or before February 15 of any Water Year, the City may file
2 with Reclamation an offer to reduce Project Water use, hereinafter referred to as Offer. The
3 Offer shall specify the maximum quantity of Project Water to be diverted by the City for each
4 month that Project Water is available for that Water Year under this Settlement Contract. The
5 Contracting Officer shall provide the City with a decision, in writing, to the Offer on or before
6 March 15 of that Water Year. The dates specified in this Article 29(e)(1) can be changed if
7 mutually agreed to, in writing, by the City and Contracting Officer.

8 (2) If Reclamation accepts the Offer, the City's payment obligation
9 under Article 8(a)(1) shall be reduced to the maximum quantity of Project Water to be diverted
10 by the City as specified in the Offer. The City shall not divert Project Water in excess of the
11 quantities set forth in the Offer: Provided, however, if the City's diversions of Project Water
12 exceed the quantities set forth in the Offer, the City shall pay to Reclamation the applicable
13 Rates and Charges plus an amount equal to the applicable Rates and Charges for each acre-foot
14 of Project Water diverted in excess of the quantities set forth in the Offer.

15 (3) If Reclamation decides not to accept the Offer, the City's payment
16 obligation will remain as specified in Article 8(a)(1).

17 (4) The provisions of this Article 29(e) shall be in addition to and shall
18 not affect the provisions of Article 3(e) pertaining to the sale, transfer, exchange or other
19 disposal of the Contract Total designated in Exhibit A.

20 OPINIONS AND DETERMINATIONS

21 30. (a) Where the terms of this Settlement Contract provide for actions to be
22 based upon the opinion or determination of either party to this Settlement Contract, said terms
23 shall not be construed as permitting such action to be predicated upon arbitrary, capricious, or

1 unreasonable opinions or determinations. Both parties, notwithstanding any other provisions of
2 this Settlement Contract, expressly reserve the right to seek relief from and appropriate
3 adjustment for any such arbitrary, capricious, or unreasonable opinion or determination. Each
4 opinion or determination by either party shall be provided in a timely manner. Nothing in
5 subdivision (a) of Article 30 of this Settlement Contract is intended to or shall affect or alter the
6 standard of judicial review applicable under Federal law to any opinion or determination
7 implementing a specific provision of Federal law embodied in statute or regulation.

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

13 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

14 31. (a) In addition to all other payments to be made by the City pursuant to this
15 Settlement Contract, the City shall pay to the United States, within 60 days after receipt of a bill
16 and detailed statement submitted by the Contracting Officer to the City for such specific items of
17 direct cost incurred by the United States for work requested by the City associated with this
18 Settlement Contract plus indirect costs in accordance with applicable Bureau of Reclamation
19 policies and procedures. All such amounts referred to in this Article shall not exceed the amount
20 agreed to in writing in advance by the City. This Article shall not apply to costs for routine
21 contract administration.

22 (b) All advances for miscellaneous costs incurred for work requested by the
23 City pursuant to Article 31 of this Settlement Contract shall be adjusted to reflect the actual costs

1 when the work has been completed. If the advances exceed the actual costs incurred, the
2 difference will be refunded to the City. If the actual costs exceed the City's advances, the City
3 will be billed for the additional costs pursuant to Article 31 of this Settlement Contract.

4 WAIVER OF DEFAULT

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

Exhibit A

City of Redding

Sacramento River

SCHEDULE OF WATER REQUIREMENTS

	<u>Base Supply</u> (acre-feet)	<u>Project Water</u> (acre-feet)	<u>Contract Total</u> (acre-feet)
March	<u>1,100</u>	<u>0</u>	<u>1,100</u>
April	<u>1,400</u>	<u>0</u>	<u>1,400</u>
May	<u>1,925</u>	<u>0</u>	<u>1,925</u>
June	<u>2,675</u>	<u>25</u>	<u>2,700</u>
July	<u>2,150</u>	<u>850</u>	<u>3,000</u>
August	<u>750</u>	<u>2,250</u>	<u>3,000</u>
September	<u>2,150</u>	<u>25</u>	<u>2,175</u>
October	<u>1,800</u>	<u>0</u>	<u>1,800</u>
November	<u>1,150</u>	<u>0</u>	<u>1,150</u>
December	<u>1,050</u>	<u>0</u>	<u>1,050</u>
January	<u>900</u>	<u>0</u>	<u>900</u>
February	<u>800</u>	<u>0</u>	<u>800</u>
Total	<u>17,850</u>	<u>3,150</u>	<u>21,000</u>

Points of Diversion: 246.7R, 246.25L

Dated:

Exhibit B

(Map to be inserted to identify area covered by contract)

City of Redding

Sacramento River

Exhibit C

City of Redding

Sacramento River

UNIT DUTY

OMITTED (Not Applicable to M&I contract)

Exhibit D

City of Redding

Sacramento River

WATER RATES AND CHARGES

Note: Rates and Charges shown are 2003 rates. This exhibit will be updated prior to execution of the contract to reflect the Rates and Charges for 2004.

COST OF SERVICE RATES:	<u>Per Acre-Foot</u>
Capital Rates	
Storage	\$9.31
O&M Rates:	
Water Marketing	\$3.68
Storage	\$5.78
Deficit Rates:	
Interest Bearing	\$1.57
CFO/PFR Adjustment Rate 1/	<u>\$2.77</u>
 TOTAL	 <u>\$23.11</u>

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

Restoration Payments (3407(d)(2)(A))	<u>\$15.38</u>
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1/ Chief Financial Officer (CFO) adjustment and Provision for Replacement (PFR) expense is being distributed over a 5-year period beginning in FY 2003 for those contractors that requested those costs be deferred.

2/ Restoration fund charges are payments in addition to the water rates and were determined pursuant to Title XXXIV of Public Law 102-575. Restoration fund charges are on a fiscal year basis (10/1 - 9/30).