

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

LONG-TERM RENEWAL CONTRACT BETWEEN THE UNITED STATES
AND
FEATHER WATER DISTRICT
PROVIDING FOR PROJECT WATER SERVICE
FROM THE SACRAMENTO RIVER DIVISION

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Exhibit A - Map of Contractor's Boundaries

Exhibit B - Rates and Charges

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

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

10 THIS CONTRACT, made this 27th day of September, 2005,

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

20 WITNESSETH, That:

21 EXPLANATORY RECITALS

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

28 [2nd] WHEREAS, the Contractor has obtained from the State of California
29 Water Resources Control Board (SWRCB) Permit No.12094 pursuant to "Application No.
30 14803 to Appropriate Unappropriated Water" (Permit 12094) to appropriate water by direct
31 diversion from the Feather River on the condition, among others, that no water shall be
32 diverted until an agreement has been consummated between the Contractor and the United
33 States providing for a concurrent exchange of water from the Project for water diverted
34 under the permit to the extent necessary to supply the prior rights of the Sacramento River
35 and the Sacramento-San Joaquin delta users; and

36 [3rd] WHEREAS, the rights to Project Water were acquired by the United States
37 pursuant to California law for operation of the Project; and

38 [4th] WHEREAS, the Contractor and the United States entered into Contract
39 No. 14-06-200-171-A, dated June 26, 1962, which established terms for Project Water to be
40 delivered in the Sacramento River for diversion by exchange from the Feather River by the
41 Contractor through December 31, 1994; and

42 [5th] WHEREAS, the Contractor and the United States have pursuant to
43 Subsection 3404(c)(1) of the Central Valley Project Improvement Act (CVPIA), subsequently
44 entered into interim renewal contract(s) identified as Contract No(s). 14-06-200-171-A-IR1,
45 14-06-200-171-A-IR2, 14-06-200-171-A-IR3, 14-06-200-171-A-IR4, 14-06-200-171-A-IR5,
46 14-06-200-171-A-IR6, 14-06-200-171-A-IR7, 14-06-200-171-A-IR8, and 14-06-200-171-A-IR9,
47 the current of which is hereinafter referred to as the "Existing Contract," which provides for
48 continued water service to the Contractor from March 1, 2004, through February 28, 2006; and

49 [6th] WHEREAS, Section 3404(c) of the CVPIA provides for long-term renewal of the
50 Existing Contract following completion of appropriate environmental documentation, including a

51 programmatic environmental impact statement (PEIS) pursuant to the National Environmental
52 Policy Act (NEPA), analyzing the direct and indirect impacts and benefits of implementing the
53 CVPIA and the potential renewal of all existing contracts for Project Water; and

54 [7th] 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 [8th] WHEREAS, the Contractor has requested the long-term renewal of the Existing
57 Contract, pursuant to the terms of the Existing Contract, Federal Reclamation law, and the laws
58 of the State of California, for water service from the Project; and

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

61 [10th] WHEREAS, the Contractor has demonstrated to the satisfaction of the
62 Contracting Officer that the Contractor has utilized the Project Water supplies available to it for
63 reasonable and beneficial use and, based upon a needs analysis cooperatively prepared by the
64 Contracting Officer and the Contractor, has demonstrated projected future demand for water use
65 that exceeds the Contract Total to be made available to it pursuant to this Contract; and

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

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

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

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

81 [15th] WHEREAS, the parties intend by this Contract to develop a more cooperative
82 relationship in order to achieve their mutual goals; and

83 [16th] WHEREAS, the United States and the Contractor are willing to enter into this
84 Contract pursuant to Federal Reclamation law on the terms and conditions set forth below;

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

87 DEFINITIONS

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

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

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

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

98 (d) “Contracting Officer” shall mean the Secretary of the Interior’s duly
99 authorized representative acting pursuant to this Contract or applicable Federal Reclamation law
100 or regulation;

101 (e) “Contract Total” shall mean the maximum amount of water to which the
102 Contractor is entitled under subdivision (a) of Article 3 of this Contract;

103 (f) “Contractor’s Service Area” shall mean the area to which the Contractor is
104 permitted to provide Project Water under this Contract as described in Exhibit “A” attached
105 hereto, which may be modified from time to time in accordance with Article 35 of this Contract
106 without amendment of this Contract;

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

109 (h) “Eligible Lands” shall mean all lands to which Irrigation Water may be
110 delivered in accordance with Section 204 of the Reclamation Reform Act of October 12, 1982
111 (96 Stat. 1263), as amended, hereinafter referred to as RRA;

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

115 (j) “Full Cost Rate” shall mean an annual rate as determined by the
116 Contracting Officer that shall amortize the expenditures for construction properly allocable to the
117 Project irrigation or municipal and industrial functions, as appropriate, of facilities in service
118 including all O&M deficits funded, less payments, over such periods as may be required under
119 Federal Reclamation law, or applicable contract provisions. Interest will accrue on both the
120 construction expenditures and funded O&M deficits from October 12, 1982, on costs outstanding
121 at that date, or from the date incurred in the case of costs arising subsequent to October 12, 1982,

122 and shall be calculated in accordance with subsections 202(3)(B) and (3)(C) of the RRA. The
123 Full Cost Rate includes actual operation, maintenance, and replacement costs consistent with
124 Section 426.2 of the Rules and Regulations for the RRA;

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

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

129 (m) "Irrigation Water" shall mean water made available from the Project that
130 is used primarily in the production of agricultural crops or livestock, including domestic use
131 incidental thereto, and watering of livestock. Irrigation Water shall not include water used for
132 purposes such as the watering of landscaping or pasture for animals (e.g., horses) which are kept
133 for personal enjoyment or water delivered to landholdings operated in units of less than five
134 acres unless the Contractor establishes to the satisfaction of the Contracting Officer that the use
135 of water delivered to such landholding is a use described in this subdivision of this Article;

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

138 (o) "Operation and Maintenance" or "O&M" shall mean normal and
139 reasonable care, control, operation, repair, replacement (other than capital replacement), and
140 maintenance of Project facilities;

141 (p) "Other Water" shall mean water made available from the Project other
142 than Irrigation Water as described in subdivision (m) of this Article, which is used for a purpose
143 that is considered to be an irrigation use pursuant to State law such as the watering of
144 landscaping or pasture for animals (e.g., horses) which are kept for personal enjoyment. For
145 purposes of this Contract, Other Water shall be paid for at Rates and Charges identical to those

146 established for municipal and industrial water pursuant to the then-current Municipal and
147 Industrial (M&I) Ratesetting Policy;

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

155 (r) "Project" shall mean the Central Valley Project owned by the United
156 States and managed by the Department of the Interior, Bureau of Reclamation;

157 (s) "Project Contractors" shall mean all parties who have water service
158 contracts for Project Water from the Project with the United States pursuant to Federal
159 Reclamation law;

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

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

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

169 (w) "Replaced Water" shall mean Project Water which is delivered in the
170 Sacramento River at the confluence with the Feather River and thence diverted by the Contractor
171 from the Feather River by exchange at points of diversion on the Feather River which are
172 approved by the Contracting Officer.

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

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

178 (z) "Water Delivered" or "Delivered Water" shall mean Replaced Water
179 diverted for use by the Contractor at the point(s) of delivery approved by the Contracting
180 Officer;

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

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

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

189 TERM OF CONTRACT

190 2. (a) This Contract shall be effective March 1, 2005, through February 28,
191 2030, and supersedes the Existing Contract. In the event the Contractor wishes to renew this
192 Contract beyond February 28, 2030, the Contractor shall submit a request for renewal in writing

193 to the Contracting Officer no later than two years prior to the date this Contract expires. The
194 renewal of this Contract insofar as it pertains to the furnishing of Irrigation Water to the
195 Contractor shall be governed by subdivision (b) of this Article.

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

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

213 (3) The terms and conditions of the renewal contract described in
214 subdivision (b)(1) of this Article and any subsequent renewal contracts shall be developed
215 consistent with the parties' respective legal rights and obligations, and in consideration of all
216 relevant facts and circumstances, as those circumstances exist at the time of renewal, including,

217 without limitation, the Contractor's need for continued delivery of Project Water; environmental
218 conditions affected by implementation of the Contract to be renewed, and specifically changes in
219 those conditions that occurred during the life of the Contract to be renewed; the Secretary's
220 progress toward achieving the purposes of the CVPIA as set out in Section 3402 and in
221 implementing the specific provisions of the CVPIA; and current and anticipated economic
222 circumstances of the region served by the Contractor.

223 (c) The Contracting Officer shall make a determination ten years after the
224 date of execution of this Contract, and every five years thereafter during the term of this
225 Contract, of whether a conversion of the relevant portion of this Contract to a contract under
226 subsection 9(d) of the Reclamation Project Act of 1939 can be accomplished pursuant to the Act
227 of July 2, 1956 (70 Stat 483). Notwithstanding any provision of this Contract, the Contractor
228 reserves and shall have all rights and benefits under the Act of July 2, 1956 (70 Stat 483). The
229 Contracting Officer anticipates that during the term of this Contract, all authorized Project
230 construction expected to occur will have occurred, and on that basis the Contracting Officer
231 agrees upon such completion to allocate all costs that are properly assignable to the Contractor,
232 and agrees further that, at any time after such allocation is made, and subject to satisfaction of
233 the condition set out in this subdivision, this Contract shall, at the request of the Contractor, be
234 converted to a contract under subsection 9(d) of the Reclamation Project Act of 1939, subject to
235 applicable Federal law and under stated terms and conditions mutually agreeable to the
236 Contractor and the Contracting Officer. A condition for such conversion to occur shall be a
237 determination by the Contracting Officer that, account being taken of the amount credited to
238 return by the Contractor as provided for under Federal Reclamation law, the remaining amount
239 of construction costs assignable for ultimate return by the Contractor can probably be repaid to
240 the United States within the term of a contract under subsection 9(d). If the remaining amount of

241 costs that are properly assignable to the Contractor cannot be determined during the term of this
242 Contract, the Contracting Officer shall notify the Contractor, and provide the reason(s) why such
243 a determination could not be made. Further, the Contracting Officer shall make such a
244 determination as soon thereafter as possible so as to permit, upon request of the Contractor and
245 satisfaction of the condition set out above, conversion to a contract under subsection 9(d). In the
246 event such determination of costs has not been made at a time which allows conversion of this
247 Contract during the term of this Contract or the Contractor has not requested conversion of this
248 Contract within such term, the parties shall incorporate in any subsequent renewal contract as
249 described in subdivision (b) of this Article a provision that carries forth in substantially identical
250 terms the provisions of this subdivision.

251 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

252 3. (a) During each Year, consistent with all applicable State water rights,
253 permits, and licenses, Federal law, and subject to the provisions set forth in Articles 11 and 12 of
254 this Contract, the Contracting Officer shall make available for delivery to the Contractor 20,000
255 acre-feet of Project Water for irrigation and other purposes. Water Delivered to the Contractor in
256 accordance with this subdivision shall be scheduled and paid pursuant to the provisions of
257 Articles 4 and 7 of this Contract.

258 (1) During the months of June, July, August, and September of each
259 Year, all water diverted by the Contractor from the Feather River, except as provided for under
260 Article 26 of this Contract, shall be deemed, solely for the purposes of this Contract, to be
261 Replaced Water; Provided, That during these four months, the Contracting Officer shall not be
262 obligated to deliver to the Contractor more than 18,533 acre-feet of Project Water, and the
263 Contractor shall not divert more than 18,533 acre-feet of water from the Feather River or the
264 quantity available to it pursuant to Articles 11 and 12 of this Contract, whichever is less.

265 (2) Diversions of water by the Contractor from the Feather River
266 during any other months of the Year shall be deemed, solely for the purposes of this Contract, to
267 be water the Contractor is entitled to divert under Permit 12094, not Replaced Water, except
268 when the SWRCB determines that insufficient water is available in the Feather River during
269 those other months, or portions thereof, for the Contractor to divert under its Permit 12094, in
270 which event all diversions made from the Feather River by the Contractor after the date specified
271 in the SWRCB's notice of unavailability of water shall necessarily be Replaced Water and the
272 Contracting Officer, subject to the provisions set forth in Articles 11 and 12 of this Contract,
273 shall be obligated to make available to the Contractor up to the full 20,000 acre-feet of Project
274 Water to which the Contractor is entitled.

275 (3) If the date specified in the SWRCB's notice terminating the period
276 of curtailment falls before June 1, then water diverted from the Feather River by the Contractor
277 after the date specified in the said notice, but before June 1, shall be deemed, solely for the
278 purposes of this Contract, to be water the Contractor is entitled to divert under Permit 12094, not
279 Replaced Water. If the date specified in the SWRCB's notice terminating the period of
280 curtailment falls after September 30, then water diverted from the Feather River by the
281 Contractor after the date specified in the said notice shall be deemed, solely for the purposes of
282 this Contract, to be water the Contractor is entitled to divert under Permit 12094, not Replaced
283 Water. Water Delivered to the Contractor in accordance with this subdivision shall be scheduled
284 and paid for pursuant to the provisions of Articles 4 and 7 of this Contract.

285 (b) Because the capacity of the Project to deliver Project Water has been
286 constrained in recent years and may be constrained in the future due to many factors including
287 hydrologic conditions and implementation of Federal and State laws, the likelihood of the
288 Contractor actually receiving the amount of Project Water set out in subdivision (a) of this

289 Article in any given Year is uncertain. The Contracting Officer's modeling referenced in the
290 PEIS projected that the Contract Total set forth in this Contract will not be available to the
291 Contractor in many years. During the most recent five years, the Recent Historic Average of
292 Water Made Available to the Contractor was 18,400 acre-feet. Nothing in subdivision (b) of this
293 Article shall affect the rights and obligations of the parties under any provision of this Contract.

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

296 (d) The Contractor shall make reasonable and beneficial use of all water
297 furnished pursuant to this Contract. Groundwater recharge programs (direct, indirect, or in lieu),
298 groundwater banking programs, surface water storage programs, and other similar programs
299 utilizing Project Water or other water furnished pursuant to this Contract conducted within the
300 Contractor's Service Area which are consistent with applicable State law and result in use
301 consistent with Federal Reclamation law will be allowed: Provided, That any direct recharge
302 program(s) is (are) described in the Contractor's water conservation plan submitted pursuant to
303 Article 26 of this Contract; Provided, further, That such water conservation plan demonstrates
304 sufficient lawful uses exist in the Contractor's Service Area so that using a long-term average,
305 the quantity of Delivered Water is demonstrated to be reasonable for such uses and in
306 compliance with Federal Reclamation law. Groundwater recharge programs, groundwater
307 banking programs, surface water storage programs, and other similar programs utilizing Project
308 Water or other water furnished pursuant to this Contract conducted outside the Contractor's
309 Service Area may be permitted upon written approval of the Contracting Officer, which approval
310 will be based upon environmental documentation, Project Water rights, and Project operational
311 concerns. The Contracting Officer will address such concerns in regulations, policies, or
312 guidelines.

313 (e) The Contractor shall comply with requirements applicable to the
314 Contractor in biological opinion(s) prepared as a result of a consultation regarding the execution
315 of this Contract undertaken pursuant to Section 7 of the Endangered Species Act of 1973 (ESA),
316 as amended, that are within the Contractor's legal authority to implement. The Existing
317 Contract, which evidences in excess of 40 years of diversions for irrigation and/or other purposes
318 of the quantities of water provided in subdivision (a) of Article 3 of this Contract, will be
319 considered in developing an appropriate baseline for biological assessment(s) prepared pursuant
320 to the ESA, and any other needed environmental review. Nothing herein shall be construed to
321 prevent the Contractor from challenging or seeking judicial relief in a court of competent
322 jurisdiction with respect to any biological opinion or other environmental documentation referred
323 to in this Article.

324 (f) Following the declaration of Water Made Available under Article 4 of this
325 Contract, the Contracting Officer will make a determination whether Project Water, or other
326 water available to the Project, can be made available to the Contractor in addition to the Contract
327 Total under Article 3 of this Contract during the Year without adversely impacting other Project
328 Contractors. At the request of the Contractor, the Contracting Officer will consult with the
329 Contractor prior to making such a determination. If the Contracting Officer determines that
330 Project Water, or other water available to the Project, can be made available to the Contractor,
331 the Contracting Officer will announce the availability of such water and shall so notify the
332 Contractor as soon as practicable. The Contracting Officer will thereafter meet with the
333 Contractor and other Project Contractors capable of taking such water to determine the most
334 equitable and efficient allocation of such water. If the Contractor requests the delivery of any
335 quantity of such water, the Contracting Officer shall make such water available to the Contractor
336 in accordance with applicable statutes, regulations, guidelines, and policies.

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

345 (h) Project Water furnished to the Contractor pursuant to this Contract may be
346 delivered for other than irrigation or municipal and industrial purposes upon written approval by
347 the Contracting Officer in accordance with the terms and conditions of such approval.

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

356 TIME FOR DELIVERY OF WATER

357 (4) (a) On or about February 20 of each Calendar Year, the Contracting Officer
358 shall announce the Contracting Officer's expected declaration of the Water Made Available.
359 Such declaration will be expressed in terms of both Water Made Available and the Recent
360 Historic Average and will be updated monthly, and more frequently if necessary, based on

361 then-current operational and hydrologic conditions and a new declaration with changes, if any, to
362 the Water Made Available will be made. The Contracting Officer shall provide forecasts of
363 Project operations and the basis of the estimate, with relevant supporting information, upon the
364 written request of the Contractor. Concurrently with the declaration of the Water Made
365 Available, the Contracting Officer shall provide the Contractor with the updated Recent Historic
366 Average.

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

373 (c) The Contractor shall not schedule Project Water in excess of the quantity
374 of Project Water the Contractor intends to put to reasonable and beneficial use within the
375 Contractor's Service Area during any Year.

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

381 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

382 5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this
383 Contract shall be delivered to the Contractor in the Sacramento River at the confluence with the
384 Feather River for diversion from the Feather River by exchange at such point or points on the

385 Feather River mutually agreed to in writing by the Contracting Officer and the Contractor
386 consistent with Permit 12094.

387 (b) The Contractor shall deliver Irrigation Water in accordance with any
388 applicable land classification provisions of Federal Reclamation law and the associated
389 regulations. The Contractor shall not deliver Project Water to land outside the Contractor's
390 Service Area unless approved in advance by the Contracting Officer.

391 (c) All Water Delivered to the Contractor pursuant to this Contract shall be
392 measured and recorded with equipment furnished, installed, operated, and maintained by the
393 Contractor at the point or points of delivery established pursuant to subdivision (a) of this
394 Article. Upon the request of either party to this Contract, the Contracting Officer shall
395 investigate the accuracy of such measurements and shall take any necessary steps to adjust any
396 errors appearing therein. For any period of time when accurate measurements have not been
397 made, the Contracting Officer shall consult with the Contractor prior to making a final
398 determination of the quantity delivered for that period of time.

399 (d) The Contracting Officer shall not be responsible for the control, carriage,
400 handling, use, disposal, or distribution of Water Delivered to the Contractor pursuant to this
401 Contract beyond the delivery points specified in subdivision (a) of this Article. The Contractor
402 shall indemnify the United States, its officers, employees, agents, and assigns on account of
403 damage or claim of damage of any nature whatsoever for which there is legal responsibility,
404 including property damage, personal injury, or death arising out of or connected with the control,
405 carriage, handling, use, disposal, or distribution of such Water Delivered beyond such delivery
406 points, except for any damage or claim arising out of (i) acts or omissions of the Contracting
407 Officer or any of its officers, employees, agents, or assigns, with the intent of creating the

408 situation resulting in any damage or claim, (ii) willful misconduct of the Contracting Officer or
409 any of its officers, employees, agents, or assigns, (iii) negligence of the Contracting Officer or
410 any of its officers, employees, agents, or assigns, or (iv) damage or claims resulting from a
411 malfunction of facilities owned and/or operated by the United States.

412 MEASUREMENT OF WATER WITHIN THE CONTRACTOR'S SERVICE AREA

413 6. (a) The Contractor has established a measuring program satisfactory to the
414 Contracting Officer. The Contractor shall ensure that all surface water delivered for irrigation
415 purposes within the Contractor's Service Area is measured at each agricultural turnout and such
416 water delivered for municipal and industrial purposes is measured at each municipal and
417 industrial service connection. The water measuring devices or water measuring methods of
418 comparable effectiveness must be acceptable to the Contracting Officer. The Contractor shall be
419 responsible for installing, operating, and maintaining and repairing all such measuring devices
420 and implementing all such water measuring methods at no cost to the United States. The
421 Contractor shall use the information obtained from such water measuring devices or water
422 measuring methods to ensure its proper management of the water, to bill water users for water
423 delivered by the Contractor; and, if applicable, to record water delivered for other purposes by
424 customer class as defined in the Contractor's water conservation plan provided for in Article 26
425 of this Contract. Nothing herein contained, however, shall preclude the Contractor from
426 establishing and collecting any charges, assessments, or other revenues authorized by California
427 law. The Contractor shall include a summary of all its annual surface water deliveries in the
428 annual report described in subdivision (c) of Article 26.

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

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

435 (d) The Contractor shall inform the Contracting Officer on or before the 20th
436 calendar day of each month of the quantity of Irrigation and Other Water taken during the
437 preceding month.

438 RATES AND METHOD OF PAYMENT FOR WATER

439 7. (a) The Contractor shall pay the United States as provided in this Article for all
440 Delivered Water at Rates, Charges, and the Tiered Pricing Component established in accordance
441 with: (i) the Secretary's ratesetting policy for Irrigation Water adopted in 1988 and the
442 Secretary's then-existing ratesetting policy for municipal and industrial water. Such ratesetting
443 policies shall be amended, modified, or superseded only through a public notice and comment
444 procedure; (ii) applicable Federal Reclamation law and associated rules and regulations, or
445 policies; and (iii) other applicable provisions of this Contract. Payments shall be made by cash
446 transaction, electronic funds transfer, or any other mechanism as may be agreed to in writing by
447 the Contractor and the Contracting Officer. The Rates, Charges, and Tiered Pricing Component
448 applicable to the Contractor upon execution of this Contract are set forth in Exhibit "B" as may
449 be revised annually.

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

452 (1) Prior to July 1 of each Calendar Year, the Contracting Officer
453 shall provide the Contractor an estimate of the Charges for Project Water that will be applied to
454 the period October 1, of the current Calendar Year, through September 30, of the following
455 Calendar Year, and the basis for such estimate. The Contractor shall be allowed not less than

456 two months to review and comment on such estimates. On or before September 15 of each
457 Calendar Year, the Contracting Officer shall notify the Contractor in writing of the Charges to be
458 in effect during the period October 1 of the current Calendar Year, through September 30, of the
459 following Calendar Year, and such notification shall revise Exhibit "B."

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

467 (c) At the time the Contractor submits the initial schedule for the delivery of
468 Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the
469 Contractor shall make an advance payment to the United States equal to the total amount payable
470 pursuant to the applicable Rate(s) set under subdivision (a) of this Article, for the Project Water
471 scheduled to be delivered pursuant to this Contract during the first two calendar months of the
472 Year. Before the end of the first month and before the end of each calendar month thereafter, the
473 Contractor shall make an advance payment to the United States, at the Rate(s) set under
474 subdivision (a) of this Article, for the Water Scheduled to be delivered pursuant to this Contract
475 during the second month immediately following. Adjustments between advance payments for
476 Water Scheduled and payments at Rates due for Water Delivered shall be made before the end of
477 the following month; Provided, That any revised schedule submitted by the Contractor pursuant
478 to Article 4 of this Contract which increases the amount of Water Delivered pursuant to this
479 Contract during any month shall be accompanied with appropriate advance payment, at the Rates

480 then in effect, to assure that Project Water is not delivered to the Contractor in advance of such
481 payment. In any month in which the quantity of Water Delivered to the Contractor pursuant to
482 this Contract equals the quantity of Water Scheduled and paid for by the Contractor, no
483 additional Project Water shall be delivered to the Contractor unless and until an advance
484 payment at the Rates then in effect for such additional Project Water is made. Final adjustment
485 between the advance payments for the Water Scheduled and payments for the quantities of Water
486 Delivered during each Year pursuant to this Contract shall be made as soon as practicable but no
487 later than April 30th of the following Year, or 60 days after the delivery of Project Water carried
488 over under subdivision (f) of Article 3 of this Contract if such water is not delivered by the last
489 day of February.

490 (d) The Contractor shall also make a payment in addition to the Rate(s) in
491 subdivision (c) of this Article to the United States for Water Delivered, at the Charges and the
492 appropriate Tiered Pricing Component then in effect, before the end of the month following the
493 month of delivery; Provided, That the Contractor may be granted an exception from the Tiered
494 Pricing Component pursuant to subdivision (j)(2) of this Article. The payments shall be
495 consistent with the quantities of Irrigation Water and Other Water delivered as shown in the
496 water delivery report for the subject month prepared by the Contracting Officer. The water
497 delivery report shall be deemed a bill for the payment of Charges and the applicable Tiered
498 Pricing Component for Water Delivered. Adjustment for overpayment or underpayment of
499 Charges shall be made through the adjustment of payments due to the United States for Charges
500 for the next month. Any amount to be paid for past due payment of Charges and the Tiered
501 Pricing Component shall be computed pursuant to Article 20 of this Contract.

502 (e) The Contractor shall pay for any Water Delivered under subdivisions (a)
503 (f), or (g) of Article 3 of this Contract as determined by the Contracting Officer pursuant to

504 applicable statutes, associated regulations, any applicable provisions of guidelines or ratesetting
505 policies; Provided, That the Rate for Water Delivered under subdivision (f) of Article 3 of this
506 Contract shall be no more than the otherwise applicable Rate for Irrigation Water or Other Water
507 under subdivision (a) of this Article.

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

510 (g) All revenues received by the United States from the Contractor relating to
511 the delivery of Project Water or the delivery of non-Project water through Project facilities shall
512 be allocated and applied in accordance with Federal Reclamation law and the associated rules or
513 regulations, and the then-current Project ratesetting policies for Municipal and Industrial Water
514 or Irrigation Water.

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

523 (i) The parties acknowledge and agree that the efficient administration of this
524 Contract is their mutual goal. Recognizing that experience has demonstrated that mechanisms,
525 policies, and procedures used for establishing Rates, Charges, and Tiered Pricing Components,
526 and/or for making and allocating payments, other than those set forth in this Article may be in
527 the mutual best interest of the parties, it is expressly agreed that the parties may enter into

528 agreements to modify the mechanisms, policies, and procedures for any of those purposes while
529 this Contract is in effect without amending this Contract.

530 (j) (1) Beginning at such time as deliveries of Project Water in a Year
531 exceed 80 percent of the Contract Total, then before the end of the month following the month of
532 delivery the Contractor shall make an additional payment to the United States equal to the
533 applicable Tiered Pricing Component. The Tiered Pricing Component for the amount of Water
534 Delivered in excess of 80 percent of the Contract Total, but less than or equal to 90 percent of the
535 Contract Total, shall equal one-half of the difference between the Rate established under
536 subdivision (a) of this Article and the Irrigation Full Cost Water Rate or Other Full Cost Water
537 Rate, whichever is applicable. The Tiered Pricing Component for the amount of Water
538 Delivered which exceeds 90 percent of the Contract Total shall equal the difference between (i)
539 the Rate established under subdivision (a) of this Article and (ii) the Irrigation Full Cost Water
540 Rate or Other Full Cost Water Rate, whichever is applicable. For all Water Delivered pursuant
541 to subdivision (a) of Article 3 of this Contract which is in excess of 80 percent of the Contract
542 Total, this increment shall be deemed to be divided between Irrigation Water and Other Water in
543 the same proportion as actual deliveries of each bear to the cumulative total Water Delivered.

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

552 (3) For purposes of determining the applicability of the Tiered Pricing
553 Component pursuant to this Article, Water Delivered shall include Project Water that the
554 Contractor transfers to others but shall not include Project Water transferred to the Contractor,
555 nor shall it include the additional water provided to the Contractor under the provisions of
556 subdivision (f) of Article 3 of this Contract.

557 (k) For the term of this Contract, Rates under the respective ratesetting
558 policies will be established to recover only reimbursable O&M (including any deficits) and
559 capital costs of the Project, as those terms are used in the then-current Project ratesetting
560 policies, and interest, where appropriate, except in instances where a minimum Rate is applicable
561 in accordance with the relevant Project ratesetting policy. Changes of significance in practices
562 which implement the Contracting Officer's ratesetting policies will not be implemented until the
563 Contracting Officer has provided the Contractor an opportunity to discuss the nature, need, and
564 impact of the proposed change.

565 (l) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the
566 CVPIA, the Rates for Project Water transferred by the Contractor shall be the Contractor's Rates
567 adjusted upward or downward to reflect the changed costs, if any, incurred by the Contracting
568 Officer in the delivery of the transferred Project Water to the transferee's point of delivery in
569 accordance with the then-applicable Project ratesetting policy. If the Contractor is receiving
570 lower Rates and Charges because of inability to pay and is transferring Project Water to another
571 entity whose Rates and Charges are not adjusted due to inability to pay, the Rates and Charges
572 for transferred Project Water shall not be adjusted to reflect the Contractor's inability to pay.

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

575 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

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

579 9. Omitted.

580 APPLICATION OF PAYMENTS AND ADJUSTMENTS

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

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

620 CONSTRAINTS ON THE AVAILABILITY OF WATER

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

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

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

637 UNAVOIDABLE GROUNDWATER PERCOLATION

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

642

RULES AND REGULATIONS

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

648

WATER AND AIR POLLUTION CONTROL

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

653

QUALITY OF WATER

654 16. (a) Project facilities used to deliver Project Water to the Contractor pursuant
655 to this Contract shall be operated and maintained to enable the United States to deliver Project
656 Water to the Contractor in accordance with the water quality standards specified in subsection
657 2(b) of the Act of August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act of
658 October 27, 1986 (100 Stat. 3050) or other existing Federal laws. The United States is under no
659 obligation to construct or furnish water treatment facilities to maintain or to improve the quality
660 of Water Delivered to the Contractor pursuant to this Contract. The United States does not
661 warrant the quality of Water Delivered to the Contractor pursuant to this Contract.

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

669
670

WATER ACQUIRED BY THE CONTRACTOR
OTHER THAN FROM THE UNITED STATES

671 17. (a) Water or water rights now owned or hereafter acquired by the Contractor
672 other than from the United States and Irrigation Water furnished pursuant to the terms of this
673 Contract may be simultaneously transported through the same distribution facilities of the
674 Contractor subject to the following: (i) if the facilities utilized for commingling Irrigation Water
675 and non-Project water were constructed without funds made available pursuant to Federal
676 Reclamation law, the provisions of Federal Reclamation law will be applicable only to the
677 Landholders of lands which receive Irrigation Water; (ii) the eligibility of land to receive
678 Irrigation Water must be established through the certification requirements as specified in the
679 Acreage Limitation Rules and Regulations (43 CFR Part 426); (iii) the water requirements of
680 Eligible Lands within the Contractor's Service Area can be established and the quantity of
681 Irrigation Water to be utilized is less than or equal to the quantity necessary to irrigate such
682 Eligible Lands; and (iv) if the facilities utilized for commingling Irrigation Water and non-
683 Project water are/were constructed with funds made available pursuant to Federal Reclamation
684 law, the non-Project water will be subject to the acreage limitation provisions of Federal
685 Reclamation law, unless the Contractor pays to the United States the incremental fee described in
686 43 CFR 426.15. In determining the incremental fee, the Contracting Officer will calculate
687 annually the cost to the Federal Government, including interest on storing or delivering
688 non-Project water, which for purposes of this Contract shall be determined as follows: The
689 quotient shall be the unpaid distribution system costs divided by the total irrigable acreage within
690 the Contractor's Service Area. The incremental fee per acre is the mathematical result of such
691 quotient times the interest rate determined using Section 202 (3) (C) of the Act of October 12,
692 1982 (96 Stat. 1263). Such incremental fee will be charged to each acre of excess or full cost
693 land within the Contractor's Service Area that receives non-Project water through Federally

694 financed or constructed facilities. The incremental fee calculation methodology will continue
695 during the term of this Contract absent the promulgation of a contrary Reclamation-wide rule,
696 regulation, or policy adopted after the Contractor has been afforded the opportunity to review
697 and comment on the proposed rule, regulation, or policy. If such rule, regulation, or policy is
698 adopted it shall supersede this provision.

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

704 (1) The Contractor may introduce non-Project water into Project
705 facilities and deliver said water to lands within the Contractor's Service Area, including
706 Ineligible Lands, subject to payment to the United States of an appropriate rate as determined by
707 the applicable Project ratesetting policy, the RRA, and the Project use power policy, if such
708 Project use power policy is applicable, each as amended, modified, or superseded from time to
709 time.

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

716 (3) The United States shall not be responsible for control, care, or
717 distribution of the non-Project water before it is introduced into or after it is delivered from the

718 Project facilities. The Contractor hereby releases and agrees to defend and indemnify the United
719 States and its respective officers, agents, and employees, from any claim for damage to persons
720 or property, direct or indirect, resulting from the acts of the Contractor, its officers', employees',
721 agents' or assigns', act(s) in (i) extracting or diverting non-Project water from any source, or (ii)
722 diverting such non-Project water into Project facilities.

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

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

731 OPINIONS AND DETERMINATIONS

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

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

747 COORDINATION AND COOPERATION

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

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

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

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

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

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

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

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

782 (d) Without limiting the contractual obligations of the Contracting Officer
783 hereunder, nothing in this Contract shall be construed to limit or constrain the Contracting
784 Officer's ability to communicate, coordinate, and cooperate with the Contractor or other
785 interested stakeholders or to make decisions in a timely fashion as needed to protect health,
786 safety, or the physical integrity of structures or facilities.

787

CHARGES FOR DELINQUENT PAYMENTS

788 20. (a) The Contractor shall be subject to interest, administrative and penalty
789 charges on delinquent installments or payments. When a payment is not received by the due
790 date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond
791 the due date. When a payment becomes sixty (60) days delinquent, the Contractor shall pay an
792 administrative charge to cover additional costs of billing and processing the delinquent payment.
793 When a payment is delinquent ninety (90) days or more, the Contractor shall pay an additional
794 penalty charge of six (6%) percent per year for each day the payment is delinquent beyond the
795 due date. Further, the Contractor shall pay any fees incurred for debt collection services
796 associated with a delinquent payment.

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

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

805

EQUAL OPPORTUNITY

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

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

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

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

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

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

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

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

851 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

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

856 (b) The payment of charges becoming due hereunder is a condition precedent
857 to receiving benefits under this Contract. The United States shall not make water available to the
858 Contractor through Project facilities during any period in which the Contractor may be in arrears

859 in the advance payment of water rates due the United States. The Contractor shall not furnish
860 water made available pursuant to this Contract for lands or parties which are in arrears in the
861 advance payment of water rates levied or established by the Contractor.

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

864 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

865 23. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964
866 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the
867 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights
868 laws, as well as with their respective implementing regulations and guidelines imposed by the
869 U.S. Department of the Interior and/or Bureau of Reclamation.

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

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

884 PRIVACY ACT COMPLIANCE

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

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

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

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

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

910 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

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

919 WATER CONSERVATION

920 26. (a) Prior to the delivery of water provided from or conveyed through
921 Federally constructed or Federally financed facilities pursuant to this Contract, the Contractor
922 shall be implementing an effective water conservation and efficiency program based on the
923 Contractor's water conservation plan that has been determined by the Contracting Officer to meet
924 the conservation and efficiency criteria for evaluating water conservation plans established under

925 Federal law. The water conservation and efficiency program shall contain definite water
926 conservation objectives, appropriate economically feasible water conservation measures, and
927 time schedules for meeting those objectives. Continued Project Water delivery pursuant to this
928 Contract shall be contingent upon the Contractor's continued implementation of such water
929 conservation program. In the event the Contractor's water conservation plan or any revised water
930 conservation plan completed pursuant to subdivision (d) of Article 26 of this Contract have not
931 yet been determined by the Contracting Officer to meet such criteria, due to circumstances which
932 the Contracting Officer determines are beyond the control of the Contractor, water deliveries
933 shall be made under this Contract so long as the Contractor diligently works with the Contracting
934 Officer to obtain such determination at the earliest practicable date, and thereafter the Contractor
935 immediately begins implementing its water conservation and efficiency program in accordance
936 with the time schedules therein.

937 (b) Should the amount of Other Water delivered pursuant to subdivision (a) of
938 Article 3 of this Contract equal or exceed 2,000 acre-feet per Year, the Contractor shall
939 implement the Best Management Practices identified by the time frames issued by the California
940 Urban Water Conservation Council for municipal and industrial water unless any such practice is
941 determined by the Contracting Officer to be inappropriate for the Contractor.

942 (c) The Contractor shall submit to the Contracting Officer a report on the
943 status of its implementation of the water conservation plan on the reporting dates specified in the
944 then-existing conservation and efficiency criteria established under Federal law.

945 (d) At five-year intervals, the Contractor shall revise its water conservation
946 plan to reflect the then-current conservation and efficiency criteria for evaluating water
947 conservation plans established under Federal law and submit such revised water management
948 plan to the Contracting Officer for review and evaluation. The Contracting Officer will then

949 determine if the water conservation plan meets Reclamation's then-current conservation and
950 efficiency criteria for evaluating water conservation plans established under Federal law.

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

953 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

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

961 28. Omitted.

962 CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS

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

968 BOOKS, RECORDS, AND REPORTS

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

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

983 (c) Omitted.

984 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

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

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

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

993 SEVERABILITY

994 32. In the event that a person or entity who is neither (i) a party to a Project contract,
995 nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii)
996 an association or other form of organization whose primary function is to represent parties to
997 Project contracts, brings an action in a court of competent jurisdiction challenging the legality or
998 enforceability of a provision included in this Contract and said person, entity, association, or
999 organization obtains a final court decision holding that such provision is legally invalid or
1000 unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s),
1001 the parties to this Contract shall use their best efforts to (i) within 30 days of the date of such
1002 final court decision identify by mutual agreement the provisions in this Contract which must be
1003 revised, and (ii) within three months thereafter promptly agree on the appropriate revision(s).

1004 The time periods specified above may be extended by mutual agreement of the parties. Pending
1005 the completion of the actions designated above, to the extent it can do so without violating any
1006 applicable provisions of law, the United States shall continue to make the quantities of Project
1007 Water specified in this Contract available to the Contractor pursuant to the provisions of this
1008 Contract which were not found to be legally invalid or unenforceable in the final court decision.

1009 RESOLUTION OF DISPUTES

1010 33. Should any dispute arise concerning any provisions of this Contract, or the
1011 parties' rights and obligations thereunder, the parties shall meet and confer in an attempt to
1012 resolve the dispute. Prior to the Contractor commencing any legal action, or the Contracting
1013 Officer referring any matter to Department of Justice, the party shall provide to the other party
1014 30 days' written notice of the intent to take such action; Provided, That such notice shall not be
1015 required where a delay in commencing an action would prejudice the interests of the party that
1016 intends to file suit. During the 30-day notice period, the Contractor and the Contracting Officer
1017 shall meet and confer in an attempt to resolve the dispute. Except as specifically provided,
1018 nothing herein is intended to waive or abridge any right or remedy that the Contractor or the
1019 United States may have.

1020 OFFICIALS NOT TO BENEFIT

1021 34. No Member of or Delegate to Congress, Resident Commissioner, or official of the
1022 Contractor shall benefit from this Contract other than as a water user or landowner in the same
1023 manner as other water users or landowners.

1024 CHANGES IN CONTRACTOR'S SERVICE AREA

1025 35. (a) While this Contract is in effect, no change may be made in the
1026 Contractor's Service Area, by inclusion or exclusion of lands, dissolution, consolidation, merger,
1027 or otherwise, except upon the Contracting Officer's written consent.

1028 (b) Within 30 days of receipt of a request for such a change, the Contracting
1029 Officer will notify the Contractor of any additional information required by the Contracting
1030 Officer for processing said request, and both parties will meet to establish a mutually agreeable

1031 schedule for timely completion of the process. Such process will analyze whether the proposed
1032 change is likely to: (i) result in the use of Project Water contrary to the terms of this Contract;
1033 (ii) impair the ability of the Contractor to pay for Project Water furnished under this Contract or
1034 to pay for any Federally-constructed facilities for which the Contractor is responsible; and (iii)
1035 have an impact on any Project Water rights applications, permits, or licenses. In addition, the
1036 Contracting Officer shall comply with the NEPA and the ESA. The Contractor will be
1037 responsible for all costs incurred by the Contracting Officer in this process, and such costs will
1038 be paid in accordance with Article 25 of this Contract.

1039 FEDERAL LAWS

1040 36. By entering into this Contract, the Contractor does not waive its rights to contest
1041 the validity or application in connection with the performance of the terms and conditions of this
1042 Contract of any Federal law or regulation; Provided, That the Contractor agrees to comply with
1043 the terms and conditions of this Contract unless and until relief from application of such Federal
1044 law or regulation to the implementing provision of the Contract is granted by a court of
1045 competent jurisdiction.

1046 NOTICES

1047 37. Any notice, demand, or request authorized or required by this Contract shall be
1048 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or
1049 delivered to the Area Manager, Bureau of Reclamation, Northern California Area Office,
1050 16349 Shasta Dam Boulevard, Shasta Lake, California 96019-8400, and on behalf of the
1051 United States, when mailed, postage prepaid, or delivered to the Board of Directors of the
1052 Feather Water District, 280 Wilkie Avenue, Yuba City, California 95991. The designation of
1053 the addressee or the address may be changed by notice given in the same manner as provided in
1054 this Article for other notices.

1055 CONFIRMATION OF CONTRACT

1056 38. The Contractor, after the execution of this Contract, shall promptly seek to secure
1057 a decree of a court of competent jurisdiction of the State of California, confirming the execution
1058 of this Contract. The Contractor shall furnish the United States a certified copy of the final
1059 decree, the validation proceedings, and all pertinent supporting records of the court approving

1060 and confirming this Contract, and decreeing and adjudging it to be lawful, valid, and binding on
1061 the Contractor.

1062 IN WITNESS WHEREOF, the parties hereto have executed this Contract as of
1063 the day and year first above written.

1064 THE UNITED STATES OF AMERICA

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

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

1065
1066
1067

1068 (-SEAL)

1069 FEATHER WATER DISTRICT

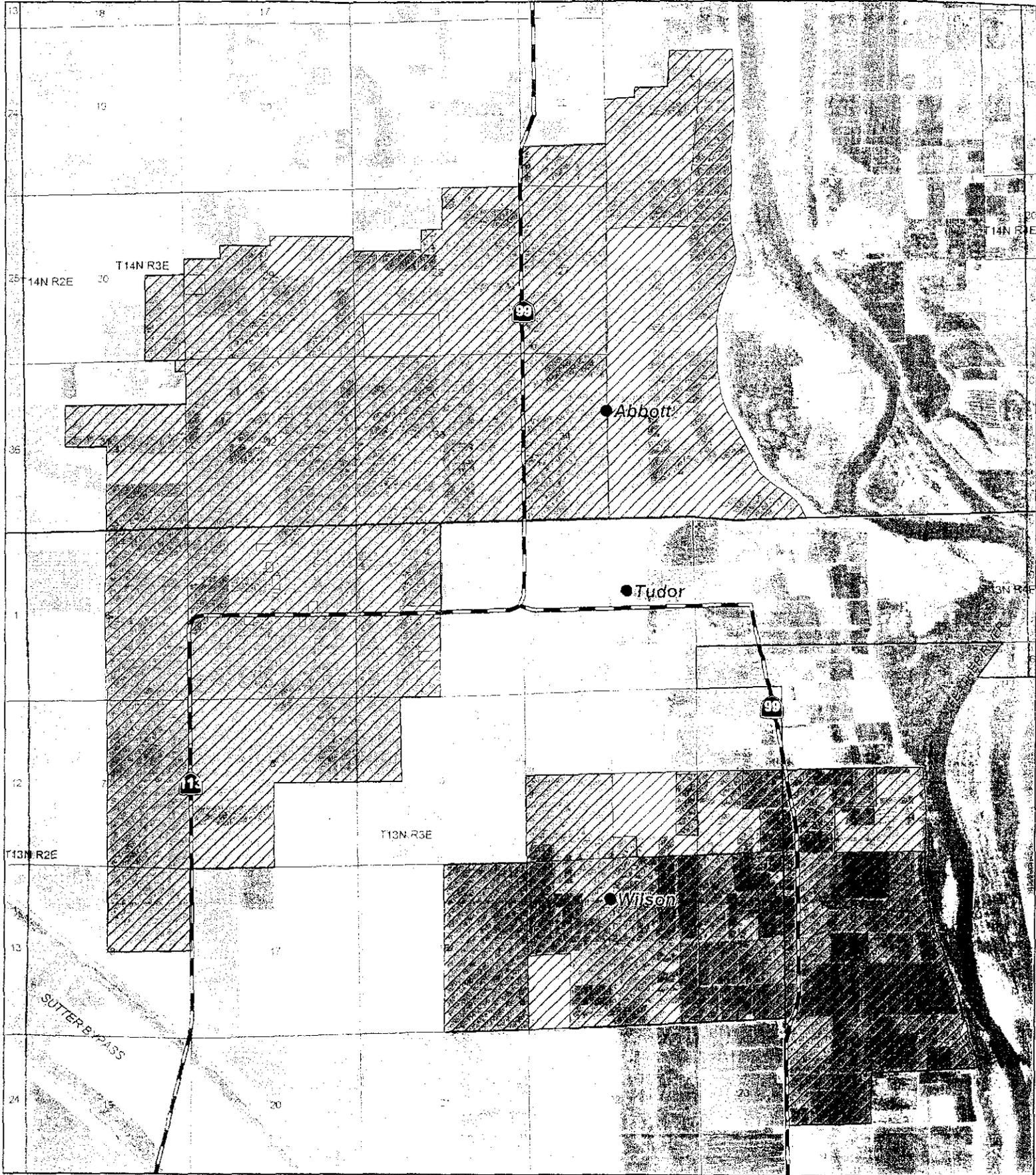
By: *[Signature]*
President of the Board of Directors

1070
1071

1072 Attest:

1073 By: *[Signature]*
1074 Secretary of the Board of Directors

1075 (H:\public\Willows Final LTRC's\2005-01-31 Feather WD LTRC Final Contract Draft.doc)



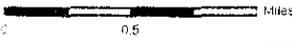
-  Contractor's Service Area
-  District Boundary

Feather Water District

Contract No. 14-06-200-171A-LTR1
Exhibit A



Date: November 12, 2004
File Name: N:\districts\contracts\feather\feather.mxd



602-202-20

EXHIBIT B
Rates and Charges
FEATHER WATER DISTRICT
2005 Water Rates and Charges

	<u>Irrigation</u>	<u>Other</u>
<u>COST OF SERVICE RATES:</u>		
Capital Rates	\$ 3.71	1/
O&M Rates:		
Water Marketing	6.61	
Storage	5.93	
Deficit Rates:		
Interest Bearing	0.00	
CFO/PFR Adjustment Rate 2/	<u>\$ 1.61</u>	
TOTAL	<u>\$17.86</u>	<u>1/</u>
<u>FULL-COST RATES:</u>		
<u>Section 202(3)</u> Rate is applicable to a Qualified Recipient or to a Limited Recipient receiving irrigation water on or before October 1, 1981.	<u>\$23.61</u>	
<u>Section 205(a)(3)</u> Rate is applicable to a Limited Recipient that did <u>not</u> receive irrigation water on or before October 1, 1981.	<u>\$26.19</u>	
<u>TIERED PRICING COMPONENTS:</u>		
Tiered Pricing Component >80% <=90% of Contract Total [Full Cost Rate – COS Rate / 2]	<u>\$ 2.88</u>	<u>1/</u>
Tiered Pricing Component >90% of Contract Total [Full Cost Rate – COS Rate]	<u>\$ 5.75</u>	<u>1/</u>
<u>CHARGES UNDER P.L. 102-575 TO THE RESTORATION FUND 2/</u>		
Restoration Payments (3407(d)(2)(A))	<u>\$ 7.93</u>	<u>1/</u>

1/ To be provided as needed.

2/ 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.

3/ 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).

FEATHER WATER DISTRICT
RESOLUTION NUMBER 9/18/05-01

Resolution Authorizing the President and the Secretary to Execute the Long-Term
Renewal Contract Between the United States and Feather Water District Providing
for Project Water Service

WHEREAS, Feather Water District (the "District") is a water service contractor with the United States Bureau of Reclamation (the "Bureau") for the exchange of water service from the Sacramento Division of the Central Valley Project; and

WHEREAS, the District and its representatives have been negotiating with the Bureau to develop a long-term water service contract in accordance with the provisions of federal reclamation law; and,

WHEREAS, a draft contract has been negotiated, submitted for public comment, and authorized for execution by the Bureau; and

WHEREAS, this contract is entitled Long-Term Renewal Contract Between the United States and Feather Water District Providing for Project Water Service, and provides for water exchange service from March 1, 2005, until February 28, 2030; and

WHEREAS, the execution of this contract by District is a project for purposes of the California Environmental Quality Act (CEQA); and

WHEREAS, the District has complied with CEQA by adopting a Negative Declaration on August 12, 2003, regarding the execution of this contract, the Negative Declaration being filed with the State Office of Planning and Research and no comments being submitted; and

WHEREAS, the District has filed a Notice of Determination with the Sutter County Clerk, said Notice remaining posted for 30 days; and,

WHEREAS, the aforementioned contract is now before the District's Board of Directors for its consideration and possible execution.

NOW, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FEATHER WATER DISTRICT AS FOLLOWS:

Section 1 – That the long-term contract between the Bureau and the District has been reviewed and the Board finds the contract acceptable.

Section 2 -- That the Board does approve the execution of the long-term contract.

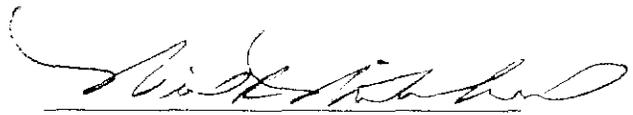
Section 3 – That the Board hereby authorizes the President and Secretary to execute the contract on behalf of the District.

PASSED AND ADOPTED this 13th day of SEPTEMBER, 2005, by the following roll call vote:

AYES: 5

NOES: 0

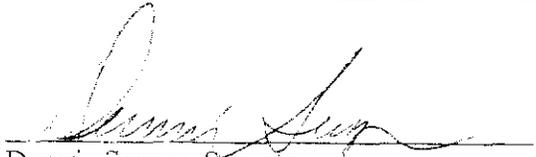
ABSENT: 0


Neill Mitchell, President

CERTIFICATE OF SECRETARY

I do hereby certify that I am the Secretary of the Feather Water District and that the Board of Directors of the District adopted the foregoing resolution Authorizing the President and the Secretary to Execute the Long-Term Renewal Contract Between the United States and Feather Water District Providing for Project Water Service at a duly held and noticed meeting at the office of the District at 280 Wilkie Avenue, Yuba City, California, on the 13th day of SEPTEMBER, 2005, at which meeting a quorum of the Directors was at all times present and acting, and that the resolution has not been rescinded or amended in whole or any part thereof, and remains in force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Feather Water District this 13th day of SEPTEMBER, 2005.


Dennis Serger, Secretary
Feather Water District