

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

CONTRACT BETWEEN THE UNITED STATES AND
GLENN-COLUSA IRRIGATION DISTRICT,
DIVERTER OF WATER FROM SACRAMENTO RIVER SOURCES,
SETTLING WATER RIGHTS DISPUTES AND
PROVIDING FOR PROJECT WATER

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16 PROVIDING FOR PROJECT WATER
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18

19 THIS CONTRACT, hereinafter referred to as "Settlement Contract," is
20 entered into by THE UNITED STATES OF AMERICA, hereinafter referred to as the
21 United States, made this _____ day of _____, 2004, pursuant to the
22 applicable authority granted to it generally in the Act of June 17, 1902 (32 Stat. 388), and
23 acts amendatory or supplementary thereto, including, but not limited to, the Acts of
24 August 26, 1937 (50 Stat. 844), as amended and supplemented, August 4, 1939 (53 Stat.
25 1187), as amended and supplemented, including but not limited to Sections 9 and 14
26 thereto, July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982
27 (96 Stat. 1262), October 27, 1986 (100 Stat. 3050), as amended, and Title XXXIV of the
28 Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter referred to as
29 Federal Reclamation law, and Glenn-Colusa Irrigation District, hereinafter referred to as
30 the Contractor, a public agency of the State of California, duly organized, existing, and
31 acting pursuant to the laws thereof, with its principal place of business in California;

32 WITNESSETH, that:

EXPLANATORY RECITALS

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[1st] WHEREAS, the United States has constructed and is operating the Central

Valley Project, California, for multiple purposes pursuant to its statutory authority; and

[2nd] WHEREAS, the Contractor has rights to divert, is diverting, and will

continue to divert for reasonable beneficial use, water from the natural flow of the

Sacramento River and tributaries thereto, that would have been flowing therein if the

Central Valley Project were not in existence and from Stony Creek pursuant to the Angle

Decree; and

[3rd] WHEREAS, the construction and operation of the integrated and

coordinated Central Valley Project has changed and will further change the regimen of

the Sacramento, American, San Joaquin, and Trinity Rivers and the Sacramento-San

Joaquin Delta from unregulated flow to regulated flow; and

[4th] WHEREAS, the United States has rights to divert, is diverting, and will

continue to divert waters from said Rivers and said Delta in connection with the operation

of said Central Valley Project, and

[5th] WHEREAS, the Contractor and the United States had a dispute over the

respective rights of the parties to divert and use water from the regulated flow of the

Sacramento River which threatened to result in litigation, and as a means to settle that

dispute entered into Contract No. 14-06-200-855A, as revised, hereinafter referred to as

the Existing Contract, which established terms for the delivery to the Contractor of

Central Valley Project Water, and the quantities of Base Supply the United States and the

Contractor agreed may be diverted by the Contractor from the Sacramento River pursuant

to such contract; and

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

12 [7th] WHEREAS, to assure the Contractor of the enjoyment and use of the
13 regulated flow of the said Rivers and the Delta, and to provide for the economical
14 operation of the Central Valley Project by, and the reimbursement to, the United States
15 for expenditures made for said Project.

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

18 DEFINITIONS

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

21 (a) “Angle Decree” shall mean that certain judgment rendered January
22 13, 1930, by the United States District Court, Northern District of California, Second

1 Division, Honorable Frank H. Kerrigan, Judge, in that certain action in Equity No. 30
2 entitled “The United States of America, Plaintiff, v. H. C. Angle, et al., Defendants”.

3 (b) “Base Supply” shall mean the quantity of Surface Water
4 established in Articles 3 and 5 which may be diverted by the Contractor from its Source
5 of Supply each month during the period April through October of each Year without
6 payment to the United States for such quantities diverted;

7 (c) “Basin-Wide Water Management Plan” shall mean the mutually
8 agreeable Sacramento River Basinwide Water Management Plan, dated _____,
9 developed by Glenn-Colusa Irrigation District, Maxwell Irrigation District, Natomas
10 Central Mutual Water Company, Pelger Mutual Water Company, Princeton-Codora-
11 Glenn Irrigation District, Provident Irrigation District, Reclamation District 108, Sutter
12 Mutual Water Company, Anderson-Cottonwood Irrigation District, M&T, Inc., Meridian
13 Farms Water Company, Reclamation District 1004 and the U.S. Bureau of Reclamation.

14 (d) “Charges” shall mean the payments for Project Water that the
15 Contractor is required to pay to the United States in addition to the “Rates” specified in
16 this Settlement Contract. The Contracting Officer will, on an annual basis, determine the
17 extent of these Charges. The type and amount of each Charge shall be specified in
18 Exhibit D;

19 (e) “Contract Total” shall mean the sum of the Base Supply and
20 Project Water available for diversion by the Contractor for the period April 1 through
21 October 31;

22 (f) “Critical Year” shall mean any Year in which either of the
23 following eventualities exists:

1 (1) The forecasted full natural inflow to Shasta Lake for the
2 current Water Year, as such forecast is made by the United States on or before February
3 15 and reviewed as frequently thereafter as conditions and information warrant, is equal
4 to or less than 3.2 million acre-feet; or

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

9 For the purpose of determining a Critical Year, the computation of inflow
10 to Shasta Lake shall be performed in a manner that considers the extent of upstream
11 development above Shasta Lake during the year in question, and shall be used as the full
12 natural flow to Shasta Lake. In the event that major construction has occurred or occurs
13 above Shasta Lake after September 1, 1963 and which has materially altered or alters the
14 regimen of the stream systems contributing to Shasta Lake, the computed inflow to
15 Shasta Lake used to define a Critical Year will be adjusted to eliminate the effect of such
16 material alterations. After consultation with the State of California, the National Weather
17 Service, and other recognized forecasting agencies, the Contracting Officer will select the
18 forecast to be used and will make the details of it available to the Contractor. The same
19 forecasts used by the United States for the operation of the Project shall be used to make
20 the forecasts hereunder;

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

1 (h) “Eligible Lands” shall mean all lands to which Project Water may
2 be delivered in accordance with Section 204 of the Reclamation Reform Act of October
3 12, 1982 (96 Stat. 1263), as amended, hereinafter referred to as RRA;

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

7 (j) “Full Cost Rate” shall mean that water rate described in Sections
8 205(a)(3) or 202(3) of the RRA, whichever is applicable;

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

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

13 (m) “Project” shall mean the Central Valley Project owned by the
14 United States and managed by the Department of the Interior, Bureau of Reclamation;

15 (n) “Project Water” shall mean all Surface Water diverted or
16 scheduled to be diverted each month during the period April through October of each
17 Year by the Contractor from its Source of Supply which is in excess of the Base Supply.
18 The United States recognizes the right of the Contractor to make arrangements for
19 acquisition of water from projects of others than the United States for delivery through
20 the Sacramento River and tributaries subject to written agreement between Contractor
21 and the United States as to identification of such water which water when so identified
22 shall not be deemed Project Water under this Settlement Contract;

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

5 (p) “Secretary” or “Contracting Officer” shall mean the Secretary of
6 the Interior, a duly appointed successor, or an authorized representative acting pursuant to
7 any authority of the Secretary and through any agency of the Department of the Interior;

8 (q) “Source of Supply” shall mean the Sacramento River and Stony
9 Creek, from which the Contractor has rights to divert, has diverted, and may continue to
10 divert;

11 (r) “Surface Water” shall mean only those waters that are considered
12 as surface water under California law;

13 (s) “Water Year” shall mean the period commencing with October 1
14 of one year and extending through September 30 of the next; and

15 (t) “Year” shall mean a calendar year.

16 TERM OF SETTLEMENT CONTRACT

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

1 (b) With respect to Project Water and the portions of this Settlement
2 Contract pertaining thereto, upon written request by the Contractor of the Secretary made
3 not later than one year prior to the expiration of this Settlement Contract, whenever,
4 account being taken of the amount then credited to the costs of construction of water
5 supply works, the remaining amount of construction costs of water supply work which is
6 properly assignable for ultimate return by the Contractor as established by the Secretary
7 of the Interior pursuant to (3) of Section 1 of Public Law 643 (70 Stat. 483), probably can
8 be repaid to the United States within the term of a contract under subsection 9(d) of the
9 1939 Reclamation Project Act (53 Stat. 1187), the relevant portions of this Settlement
10 Contract may be converted to a contract under said subsection 9(d) upon terms and
11 conditions mutually agreeable to the United States and the Contractor. The Secretary
12 shall make a determination 10 years after the date of execution of this Settlement
13 Contract, and every five years thereafter, of whether a conversion to a contract under said
14 subsection 9(d) can be accomplished pursuant to Public Law 643. Notwithstanding any
15 provision of this Settlement Contract, the Contractor reserves and shall have all rights and
16 benefits under Public Law 643.

17 WATER TO BE FURNISHED TO CONTRACTOR

18 3. (a) Subject to the conditions, limitations, and provisions hereinafter
19 expressed, the Contractor is hereby entitled and authorized to divert from its Source of
20 Supply at the locations shown in Exhibit A, for beneficial use within the area delineated
21 on Exhibit B, (both Exhibits are attached hereto and made a part hereof), the Contract
22 Total designated in Exhibit A, or any revision thereof, in accordance with the monthly
23 operating schedule required by Article 3(c) of this Settlement Contract. The quantity of

1 any water diverted under this Settlement Contract from its Source of Supply, during the
2 period April through October, for use on any lands delineated on Exhibit B, by the owner
3 of such lands or otherwise shall constitute a part of the Contract Total as shown on
4 Exhibit A and shall be subject to all the provisions of this Settlement Contract relating to
5 such Contract Total as if such diversion were made by the Contractor.

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

16 (c) Before April 1 and before the first day of each month thereafter
17 when a revision is needed, the Contractor shall submit a written schedule to the
18 Contracting Officer indicating the Contract Total to be diverted by the Contractor during
19 each month under this Settlement Contract. The United States shall furnish water to the
20 Contractor in accordance with the monthly operating schedule or any revisions thereof.
21 However, the United States recognizes the need of the Contractor to change from time to
22 time its monthly diversions of water from the quantities shown in Exhibit A; the
23 Contractor may make such changes, provided:

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

7 (2) that in no event shall the total quantity scheduled for
8 diversion by the Contractor from its Source of Supply:

9 (i) During the period April through October exceed the
10 aggregate of the Contract Total for that period shown in Exhibit A or any revision
11 thereof;

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

15 (d) In the event conditions warrant, the Contracting Officer reserves
16 the right to require the Contractor to submit, at least 72 hours prior to the beginning of
17 each weekly period, its estimate of daily diversion requirements for each such period
18 from its Source of Supply: Provided, however, that changes during any such period may
19 be made upon the giving of 72 hours' notice thereof to the Contracting Officer.

20 (e) No sale, transfer, exchange, or other disposal of any of the
21 Contract Total designated in Exhibit A or the right to the use thereof for use on land other
22 than that shown on Exhibit B shall be made by the Contractor without first obtaining the
23 written consent of the Contracting Officer. Such consent will not be unreasonably

1 withheld and a decision will be rendered in a timely manner. For short-term actions that
2 will occur within one year or less, the decision will be rendered within 30 days after
3 receipt of a complete written proposal. For long-term actions that will occur in a period
4 longer than one year, the decision will be rendered within 90 days after receipt of a
5 complete written proposal. For a proposal to be deemed complete by the Contracting
6 Officer, it must comply with all provisions required by State and Federal law, including
7 information sufficient to enable the Contracting Officer to comply with the National
8 Environmental Policy Act, the Endangered Species Act, and applicable rules or
9 regulations then in effect; Provided that, such consent does not authorize the use of
10 Federal facilities to facilitate or effectuate the sale, transfer, exchange or other disposal of
11 Base Supply. Such use of Federal facilities will be the subject of a separate agreement to
12 be entered into between the Contractor and Reclamation.

13 (f) For the purpose of determining whether section 3405(a)(1)(M) of
14 the CVPIA applies to the Contractor as a transferor or transferee of Project Water, the
15 Contracting Officer acknowledges that the Contractor is within a county, watershed or
16 other area of origin, as those terms are utilized under California law.

17 (g) Nothing herein contained shall prevent the Contractor from
18 diverting water during the months of November through March for beneficial use on the
19 land shown on Exhibit B or elsewhere to the extent authorized under the laws of the State
20 of California.

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

23 (1) The quality of water to be diverted by the Contractor;

1 (2) The control, carriage, handling, use, disposal, or
2 distribution of water diverted by the Contractor outside the facilities constructed and then
3 being operated and maintained by or on behalf of the United States;

4 (3) Claims of damage of any nature whatsoever, including but
5 not limited to, property loss or damage, personal injury, or death arising out of or
6 connected with the control, carriage, handling, use, disposal, or distribution of said water
7 outside of the hereinabove referred to facilities; and

8 (4) Any damage whether direct or indirect arising out of or in
9 any manner caused by a shortage of water whether such shortage be on account of errors
10 in operation, drought, or unavoidable causes.

11 RETURN FLOW

12 4. Nothing herein shall be construed as an abandonment or a relinquishment
13 by the United States of any right it may have to the use of waste, seepage, and return flow
14 water derived from water diverted by the Contractor hereunder and which escapes or is
15 discharged beyond the boundaries of the lands shown on Exhibit B; Provided, that this
16 shall not be construed as claiming for the United States any right to such water which is
17 recovered by the Contractor pursuant to California law from either within the boundaries
18 of the lands shown on Exhibit B or at any location in the Colusa Basin Drain north of the
19 south boundary of Section 18, Township 14 North, Range 1 West, M. D. B. & M., and
20 which is being used pursuant to this Settlement Contract for surface irrigation or
21 underground storage for the benefit of the lands within said boundaries by the Contractor.

1 CONSTRAINTS ON THE AVAILABILITY OF WATER

2 5. (a) In a Critical Year, the Contractor's Base Supply and Project Water
3 agreed to be diverted during the period April through October of the Year in which the
4 principal portion of the Critical Year occurs and, each monthly quantity of said period
5 shall be reduced by twenty-five percent.

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

11 INTEGRATED WATER MANAGEMENT AND PARTNERSHIPS

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

21 USE OF WATER FURNISHED TO CONTRACTOR

22 7. (a) Project Water furnished to the Contractor pursuant to this
23 Settlement Contract shall not be delivered or furnished by the Contractor for any

1 purposes other than agricultural purposes without the written consent of the Contracting
2 Officer. For purposes of this Settlement Contract, “agricultural purposes” includes, but is
3 not restricted to, the watering of livestock, incidental domestic use including related
4 landscape irrigation, or underground water replenishment.

5 (b) The Contractor shall comply with requirements applicable to the
6 Contractor in biological opinion(s) prepared as a result of a consultation regarding the
7 execution of this Settlement Contract undertaken pursuant to Section 7 of the Endangered
8 Species Act of 1973, as amended, that are within the Contractor’s legal authority to
9 implement. The Contractor shall comply with the limitations or requirements imposed by
10 environmental documentation applicable to the Contractor and within its legal authority
11 to implement. The Existing Contract, which evidences in excess of 40 years of
12 diversions, for agricultural uses, of the quantities of water provided for in Article 3, and
13 the underlying water rights of the Contractor will be considered in developing an
14 appropriate base-line for the Biological Assessment prepared pursuant to the Endangered
15 Species Act, and in any other needed environmental review. Nothing herein shall be
16 construed to prevent the Contractor from challenging or seeking judicial relief in a court
17 of competent jurisdiction with respect to any biological opinion or other environmental
18 documentation referred to in this Article.

19 RATE AND METHOD OF PAYMENT FOR WATER

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

22 (1) seventy-five percent of the amount shown as Project Water
23 shall be paid for by the Contractor in each Year; and in addition

1 (2) the Contractor shall pay for Project Water actually diverted
2 in excess of seventy-five percent of the amount shown as Project Water.

3 Such payments shall be at Rates and Charges established in accordance with:

4 (i) the Secretary's then current ratesetting policies for the Project; and (ii) applicable
5 Reclamation law and associated rules and regulations, or policies: Provided, that if the
6 Contractor desires to use Project Water for other than agricultural use the Rates and
7 Charges set forth above will be adjusted by the Contracting Officer to the applicable
8 Rates and Charges for such use. The Rates and Charges applicable to the Contractor
9 upon execution of this Settlement Contract are set forth in Exhibit D, as may be revised
10 annually. The Secretary's ratesetting policies for the Project shall be amended, modified,
11 or superseded only through a public notice and comment procedure. The Contracting
12 Officer shall adjust the amount of Project Water for which payment is required to the
13 extent of any reduction in diversions of Project Water made in accordance with the water
14 conservation provisions of Article 29(e).

15 (b) The Contracting Officer shall notify the Contractor of the Rates
16 and Charges as follows:

17 (1) Prior to July 1 of each Year, the Contracting Officer shall
18 provide the Contractor an estimate of the Charges for Project Water that will be applied
19 to the period October 1, of the current Year, through September 30, of the following
20 Year, and the basis for such estimate. The Contractor shall be allowed not less than two
21 months to review and comment on such estimates. On or before September 15 of each
22 Year, the Contracting Officer shall notify the Contractor in writing of the Charges to be

1 in effect during the period October 1 of the current Year, through September 30, of the
2 following Year, and such notification shall revise Exhibit D.

3 (2) Prior to October 1 of each Year, the Contracting Officer
4 shall make available to the Contractor an estimate of the Rates for Project Water for the
5 following Year and the computations and cost allocations upon which those Rates are
6 based. The Contractor shall be allowed not less than two months to review and comment
7 on such computations and cost allocations. By December 31 of each Year, the
8 Contracting Officer shall provide the Contractor with the final Rates to be in effect for
9 the upcoming Year, and such notification shall revise Exhibit D.

10 (c) The Contractor shall pay the United States for Project Water in the
11 following manner:

12 (1) With respect to Rates, prior to May 1 of each Year, the
13 Contractor shall pay the United States one-half the total amount payable pursuant to
14 subdivision (a) of this Article and the remainder shall be paid prior to July 1 or such later
15 date or dates as may be specified by the United States in a written notice to the
16 Contractor: Provided, however, that if at any time during the Year the amount of Project
17 Water diverted by the Contractor shall equal the amount for which payment has been
18 made, the Contractor shall pay for the remaining amount of such water as shown in
19 Exhibit A in advance of any further diversion of Project Water.

20 (2) With respect to Charges, the Contractor shall also make a
21 payment to the United States, in addition to the Rate(s) in subdivision (c)(1) of this
22 Article, at the Charges then in effect, before the end of the month following the month of
23 delivery or transfer. The payments shall be consistent with the quantities of Project

1 Water delivered or transferred. Adjustment for overpayment or underpayment of
2 Charges shall be made through the adjustment of payments due to the United States for
3 Charges for the next month. Any amount to be paid for past due payment of Charges
4 shall be computed pursuant to Article 13 of this Settlement Contract.

5 (d) Payments to be made by the Contractor to the United States under
6 this Settlement Contract may be paid from any revenues available to the Contractor.

7 (1) All revenues received by the United States from the
8 Contractor relating to the delivery of Project Water or the delivery of non-Project water
9 through Project facilities shall be allocated and applied in accordance with Federal
10 Reclamation law and the associated rules or regulations, and the then current Project
11 ratesetting policies for Irrigation Water.

12 (e) The Contracting Officer shall keep its accounts pertaining to the
13 administration of the financial terms and conditions of its long-term water service and
14 Settlement Contracts, in accordance with applicable Federal standards, so as to reflect the
15 application of Project costs and revenues. The Contracting Officer shall, each Year upon
16 request of the Contractor, provide to the Contractor a detailed accounting of all Project
17 and Contractor expense allocations, the disposition of all Project and Contractor
18 revenues, and a summary of all water delivery information. The Contracting Officer and
19 the Contractor shall enter into good faith negotiations to resolve any discrepancies or
20 disputes relating to accountings, reports, or information.

21 (f) The parties acknowledge and agree that the efficient administration
22 of this Settlement Contract is their mutual goal. Recognizing that experience has
23 demonstrated that mechanisms, policies, and procedures used for establishing Rates and

1 Charges and/or for making and allocating payments, other than those set forth in this
2 Article may be in the mutual best interest of the parties, it is expressly agreed that the
3 parties may enter into agreements to modify the mechanisms, policies, and procedures for
4 any of those purposes while this Settlement Contract is in effect without amendment of
5 this Settlement Contract.

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

18 (h) Except as provided in subsection 3405(a)(1)(B) of the CVPIA, the
19 Rates for Project Water transferred, exchanged, or otherwise disposed of, by the
20 Contractor shall be the Contractor's Rates adjusted upward or downward to reflect the
21 changed costs of delivery (if any) of the transferred, exchanged, or otherwise disposed of
22 Project Water to the transferee's point of delivery in accordance with the then current
23 ratesetting policies for the Project. Except as provided in subsection 3407(d)(2)(A) of the

1 CVPIA, the Charges for Project Water transferred, exchanged, or otherwise disposed of,
2 by the Contractor shall be the Contractor's Charges specified in Exhibit D. If the
3 Contractor is receiving lower Rates and Charges because of inability to pay and is
4 transferring, exchanging, or otherwise disposing of Project Water to another entity whose
5 Rates and Charges are not adjusted due to inability to pay, the Rates and Charges for
6 transferred, exchanged, or otherwise disposed of Project Water shall be the Contractor's
7 Rates and Charges unadjusted for ability to pay.

8 (i) Pursuant to the Act of October 27, 1986 (100 Stat. 3050), the
9 Contracting Officer is authorized to adjust determinations of ability to pay every five
10 years.

11 (j) Each payment to be made pursuant to subdivisions (a) and (b) of
12 this Article shall be made at the office of the Bureau of Reclamation, Mid-Pacific Region,
13 File No. 11546, P.O. Box 6000, San Francisco, California, 94160-1546, or at such other
14 place as the United States may designate in a written notice to the said Contractor.

15 Payments shall be made by cash transaction, wire, or any other mechanism as may be
16 agreed to in writing by the Contractor and the Contracting Officer. In the event there
17 should be a default in the payment of the amount due, the delinquent payment provisions
18 of Article 13 shall apply. The Contractor shall not be relieved of the whole or any part of
19 its said obligation by, on account of, or notwithstanding, as the case may be:

20 (1) Its failure, refusal, or neglect to divert seventy-five percent
21 of the quantity of Project Water shown on Exhibit A;

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

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

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

7 AGREEMENT ON WATER QUANTITIES

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

10 (1) It shall constitute full agreement as between the United
11 States and the Contractor as to the quantities of water and the allocation thereof between
12 Base Supply and Project Water which may be diverted by the Contractor from its Source
13 of Supply for beneficial use on the land shown on Exhibit B which said diversion, use,
14 and allocation shall not be disturbed so long as the Contractor shall fulfill all of its
15 obligations hereunder;

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

18 (b) Nothing herein contained is intended to or does limit rights of the
19 Contractor against others than the United States or of the United States against any
20 person other than the Contractor: Provided, however, that in the event the Contractor, the
21 United States, or any other person shall become a party to a general adjudication of rights
22 to the use of water of the Sacramento River system, this Settlement Contract shall not
23 jeopardize the rights or position of either party hereto or of any other person and the

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

11 (c) In the event that the California State Water Resources Control
12 Board or a court of competent jurisdiction issues a final decision or order modifying the
13 terms and conditions of the water rights of either party to this Settlement Contract in
14 order to impose Bay-Delta water quality obligations, the Contractor and the United States
15 shall promptly meet to determine whether or not to modify any of the terms of this
16 Settlement Contract to comply with the final decision or order, including, but not limited
17 to, the applicability of the rescheduling charge in Article 3(c)(1) of this Settlement
18 Contract. If within 60 days of the date of the issuance of the final decision or order the
19 parties are not able to reach agreement regarding either the need to modify this
20 Settlement Contract or the manner in which this Settlement Contract is to be modified,
21 the parties shall promptly retain a neutral mediator, experienced in resolving water right
22 disputes, to assist the parties in resolving their dispute. The cost of the mediator shall be
23 shared equally. In the event that either of the parties to this Settlement Contract

1 determines that the parties will not be able to develop mutually-agreeable modification(s)
2 to this Settlement Contract even with the assistance of a mediator, either of the parties to
3 this Settlement Contract may attempt to resolve the impasse by seeking appropriate
4 judicial relief including, but not limited to, filing a general adjudication of the rights to
5 the use of water in the Sacramento River system. The foregoing provisions of this sub-
6 article shall only apply to the incremental obligations contained within a final decision or
7 order of the State Water Resources Control Board that reflects a modification to the
8 obligations imposed in State Water Resources Control Board Revised Water Rights
9 Decision 1641 dated March 15, 2000, and its associated 1995 Water Quality Control Plan
10 which, taken together, will be considered the baseline for the application of the
11 provisions of this sub-article.

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

1 any part of the water used by the Contractor during the term of this Settlement Contract
2 was in fact water to which it would not have been entitled under water rights owned by it
3 nor shall receipt of payments thereunder by the United States from the Contractor be
4 construed as an admission that any part of the water used by the Contractor during the
5 term of this Settlement Contract was in fact water to which it would have been entitled
6 under water rights owned by it.

7 MEASUREMENT OF WATER

8 10. (a) All water diverted by the Contractor from its Source of Supply will
9 be diverted at the existing point or points of diversion shown on Exhibit A or at such
10 other points as may be mutually agreed upon in writing by the Contracting Officer and
11 the Contractor; Provided, that in any Year the United States reserves the right to require
12 that the Contractor shall divert all of its Contract Total, or any portion thereof, from
13 either the Sacramento River or Stony Creek or from each stream in the quantities
14 specified by the Contracting Officer but only if the quantities so specified to be diverted
15 from Stony Creek are available for such diversion. This proviso shall not be construed to
16 deny the Contractor its right to divert its Contract Total nor the right to divert from the
17 Sacramento River sufficient water to meet its minimum requirements north of Stony
18 Creek. Any time during the period April through October of any Year that the
19 Contracting Officer requires the Contractor to take water from the Sacramento River that
20 it would otherwise be entitled to divert from Stony Creek under its rights thereto
21 adjudicated in the Angle Decree, the Contractor authorizes the United States to divert,
22 store, or use such Stony Creek water. The Contractor also authorizes the diversion,
23 storage, or use of Stony Creek water by the United States prior to April 1 of any Year to

1 the extent of the Contractor's rights under the Angle Decree. In the event of such
2 diversion, storage, or use prior to April 1, the United States will furnish and the
3 Contractor may divert a quantity of water from the Sacramento River equivalent to the
4 quantity of such Stony Creek water so diverted, stored, or used by the United States.
5 Notwithstanding the other provisions of this subdivision, the Contractor reserves the right
6 to divert water from Stony Creek to the extent of its entitlements under the Angle Decree,
7 for periods not to exceed five consecutive days, whenever its Sacramento River pumps
8 are temporarily unable to meet its diversion requirements because said pumps are
9 partially or wholly inoperable due to an emergency or an unforeseeable cause.

10 (b) All water diverted from the Source of Supply pursuant to this
11 Settlement Contract will be measured or caused to be measured by the United States at
12 each point of diversion with existing equipment or equipment to be installed, operated,
13 and maintained by the United States, and/or others, under contract with and at the option
14 of the United States. The equipment and methods used to make such measurement shall
15 be in accordance with sound engineering practices. Upon request of the Contractor, the
16 accuracy of such measurements will be investigated by the Contracting Officer and any
17 errors appearing therein will be corrected.

18 (c) The right of ingress to and egress from all points of diversion is
19 hereby granted to all authorized employees of the United States. The Contractor also
20 hereby grants to the United States the right to install, operate, maintain and replace such
21 equipment on diversion or carriage facilities at each point of diversion as the Contracting
22 Officer deems necessary.

1 (d) The Contractor shall not modify, alter, remove, or replace
2 diversion facilities or do any other act which would alter the effectiveness or accuracy of
3 the measuring equipment installed by the United States or its representatives unless and
4 until the Contracting Officer has been notified with due diligence and has been given an
5 opportunity to modify such measuring equipment in such manner as may be necessary or
6 appropriate. In the event of an emergency the Contractor shall notify the United States
7 within a reasonable time thereafter as to the existence of the emergency and the nature
8 and extent of such modification, alteration, removal, or replacement of diversion
9 facilities.

10 (e) The Contractor shall pay the United States for the costs to repair,
11 relocate, or replace measurement equipment when the Contractor modifies, alters,
12 removes, or replaces diversion or carriage facilities.

13 (f) Contractor and Contracting Officer shall develop a mutually
14 agreeable surface water delivery water measurement program which shall be
15 implemented by the Contractor, and such measurement program shall be consistent with
16 the conservation and efficiency criteria for evaluating water conservation plans as
17 provided in Article 29(a).

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

21 RULES AND REGULATIONS

22 11. The parties agree that the delivery of Project Water for irrigation use or
23 use of Federal facilities pursuant to this Settlement Contract is subject to Federal

1 Reclamation law, including but not limited to, the Reclamation Reform Act of 1982 (43
2 U.S.C.390aa et seq.), as amended and supplemented, and the rules and regulations
3 promulgated by the Secretary of the Interior under Federal Reclamation law.

4 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

5
6 12. (a) The obligation of the Contractor to pay the United States as
7 provided in this Settlement Contract is a general obligation of the Contractor
8 notwithstanding the manner in which the obligation may be distributed among the
9 Contractor's water users and notwithstanding the default of individual water users in their
10 obligations to the Contractor.

11
12 (b) The payment of Charges becoming due hereunder is a condition
13 precedent to receiving benefits under this Settlement Contract. The United States shall
14 not make water available to the Contractor through Project facilities during any period in
15 which the Contractor may be in arrears in the advance payment of water Rates due the
16 United States. The Contractor shall not furnish water made available pursuant to this
17 Settlement Contract for lands or parties which are in arrears in the advance payment of
18 water rates levied or established by the Contractor.

19
20 (c) With respect to subdivision (b) of this Article, the Contractor shall
21 have no obligation to require advance payment for water Rates which it levies.

22
23 CHARGES FOR DELINQUENT PAYMENTS

24
25 13. (a) The Contractor shall be subject to interest, administrative and
26 penalty charges on delinquent installments or payments. When a payment is not received
27 by the due date, the Contractor shall pay an interest charge for each day the payment is
28 delinquent beyond the due date. When a payment becomes 60 days delinquent, the
29 Contractor shall pay an administrative charge to cover additional costs of billing and
30 processing the delinquent payment. When a payment is delinquent 90 days or more, the
31 Contractor shall pay an additional penalty charge of six percent per year for each day the
32 payment is delinquent beyond the due date. Further, the Contractor shall pay any fees
33 incurred for debt collection services associated with a delinquent payment.

34
35 (b) The interest charge rate shall be the greater of the rate prescribed
36 quarterly in the Federal Register by the Department of the Treasury for application to
37 overdue payments, or the interest rate of one-half of one percent per month prescribed by
38 Section 6 of the Reclamation Project Act of 1939 (Public Law 76-260). The interest
39 charge rate shall be determined as of the due date and remain fixed for the duration of the
40 delinquent period.

41

1 (c) When a partial payment on a delinquent account is received, the
2 amount received shall be applied, first to the penalty, second to the administrative
3 charges, third to the accrued interest, and finally to the overdue payment.
4

5 QUALITY OF WATER

6 14. The operation and maintenance of Project facilities shall be performed in
7 such manner as is practicable to maintain the quality of raw water made available through
8 such facilities at the highest level reasonably attainable as determined by the Contracting
9 Officer. The United States does not warrant the quality of water and is under no
10 obligation to construct or furnish water treatment facilities to maintain or better the
11 quality of water.

12 WATER AND AIR POLLUTION CONTROL

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

17 EQUAL OPPORTUNITY

18 16. During the performance of this Settlement Contract, the Contractor agrees
19 as follows:

20
21 (a) The Contractor will not discriminate against any employee or
22 applicant for employment because of race, color, religion, sex, or national origin. The
23 Contractor will take affirmative action to ensure that applicants are employed, and that
24 employees are treated during employment, without regard to their race, color, religion,
25 sex, or national origin. Such action shall include, but not be limited to, the following:
26 Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising;
27 layoff or termination, rates of payment or other forms of compensation; and selection for
28 training, including apprenticeship. The Contractor agrees to post in conspicuous places,
29 available to employees and applicants for employment, notices to be provided by the
30 Contracting Officer setting forth the provisions of this nondiscrimination clause.
31

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

5
6 (c) The Contractor will send to each labor union or representative of
7 workers with which it has a collective bargaining agreement or other contract or
8 understanding, a notice, to be provided by the Contracting Officer, advising the said labor
9 union or workers' representative of the Contractor's commitments under Section 202 of
10 Executive Order No. 11246 of September 24, 1965, as amended, and shall post copies of
11 the notice in conspicuous places available to employees and applicants for employment.
12

13 (d) The Contractor will comply with all provisions of Executive Order
14 No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant
15 orders of the Secretary of Labor.
16

17 (e) The Contractor will furnish all information and reports required by
18 said amended Executive Order and by the rules, regulations, and orders of the Secretary
19 of Labor, or pursuant thereto, and will permit access to its books, records, and accounts
20 by the Contracting Officer and the Secretary of Labor for purposes of investigation to
21 ascertain compliance with such rules, regulations, and orders.
22

23 (f) In the event of the Contractor's noncompliance with the
24 nondiscrimination clauses of this Settlement Contract or with any of the said rules,
25 regulations, or orders, this Settlement Contract may be canceled, terminated, or
26 suspended, in whole or in part, and the Contractor may be declared ineligible for further
27 Government contracts in accordance with procedures authorized in said amended
28 Executive Order, and such other sanctions may be imposed and remedies invoked as
29 provided in said Executive Order, or by rule, regulation, or order of the Secretary of
30 Labor, or as otherwise provided by law.
31

32 (g) The Contractor will include the provisions of paragraphs (a)
33 through (g) in every subcontract or purchase order unless exempted by the rules,
34 regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of said
35 amended Executive Order, so that such provisions will be binding upon each
36 subcontractor or vendor. The Contractor will take such action with respect to any
37 subcontract or purchase order as may be directed by the Secretary of Labor as a means of
38 enforcing such provisions, including sanctions for noncompliance: Provided, however,
39 that in the event the Contractor becomes involved in, or is threatened with, litigation with
40 a subcontractor or vendor as a result of such direction, the Contractor may request the
41 United States to enter into such litigation to protect the interests of the United States.
42

43 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS
44

45 17. (a) The Contractor shall comply with Title VI of the Civil Rights Act
46 of 1964 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112,

1 as amended), the Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other
2 applicable civil rights laws, as well as with their respective implementing regulations and
3 guidelines imposed by the U.S. Department of the Interior and/or Bureau of Reclamation.
4

5 (b) These statutes require that no person in the United States shall, on
6 the grounds of race, color, national origin, handicap, or age, be excluded from
7 participation in, be denied the benefits of, or be otherwise subjected to discrimination
8 under any program or activity receiving financial assistance from the Bureau of
9 Reclamation. By executing this Settlement Contract, the Contractor agrees to
10 immediately take any measures necessary to implement this obligation, including
11 permitting officials of the United States to inspect premises, programs, and documents.
12

13 (c) The Contractor makes this agreement in consideration of and for
14 the purpose of obtaining any and all Federal grants, loans, contracts, property discounts,
15 or other Federal financial assistance extended after the date hereof to the Contractor by
16 the Bureau of Reclamation, including installment payments after such date on account of
17 arrangements for Federal financial assistance which were approved before such date.
18 The Contractor recognizes and agrees that such Federal assistance will be extended in
19 reliance on the representations and agreements made in this Article, and that the United
20 States reserves the right to seek judicial enforcement thereof.
21

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

23 18. (a) Project Water must of necessity be transported by the Contractor to
24 its water users by means of the same works and channels used for the transport of its non-
25 Project Water including Base Supply. Notwithstanding such mingling of water, the
26 provisions of Article 11 hereof shall be applicable only to Project Water, and such
27 mingling of water shall not in any manner subject to the provisions of Article 11 hereof
28 the Contractor's non-Project water including Base Supply.

29 (b) If required in accordance with subdivision (c) of this Article, the
30 Contractor shall install and maintain such measuring equipment and distribution facilities
31 and maintain such records as may be necessary to determine the amounts of water
32 delivered to Excess Lands served by the Contractor. The Contractor shall not within any
33 month deliver to Ineligible Lands water in excess of the non-Project Water, including

1 Base Supply, for that month. The Contracting Officer or authorized representative shall
2 have the right at all reasonable times to inspect such records and measuring equipment.

3 (c) The Contractor will not be considered in violation of the
4 requirement that Project Water be delivered only to Eligible Lands during any month of
5 the irrigation season that the water requirement for beneficial use on Eligible Lands for
6 that month is equal to or in excess of the Project Water for that month as shown on
7 Exhibit A or any revision thereof pursuant to subdivision (c) of Article 3. The water
8 requirement for beneficial use on Eligible Lands will be determined by multiplying:

9 (1) the number of irrigable acres of the particular types of
10 crops grown in that year on the acreage designated as eligible by

11 (2) the Unit Duties as set forth in Exhibit C attached hereto and
12 made a part hereof, or by such other Unit Duties mutually agreed upon by the Contractor
13 and the Contracting Officer. In order to make the computation of the water requirement
14 for Eligible Lands, on April 1 of each Year and concurrently with its order for water for
15 the irrigation season, the Contractor shall designate the acreage of and type of crops to be
16 grown on its Eligible Lands that irrigation season. During any month the water
17 requirement as above determined for crops growing on Eligible Lands during such month
18 is equal to or in excess of the Project Water for that month as provided herein the
19 Contractor shall not be required to measure the water delivered to Excess Lands. Any
20 month the said water requirement is less than the amount of Project Water as provided
21 herein, the Contractor will be required to measure water delivered to excess land in
22 accordance with subdivision (b) hereof.

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BOOKS, RECORDS, AND REPORTS

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

CHANGE OF PLACE OF USE OR ORGANIZATION

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

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

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

CONSOLIDATION OF CONTRACTING ENTITIES

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

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

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

5 NOTICES

6 22. Any notice, demand, or request authorized or required by this Settlement
7 Contract shall be deemed to have been given, on behalf of the Contractor, when mailed,
8 postage prepaid, or delivered to the Area Manager, Northern California Area Office,
9 Bureau of Reclamation, 16349 Shasta Dam Blvd., Shasta Lake, California, 96019, and on
10 behalf of the United States, when mailed, postage prepaid, or delivered to the Board of
11 Directors of the Glenn-Colusa Irrigation District, 344 E. Laurel Street, Willows, CA
12 95988. The designation of the addressee or the address may be changed by notice given
13 in the same manner as provided in this Article for other notices.

14
15 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

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

21
22 (b) The assignment of any right or interest in this Settlement Contract
23 by either party shall not interfere with the rights or obligations of the other party to this
24 Settlement Contract absent the written concurrence of said other party.

25
26 (c) The Contracting Officer shall not unreasonably condition or
27 withhold his approval of any proposed assignment.

28
29 OFFICIALS NOT TO BENEFIT

30
31 24. (a) No Member of or Delegate to Congress, Resident Commissioner,
32 or official of the Contractor shall benefit from this Settlement Contract other than as a
33 water user or landowner in the same manner as other water users or landowners.

34
35 (b) No officer or member of the governing board of the Contractor
36 shall receive any benefit that may arise by reason of this Settlement Contract other than
37 as a landowner within the Contractor's service area and in the same manner as other
38 landowners within the said service area.

39

1 CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS

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

8
9 CONFIRMATION OF SETTLEMENT CONTRACT

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

18
19 UNAVOIDABLE GROUNDWATER PERCOLATION

20 27. To the extent applicable, the Contractor shall not be deemed to have
21 delivered Project Water to Excess Lands or Ineligible Lands if such lands are irrigated
22 with groundwater that reaches the underground strata as an unavoidable result of the
23 delivery of Project Water by the Contractor to Eligible Lands.

24 PRIVACY ACT COMPLIANCE

25
26 28. (a) The Contractor shall comply with the Privacy Act of 1974 (5
27 U.S.C. 552a) (the Act) and the Department of the Interior rules and regulations under the
28 Act (43 CFR 2.45 et seq.) in maintaining Landholder acreage certification and reporting
29 records, required to be submitted to the Contractor for compliance with Sections 206 and
30 228 of the Reclamation Reform Act of 1982 (96 Stat. 1266), and pursuant to 43 CFR
31 426.18.

32
33 (b) With respect to the application and administration of the criminal
34 penalty provisions of the Act (5 U.S.C. 552a(i)), the Contractor and the Contractor's
35 employees responsible for maintaining the certification and reporting records referenced
36 in (a) above are considered to be employees of the Department of the Interior. See 5
37 U.S.C. 552a(m).

38
39 (c) The Contracting Officer or a designated representative shall
40 provide the Contractor with current copies of the Interior Department Privacy Act

1 regulations and the Bureau of Reclamation Federal Register Privacy Act System of
2 Records Notice (Acreage Limitation--Interior, Reclamation-31) which govern the
3 maintenance, safeguarding, and disclosure of information contained in the Landholder's
4 certification and reporting records.

5
6 (d) The Contracting Officer shall designate a full-time employee of the
7 Bureau of Reclamation to be the System Manager who shall be responsible for making
8 decisions on denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to
9 43 CFR 2.72. The Contractor is authorized to grant requests by individuals for access to
10 their own records.

11
12 (e) The Contractor shall forward promptly to the System Manager
13 each proposed denial of access under 43 CFR 2.64; and each request for amendment of
14 records filed under 43 CFR 2.71; notify the requester accordingly of such referral; and
15 provide the System Manager with information and records necessary to prepare an
16 appropriate response to the requester. These requirements do not apply to individuals
17 seeking access to their own certification and reporting forms filed with the Contractor
18 pursuant to 43 CFR 426.18, unless the requester elects to cite the Privacy Act as a basis
19 for the request.
20
21

22 WATER CONSERVATION

23 29. (a) Prior to the diversion of Project Water, the Contractor shall be
24 implementing an effective water conservation and efficiency program based on the
25 Basin-Wide Water Management Plan and/or Contractor's water conservation plan that
26 has been determined by the Contracting Officer to meet the conservation and efficiency
27 criteria for evaluating water conservation plans established under Federal law. The water
28 conservation and efficiency program shall contain definite water conservation objectives,
29 appropriate economically feasible water conservation measures, and time schedules for
30 meeting those objectives. Continued diversion of Project Water pursuant to this
31 Settlement Contract shall be contingent upon the Contractor's continued implementation
32 of such water conservation program. In the event the Contractor's water conservation
33 plan or any revised water conservation plan completed pursuant to subdivision (c) of
34 Article 29 of this Settlement Contract have not yet been determined by the Contracting

1 Officer to meet such criteria, due to circumstances which the Contracting Officer
2 determines are beyond the control of the Contractor, Project Water deliveries shall be
3 made under this Settlement Contract so long as the Contractor diligently works with the
4 Contracting Officer to obtain such determination at the earliest practicable date, and
5 thereafter the Contractor immediately begins implementing its water conservation and
6 efficiency program in accordance with the time schedules therein.

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

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

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

20 (e) In order to provide incentives for water conservation, the
21 Contracting Officer may reduce the amount of Project Water for which payment by the
22 Contractor is required under Article 8(a) in accordance with the provisions of this Article
23 29(e).

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

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

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

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

22 OPINIONS AND DETERMINATIONS
23

1 30. (a) Where the terms of this Settlement Contract provide for actions to
2 be based upon the opinion or determination of either party to this Settlement Contract,
3 said terms shall not be construed as permitting such action to be predicated upon
4 arbitrary, capricious, or unreasonable opinions or determinations. Both parties,
5 notwithstanding any other provisions of this Settlement Contract, expressly reserve the
6 right to seek relief from and appropriate adjustment for any such arbitrary, capricious, or
7 unreasonable opinion or determination. Each opinion or determination by either party
8 shall be provided in a timely manner. Nothing in subdivision (a) of Article 30 of this
9 Settlement Contract is intended to or shall affect or alter the standard of judicial review
10 applicable under Federal law to any opinion or determination implementing a specific
11 provision of Federal law embodied in statute or regulation.

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

18 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

19 31. (a) In addition to all other payments to be made by the Contractor
20 pursuant to this Settlement Contract, the Contractor shall pay to the United States, within
21 60 days after receipt of a bill and detailed statement submitted by the Contracting Officer
22 to the Contractor for such specific items of direct cost incurred by the United States for
23 work requested by the Contractor associated with this Settlement Contract plus indirect

1 costs in accordance with applicable Bureau of Reclamation policies and procedures. All
2 such amounts referred to in this Article shall not exceed the amount agreed to in writing
3 in advance by the Contractor. This Article shall not apply to costs for routine contract
4 administration.

5 (b) All advances for miscellaneous costs incurred for work requested
6 by the Contractor pursuant to Article 31 of this Settlement Contract shall be adjusted to
7 reflect the actual costs when the work has been completed. If the advances exceed the
8 actual costs incurred, the difference will be refunded to the Contractor. If the actual costs
9 exceed the Contractor's advances, the Contractor will be billed for the additional costs
10 pursuant to Article 31 of this Settlement Contract.

11 WAIVER OF DEFAULT

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

1 IN WITNESS WHEREOF, the parties hereto have executed this Settlement
2 Contract as of the day and year first hereinabove written.

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(SEAL)

THE UNITED STATES OF AMERICA

By: _____
Regional Director, Mid-Pacific Region
Bureau of Reclamation

(Contractor)

By: _____
President

ATTEST:

Secretary

**2003 Water Rates and Charges for Contract No. 14-06-200-855A
Glenn-Colusa Irrigation District - Sacramento River**

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COST OF SERVICE RATES:	<u>Per Acre-Foot</u>
Capital Rates	\$4.33
O&M Rates:	
Water Marketing	\$6.28
Storage	\$5.57
Deficit Rates:	
Interest Bearing	\$4.05
Other Rates:	
CFO/PFR Adjustment	\$0.00
TOTAL	\$20.23
FULL-COST RATES:	
Section 202(3) Rate is applicable to a Qualified Recipient or to a Limited Recipient receiving irrigation water on or before October 1, 1981.	\$24.07
Section 205(a)(3) Rate is applicable to a Limited Recipient that did not receive irrigation water on or before October 1, 1981.	\$26.43
CHARGES UNDER P.L. 102-575 TO THE RESTORATION FUND 1/	
Restoration Payments (3407(d)(2)(A))	\$7.69

1/ *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).*