

SUBCONTRACT BETWEEN THE COUNTY OF COLUSA
AND THE 4-M WATER DISTRICT
PROVIDING FOR RESALE OF WATER UNDER CONTRACT BETWEEN
THE UNITED STATES OF AMERICA AND THE COUNTY OF COLUSA

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Contract No.
0-07-20-W0183-R-1

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SUBCONTRACT BETWEEN THE COUNTY OF COLUSA
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This Subcontract is made this 25th day of February, 2005, by and between the COUNTY OF COLUSA, hereinafter referred to as the County, acting through the Chairman of the Board of Supervisors, with its principal place of business in Colusa, California, and the 4-M WATER DISTRICT, hereinafter referred to as the Member Unit, acting through the President and Secretary of the Board of Directors, with its principal place of business in Maxwell, California.

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WITNESSETH, that:

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EXPLANATORY RECITALS

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[1st] WHEREAS, on March 1, 2005, in pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and Acts amendatory thereof or supplementary thereto, the United States of America and the County of Colusa entered into Contract No. 14-06-200-8310A-LTR1 providing for water service, hereinafter referred to as Master Contract; and

[2nd] WHEREAS, pursuant to said Master Contract, the United States agreed to furnish up to 20,000 acre-feet of water annually from the Tehama-Colusa Canal to the County; and

21 [3rd] WHEREAS, Article 39 of the Master Contract states:

22 "The Contractor [the County] may enter into subcontracts with Member Units for the
23 resale and distribution of water furnished pursuant to this Contract within the Contractor's
24 Service Area. Each such Member Unit subcontract shall be subject to the obligations and
25 limitations imposed, and to the rights granted, by this Contract and shall so provide. The terms
26 and conditions of each Member Unit's subcontract shall be approved by the Contracting Officer
27 prior to the execution of such Member Unit subcontract, which approval shall be limited to a
28 determination that the subcontract is consistent with the provisions of this Contract. Nothing
29 herein or therein contained shall be deemed in any way to release the Contractor from its primary
30 liability to the United States hereunder with respect to each and all of the obligations undertaken
31 by the Contractor in this Contract."; and

32 [4th] WHEREAS, the Member Unit is a public agency within the County's service area
33 organized for the purpose of obtaining a water supply from the Tehama-Colusa Canal and is
34 eligible to enter into a subcontract within the meaning of Article 39 of the Master Contract; and

35 [5th] WHEREAS, the Member Unit and the County have previously entered into and
36 performed under subcontracts between them for the resale and delivery by the County to
37 Member Unit of up to 5,700 acre-feet annually of Central Valley Project Water that the County
38 had rights to receive under its prior Master Contract with the United States (Contract
39 No. 14-06-200-8310A), dated November 18, 1975, and the interim renewal contracts related
40 thereto; and

41 [6th] WHEREAS, there is a present and potential need for water in the amount of 5,700
42 acre-feet annually for irrigation and/or municipal and industrial purposes with the boundaries of

43 the Member Unit, and that such a water supply to meet these present and potential needs can be
44 made available by and through the works constructed by the United States; and

45 [7th] WHEREAS, upon motion duly made and seconded, the Board of Supervisors of
46 the County voted unanimously, at a regular meeting thereof on June 20, 1978, to approve the
47 resale to the Member Unit by subcontract of 5,700 acre-feet of the County's annual entitlement
48 of 20,000 acre-feet of water pursuant to the Master Contract, subject to the prior approval of the
49 Contracting Officer as defined in the Master Contract; and

50 [8th] WHEREAS, said Contracting Officer has given advance consent to and approval
51 of the form, terms, and conditions of the Subcontract between the County and the Member Unit.

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

54 INCORPORATION OF TERMS OF MASTER CONTRACT

55 1. This Subcontract is entered into pursuant to Article 39 of the Master Contract and
56 subject to the terms, conditions, obligations, and limitations imposed by the Master Contract
57 unless specifically provided to the contrary herein.

58 RESALE OF WATER

59 2. The County hereby resells to the Member Unit a quantity of water up to 5,700
60 acre-feet of the 20,000 acre-feet of water to which the County is annually entitled pursuant to
61 Article 3 of the Master Contract. The Member Unit will not be liable to the County for
62 administrative or other charges in connection with said resale of water.

63 POINTS OF DELIVERY--OPERATION AND MAINTENANCE
64 OF PUMPING PLANTS BY MEMBER UNITS

65 3. The water to be furnished to the Member Unit pursuant to this Subcontract shall
66 be delivered at approved turnouts on the Tehama-Colusa Canal and any additional point or points

67 of delivery either on the Tehama-Colusa Canal or another location or locations mutually agreed
68 to in writing by the Contracting Officer and the Contractor.

69 ASSUMPTION OF ADMINISTRATIVE RESPONSIBILITIES BY MEMBER UNIT

70 4. The Member Unit, rather than the County, shall perform the following
71 administrative responsibilities with respect to the resale of water pursuant to this Subcontract:

72 (a) The Member Unit shall submit water use schedules to the United States in
73 the manner provided for in Article 4 of the Master Contract;

74 (b) The Member Unit shall make payment, on behalf of the County, to the
75 United States for water furnished pursuant to the Subcontract and in the manner and at the rates
76 provided for in Article 7 of the Master Contract. The County shall return to the Member Unit
77 any refund resulting from adjustments pursuant to Article 7 of the Master Contract.

78 (c) The Member Unit, on behalf of the County, shall pay interest on
79 delinquent payment for water furnished pursuant to this Subcontract in the manner provided for
80 in Article 20 of the Master Contract.

81 (d) The Member Unit, on behalf of the County, shall establish and maintain
82 the books, records, and reports pertaining to the Member Unit's financial transactions, land use
83 and crop census, water use, and other matters in the manner provided in Article 30 of the Master
84 Contract.

85 TERM OF SUBCONTRACT

86 5. The term of this Subcontract shall be the same as the term of the Master Contract.

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CONTRACTS FOR RESALE OF WATER

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6. The Member Unit may enter into contracts, transfers, or exchanges of water

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furnished pursuant to this Subcontract in the manner provided for in Article 9 of the Master

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Contract.

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GENERAL OBLIGATION OF THE COUNTY

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7. Nothing herein contained shall be deemed in any way to release the County from

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its primary liability to the United States pursuant to the Master Contract with respect to each and

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all of the obligations undertaken by the County in said Master Contract.

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GENERAL OBLIGATION OF THE MEMBER UNIT

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8. (a) The Member Unit as a whole is obligated to pay the charges becoming due

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as provided in this Subcontract notwithstanding the individual default in the payment to the

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Member Unit by individual water users of assessments, tolls, or other charges levied by the

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Member Unit. The lands which may be charged with any taxes or assessments under this

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Subcontract are hereby designated as all the lands within the service area of the Member Unit.

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(b) The Member Unit will cause to be levied and collected all necessary

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assessments, standby charges, or water tolls, and will use all of the authority and resources of the

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Member Unit to meet its obligations hereunder to make in full all payments to be made pursuant

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to this Subcontract on or before the dates such payments become due and to meet its other

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obligations under this Subcontract. The Member Unit may, either or both, require the payment

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of service or standby charges or levy assessments for such water or service.

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COUNTY TO BE HELD HARMLESS

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9. The Member Unit shall hold the County harmless from every claim for damage to

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persons or property, and from each and every obligation, arising out of, or connected with, the

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performance by the Member Unit of this Subcontract.

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NOTICES

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10. Any notice, demand, or request authorized or required by this Subcontract shall be

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deemed to have been given when mailed, postage prepaid, or delivered to the Area Manager,

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Northern California Area Office, Bureau of Reclamation, 16349 Shasta Dam Boulevard, Shasta

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Lake, California 96019, on behalf of the United States; to the Board of Supervisors, County of

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Colusa, 546 Jay Street, Colusa, California 95932, on behalf of the County; and to the Board of

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Directors, P. O. Box 338, Maxwell, California 95955, on behalf of the Member Unit. The

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designation of the addressee or the address may be changed by notice given in the same manner

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as provided in this Article for other notices.

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ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

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11. (a) The provisions of this Subcontract shall apply to and bind the successors

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and assigns of the parties hereto, but no assignment or transfer of this Subcontract or any right or

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interest therein shall be valid until approved in writing by the Contracting Officer.

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(b) The assignment of any right or interest in this Subcontract by either party

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shall not interfere with the rights or obligations of the other party to this Subcontract absent the

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written concurrence of said other party.

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(c) The Contracting Officer shall not unreasonably condition or withhold his

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approval of any proposed assignment.

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OFFICIALS NOT TO BENEFIT

130 12. No Member of or Delegate to Congress, Resident Commissioner, or official of the
131 Member Unit shall benefit from this Subcontract other than as a water user or landowner in the
132 same manner as other water users or landowners.

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CONFIRMATION OF SUBCONTRACT

134 13. The Member Unit, upon execution of this Subcontract, shall promptly secure a
135 final decree of the proper court of the State of California, if appropriate, approving and
136 confirming this Subcontract and decreeing and adjudging it and the apportionment of the benefits
137 made thereunder to be lawful, valid, and binding on the Member Unit. The Member Unit shall
138 furnish to the County and the United States a certified copy of such decree and pertinent
139 supporting records or a document describing why securing such a decree was unnecessary.

140

AMENDMENTS OF MASTER CONTRACT

141 14. The County and the Member Unit agree that neither party will take any action,
142 without the prior written consent of the other party, which would result in an amendment to the
143 Master Contract or this Subcontract which would increase the rates of payment for or the amount
144 of water furnished pursuant thereto.

145 IN WITNESS WHEREOF, the parties hereto have executed this Subcontract the day and
146 year here and above written.

147 COUNTY OF COLUSA

148 By: *James G. Wamble*
149 Chairman, Board of Supervisors

150 Attest:
151 *Amy Gurnup, Deputy*
152 County Clerk and Ex-Officio Clerk of the
153 Board of Supervisors of the County of Colusa

154 (SEAL)

155 4-M WATER DISTRICT
156 By: *Alan E. Mathis Jr.*
157 President, Board of Directors

158 By: *Marion C. Mathis*
159 Secretary, Board of Directors

160 Approved:

161 THE UNITED STATES OF AMERICA
162 By: *Sub [Signature]*
163 Regional Director, Mid-Pacific Region
164 Bureau of Reclamation

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

165 (H:\public\Willows Final LTRC's\2005-01-31 4M WD Final Draft Subcontract form.doc)

BOARD OF DIRECTORS
4-M WATER DISTRICT

* * *

RESOLUTION NO. 04-3

* * *

RESOLUTION APPROVING SUBCONTRACT UNDER THE LONG-TERM
RENEWAL CONTRACT BETWEEN THE UNITED STATES AND THE COUNTY OF
COLUSA AND APPROVING NOTICE OF EXEMPTION UNDER THE CALIFORNIA
ENVIRONMENTAL QUALITY ACT

AS A BASIS AND PREMISE for this Resolution, the Board of Directors of the
4-M WATER DISTRICT ("District") finds and states as follows:

1. On November 18, 1975 the County of Colusa (County) and the United States of America entered into a contract providing for water service, designated Contract No. 14-06-200-8310A (Original Contract).
2. Water service to the District, as a "Member Unit" under the Original Contract was originally approved by the County on June 20, 1978, and has continued uninterrupted since then.
3. The Original Contract expired on February 28, 1995.
4. In advance of the expiration of the Original Contract, the County and the United States negotiated an Interim Renewal Contract, in accordance with the Central Valley Project Improvement Act, pending completion of a Programmatic Environmental Impact Statement (PEIS). The interim renewal applied to all the subcontracts, as well.
5. Upon completion of the PEIS, the United States announced its intent to negotiate a long-term renewal of the Original Contract.
6. The County and the United States engaged in a series of negotiations commencing in 1999 and completed in 2004. A copy of the proposed Long-Term Renewal Contract, designated Contract No. 14-06-200-8310-A-LTR1 (Master Renewal Contract) is on file with the Colusa County Board of Supervisors and the District and this Board has reviewed it.

7. The Renewal Contract reflects the results of the negotiations and contains the terms and conditions that the County and the United States have tentatively agreed upon. The County and the United States intend that the Master Renewal Contract will be ready for execution no later than March 1, 2005, and will be effective as of that date.

8. As set forth in the Master Renewal Contract, the County and the United States entered into subcontracts for the resale and distribution of all of the Project Water with the Member Units, including one for this District. The District's subcontract was renewed at the same time as, and in accordance with, the first and all subsequent Interim Renewal Contracts. The District has fully complied with the terms and conditions of its subcontract.

9. In addition to and concurrent with the negotiations between the County and the United States, the District and the United States negotiated a form of renewal subcontract (Renewal Subcontract), the form of which is attached hereto as Exhibit "A". The Renewal Subcontract is consistent with both the form and substance of the District's original subcontract, and with the Master Renewal Contract.

10. Prior to execution of the Master Renewal Contract, the United States must publish the proposed contract for a 60-day public review, complete analysis of renewal of the contract under the National Environmental Policy Act and complete consultations with other federal agencies under the federal Endangered Species Act.

11. The Board of Supervisors of the County of Colusa has been presented with the Master Renewal Contract, and the District expects the Board of Supervisors to approve that form and the form of Renewal Subcontract.

12. For reasons that the District has determined in connection with the previous interim renewals of its Subcontract, and recognizing that the Renewal Subcontract will continue delivery of water to the District in essentially the same manner as has existed previously,

adoption of a Notice of Exemption in the form and substance attached hereto and incorporated herein by this reference as Exhibit "B" under the California Environmental Quality Act (CEQA) is appropriate.

13. It is in the best interests of the District that its subcontract with the County of Colusa be renewed and that it execute, at the appropriate time, the Renewal Subcontract.

NOW, THEREFORE, be it RESOLVED, ADJUDGED and ORDAINED that:

1. The Board of Directors of the 4-M WATER DISTRICT approves the *Subcontract between the County of Colusa and the 4-M Water District Providing for Resale of Water Under Contract Between the United States of America and the County of Colusa, Contract No. 0-07-20-W0183-R1*, attached hereto as Exhibit "A".

2. Once the 60-day public review period and the United States' environmental review and ESA consultations are completed, and if the United States presents the District with a Renewal Subcontract that is in substantially the same form as that attached hereto as Exhibit "A", then the President of the Board of Directors or any other District official is authorized to execute that Renewal Subcontract, without further action by this Board.

3. The Secretary shall prepare and file a Notice of Exemption under CEQA, in the form attached hereto as Exhibit "B", with the Colusa County Clerk as soon as possible. In accordance with this finding of exemption, no fee is due under California Fish and Game Code Section 711.4.

4. The Secretary shall forthwith prepare and transmit a certified copy of this Resolution to Reclamation.

5. The President of the Board and other District officials and consultants are authorized and directed to do all things necessary and appropriate to carry out this Resolution

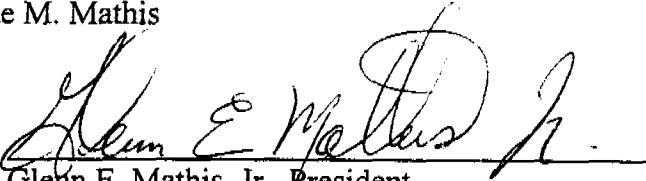
and to ensure continued and uninterrupted water service to the District under the County's water service contract.

PASSED AND ADOPTED at a regular meeting on May 24, 2004, of the Board of Directors by the following vote:


AYES: Glenn E. Mathis, Jr., Marion C. Mathis, Glenn E. Mathis, III

NOES: None

ABSENT: Jared K. Mathis, Wade M. Mathis


Glenn E. Mathis, Jr., President

ATTEST:


Marion C. Mathis, Secretary

CERTIFICATION

I, MARION C. MATHIS, hereby certify that I am the duly appointed and acting Secretary of the 4-M WATER DISTRICT, a California water district; that the foregoing is a full, true, and correct copy of Resolution 04-3 of the Board of Directors of the District passed and adopted on May 24, 2004.

Marion C Mathis
MARION C. MATHIS, Secretary
4-M WATER DISTRICT