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

CONTRACT BETWEEN THE UNITED STATES AND THE SITES PROJECT AUTHORITY PROVIDING FOR CONVEYANCE OF NON-PROJECT WATER

DRAFT

Contents

Explanatory Recitals 3
Definitions ..... 5~~4~~
Term Of Contract ..... 8~~7~~
Introduction, Conveyance, And Delivery Of Non-Project Water Utilizing CVP Facilities ..... 9~~8~~
Measurement Of Non-Project Water ..... 13~~12~~
Operation, Maintenance, And Replacement ..... 15~~13~~
By Operating Non-Federal Entity ..... 15~~13~~
Payments And Adjustments ..... 16~~14~~
Excess Capacity ..... 18~~16~~
Acreage Limitation Provisions ..... **Error! Bookmark not defined.**
Receipt And Distribution Of Non-Project Water ..... 18~~17~~
United States Not Liable ..... 19~~17~~
Charges For Delinquent Payments ..... 20~~18~~
General Obligation – Benefits Conditioned Upon Payment ..... 22~~18~~
Confirmation Of Contract ..... **Error! Bookmark not defined.**~~19~~
Notices ..... 22~~19~~
Contingent Upon Appropriation Or Allotment Of Funds ..... 22~~19~~
Officials Not To Benefit ..... 22~~19~~
Changes In Sites Authority's Organization ..... 23~~19~~
Assignment Limited – Successors And Assigns Obligated ..... 23~~20~~
Books, Records, And Reports ..... 23~~20~~
Compliance With Federal Reclamation Laws ..... 23~~20~~
Protection Of Water And Air Quality ..... 24~~21~~

Water Conservation ..... 25~~22~~
Compliance With Civil Rights Laws And Regulations ..... 25~~22~~
Medium For Transmitting Payments ..... 26~~23~~
Contract Drafting Considerations ..... 26~~23~~
Incorporation Of Exhibits ..... 27~~24~~
Signature Page 25

Exhibit A – Sites Authority's Boundary Map
Exhibit B – Storage and Conveyance Rates
Exhibit C – Source(s) of Sites Authority's Non-Project Water
Exhibit D – Point(s) of Introduction and Delivery of Non-Project Water
Exhibit E – Water Quality Standards

DRAFT

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

CONTRACT BETWEEN THE UNITED STATES
AND
THE SITES PROJECT AUTHORITY
PROVIDING FOR CONVEYANCE OF NON-PROJECT WATER

THIS CONTRACT, made this _____ day of _____, 2026, pursuant to the Act of June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto, including Section 1 of the Act of February 21, 1911 (36 Stat. 925), Section 14 of the Act of August 4, 1939 (53 Stat. 1197), and Section 305 of the Reclamation States Emergency Drought Relief Act of 1991, enacted March 5, 1992 (106 Stat. 59), all collectively hereinafter referred to as the Federal Reclamation laws, between the UNITED STATES OF AMERICA, hereinafter referred to as the United States, represented by the officer executing this Contract, hereinafter referred to as the "Contracting Officer" or "Reclamation", and the SITES PROJECT AUTHORITY, hereinafter referred to as the "Sites Authority", with its principal place of business in Maxwell, California, individually "Party" and collectively "Parties".

WITNESSETH, That;

EXPLANATORY RECITALS

[1st] WHEREAS, the United States has constructed and is operating the Central Valley Project, California, for diversion, storage, carriage, distribution and beneficial use, for flood control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and restoration, generation and distribution of electric energy, salinity control, navigation and other

DRAFT

beneficial uses, of waters of the Sacramento River, the American River, the Trinity River, and the San Joaquin River and their tributaries; and

[2nd] WHEREAS, the Sites Authority, previously known as the Sites Joint Powers Authority, was formed as a California joint powers authority operating under and by virtue of Section 6500 *et seq*., of the California Government Code and formed in accordance with the Sites Project Authority Joint Exercise of Powers Agreement, as such agreement may be modified from time to time, with the primary purpose of designing, constructing, owning, operating and maintaining the Sites Project, a State-led storage project; and

[3rd] WHEREAS, the Sites Authority asserts a right to a Non-Project Water supply for Irrigation Water, Municipal and Industrial Water, and environmental purposes and has requested the United States convey said Non-Project Water through Excess Capacity in Central Valley Project Facilities, as identified in Exhibit C; and

[4th] WHEREAS, the United States is willing to convey said Non-Project Water to the Sites Authority through Excess Capacity in said Central Valley Project Facilities in accordance with the terms and conditions hereinafter stated; and

[5th] WHEREAS, the environmental compliance requirements for the execution of this Contract have been met by issuance of the Record of Decision for the Sites Project on January 23, 2026; and

[6th] WHEREAS, the United States and the Sites Authority have entered into a Partnership Agreement dated [XXXX, 2026] to memorialize the Federal investment in and associated benefits of the Sites Project; and

[7th] WHEREAS, this Contract shall be Exhibit F to the Partnership Agreement between the Sites Authority and United States; and

[8th] WHEREAS, the Sites Authority has agreed to donate Non-Project Water to the United States pursuant to the Refuge Water Donation Agreement dated [XXXX, 2026]; and

[9th] WHEREAS, the United States, the California Department of Water Resources, and the Sites Authority intend to enter into the Agreement Between the Department of Water Resources of the State of California, the United States Bureau of Reclamation, and the Sites Project Authority to Coordinate in the Operations of the Sites Reservoir Project pursuant to the letter addressed to the Sites Authority dated September 15, 2026.

NOW, THEREFORE, in consideration of the covenants herein contained, it is mutually agreed by the Parties hereto as follows:

DEFINITIONS

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

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

(b) "Central Valley Project" or "CVP" shall mean the Central Valley Project owned by the United States and managed by the Department of the Interior, Bureau of Reclamation;

~~(c) ;~~

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

(e) "CVP Water" shall mean all water that is developed, diverted, stored, or delivered by the Secretary in accordance with the statutes authorizing the CVP and in accordance

DRAFT

with the terms and conditions of water rights acquired pursuant to California law for such water. "CVP Water" shall always have priority in capacity and operations over "Excess Capacity" or "Non-Project Water";

(fg) "Excess Capacity" shall mean capacity in the Federal Facilities in excess of that needed to meet the CVP's authorized purposes, as determined solely by the Contracting Officer once the Sites Project reaches a state of Completion as defined in the Partnership Agreement, which may be made available to convey and deliver Non-Project Water;

(gh) "Federal Facilities" shall mean the facilities owned by the United States, as listed in Exhibit D;

(~~i~~ih) "Irrigation Water" shall mean Non-Project Water used to irrigate land primarily for the production of commercial agricultural crops or livestock, and domestic and other uses that are incidental thereto;

(~~m~~ji) "Municipal and Industrial (M&I) Water" shall mean Non-Project Water used for municipal, industrial, and miscellaneous other purposes not falling under the definition of "Irrigation Water" or within another category of water use under applicable Federal authorities;

(~~n~~kj) "Non-Project Water" shall mean water appropriated by the Sites Authority through the Sites Water Right and other water as identified in Exhibit C- that has not been appropriated or acquired by the United States;

(~~o~~lk) "Operating Non-Federal Entity" shall mean the non-Federal entity that has the obligation, pursuant to a separate agreement with the United States, to operate and maintain

DRAFT

all or a portion of the Federal Facilities, and which may have funding obligations with respect thereto;

(l) "Project Use Energy" shall mean electrical energy, and its associated ancillary service components, required to provide the full electrical service needed to operate and maintain Federal Facilities, and to provide electric service for CVP purposes and loads in conformance with the Reclamation Project authorization. Project Use Energy is not available to pump Non-Project Water, to operate pumps that were not built as Federal Facilities as part of the CVP, to pump CVP Water outside the authorized service area, or provide for on-farm uses;

(~~p~~m) "Rates" shall mean the amount to be paid to the United States by the Sites Authority, as set forth in Exhibit B, for the use of Excess Capacity in the Federal Facilities made available pursuant to this Contract;

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

(o) "Sites Authority" shall mean a California Joint Powers Authority operating under and by Section 6500 et seq., of the California Government Code and formed in accordance with the Sites Joint Powers Authority Agreement, as such agreement may be modified from time to time. The Sites Authority was established for the purpose of designing, constructing, owning, operating and maintaining the Sites Project;

(~~sn~~p) "Sites Authority's Boundaries" shall mean the geographic area within which the Sites Authority is authorized to serve Non-Project Water under this Contract as set forth on Exhibit A, which may be modified in accordance with Article 18, without amendment of

DRAFT

this Contract. If the State Water Resources Control Board modifies the Contractor's place of use under the Sites Water Right, the Sites Authority shall notify the Contracting Officer, in writing, within 90 days of changes;

(~~toq~~) "Sites Project" shall mean the facilities utilized by the Sites Authority for the purpose of providing storage and conveyance of water, and other benefits, as such project may be modified from time to time;

(r) "Sites Reservoir" shall mean the 1.5 million acre-feet off-stream storage reservoir near Maxwell, California;

(~~uos~~) "Sites Water Right" shall mean the water right for the Sites Reservoir Project under Application 33534A. The final SWRCB order is contained in permit 21487 and Decision1653. ~~(order ##) obtained and held by the Sites Authority for the Sites Project.~~;

(~~uqt~~) "Year" shall mean the period from and including March 1 of the Calendar Year through the last day of February of the following Calendar Year.

TERM OF CONTRACT

2. (a) This Contract shall become effective on the date hereinabove written and shall remain in effect for fifty (50) years through [Insert correct day].

(b) Execution of this Contract is contingent upon the execution of the following:

(i) Partnership Agreement between Reclamation and the Sites Authority

(ii) Refuge Water Donation Agreement between Reclamation and the Sites Authority

(iii) Contract for Administration of Public Benefits between the State of California and the Sites Authority

DRAFT

(iv) Operations Agreement between Reclamation, the State of California Department of Water Resources and the Sites Authority.

(c) This Contract may be renewed for successive terms, *Provided,* That the Sites Authority shall submit a request for renewal in writing to the Contracting Officer no later than two years prior to the date this Contract expires, and *Provided further,* That the Sites Authority is in compliance with all the terms and conditions of this Contract and the Sites Water Right.

(d) This Contract may be terminated by the Contracting Officer at an earlier date upon written notice to the Sites Authority, if the Contracting Officer determines that the Sites Authority has not complied with one or more terms or conditions of this Contract.

(e) ___The Parties agree that the dispute resolution process outlined in Article 10 of this Contract shall take effect before termination is considered.

INTRODUCTION, CONVEYANCE, AND DELIVERY OF NON-PROJECT WATER UTILIZING FEDERAL FACILITIES

3. (a) During the term of this Contract, the Sites Authority may introduce up to ~~#######~~ 986,000acre-feet each Year of Non-Project Water from the source(s) identified in Exhibit C, which Exhibit may be updated at any time without amendment of this Contract, into the Federal Facilities at the points of delivery identified in Exhibit D which Exhibit may be updated at any time without amendment of this Contract. The United States or the designated Operating Non-Federal Entity shall convey Non-Project Water through Excess Capacity in the Federal Facilities from said point(s) of introduction for delivery to the Sites Authority at the point(s) identified on Exhibit D or other location(s) mutually agreed to in writing by the Contracting Officer, in coordination with any appropriate Operating Non-Federal Entity, and the

DRAFT

Sites Authority, in accordance with an approved schedule submitted by the Sites Authority pursuant to subdivision (d) of this Article, *Provided,* That the quantity of Non-Project Water to be conveyed for the Sites Authority utilizing Federal Facilities shall not exceed the quantity of Non-Project Water introduced into the Federal Facilities at said point(s) of introduction by the Sites Authority, less applicable conveyance losses.

(b) Exhibits C and D may be modified or replaced by mutual agreement of the Sites Authority and the Contracting Officer to reflect changes to the source(s) of Non-Project Water and point(s) of delivery without amendment of this Contract, *Provided, however,* That no such modification or replacement shall be approved by the Contracting Officer absent the completion of all appropriate environmental documentation, including but not limited to, documents prepared pursuant to the National Environmental Policy Act of 1969 (NEPA) and the Endangered Species Act of 1973 (ESA), as amended, and to the extent required under applicable law.

(c) All Non-Project Water conveyed and delivered to the Sites Authority pursuant to this Contract shall be compliant with the terms of the respective water rights listed in Exhibit C.

(d) Reclamation reserves the right to amend Exhibit B when applicable. Reclamation agrees to consult with the Sites Authority prior to finalization of any amendment.

(~~d~~e) Prior to the introduction of Non-Project Water into the Federal Facilities, the Sites Authority shall submit a schedule to the Contracting Officer and the designated Operating Non-Federal Entity showing the quantities of Non-Project Water to be introduced into the Federal Facilities, and the desired time or times for delivery of said Non-Project Water; *Provided,* That the Sites Authority is not required to initially schedule delivery of the maximum

DRAFT

quantity of Non-Project Water for which the Sites Authority desires conveyance during the Year. The initial schedule and any revision(s) thereof shall be in a form acceptable to the Contracting Officer and shall be submitted at such times and in such manner as determined by the Contracting Officer. The Sites Authority shall not introduce Non-Project Water into the Federal Facilities unless and until the schedule and any revision(s) thereof have been approved by the Contracting Officer.

(~~e~~f) All Non-Project Water remaining in the Federal Facilities after thirty (30) days from the date of introduction or upon termination of this Contract shall be deemed to be unused water relinquished to the United States for CVP purposes. Further, all Non-Project Water made available for delivery to the Sites Authority from the Federal Facilities and not accepted by the Sites Authority shall be deemed to be unused water relinquished to the United States for CVP purposes.

(~~f~~g) Unless otherwise agreed to in writing by the Contracting Officer, the Non-Project Water shall be introduced into existing Federal Facilities and conveyed to the Sites Authority or its designee. If temporary inflow or delivery facilities are required to effectuate the introduction of Non-Project Water into the existing Federal Facilities or the conveyance of the Non-Project Water to the Sites Authority or its designee utilizing the Federal Facilities, the Authority shall, at its own cost and expense, obtain all appropriate environmental documents, necessary rights-of-way for such facilities, including the appropriate right of-use agreement(s) or other authorizations issued by the United States for any such facilities located on right-of-way for existing Federal Facilities. The Sites Authority, at its own cost and expense, shall be responsible for providing, installing, operating, maintaining, repairing, replacing, and removing said inflow and delivery facilities. The Sites Authority hereby grants to the Contracting Officer

DRAFT

and the Operating Non-Federal Entity access, for the purpose of this Contract, to all temporary inflow and delivery facilities installed and owned by the Sites Authority.

(~~g~~h) The introduction, conveyance, and delivery of Non-Project Water pursuant to this Contract will not be supported with Project Use Energy. If electrical power is required to convey or pump the Non-Project Water into, through or from the Federal Facilities, the Sites Authority shall be responsible for the acquisition and payment of all electrical power and associated transmission service charges, and provide a copy of a power contract and copies of payment documents to the Contracting Officer as evidence that such electrical power has been contracted and paid for prior to the introduction, conveyance, and delivery of any Non-Project Water;

(i) If electrical power is required to convey or pump the Non-Project Water into, through, or from the Federal Facilities, the Sites Authority shall, prior to the introduction, conveyance, and delivery of any Non-Project Water, enter into a letter of agreement with the United States that provides for the payment of all actual energy costs and fees incurred in the introduction, conveyance and delivery of the Non-Project Water.

(~~h~~j) The Parties recognize and agree that the Non-Project Water donated to the Refuge Water Supply Program by the Sites Authority is considered Incremental Level 4 at the Point(s) of Acceptance pursuant to the Refuge Water Donation Agreement, dated XXXX. Therefore, use of Federal Facilities for conveyance of Non-Project Water from Sites Reservoir to the Point(s) of Acceptance will not be supported by Project Use Energy. Nothing in this Contract shall modify the Refuge Water Donation Agreement.

DRAFT

(~~i~~j) The Sites Authority shall have no rights to any benefits from incidental power generation that may result from the conveyance of the Non-Project Water through Excess Capacity in the Federal Facilities authorized pursuant to this Contract.

(~~j~~k) The introduction of Non-Project Water into the Federal Facilities by the Sites Authority shall be conditioned upon compliance by the Sites Authority with the environmental measures described in the environmental documentation prepared in connection with the execution of this Contract and with the terms of the applicable operations procedures approved by the Contracting Officer.

(l) This Contract does not give Reclamation's delivery of Non-Project Water, as defined in this Contract, a higher or lower priority than the delivery of Non-Project Water for the Sites Authority or its designees. The Parties agree that Reclamation's share of the Non-Project Water delivered under this Contract will have delivery priority consistent with all other Non-Project Water under this Contract.

MEASUREMENT OF NON-PROJECT WATER

4. (a) All Non-Project Water shall be measured or caused to be measured and recorded by the Sites Authority at the point(s) of introduction and point(s) of delivery established pursuant to Article ## herein with measurement devices acceptable to the Contracting Officer and the methods used to make such measurements shall be in accordance with sound engineering practices.

(b) Unless otherwise agreed to in writing by the Contracting Officer, the Sites Authority, at its own cost and expense, shall be responsible for providing, installing, operating, maintaining, repairing, replacing, and removing all non-Federal measurement devices required under this Contract in accordance with any right of-use agreement(s) or other requisite

DRAFT

authorization(s) issued by the United States. The Sites Authority shall be responsible for all costs associated with the issuance of such right-of-use agreement(s) and authorization(s).

(c) The Sites Authority shall maintain accurate records of both the quantity of Non-Project Water expressed in acre-feet and the flow of Non-Project Water expressed in cubic feet per second introduced into and delivered from Federal Facilities at said authorized point(s) of introduction and delivery and shall provide such records to the Contracting Officer and the Operating Non-Federal Entity at such times and in such manner as determined by the Contracting Officer.

(d) Upon the request of either Party to this Contract, the Contracting Officer shall investigate or cause to be investigated by the Operating Non-Federal Entity, the accuracy of all measurements of Non-Project Water required by this Contract. If the investigation discloses errors in the recorded measurements, such errors shall be promptly corrected. If the investigation discloses that measurement devices are defective or inoperative, the Contracting Officer shall take any necessary actions to ensure that the responsible Party makes the appropriate adjustments, repairs, or replacements to the measurement devices. In the event the Sites Authority, as the responsible Party, neglects or fails to make or cause to make such adjustments, repairs, or replacements to the measurement devices within a reasonable time and to the reasonable satisfaction of the Contracting Officer, the Contracting Officer may cause such adjustments, repairs, or replacements to be made and the costs thereof shall be charged to the Sites Authority and the Sites Authority shall pay said charges to the United States immediately upon receipt of a detailed billing. For any period of time during which accurate measurements of the Non-Project Water have not been made, the Contracting Officer shall consult with the Sites Authority and the Operating Non-Federal Entity prior to making a determination of the quantity

DRAFT

of Non-Project Water introduced, conveyed and delivered for that period of time and such determination by the Contracting Officer shall be final and binding on the Sites Authority.

OPERATION, MAINTENANCE, AND REPLACEMENT
BY OPERATING NON-FEDERAL ENTITY

5. (a) The operation, maintenance and replacement (OM&R) of a portion of the Federal Facilities to be used to introduce and convey Non-Project Water and responsibility for funding a portion of the costs of such OM&R, have been transferred from the United States to an Operating Non-Federal Entity pursuant to a separate agreement, which agreement may be amended, superseded or replaced. That separate agreement shall not interfere with or affect the rights or obligations of the Sites Authority or the United States hereunder, nor shall this Contract interfere with or affect the rights or obligations of the United States or the Operating Non-Federal Entity under their OM&R agreement.

(b) The Sites Authority shall pay directly to the Operating Non-Federal Entity, or to any successor approved by the Contracting Officer under the terms and conditions of the separate agreement described in subdivision (a) of this Article, all rates, charges, or assessments of any kind, including any assessment for reserve funds, that the Operating Non-Federal Entity or such successor determines, sets, or establishes for the OM&R of the portion of the Federal Facilities operated and maintained by the Operating Non-Federal Entity or such successor used to convey the Non-Project Water.

(c) For so long as the OM&R of any portion of the Federal Facilities used to convey the Non-Project Water to the Sites Authority is performed by the Operating Non-Federal Entity, or any successor thereto, the Contracting Officer shall adjust those components of the Rates for the Non-Project Water conveyed under this Contract by deleting the costs associated with the activity being performed by the Operating Non-Federal Entity or its successor.

DRAFT

(d) In the event the United States reassumes OM&R of any portion of the Federal Facilities from the Operating Non-Federal Entity, the Contracting Officer shall so notify the Sites Authority, in writing, and shall revise the Rates on Exhibit B to include the costs associated with the OM&R activities reassumed by the United States. The Sites Authority shall, thereafter, in the absence of written notification from the Contracting Officer to the contrary, pay the Rates, specified in the revised Exhibit B directly to the United States in compliance with Article 6 of this Contract.

PAYMENTS AND ADJUSTMENTS

6. (a) At the time the Sites Authority submits a schedule, or any revision(s) thereof pursuant to subdivision (d) of Article 3 of this Contract, the Sites Authority shall make an advance payment to the United States equal to the total amount payable pursuant to the applicable Rates shown on Exhibit B for each acre-foot of Non-Project Water to be introduced into the Federal Facilities. Non-Project Water shall not be introduced into Federal Facilities by the Sites Authority prior to such payment being received by the United States. Final adjustments between the advance payments for the Non-Project Water scheduled and payment for the quantities of Non-Project Water conveyed during the Calendar Year pursuant to this Contract shall be made as soon as practicable but not later than April 30 of the following Calendar Year.

(b) The quantity of water conveyed through Federal Facilities to the Sites Authority shall not exceed the quantity of Non-Project Water authorized pursuant to subdivision (a) of Article 3 of this Contract.

(c) The amount of any overpayment by the Sites Authority by reason of the quantity of Non-Project Water introduced into the Federal Facilities and conveyed pursuant to this Contract, as conclusively determined by the Contracting Officer, having been less than the

DRAFT

quantity which the Sites Authority otherwise under the provisions of this Contract would have been required to pay for, shall be applied first to any accrued indebtedness arising out of this Contract then due and owing to the United States by the Sites Authority. Any amount of such overpayment then remaining shall be refunded to the Sites Authority: *Provided, however,* That no refund shall be made by the United States to the Sites Authority for any quantity of Non-Project Water deemed to be unused water relinquished to the United States for CVP purposes pursuant to subdivision (~~e~~f) of Article 3 of this Contract.

(d)

(e) Charges paid by the Sites Authority pursuant to subdivision (a) of this Article, shall be covered into the Central Valley Project fund in accordance with Section 14 of the Act of August 4, 1939 (53 Stat. 1197) and Section 3.A(2) of Reclamation Manual Directives and Standards *Charges for Non-Project Use of Excess Capacity in Reclamation Project Facilities* (PEC 05-11), as may be revised or superseded.

(f) The payment of the Rates set forth in this Article ## for the use of Excess Capacity are exclusive of OM&R costs to be paid directly to the Operating Non-Federal Entity by the Sites Authority, and any additional charges that the Sites Authority may assess its water users. In accordance with the Act of February 21, 1911 (36 Stat. 925), the Sites Authority may not impose on its water users any charge for the use of Excess Capacity that exceeds the total amount paid to the United States and to the Operating Non-Federal Entity: *Provided, That* the Sites Authority may also charge its water users such additional amounts as are necessary to cover the Sites Authority's reasonable administrative costs in contracting with the United States for the use of Excess Capacity in the Central Valley Project Facilities.

DRAFT

EXCESS CAPACITY

7. (a) The availability of Excess Capacity shall be determined solely by the Contracting Officer. Nothing contained in this Contract shall limit or preclude the United States from utilizing available capacity in the Federal Facilities for the storage and conveyance of CVP Water pursuant to Federal law, Reclamation law or policy, and existing contract(s), or for using Excess Capacity in the Federal Facilities for the storage and conveyance of any other supplies of Non-Project Water.

(b) The Contracting Officer and the Operating Non-Federal Entity shall not be obligated to convey Non-Project Water during periods of maintenance or for other operating requirements.

(c) If at any time the Contracting Officer reasonably determines that there will not be Excess Capacity in the Federal Facilities sufficient to allow the Non-Project Water to be introduced into, conveyed, and delivered in accordance with an approved schedule submitted by the Sites Authority, the Contracting Officer shall so notify the Sites Authority in writing. Within 24 hours of said notice, the Sites Authority shall revise its schedule accordingly.

(d) No provision of this Contract shall be construed in any way as a basis for the Sites Authority to establish a priority to or a permanent right to the use of Excess Capacity in the Federal Facilities nor to set a precedent to obligate the United States to enter into contracts with any other entities or individuals for the conveyance or storage of Non-Project Water.

RECEIPT AND DISTRIBUTION OF NON-PROJECT WATER

8. (a) The Parties hereto acknowledge that this Contract does not grant any permission or entitlement to the Sites Authority to extract and/or divert Non-Project Water from the source(s) described on Exhibit C or to change the nature or place of use of its rights to said Non-Project Water in any way. It is the responsibility of the Sites Authority to comply with all

DRAFT

applicable Federal, State, and local laws, rules and regulations, including, but not limited to, State water law in relation to the Non-Project Water. Except to the extent Non-Project Water is part of the United States' interest under the Partnership Agreement, and to the extent that the Sites Authority is providing Non-Project Water under the Refuge Water Donation Agreement, it is expressly understood by the Parties that the United States is otherwise only providing conveyance capacity for the Non-Project Water and does not claim any interest in the acquisition or use of the Non-Project Water beyond the terms specifically set forth in this Contract.

(b) The Contracting Officer makes no representations as to the accuracy of the description or of the validity of the Sites Authority's rights to the Non-Project Water described in Exhibit C.

UNITED STATES NOT LIABLE

9. (a) The United States, its officers, agents and employees, including the Operating Non-Federal Entity, shall not be responsible for the control, care, or distribution of Non-Project Water before it is introduced into or after it is delivered from the Federal Facilities. Except to the extent Non-Project Water is part of the United States' interest under the Partnership Agreement, and to the extent that the Sites Authority is providing Non-Project Water under the Refuge Water Donation Agreement, it is specifically understood by the Parties hereto that the United States is otherwise only providing conveyance capacity for the Non-Project Water and does not claim any interest in Non-Project Water beyond the terms specifically set forth in this Contract.

(b) The Sites Authority shall indemnify and hold harmless the United States, its officers, agents, employees, and assigns, and the Operating Non-Federal Entity, from any loss or damage and from any liability on account of personal injury, death, or property damage, or

DRAFT

claims for personal injury, death, or property damage, of any nature whatsoever arising out of any actions or omissions of the Sites Authority, its directors, officers, agents, contractors, employees, and assigns under this Contract, including the manner or method in which the Non-Project Water identified in Exhibit C is introduced into and delivered from the Federal Facilities. The Sites Authority further releases the United States, its officers, agents, employees, assigns, and the Operating Non-Federal Entity, from every claim for injury to persons, death, or property damage, direct or indirect, resulting from the Contracting Officer's determination of the quantity of Excess Capacity available in the Federal Facilities for conveyance of the Non-Project Water; the determination that the Non-Project Water introduced into Federal Facilities must be terminated; or the elimination from Exhibit C of any source(s) of Non-Project Water. Nothing contained in this Article shall be construed as an assumption of liability by the Sites Authority with respect to such matters.

DISPUTE RESOLUTION

10. (a) Should any dispute arise concerning any provision(s) of this Contract, or the Parties' rights and obligations thereunder, the United States and the Sites Authority shall meet and confer in an attempt to informally resolve the dispute. Both Parties agree to work in good faith to resolve any disputes which may arise. If the Parties are unable to resolve the dispute at this level, then the dispute will be elevated to the Contracting Officer and the Executive Director or designee of the Sites Authority. If the Parties are unable to resolve the dispute at this level, the Contracting Officer will make a final decision. Either Party may seek relief in a court of competent jurisdiction, consistent with Federal law and without waiving the United States' sovereign immunity from suit. Prior to the Sites Authority commencing any legal action, or the Contracting Officer referring any matter to the Department of Justice, the Party

DRAFT

shall provide to the other Party thirty (30) days' written notice of the intent to take such action; Provided, that such notice shall not be required where a delay in commencing an action would prejudice the interests of the Party that intends to file suit. During the thirty (30) day notice period, the Parties shall meet and confer in an attempt to resolve the dispute. Except as specifically provided, nothing herein is intended to waive or abridge any right or remedy that the Sites Authority or the United States may have.

(b) Reclamation shall have no responsibility to participate in or resolve disputes between the Sites Authority and any third party regarding this Contract.

(c) If the Sites Authority seeks to resolve a dispute with a third party, such resolution cannot violate the terms of this Contract without Reclamation's consent.

CHARGES FOR DELINQUENT PAYMENTS

11~~0~~. (a) The Sites Authority shall be subject to interest, administrative, and penalty charges on delinquent payments. If a payment is not received by the due date, the Sites Authority shall pay an interest charge on the delinquent payment for each day the payment is delinquent beyond the due date. If a payment becomes 60 days delinquent, in addition to the interest charge, the Sites Authority shall pay an administrative charge to cover additional costs of billing and processing the delinquent payment. If a payment is delinquent 90 days or more, in addition to the interest and administrative charges, the Sites Authority shall pay a penalty charge for each day the payment is delinquent beyond the due date, based on the remaining balance of the payment due at the rate of 6 percent per year. The Sites Authority shall also pay any fees incurred for debt collection services associated with a delinquent payment.

(b) The interest charge rate shall be the greater of either the rate prescribed quarterly in the Federal Register by the Department of the Treasury for application to overdue payments or the interest rate of 0.5 percent per month. The interest charge rate will be determined as of the due date and remain fixed for the duration of the delinquent period.

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

DRAFT

(d) If Reclamation pays the Operating Non-Federal Entity directly for the Sites Authority's delinquent payment, the Sites Authority shall credit Reclamation as an In-Kind Service or reimburse Reclamation as provided in the Partnership Agreement.

GENERAL OBLIGATION – BENEFITS CONDITIONED UPON PAYMENT

12~~1~~. (a) The obligation of the Sites Authority to pay the United States as provided in this Contract is a general obligation of the Sites Authority notwithstanding the manner in which the obligation may be distributed among the Sites Authority's water users and notwithstanding the default of individual water users in their obligation to the Sites Authority.

(b) The payment of charges becoming due pursuant to this Contract is a condition precedent to receiving benefits under this Contract. The United States shall not make Non-Project Water available to the Sites Authority through Central Valley Project Facilities during any period in which the Sites Authority is in arrears in the advance payment of Rates and charges due the United States. The Sites Authority shall not deliver Non-Project Water under the terms and conditions of this Contract for lands or Parties that are in arrears in the advance payment of rates and charges as levied or established by the Sites Authority.

NOTICES

13. Any notice, demand, or request authorized or required by this Contract shall be deemed to have been given, on behalf of the Authority, when mailed, postage prepaid, or delivered to Bureau of Reclamation, 2800 Cottage Way, Sacramento, CA 95825-1898, and on behalf of the United States, when mailed, postage prepaid, or delivered to Sites Project Authority, P.O. Box 517, 122 Old Highway 99 West, Maxwell, California 95955. The designation of the addressee or the address may be changed by notice given in the same manner as provided in this Article for other notices.

CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS

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

OFFICIALS NOT TO BENEFIT

15. No Member of or Delegate to the Congress, Resident Commissioner, or official of the Sites Authority shall benefit from this Contract other than as a water user or landowner in the same manner as other water users or landowners.

DRAFT

CHANGES IN SITES AUTHORITY'S ORGANIZATION

16. While this Contract is in effect, no change may be made in the Sites Authority's organization, by inclusion or exclusion of lands or by any other changes which may affect the respective rights, obligations, privileges, and duties of either the United States or the Sites Authority under this Contract including, but not limited to, dissolution, consolidation, or merger, except upon the Contracting Officer's written consent.

ASSIGNMENT LIMITED – SUCCESSORS AND ASSIGNS OBLIGATED

17. The provisions of this Contract shall apply to and bind the successors and assigns of the Parties hereto, but no assignment or transfer of this Contract or any right or interest therein by either Party shall be valid until approved in writing by the other Party.

BOOKS, RECORDS, AND REPORTS

18. (a) The Sites Authority shall establish and maintain accounts and other books and records pertaining to administration of the terms and conditions of this Contract, including the Sites Authority's financial transactions; water supply data; Sites Project operation, maintenance, and replacement logs; Sites Project land and rights-of-way use 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 shall be furnished to the Contracting Officer in such form and on such date or dates as the Contracting Officer may require in accordance with applicable laws, rules, regulations, and Reclamation Manual Directives and Standards. Subject to applicable Federal laws and regulations, each Party to this Contract shall have the right during office hours to examine and make copies of the other Party's books and records relating to matters covered by this Contract.

COMPLIANCE WITH FEDERAL RECLAMATION LAWS

19. (a) The parties agree that the delivery of irrigation water or use of Federal facilities pursuant to this Contract is subject to Federal reclamation law, as amended and supplemented, and the rules and regulations promulgated by the Secretary of the Interior under Federal reclamation law.

(b) The Sites Authority shall comply with all applicable Federal, State, and local laws, executive orders, rules and regulations applicable to its performance under this Contract.

DRAFT

PROTECTION OF WATER AND AIR QUALITY

20. (a) Central Valley Project Facilities used to make available and deliver Non-Project Water to the Authority shall be operated and maintained in the most practical manner to maintain the quality of the Non-Project Water at the highest level possible as determined by the Contracting Officer: Provided, That the United States does not warrant the quality of the Non-Project Water delivered to the Sites Authority and is under no obligation to furnish or construct water treatment facilities to maintain or improve the quality of the Non-Project Water delivered to the Sites Authority.

(b) The Sites Authority shall comply with all applicable water and air pollution laws and regulations of the United States and the State of California; and shall obtain all required permits or licenses from the appropriate Federal, State, or local authorities necessary for the delivery of Non-Project Water by the Sites Authority; and shall be responsible for compliance with all Federal, State, and local water quality standards applicable to surface and subsurface drainage and/or discharges generated through the use of CVP Facilities or Sites Authority facilities or Non-Project Water provided by the Sites Authority within the Sites Authority's Place of Use.

(c) This Article ## shall not affect or alter any legal obligations of the Secretary to provide drainage or other discharge services.

(d) The Non-Project Water introduced into the Federal Facilities shall be of such quality, as determined solely by the Contracting Officer, as to not significantly degrade the quality of the CVP Water. If it is determined by the Contracting Officer that the quality of the Non-Project Water from any source(s) identified in Exhibit C will significantly degrade the quality of CVP Water in or introduced into the Federal Facilities, the Sites Authority shall, upon receipt of a written notice from the Contracting Officer, arrange for the immediate suspension of the introduction of Non-Project Water from such source(s) into the Federal Facilities. Such suspension shall remain in effect until the Sites Authority remediates the water quality of the Non-Project Water to an acceptable level and any future Non-Project Water introduction into Federal Facilities no longer significantly degrades CVP Water quality determined solely by the Contracting Officer. The Contracting Officer reserves the right to modify Exhibit C to delete such source~~s~~(s) of Non-Project Water.

DRAFT

(e) Exhibit E identifies the minimum water quality standards for monitoring the quality of Non-Project Water introduced by the Sites Authority into Federal Facilities. The Sites Authority is responsible for metering, sampling, and analytical costs associated with evaluating quality of the Non-Project Water.

(f) At all times during the term of this Contract, the Sites Authority shall be in compliance with the requirements of Exhibit E acceptable to the Contracting Officer and the then-current Water Quality Portfolio (Portfolio) reviewed by the Contracting Officer and approved by the State Water Resources Control Board, consistent with the Sites Water Right, to monitor Non-Project Water introduced into and conveyed through the Federal Facilities. Exhibit E shall describe the sample collection procedures, water testing methods, and data review process, including quality control/quality assurance protocols, to verify analytical results.

(g) The Contracting Officer reserves the right to require additional analyses to ensure the Non-Project Water meets the Bureau of Reclamation's water quality acceptance criteria.

WATER CONSERVATION

21. Prior to the delivery of water provided from or conveyed through federally constructed or federally financed facilities pursuant to this Contract, the Sites Authority shall develop a water conservation plan, as required by subsection 210(b) of the Reclamation Reform Act of 1982 and 43 C.F.R. 427.1 (Water Conservation Rules and Regulations).

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

22. (a) The Sites Authority shall comply with Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352; 42 U.S.C. § 2000d), the Rehabilitation Act of 1973 (Pub. L. 93-112, Title V, as amended; 29 U.S.C. § 791, et seq.), the Age Discrimination Act of 1975 (Pub. L. 94-135, Title III; 42 U.S.C. § 6101, et seq.), Title II of the Americans with Disabilities Act of 1990 (Pub. L. 101-336; 42 U.S.C. § 12131, et seq.), and any other applicable civil rights laws, and with the applicable implementing regulations and any guidelines imposed by the U.S. Department of the Interior and/or Bureau of Reclamation.

(b) These statutes prohibit any person in the United States from being excluded from participation in, being denied the benefits of, or being otherwise subjected to

DRAFT

discrimination under any program or activity receiving financial assistance from the Bureau of Reclamation on the grounds of race, color, national origin, disability, or age. By executing this Contract, the Sites Authority agrees to immediately take any measures necessary to implement this obligation, including permitting officials of the United States to inspect premises, programs, and documents.

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

(d) Complaints of discrimination against the Sites Authority shall be investigated by the Contracting Officer's Office of Civil Rights.

MEDIUM FOR TRANSMITTING PAYMENTS

23. (a) All payments from the Sites Authority to the United States under this contract shall be by the medium requested by the United States on or before the date payment is due. The required method of payment may include checks, wire transfers, or other types of payment specified by the United States.

(b) Upon execution of the contract, the Sites Authority shall furnish the Contracting Officer with the Sites Authority's taxpayer's identification number (TIN). The purpose for requiring the Sites Authority's TIN is for collecting and reporting any delinquent amounts arising out of the Sites Authority's relationship with the United States.

CONTRACT DRAFTING CONSIDERATIONS

24. This Contract has been negotiated and reviewed by the Parties hereto, each of whom is sophisticated in the matters to which this Contract pertains. The double-spaced articles of this Contract have been drafted, negotiated, and reviewed by the Parties, and no one Party shall be considered to have drafted the stated Articles.

SEVERABILITY

25. In the event that any one or more of the provisions contained herein is, for any reason, held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Agreement, but this Agreement is to be construed as if such invalid, illegal or unenforceable provisions had never been contained herein, unless the deletion of such provision or provisions would result in such a material change

DRAFT

so as to cause the fundamental benefits afforded the Parties by this Agreement to become unavailable or materially altered.

INCORPORATION OF EXHIBITS

26. Exhibits A through E~~F~~ are attached hereto and incorporated herein by reference.

DRAFT

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

(SEAL) UNITED STATES OF AMERICA

By: _____
Regional Director
California Great-Basin Region
Bureau of Reclamation

SITES PROJECT AUTHORITY

By: _____
[Name], [Title]

DRAFT

EXHIBIT A

AUTHORITY'S BOUNDARIES

DRAFT

EXHIBIT B

STORAGE AND CONVEYANCE RATES

DRAFT

/

EXHIBIT C

SOURCE(S) OF NON-PROJECT WATER
SITES AUTHORITY

The source of the Sites Authority's Non-Project Water Supply~~, commonly known as "Sites Water,"~~ shall refer to the Sites Water Right, ~~is~~ described herein below:

The source of the Sites Authority's Non-Project Water supply is the (1) Sacramento River in Tehama County and (2) Sacramento River in Glenn County diverted and stored under the Sites Authority's Water Right Application 33534A, which authorizes the Sites Authority to divert and store Municipal, Domestic, Industrial, Irrigation, Recreational, Stockwatering, Frost Protection, Fish and Wildlife Preservation and Enhancement, Water Quality, and Incidental Power uses.*

DRAFT

EXHIBIT D

POINT(S) OF INTRODUCTION AND DELIVERY OF NON-PROJECT WATER

	GPS Coordinates	Power Required?
Points of Introduction		
Red Bluff Pumping Plant		
Funks Reservoir		
Points of Delivery		
Funks Reservoir		
Tehama-Colusa Canal		

DRAFT

EXHIBIT E

WATER QUALITY STANDARDS
WATER QUALITY STANDARDS AND SITES-SPECIFIC CONSTITUENTS OF CONCERN

1. Purpose

This Exhibit identifies the water quality requirements applicable to Non-Project Water introduced into the Federal Facilities pursuant to this Contract. The Parties intend that water quality monitoring under this Contract utilize, to the maximum extent practicable, monitoring otherwise required of the Sites Authority and not establish duplicative or additional requirements.

2. Applicable Water Quality Requirements

Non-Project Water introduced into the Federal Facilities shall comply with the water quality requirements of the then-current Quality Assurance Action Plan applicable to the introduction and conveyance of non-Project Water through the Tehama-Colusa Canal ("TC Canal QAAP"), together with the Sites-specific constituents of concern identified in Section 3 of this Exhibit. The Contracting Officer will have the opportunity to review and comment on the Water Quality Portfolio before submittal to the State Water Resources Control Board and reserves the right to update this exhibit.

3. Sites-Specific Constituents of Concern

In addition to the constituents addressed by the TC Canal QAAP, the following Sites Reservoir-related constituents shall be considered and addressed, consistent with the monitoring required under the Sites Water Right including the Water Quality Portfolio approved by the State Water Resources Control Board:

(a) Cyanobacteria and Cyanotoxins. Cyanobacteria and cyanotoxins associated with harmful algal blooms ("HABs")~~, including the physical, chemical, biological, and other parameters~~

DRAFT

~~required to be monitored under the Sites Water Right for evaluating the presence, development, and release of HABs~~ in water released from Sites Reservoir to the TC Canal.

(b) Methylmercury. Methylmercury in water released from Sites Reservoir to the TC Canal ~~and Non-Project Wwater released from Sites Reservoir, including associated monitoring required under the Sites Water Right and approved Methylmercury Mitigation Plan~~.

(c) Temperature. Water temperature associated with releases from Sites Reservoir to the TC Canal~~, to the extent monitoring is required under the Sites Water Right and approved Water Quality Portfolio~~.

4. Monitoring

Monitoring of the Sites-specific constituents identified in Section 3 shall be conducted in accordance with the Sites Water Right, the then-current Water Quality Portfolio approved by the State Water Resources Control Board, and the monitoring plans incorporated therein.

The Sites Authority shall make available to the Contracting Officer water quality monitoring information collected pursuant to the Sites Water Right that is reasonably necessary to determine compliance with the water quality requirements applicable to introduction of Non-Project Water into the Federal Facilities.

5. Modification

This Exhibit may be modified by mutual written agreement of the Parties to reflect changes to the TC Canal QAAP, the Sites Water Right, or the Water Quality Portfolio. Reclamation reserves the right to modify this Exhibit if it deems future versions of the TC Canal QAAP, the Sites Water Right, or the Water Quality Portfolio do not meet the CVP's water quality requirements. ~~Any such modification shall be consistent with the intent that this Contract not~~

DRAFT

~~independently impose monitoring requirements beyond those otherwise applicable to the Sites Authority under the Sites Water Right, except as mutually agreed by the Parties.~~

6. Review

Reclamation and the Sites Authority shall jointly review this Exhibit, which review shall be performed at least every five (5) years. A more frequent review will occur if determined to be appropriate by the Parties.

DRAFT

~~EXHIBIT F~~

~~APPROVED LABORATORY LIST~~

DRAFT