

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

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

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Exhibit A - Map of Contractor's Boundaries

Exhibit B - Rates and Charges

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

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

10 THIS CONTRACT, made this 25th day of February, 20 05, in
11 pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or
12 supplementary thereto, including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844), as
13 amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, July 2,
14 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1263), October 27, 1986
15 (100 Stat. 3050), as amended, and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all
16 collectively hereinafter referred to as Federal Reclamation law, between THE UNITED STATES
17 OF AMERICA, hereinafter referred to as the United States, and WESTSIDE WATER DISTRICT,
18 hereinafter referred to as the Contractor, a public agency of the State of California, duly organized,
19 existing, and acting pursuant to the laws thereof;

20 WITNESSETH, That:

EXPLANATORY RECITALS

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[1st] WHEREAS, the United States has constructed and is operating the Central Valley Project (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 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 United States constructed the Red Bluff Diversion Dam and the Tehama-Colusa Canal and related delivery facilities including pumping plants, hereinafter collectively referred to as the Canal Facilities, which will be used in part for the furnishing of water to the Contractor pursuant to the terms of this Contract; and

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

[4th] WHEREAS, the Contractor and the United States entered into Contract No. 14-06-200-8222, as amended on September 16, 1964, which established terms for the delivery to the Contractor of Project Water from the Canal Facilities from March 16, 1960, through February 28, 1995, and under which the initial date of water delivery to the Contractor was January 1, 1982; and

[5th] WHEREAS, the Contractor and the United States have pursuant to subsection 3404(c)(1) of the Central Valley Project Improvement Act (CVPIA), subsequently entered into interim renewal contract(s) identified as Contract No(s). 14-06-200-8222-IR1, 14-06-200-8222-IR2, 14-06-200-8222-IR3, 14-06-200-8222-IR4, 14-06-200-8222-IR5, 14-06-200-8222-IR6, and 14-06-200-8222-IR7, and 14-06-200-8222-IR8, the current of which is hereinafter referred to as the Existing Contract, which provided for the continued water service to the Contractor from March 1, 2004, through February 28, 2006; and

46 [5.1] WHEREAS, the United States and the County of Colusa entered into Contract
47 No. 14-06-200-8310A which established terms for the delivery to the County of Colusa of Project
48 Water from the Canal Facilities; and

49 [5.2] WHEREAS, the County of Colusa and the Contractor entered into a partial
50 assignment on March 27, 2002, identified as Contract No. 14-06-200-8310X, to permanently assign
51 to the Contractor 40,000 acre-feet of the Project Water made available to the County of Colusa
52 pursuant to Contract No. 14-06-200-8310A; and

53 [5.3] WHEREAS, the Contractor desires to merge the Existing Contract and Contract
54 No. 14-06-200-8310X into a single contract identified as Contract No. 14-06-200-8222-LTR1; and

55 [6th] WHEREAS, Section 3404(c) of the CVPIA provides for long-term renewal of the
56 Existing Contract following completion of appropriate environmental documentation, including a
57 programmatic environmental impact statement (PEIS) pursuant to the National Environmental
58 Policy Act (NEPA), analyzing the direct and indirect impacts and benefits of implementing the
59 CVPIA and the potential renewal of all existing contracts for Project Water; and

60 [7th] WHEREAS, the United States has completed the PEIS and all other appropriate
61 environmental review necessary to provide for long-term renewal of the Existing Contract; and

62 [8th] WHEREAS, the Contractor has requested the long-term renewal of the Existing
63 Contract (merged with Contract No. 14-06-200-8310X), pursuant to the terms of the Existing
64 Contract, Federal Reclamation law, and the laws of the State of California, for water service from
65 the Project; and

66 [9th] WHEREAS, the United States has determined that the Contractor has fulfilled all of
67 its obligations under the Existing Contract and Contract No. 14-06-200-8310X; and

68 [10th] WHEREAS, the Contractor has demonstrated to the satisfaction of the Contracting
69 Officer that the Contractor has utilized the Project Water supplies available to it for reasonable and
70 beneficial use and, based upon a needs analysis cooperatively prepared by the Contracting Officer
71 and the Contractor, has demonstrated projected future demand for water use that exceeds the
72 Contract Total to be made available to it pursuant to this Contract; and

73 [11th] WHEREAS, water obtained from the Project has been relied upon by urban and
74 agricultural areas within California for more than 50 years, and is considered by the Contractor as
75 an essential portion of its water supply; and

76 [12th] WHEREAS, the economies of regions within the Project, including the Contractor's,
77 depend upon the continued availability of water, including water service from the Project; and

78 [13th] WHEREAS, the Secretary intends through coordination, cooperation, and
79 partnerships to pursue measures to improve water supply, water quality, and reliability of the
80 Project for all Project purposes; and

81 [14th] WHEREAS, the mutual goals of the United States and the Contractor include: to
82 provide for reliable Project Water supplies; to control costs of those supplies; to achieve repayment
83 of the Project as required by law; to guard reasonably against Project Water shortages; to achieve a
84 reasonable balance among competing demands for use of Project Water; and to comply with all
85 applicable environmental statutes, all consistent with the legal obligations of the United States
86 relative to the Project; and

87 [15th] WHEREAS, the parties intend by this Contract to develop a more cooperative
88 relationship in order to achieve their mutual goals; and

89 [16th] WHEREAS, the United States and the Contractor are willing to enter into this
90 Contract pursuant to Federal Reclamation law on the terms and conditions set forth below;

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

93 DEFINITIONS

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

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

98 (b) “Charges” shall mean the payments required by Federal Reclamation law in
99 addition to the Rates and Tiered Pricing Component specified in this Contract as determined
100 annually by the Contracting Officer pursuant to this Contract;

101 (c) “Condition of Shortage” shall mean a condition respecting the Project during
102 any Year such that the Contracting Officer is unable to deliver sufficient water to meet the Contract
103 Total;

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

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

109 (f) “Contractor’s Boundaries” shall mean the area to which the Contractor is
110 permitted to provide Project Water under this Contract as described in Exhibit “A” attached hereto,
111 which may be modified from time to time in accordance with Article 35 of this Contract without
112 amendment of this Contract;

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

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

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

121 (j) “Full Cost Rate” shall mean an annual rate, as determined by the Contracting
122 Officer that shall amortize the expenditures for construction properly allocable to the Project
123 irrigation or M&I functions, as appropriate, of facilities in service including all O&M deficits
124 funded, less payments, over such periods as may be required under Federal Reclamation law, or

125 applicable contract provisions. Interest will accrue on both the construction expenditures and
126 funded O&M deficits from October 12, 1982, on costs outstanding at that date, or from the date
127 incurred in the case of costs arising subsequent to October 12, 1982, and shall be calculated in
128 accordance with subsections 202(3)(B) and (3)(C) of the RRA. The Full Cost Rate includes actual
129 operation, maintenance, and replacement costs consistent with Section 426.2 of the Rules and
130 Regulations for the RRA;

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

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

135 (m) "Irrigation Water" shall mean water made available from the Project that is
136 used primarily in the production of agricultural crops or livestock, including domestic use incidental
137 thereto, and watering of livestock;

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

140 (o) "Municipal and Industrial (M&I) Water" shall mean Project Water, other
141 than Irrigation Water, made available to the Contractor. M&I Water shall include water used for
142 human use and purposes such as the watering of landscaping or pasture for animals (e.g., horses)
143 which are kept for personal enjoyment or water delivered to land holdings operated in units of less
144 than five acres unless the Contractor establishes to the satisfaction of the Contracting Officer that
145 the use of water delivered to any such landholding is a use described in subdivision (m) of this
146 Article;

147 (p) "M&I Full Cost Water Rate" shall mean the Full Cost Rate applicable to the
148 delivery of M&I Water;

149 (q) "Operation and Maintenance" or "O&M" shall mean normal and reasonable
150 care, control, operation, repair, replacement (other than capital replacement), and maintenance of
151 Project facilities;

152 (r) "Operating Non-Federal Entity" shall mean the Tehama-Colusa Canal
153 Authority, its successors or assigns, a non-Federal entity which has the obligation to operate and
154 maintain all or a portion of the Canal Facilities pursuant to an agreement with the United States, and
155 which may have funding obligations with respect thereto;

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

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

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

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

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

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

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

174 (z) "Water Delivered" or "Delivered Water" shall mean Project Water diverted
175 for use by the Contractor at the point(s) of delivery approved by the Contracting Officer;

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

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

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

184 TERM OF CONTRACT

185 2. (a) This Contract shall be effective March 1, 2005, through February 28, 2030,
186 and supersedes the Existing Contract. In the event the Contractor wishes to renew this Contract
187 beyond February 28, 2030, the Contractor shall submit a request for renewal in writing to the
188 Contracting Officer no later than two years prior to the date this Contract expires. The renewal of
189 this Contract insofar as it pertains to the furnishing of Irrigation Water to the Contractor shall be
190 governed by subdivision (b) of this Article, and the renewal of this Contract insofar as it pertains to
191 the furnishing of M&I Water to the Contractor shall be governed by subdivision (c) of this Article.

192 (b) (1) Under terms and conditions of a renewal contract that are mutually
193 agreeable to the parties hereto, and upon a determination by the Contracting Officer that at the time
194 of contract renewal the conditions set forth in subdivision (b)(2) of this Article are met, and subject
195 to Federal and State law, this Contract, insofar as it pertains to the furnishing of Irrigation Water to
196 the Contractor, shall be renewed for a period of 25 years.

197 (2) The conditions which must be met for this Contract to be renewed
198 are: (i) the Contractor has prepared a water conservation plan that has been determined by the
199 Contracting Officer in accordance with Article 26 of this Contract to meet the conservation and
200 efficiency criteria for evaluating such plans established under Federal law; (ii) the Contractor is
201 implementing an effective water conservation and efficiency program based on the Contractor's
202 water conservation plan as required by Article 26 of this Contract; (iii) the Contractor is maintaining
203 all water measuring devices and implementing all water measurement methods as approved by the
204 Contracting Officer pursuant to Article 6 of this Contract; (iv) the Contractor has reasonably and
205 beneficially used the Project Water supplies made available to it and, based on projected demands,

206 is reasonably anticipated and expects to fully utilize for reasonable and beneficial use the quantity
207 of Project Water to be made available to it pursuant to such renewal; (v) the Contractor is
208 complying with all terms and conditions of this Contract; and (vi) the Contractor has the physical
209 and legal ability to deliver Project Water.

210 (3) The terms and conditions of the renewal contract described in
211 subdivision (b)(1) of this Article and any subsequent renewal contracts shall be developed
212 consistent with the parties' respective legal rights and obligations, and in consideration of all
213 relevant facts and circumstances, as those circumstances exist at the time of renewal, including,
214 without limitation, the Contractor's need for continued delivery of Project Water; environmental
215 conditions affected by implementation of the Contract to be renewed, and specifically changes in
216 those conditions that occurred during the life of the Contract to be renewed; the Secretary's progress
217 toward achieving the purposes of the CVPIA as set out in Section 3402 and in implementing the
218 specific provisions of the CVPIA; and current and anticipated economic circumstances of the region
219 served by the Contractor.

220 (c) This Contract, insofar as it pertains to the furnishing of M&I Water to the
221 Contractor, shall be renewed for successive periods of up to 40 years each, which periods shall be
222 consistent with then-existing Reclamation-wide policy, under terms and conditions mutually
223 agreeable to the parties and consistent with Federal and State law. The Contractor shall be afforded
224 the opportunity to comment to the Contracting Officer on the proposed adoption and application of
225 any revised policy applicable to the delivery of M&I Water that would limit the term of any
226 subsequent renewal contract with the Contractor for the furnishing of M&I Water to less than 40
227 years.

228 (d) The Contracting Officer shall make a determination ten years after the date of
229 execution of this Contract, and every five years thereafter during the term of this Contract, of
230 whether a conversion of the relevant portion of this Contract to a contract under subsection 9(d) of
231 the Reclamation Project Act of 1939 can be accomplished pursuant to the Act of July 2, 1956 (70
232 Stat. 483). The Contracting Officer shall also make a determination ten years after the date of

233 execution of this Contract and every five years thereafter during the term of this contract of whether
234 a conversion of the relevant portion of this Contract to a contract under subsection 9(c)(1) of the
235 Reclamation Project Act of 1939 can be accomplished. Notwithstanding any provision of this
236 Contract, the Contractor reserves and shall have all rights and benefits under the Act of July 2, 1956
237 (70 Stat. 483). The Contracting Officer anticipates that during the term of this Contract, all
238 authorized Project construction expected to occur will have occurred, and on that basis the
239 Contracting Officer agrees upon such completion to allocate all costs that are properly assignable to
240 the Contractor, and agrees further that, at any time after such allocation is made, and subject to
241 satisfaction of the condition set out in this subdivision, this Contract shall, at the request of the
242 Contractor, be converted to a contract under subsection 9(d) or 9(c)(1), whichever is applicable, of
243 the Reclamation Project Act of 1939, subject to applicable Federal law and under stated terms and
244 conditions mutually agreeable to the Contractor and the Contracting Officer. A condition for such
245 conversion to occur shall be a determination by the Contracting Officer that, account being taken of
246 the amount credited to return by the Contractor as provided for under Federal Reclamation law, the
247 remaining amount of construction costs assignable for ultimate return by the Contractor can
248 probably be repaid to the United States within the term of a contract under subsection 9(d) or
249 9(c)(1), whichever is applicable. If the remaining amount of costs that are properly assignable to
250 the Contractor cannot be determined during the term of this Contract, the Contracting Officer shall
251 notify the Contractor, and provide the reason(s) why such a determination could not be made.
252 Further, the Contracting Officer shall make such a determination as soon thereafter as possible so as
253 to permit, upon request of the Contractor and satisfaction of the condition set out above, conversion
254 to a contract under subsection 9(d) or 9(c)(1), whichever is applicable. In the event such
255 determination of costs has not been made at a time which allows conversion of this Contract during
256 the term of this Contract or the Contractor has not requested conversion of this Contract within such
257 term, the parties shall incorporate in any subsequent renewal contract as described in subdivision (b)
258 of this Article a provision that carries forth in substantially identical terms the provisions of this
259 subdivision.

260 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

261 3. (a) During each Year, consistent with all applicable State water rights, permits,
262 and licenses, Federal law, and subject to the provisions set forth in Articles 11 and 12 of this
263 Contract, the Contracting Officer shall make available for delivery to the Contractor 65,000 acre-
264 feet of Project Water for irrigation and M&I purposes. Water Delivered to the Contractor in
265 accordance with this subdivision shall be scheduled and paid for pursuant to the provisions of
266 Articles 4 and 7 of this Contract.

267 (b) Because the capacity of the Project to deliver Project Water has been
268 constrained in recent years and may be constrained in the future due to many factors including
269 hydrologic conditions and implementation of Federal and State laws, the likelihood of the
270 Contractor actually receiving the amount of Project Water set out in subdivision (a) of this Article
271 in any given Year is uncertain. The Contracting Officer's modeling referenced in the PEIS
272 projected that the Contract Total set forth in this Contract will not be available to the Contractor in
273 many years. During the most recent five years, the Recent Historic Average of water made
274 available to the Contractor was 59,800 acre-feet. Nothing in subdivision (b) of this Article shall
275 affect the rights and obligations of the parties under any provision of this Contract.

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

278 (d) The Contractor shall make reasonable and beneficial use of all water
279 furnished pursuant to this Contract. Groundwater recharge programs (direct, indirect, or in lieu),
280 groundwater banking programs, surface water storage programs, and other similar programs
281 utilizing Project Water or other water furnished pursuant to this Contract conducted within the
282 Contractor's Boundaries which are consistent with applicable State law and result in use consistent
283 with Federal Reclamation law will be allowed; Provided, That any direct recharge program(s) is
284 (are) described in the Contractor's water conservation plan submitted pursuant to Article 26 of this
285 Contract; Provided, further, That such water conservation plan demonstrates sufficient lawful uses
286 exist in the Contractor's Boundaries so that using a long-term average, the quantity of Delivered

287 Water is demonstrated to be reasonable for such uses and in compliance with Federal Reclamation
288 law. Groundwater recharge programs, groundwater banking programs, surface water storage
289 programs, and other similar programs utilizing Project Water or other water furnished pursuant to
290 this Contract conducted outside the Contractor's Boundaries may be permitted upon written
291 approval of the Contracting Officer, which approval will be based upon environmental
292 documentation, Project Water rights, and Project operational concerns. The Contracting Officer
293 will address such concerns in regulations, policies, or guidelines.

294 (e) The Contractor shall comply with requirements applicable to the Contractor
295 in biological opinion(s) prepared as a result of a consultation regarding the execution of this
296 Contract undertaken pursuant to Section 7 of the Endangered Species Act of 1973 (ESA), as
297 amended, that are within the Contractor's legal authority to implement. The Existing Contract,
298 which evidences in excess of 21 years of diversions for irrigation and/or M&I purposes of the
299 quantities of water provided in subdivision (a) of Article 3 of this Contract, will be considered in
300 developing an appropriate baseline for biological assessment(s) prepared pursuant to the ESA, and
301 any other needed environmental review. Nothing herein shall be construed to prevent the
302 Contractor from challenging or seeking judicial relief in a court of competent jurisdiction with
303 respect to any biological opinion or other environmental documentation referred to in this Article.

304 (f) As soon as possible following each declaration of Water Made Available
305 under Article 4 of this Contract, the Contracting Officer will make a determination whether Project
306 Water, or other water available to the Project, can be made available to the Contractor in addition to
307 the Contract Total under Article 3 of this Contract during the Year without adversely impacting
308 other Project Contractors. At the request of the Contractor, the Contracting Officer will consult
309 with the Contractor prior to making such a determination. If the Contracting Officer determines
310 that Project Water, or other water available to the Project, can be made available to the Contractor,
311 the Contracting Officer will announce the availability of such water and shall so notify the
312 Contractor as soon as practical. The Contracting Officer will thereafter meet with the Contractor
313 and other Project Contractors capable of taking such water to determine the most equitable and

314 efficient allocation of such water. If the Contractor requests the delivery of any quantity of such
315 water, the Contracting Officer shall make such water available to the Contractor in accordance with
316 applicable statutes, regulations, guidelines, and policies.

317 (g) The Contractor may request permission to reschedule for use during the
318 subsequent Year some or all of the Water Made Available to the Contractor during the current Year
319 referred to as "carryover." The Contractor may request permission to use during the current Year a
320 quantity of Project Water which may be made available by the United States to the Contractor
321 during the subsequent Year referred to as "preuse." The Contracting Officer's written approval may
322 permit such uses in accordance with applicable statutes, regulations, guidelines, and policies.

323 (h) The Contractor's right pursuant to Federal Reclamation law and applicable
324 State law to the reasonable and beneficial use of Water Delivered pursuant to this Contract during
325 the term thereof and any subsequent renewal contracts, as described in Article 2 of this Contract,
326 during the terms thereof shall not be disturbed so long as the Contractor shall fulfill all of its
327 obligations under this Contract and any renewals thereof. Nothing in the preceding sentence shall
328 affect the Contracting Officer's ability to impose shortages under Article 11 or subdivision (b) of
329 Article 12 of this Contract or applicable provisions of any subsequent renewal contracts.

330 (i) Project Water furnished to the Contractor pursuant to this Contract may be
331 delivered for other than irrigation or M&I purposes upon written approval by the Contracting
332 Officer in accordance with the terms and conditions of such approval.

333 (j) The Contracting Officer shall make reasonable efforts to protect the water
334 rights necessary for the Project and to provide the water available under this Contract. The
335 Contracting Officer shall not object to participation by the Contractor, in the capacity and to the
336 extent permitted by law, in administrative proceedings related to the Project Water rights; Provided,
337 That the Contracting Officer retains the right to object to the substance of the Contractor's position
338 in such a proceeding; Provided further, That in such proceedings the Contracting Officer shall
339 recognize the Contractor has a legal right under the terms of this Contract to use Project Water.

340

TIME FOR DELIVERY OF WATER

341

4. (a) On or about February 20 of each Calendar Year, the Contracting Officer shall

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announce the Contracting Officer's expected declaration of the Water Made Available. Such

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declaration will be expressed in terms of both Water Made Available and the Recent Historic

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Average and will be updated monthly, and more frequently if necessary, based on then-current

345

operational and hydrologic conditions and a new declaration with changes, if any, to the Water

346

Made Available will be made. The Contracting Officer shall provide forecasts of Project operations

347

and the basis of the estimate, with relevant supporting information, upon the written request of the

348

Contractor. Concurrently with the declaration of the Water Made Available, the Contracting

349

Officer shall provide the Contractor with the updated Recent Historic Average.

350

(b) On or before each March 1 and at such other times as necessary, the

351

Contractor shall submit to the Contracting Officer a written schedule, satisfactory to the Contracting

352

Officer, showing the monthly quantities of Project Water to be delivered by the United States to the

353

Contractor pursuant to this Contract for the Year commencing on such March 1. The Contracting

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Officer shall use all reasonable means to deliver Project Water according to the approved schedule

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for the Year commencing on such March 1.

356

(c) The Contractor shall not schedule Project Water in excess of the quantity of

357

Project Water the Contractor intends to put to reasonable and beneficial use within the Contractor's

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Boundaries or to sell, transfer, or exchange pursuant to Article 9 of this Contract during any Year.

359

(d) Subject to the conditions set forth in subdivision (a) of Article 3 of this

360

Contract, the United States shall deliver Project Water to the Contractor in accordance with the

361

initial schedule submitted by the Contractor pursuant to subdivision (b) of this Article, or any

362

written revision(s), satisfactory to the Contracting Officer, thereto submitted within a reasonable

363

time prior to the date(s) on which the requested change(s) is/are to be implemented.

364

POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

365

5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this

366

Contract shall be delivered to the Contractor at approved turnouts on the Canal Facilities and any

367 additional point or points of delivery either on Project facilities or another location or locations
368 mutually agreed to in writing by the Contracting Officer and the Contractor. The United States
369 shall furnish such power as may be necessary to pump Project Water at the existing Tehama-Colusa
370 Canal side pumping plants and at existing relift stations at heads and elevations sufficient to irrigate
371 by gravity all areas within the Contractor's Boundaries below elevation 300 (MSL).

372 (b) The Contracting Officer, either directly or through its written agreement(s)
373 with the Operating Non-Federal Entity/Entities shall make all reasonable efforts to maintain
374 sufficient flows and levels of water in the Project facilities to deliver Project Water to the
375 Contractor at specific turnouts established pursuant to subdivision (a) of this Article. The parties
376 acknowledge that it may be necessary from time to time to shut down some or all of the Canal
377 Facilities for maintenance or emergencies. Except in the case of emergency, the Contracting
378 Officer shall consult with the Contractor to schedule the shutdown at such times and for such
379 duration as will allow for the work to be accomplished completely and efficiently, and with a
380 minimum of disruption of water service to the Contractor. In this regard, shutdowns will, to the
381 extent reasonably possible, be limited to the months of December and January.

382 (c) The Contractor shall deliver Irrigation Water in accordance with any
383 applicable land classification provisions of Federal Reclamation law and the associated regulations.
384 The Contractor shall not deliver Project Water to land outside the Contractor's Boundaries unless
385 approved in advance by the Contracting Officer.

386 (d) All Water Delivered to the Contractor pursuant to this Contract shall be
387 measured and recorded with equipment furnished, installed, operated, and maintained by the United
388 States or the Operating Non-Federal Entity/Entities at the point or points of delivery established
389 pursuant to subdivision (a) of this Article. Upon the request of either party to this Contract, the
390 Contracting Officer shall investigate, or cause to be investigated by the responsible Operating
391 Non-Federal Entity/Entities, the accuracy of such measurements and shall take any necessary steps
392 to adjust any errors appearing therein. For any period of time when accurate measurements have
393 not been made, the Contracting Officer shall consult with the Contractor and the responsible

394 Operating Non-Federal Entity/Entities prior to making a final determination of the quantity
395 delivered for that period of time.

396 (e) Neither the Contracting Officer nor any Operating Non-Federal
397 Entity/Entities shall be responsible for the control, carriage, handling, use, disposal, or distribution
398 of Water Delivered to the Contractor pursuant to this Contract beyond the delivery points specified
399 in subdivision (a) of this Article. The Contractor shall indemnify the United States, its officers,
400 employees, agents, and assigns on account of damage or claim of damage of any nature whatsoever
401 for which there is legal responsibility, including property damage, personal injury, or death arising
402 out of or connected with the control, carriage, handling, use, disposal, or distribution of such Water
403 Delivered beyond such delivery points, except for any damage or claim arising out of (i) acts or
404 omissions of the Contracting Officer or any of its officers, employees, agents, or assigns, including
405 the Operating Non-Federal Entity/Entities, with the intent of creating the situation resulting in any
406 damage or claim, (ii) willful misconduct of the Contracting Officer or any of its officers,
407 employees, agents, or assigns, including the Operating Non-Federal Entity/Entities, (iii) negligence
408 of the Contracting Officer or any of its officers, employees, agents, or assigns including the
409 Operating Non-Federal Entity/Entities, or (iv) damage or claims resulting from a malfunction of
410 facilities owned and/or operated by the United States or responsible Operating Non-Federal
411 Entity/Entities.

412 MEASUREMENT OF WATER WITHIN THE CONTRACTOR'S BOUNDARIES

413 6. (a) The Contractor has established a measuring program satisfactory to the
414 Contracting Officer. The Contractor shall ensure that all surface water delivered for irrigation
415 purposes within the Contractor's Boundaries is measured at each agricultural turnout and such water
416 delivered for M&I purposes is measured at each M&I service connection. The water measuring
417 devices or water measuring methods of comparable effectiveness must be acceptable to the
418 Contracting Officer. The Contractor shall be responsible for installing, operating, and maintaining
419 and repairing all such measuring devices and implementing all such water measuring methods at no
420 cost to the United States. The Contractor shall use the information obtained from such water

421 measuring devices or water measuring methods to ensure its proper management of the water, to
422 bill water users for water delivered by the Contractor; and, if applicable, to record water delivered
423 for M&I purposes by customer class as defined in the Contractor's water conservation plan
424 provided for in Article 26 of this Contract. Nothing herein contained, however, shall preclude the
425 Contractor from establishing and collecting any charges, assessments, or other revenues authorized
426 by California law. The Contractor shall include a summary of all its annual surface water deliveries
427 in the annual report described in subdivision (c) of Article 26.

428 (b) To the extent the information has not otherwise been provided, upon
429 execution of this Contract, the Contractor shall provide to the Contracting Officer a written report
430 describing the measurement devices or water measuring methods being used or to be used to
431 implement subdivision (a) of this Article and identifying the agricultural turnouts and the M&I
432 service connections or alternative measurement programs approved by the Contracting Officer, at
433 which such measurement devices or water measuring methods are being used, and, if applicable,
434 identifying the locations at which such devices and/or methods are not yet being used including a
435 time schedule for implementation at such locations. The Contracting Officer shall advise the
436 Contractor in writing within 60 days as to the adequacy and necessary modifications, if any, of the
437 measuring devices or water measuring methods identified in the Contractor's report and if the
438 Contracting Officer does not respond in such time, they shall be deemed adequate. If the
439 Contracting Officer notifies the Contractor that the measuring devices or methods are inadequate,
440 the parties shall within 60 days following the Contracting Officer's response, negotiate in good faith
441 the earliest practicable date by which the Contractor shall modify said measuring devices and/or
442 measuring methods as required by the Contracting Officer to ensure compliance with subdivision
443 (a) of this Article.

444 (c) All new surface water delivery systems installed within the Contractor's
445 Boundaries after the effective date of this Contract shall also comply with the measurement
446 provisions described in subdivision (a) of this Article.

447 (d) The Contractor shall inform the Contracting Officer and the State of
448 California in writing by April 30 of each Year of the monthly volume of surface water delivered
449 within the Contractor's Boundaries during the previous Year.

450 (e) The Contractor shall inform the Contracting Officer and the Operating
451 Non-Federal Entity on or before the 20th calendar day of each month of the quantity of Irrigation
452 and M&I Water taken during the preceding month.

453 RATES AND METHOD OF PAYMENT FOR WATER

454 7. (a) The Contractor shall pay the United States as provided in this Article for all
455 Delivered Water at Rates, Charges, and the Tiered Pricing Component established in accordance
456 with (i) the Secretary's ratesetting policy for Irrigation Water adopted in 1988 and the Secretary's
457 then-existing ratesetting policy for M&I Water. Such ratesetting policies shall be amended,
458 modified, or superseded only through a public notice and comment procedure; (ii) applicable
459 Federal Reclamation law and associated rules and regulations, or policies; and (iii) other applicable
460 provisions of this Contract. Payments shall be made by cash transaction, electronic funds transfer,
461 or any other mechanism as may be agreed to in writing by the Contractor and the Contracting
462 Officer. The Rates, Charges, and Tiered Pricing Component applicable to the Contractor upon
463 execution of this Contract are set forth in Exhibit "B," as may be revised annually.

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

466 (1) Prior to July 1 of each Calendar Year, the Contracting Officer shall
467 provide the Contractor an estimate of the Charges for Project Water that will be applied to the
468 period October 1, of the current Calendar Year, through September 30, of the following Calendar
469 Year, and the basis for such estimate. The Contractor shall be allowed not less than two months to
470 review and comment on such estimates. On or before September 15 of each Calendar Year, the
471 Contracting Officer shall notify the Contractor in writing of the Charges to be in effect during the
472 period October 1 of the current Calendar Year, through September 30, of the following Calendar
473 Year, and such notification shall revise Exhibit "B."

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

481 (c) At the time the Contractor submits the initial schedule for the delivery of
482 Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the Contractor
483 shall make an advance payment to the United States equal to the total amount payable pursuant to
484 the applicable Rate(s) set under subdivision (a) of this Article, for the Project Water scheduled to be
485 delivered pursuant to this Contract during the first two calendar months of the Year. Before the end
486 of the first month and before the end of each calendar month thereafter, the Contractor shall make
487 an advance payment to the United States, at the Rate(s) set under subdivision (a) of this Article, for
488 the Water Scheduled to be delivered pursuant to this Contract during the second month immediately
489 following. Adjustments between advance payments for Water Scheduled and payments at Rates
490 due for Water Delivered shall be made before the end of the following month; Provided, That any
491 revised schedule submitted by the Contractor pursuant to Article 4 of this Contract which increases
492 the amount of Water Delivered pursuant to this Contract during any month shall be accompanied
493 with appropriate advance payment, at the Rates then in effect, to assure that Project Water is not
494 delivered to the Contractor in advance of such payment. In any month in which the quantity of
495 Water Delivered to the Contractor pursuant to this Contract equals the quantity of Water Scheduled
496 and paid for by the Contractor, no additional Project Water shall be delivered to the Contractor
497 unless and until an advance payment at the Rates then in effect for such additional Project Water is
498 made. Final adjustment between the advance payments for the Water Scheduled and payments for
499 the quantities of Water Delivered during each Year pursuant to this Contract shall be made as soon
500 as practicable but no later than April 30th of the following Year, or 60 days after the delivery of

501 Project Water carried over under subdivision (g) of Article 3 of this Contract if such water is not
502 delivered by the last day of February.

503 (d) The Contractor shall also make a payment in addition to the Rate(s) in
504 subdivision (c) of this Article to the United States for Water Delivered, at the Charges and the
505 appropriate Tiered Pricing Component then in effect, before the end of the month following the
506 month of delivery; Provided, That the Contractor may be granted an exception from the Tiered
507 Pricing Component pursuant to subdivision (j)(2) of this Article. The payments shall be consistent
508 with the quantities of Irrigation Water and M&I Water Delivered as shown in the water delivery
509 report for the subject month prepared by the Operating Non-Federal Entity/Entities or, if there is no
510 Operating Non-Federal Entity/Entities, by the Contracting Officer. The water delivery report shall
511 be deemed a bill for the payment of Charges and the applicable Tiered Pricing Component for
512 Water Delivered. Adjustment for overpayment or underpayment of Charges shall be made through
513 the adjustment of payments due to the United States for Charges for the next month. Any amount to
514 be paid for past due payment of Charges and the Tiered Pricing Component shall be computed
515 pursuant to Article 20 of this Contract.

516 (e) The Contractor shall pay for any Water Delivered under subdivision (a), (f),
517 or (g) of Article 3 of this Contract as determined by the Contracting Officer pursuant to applicable
518 statutes, associated regulations, any applicable provisions of guidelines or ratesetting policies;
519 Provided, That the Rate for Water Delivered under subdivision (f) of Article 3 of this Contract shall
520 be no more than the otherwise applicable Rate for Irrigation Water or M&I Water under subdivision
521 (a) of this Article.

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

524 (g) All revenues received by the United States from the Contractor relating to the
525 delivery of Project Water or the delivery of non-Project water through Project facilities shall be
526 allocated and applied in accordance with Federal Reclamation law and the associated rules or
527 regulations, and the then current Project ratesetting policies for M&I Water or Irrigation Water.

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

536 (i) The parties acknowledge and agree that the efficient administration of this
537 Contract is their mutual goal. Recognizing that experience has demonstrated that mechanisms,
538 policies, and procedures used for establishing Rates, Charges, and Tiered Pricing Components,
539 and/or for making and allocating payments, other than those set forth in this Article may be in the
540 mutual best interest of the parties, it is expressly agreed that the parties may enter into agreements
541 to modify the mechanisms, policies, and procedures for any of those purposes while this Contract is
542 in effect without amending this Contract.

543 (j) (1) Beginning at such time as deliveries of Project Water in a Year
544 exceed 80 percent of the Contract Total, then before the end of the month following the month of
545 delivery the Contractor shall make an additional payment to the United States equal to the
546 applicable Tiered Pricing Component. The Tiered Pricing Component for the amount of Water
547 Delivered in excess of 80 percent of the Contract Total, but less than or equal to 90 percent of the
548 Contract Total, shall equal one-half of the difference between the Rate established under
549 subdivision (a) of this Article and the Irrigation Full Cost Water Rate or M&I Full Cost Water Rate,
550 whichever is applicable. The Tiered Pricing Component for the amount of Water Delivered which
551 exceeds 90 percent of the Contract Total shall equal the difference between (i) the Rate established
552 under subdivision (a) of this Article and (ii) the Irrigation Full Cost Water Rate or M&I Full Cost
553 Water Rate, whichever is applicable. For all Water Delivered pursuant to subdivision (a) of Article
554 3 of this Contract which is in excess of 80 percent of the Contract Total, this increment shall be

555 deemed to be divided between Irrigation Water and M&I Water in the same proportion as actual
556 deliveries of each bear to the cumulative total Water Delivered.

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

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

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

578 (l) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the CVPIA,
579 the Rates for Project Water transferred by the Contractor shall be the Contractor's Rates adjusted
580 upward or downward to reflect the changed costs, if any, incurred by the Contracting Officer in the
581 delivery of the transferred Project Water to the transferee's point of delivery in accordance with the

582 then applicable Project ratesetting policy. If the Contractor is receiving lower Rates and Charges
583 because of inability to pay and is transferring Project Water to another entity whose Rates and
584 Charges are not adjusted due to inability to pay, the Rates and Charges for transferred Project Water
585 shall not be adjusted to reflect the Contractor's inability to pay.

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

588 (n) With respect to the Rates for M&I Water, the Contractor asserts that it is not
589 legally obligated to repay any Project deficits claimed by the United States to have accrued as of the
590 date of this Contract or deficit-related interest charges thereon. By entering into this Contract, the
591 Contractor does not waive any legal rights or remedies that it may have with respect to such
592 disputed issues. Notwithstanding the execution of this Contract, and payments made hereunder, the
593 Contractor may challenge in the appropriate administrative or judicial forums: (1) the existence,
594 computation, or imposition of any deficit charges accruing during the term of the Existing Contract
595 and any preceding interim renewal contracts, if applicable; (2) interest accruing on any such
596 deficits; (3) the inclusion of any such deficit charges or interest in the Rates; (4) the application by
597 the United States of payments made by the Contractor under its Existing Contract and any interim
598 renewal contracts, if applicable; and (5) the application of such payments in the Rates. The
599 Contracting Officer agrees that the Contractor shall be entitled to the benefit of any administrative
600 or judicial ruling in favor of any other Project M&I contractor on any of these issues, and credits for
601 payments heretofore made, Provided, That the basis for such ruling is applicable to the Contractor.

602 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

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

606 SALES, TRANSFERS, OR EXCHANGES OF WATER

607 9. (a) The right to receive Project Water provided for in this Contract may be sold,
608 transferred, or exchanged to others for reasonable and beneficial uses within the State of California

609 if such sale, transfer, or exchange is authorized by applicable Federal and State laws, and applicable
610 guidelines or regulations then in effect. No sale, transfer, or exchange of Project Water under this
611 Contract may take place without the prior written approval of the Contracting Officer, except as
612 provided for in subdivision (b) of this Article, and no such sales, transfers, or exchanges shall be
613 approved absent all appropriate environmental documentation, including but not limited to
614 documents prepared pursuant to NEPA and ESA. Such environmental documentation should
615 include, as appropriate, an analysis of groundwater impacts and economic and social effects,
616 including environmental justice, of the proposed water transfers on both the transferor and
617 transferee.

618 (b) In order to facilitate efficient water management by means of water transfers
619 of the type historically carried out among Project Contractors located within the same geographical
620 area and to allow the Contractor to participate in an accelerated water transfer program during the
621 term of this Contract, the Contracting Officer shall prepare, as appropriate, all necessary
622 environmental documentation including, but not limited to, documents prepared pursuant to NEPA
623 and ESA, analyzing annual transfers within such geographical areas and the Contracting Officer
624 shall determine whether such transfers comply with applicable law. Following the completion of
625 the environmental documentation, such transfers addressed in such documentation shall be
626 conducted with advance notice to the Contracting Officer, but shall not require prior written
627 approval by the Contracting Officer. Such environmental documentation and the Contracting
628 Officer's compliance determination shall be reviewed every five years and updated, as necessary,
629 prior to the expiration of the then-existing five-year period. All subsequent environmental
630 documentation shall include an alternative to evaluate not less than the quantity of Project Water
631 historically transferred within the same geographical area.

632 (c) For a water transfer to qualify under subdivision (b) of this Article, such
633 water transfer must: (i) be for irrigation purposes for lands irrigated within the previous three years,
634 for M&I use, groundwater recharge, groundwater banking, similar groundwater activities, surface
635 water storage, or fish and wildlife resources; not lead to land conversion; and be delivered to

636 established cropland, wildlife refuges, groundwater basins or M&I use; (ii) occur within a single
637 Year; (iii) occur between a willing seller and a willing buyer; (iv) convey water through existing
638 facilities with no new construction or modifications to facilities and be between existing Project
639 Contractors and/or the Contractor and the United States, Department of the Interior; and (v) comply
640 with all applicable Federal, State, and local or tribal laws and requirements imposed for protection
641 of the environment and Indian Trust Assets, as defined under Federal law.

642 (d) For the purpose of determining whether Section 3405(a)(1)(M) of the CVPIA
643 applies to the Contractor as a transferor or transferee of Project Water, the Contracting Officer
644 acknowledges that the Contractor is within a county, watershed, or other area of origin, as those
645 terms are utilized under California law, of water that constitutes the natural flow of the Sacramento
646 River and its tributaries above the confluence of the American and Sacramento Rivers.

647 APPLICATION OF PAYMENTS AND ADJUSTMENTS

648 10. (a) The amount of any overpayment by the Contractor of the Contractor's O&M,
649 capital, and deficit (if any) obligations for the Year shall be applied first to any current liabilities of
650 the Contractor arising out of this Contract then due and payable. Overpayments of more than
651 \$1,000 shall be refunded at the Contractor's request. In lieu of a refund, any amount of such
652 overpayment, at the option of the Contractor, may be credited against amounts to become due to the
653 United States by the Contractor. With respect to overpayment, such refund or adjustment shall
654 constitute the sole remedy of the Contractor or anyone having or claiming to have the right to the
655 use of any of the Project Water supply provided for herein. All credits and refunds of overpayments
656 shall be made within 30 days of the Contracting Officer obtaining direction as to how to credit or
657 refund such overpayment in response to the notice to the Contractor that it has finalized the
658 accounts for the Year in which the overpayment was made.

659 (b) All advances for miscellaneous costs incurred for work requested by the
660 Contractor pursuant to Article 25 of this Contract shall be adjusted to reflect the actual costs when
661 the work has been completed. If the advances exceed the actual costs incurred, the difference will

662 be refunded to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor
663 will be billed for the additional costs pursuant to Article 25.

664 TEMPORARY REDUCTIONS--RETURN FLOWS

665 11. (a) Subject to: (i) the authorized purposes and priorities of the Project and the
666 requirements of Federal law; and (ii) the obligations of the United States under existing contracts, or
667 renewals thereof, providing for water deliveries from the Project, the Contracting Officer shall make
668 all reasonable efforts to optimize Project Water deliveries to the Contractor as provided in this
669 Contract.

670 (b) The Contracting Officer or Operating Non-Federal Entity may temporarily
671 discontinue or reduce the quantity of Water Delivered to the Contractor as herein provided for the
672 purposes of investigation, inspection, maintenance, repair, or replacement of any of the Project
673 facilities or any part thereof necessary for the delivery of Project Water to the Contractor, but so far
674 as feasible the Contracting Officer or Operating Non-Federal Entity will give the Contractor due
675 notice in advance of such temporary discontinuance or reduction, except in case of emergency, in
676 which case no notice need be given; Provided, That the United States shall use its best efforts to
677 avoid any discontinuance or reduction in such service. Upon resumption of service after such
678 reduction or discontinuance, and if requested by the Contractor, the United States will, if possible,
679 deliver the quantity of Project Water which would have been delivered hereunder in the absence of
680 such discontinuance or reduction.

681 (c) The United States reserves the right to all seepage and return flow water
682 derived from Water Delivered to the Contractor hereunder which escapes or is discharged beyond
683 the Contractor's Boundaries; Provided, That this shall not be construed as claiming for the United
684 States any right to seepage or return flow being put to reasonable and beneficial use pursuant to this
685 Contract within the Contractor's Boundaries by the Contractor or those claiming by, through, or
686 under the Contractor.

687 CONSTRAINTS ON THE AVAILABILITY OF WATER

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

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

698 (c) In any Year in which there may occur a shortage for any of the reasons
699 specified in subdivision (b) above, the Contracting Officer shall apportion the available Project
700 Water supply among the Contractor and others entitled, under existing contracts and future
701 contracts (to the extent such future contracts are permitted under subsections (a) and (b) of Section
702 3404 of the CVPIA) and renewals thereof, to receive Project Water consistent with the contractual
703 obligations of the United States.

704 (d) Project Water furnished under this Contract will be allocated in accordance
705 with the then-existing Project M&I Water Shortage Policy. Such policy shall be amended,
706 modified, or superseded only through a public notice and comment procedure.

707 UNAVOIDABLE GROUNDWATER PERCOLATION

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

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RULES AND REGULATIONS

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

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WATER AND AIR POLLUTION CONTROL

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15. The Contractor, in carrying out this Contract, 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.

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QUALITY OF WATER

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

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

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WATER ACQUIRED BY THE CONTRACTOR
OTHER THAN FROM THE UNITED STATES

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17. (a) Water or water rights now owned or hereafter acquired by the Contractor other than from the United States and Irrigation Water furnished pursuant to the terms of this Contract may be simultaneously transported through the same distribution facilities of the

741 Contractor subject to the following: (i) if the facilities utilized for commingling Irrigation Water
742 and non-Project water were constructed without funds made available pursuant to Federal
743 Reclamation law, the provisions of Federal Reclamation law will be applicable only to the
744 Landholders of lands which receive Irrigation Water; (ii) the eligibility of land to receive Irrigation
745 Water must be established through the certification requirements as specified in the Acreage
746 Limitation Rules and Regulations (43 CFR Part 426); (iii) the water requirements of Eligible Lands
747 within the Contractor's Boundaries can be established and the quantity of Irrigation Water to be
748 utilized is less than or equal to the quantity necessary to irrigate such Eligible Lands; and (iv) if the
749 facilities utilized for commingling Irrigation Water and non-Project water are/were constructed with
750 funds made available pursuant to Federal Reclamation law, the non-Project water will be subject to
751 the acreage limitation provisions of Federal Reclamation law, unless the Contractor pays to the
752 United States the incremental fee described in 43 CFR 426.15. In determining the incremental fee,
753 the Contracting Officer will calculate annually the cost to the Federal Government, including
754 interest, on storing or delivering non-Project water, which for purposes of this Contract shall be
755 determined as follows: The quotient shall be the unpaid distribution system costs divided by the
756 total irrigable acreage within the Contractor's Boundaries. The incremental fee per acre is the
757 mathematical result of such quotient times the interest rate determined using Section 202 (3) of the
758 Act of October 12, 1982 (96 Stat. 1263). Such incremental fee will be charged to each acre of
759 excess or full cost land within the Contractor's Boundaries that receives non-Project water through
760 Federally financed or constructed facilities. The incremental fee calculation methodology will
761 continue during the term of this Contract absent the promulgation of a contrary Reclamation-wide
762 rule, regulation, or policy adopted after the Contractor has been afforded the opportunity to review
763 and comment on the proposed rule, regulation, or policy. If such rule, regulation, or policy is
764 adopted it shall supersede this provision.

765 (b) Water or water rights now owned or hereafter acquired by the Contractor,
766 other than from the United States, may be stored, conveyed, and/or diverted through Project
767 facilities, subject to the completion of appropriate environmental documentation, with the approval

768 of the Contracting Officer and the execution of any contract determined by the Contracting Officer
769 to be necessary, consistent with the following provisions:

770 (1) The Contractor may introduce non-Project water into Project facilities
771 and deliver said water to lands within the Contractor's Boundaries, including Ineligible Lands,
772 subject to payment to the United States and/or to any applicable Operating Non-Federal Entity of an
773 appropriate rate as determined by the applicable Project ratesetting policy, the RRA, and the Project
774 use power policy, if such Project use power policy, each as amended, modified, or superseded from
775 time to time.

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

781 (3) Neither the United States nor the Operating Non-Federal Entity shall
782 be responsible for control, care, or distribution of the non-Project water before it is introduced into
783 or after it is delivered from the Project facilities. The Contractor hereby releases and agrees to
784 defend and indemnify the United States and the Operating Non-Federal Entity, and their respective
785 officers, agents, and employees, from any claim for damage to persons or property, direct or
786 indirect, resulting from the acts of the Contractor, its officers', employees', agents', or assigns',
787 act(s) in (i) extracting or diverting non-Project water from any source, or (ii) diverting such
788 non-Project water into Project facilities.

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

792 (5) After Project purposes are met, as determined by the Contracting
793 Officer, the United States and the Contractor shall share priority to utilize the remaining capacity of
794 the facilities declared to be available by the Contracting Officer for conveyance and transportation

795 of non-Project water prior to any such remaining capacity being made available to non-Project
796 contractors.

797 OPINIONS AND DETERMINATIONS

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

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

812 COORDINATION AND COOPERATION

813 19. (a) In order to further their mutual goals and objectives, the Contracting Officer
814 and the Contractor shall communicate, coordinate, and cooperate with each other, and with other
815 affected Project Contractors, in order to improve the operation and management of the Project. The
816 communication, coordination, and cooperation regarding operations and management shall include,
817 but not be limited to, any action which will or may materially affect the quantity or quality of
818 Project Water supply, the allocation of Project Water supply, and Project financial matters
819 including, but not limited to, budget issues. The communication, coordination, and cooperation
820 provided for hereunder shall extend to all provisions of this Contract. Each party shall retain

821 exclusive decision making authority for all actions, opinions, and determinations to be made by the
822 respective party.

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

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

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

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

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

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

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

846 (d) Without limiting the contractual obligations of the Contracting Officer under
847 the other Articles of this Contract, nothing in this Article shall be construed to limit or constrain the

848 Contracting Officer's ability to communicate, coordinate, and cooperate with the Contractor or
849 other interested stakeholders or to make decisions in a timely fashion as needed to protect health,
850 safety, or the physical integrity of structures or facilities.

851 CHARGES FOR DELINQUENT PAYMENTS

852 20. (a) The Contractor shall be subject to interest, administrative and penalty charges
853 on delinquent installments or payments. When a payment is not received by the due date, the
854 Contractor shall pay an interest charge for each day the payment is delinquent beyond the due date.
855 When a payment becomes sixty (60) days delinquent, the Contractor shall pay an administrative
856 charge to cover additional costs of billing and processing the delinquent payment. When a payment
857 is delinquent ninety (90) days or more, the Contractor shall pay an additional penalty charge of six
858 (6%) percent per year for each day the payment is delinquent beyond the due date. Further, the
859 Contractor shall pay any fees incurred for debt collection services associated with a delinquent
860 payment.

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

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

869 EQUAL OPPORTUNITY

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

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

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

883 (c) The Contractor will send to each labor union or representative of workers
884 with which it has a collective bargaining agreement or other contract or understanding, a notice, to

885 be provided by the Contracting Officer, advising the said labor union or workers' representative of
886 the Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965,
887 and shall post copies of the notice in conspicuous places available to employees and applicants for
888 employment.

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

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

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

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

913 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

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

918 (b) The payment of charges becoming due hereunder is a condition precedent to
919 receiving benefits under this Contract. The United States shall not make water available to the
920 Contractor through Project facilities during any period in which the Contractor may be in arrears in
921 the advance payment of water rates due the United States. The Contractor shall not furnish water
922 made available pursuant to this Contract for lands or parties which are in arrears in the advance
923 payment of water rates levied or established by the Contractor.

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

926 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

927 23. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964
928 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the
929 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights laws,
930 as well as with their respective implementing regulations and guidelines imposed by the U.S.
931 Department of the Interior and/or Bureau of Reclamation.

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

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

945 PRIVACY ACT COMPLIANCE

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

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

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

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

964 (e) The Contractor shall forward promptly to the System Manager each proposed
965 denial of access under 43 CFR 2.64; and each request for amendment of records filed under 43 CFR
966 2.71; notify the requester accordingly of such referral; and provide the System Manager with
967 information and records necessary to prepare an appropriate response to the requester. These
968 requirements do not apply to individuals seeking access to their own certification and reporting
969 forms filed with the Contractor pursuant to 43 CFR 426.18, unless the requester elects to cite the
970 Privacy Act as a basis for the request.

971 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

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

980 WATER CONSERVATION

981 26. (a) Prior to the delivery of water provided from or conveyed through Federally
982 constructed or Federally financed facilities pursuant to this Contract, the Contractor shall be
983 implementing an effective water conservation and efficiency program based on the Contractor's
984 water conservation plan that has been determined by the Contracting Officer to meet the
985 conservation and efficiency criteria for evaluating water conservation plans established under
986 Federal law. The water conservation and efficiency program shall contain definite water
987 conservation objectives, appropriate economically feasible water conservation measures, and time
988 schedules for meeting those objectives. Continued Project Water delivery pursuant to this Contract
989 shall be contingent upon the Contractor's continued implementation of such water conservation
990 program. In the event the Contractor's water conservation plan or any revised water conservation

991 plan completed pursuant to subdivision (d) of Article 26 of this Contract have not yet been
992 determined by the Contracting Officer to meet such criteria, due to circumstances which the
993 Contracting Officer determines are beyond the control of the Contractor, water deliveries shall be
994 made under this Contract so long as the Contractor diligently works with the Contracting Officer to
995 obtain such determination at the earliest practicable date, and thereafter the Contractor immediately
996 begins implementing its water conservation and efficiency program in accordance with the time
997 schedules therein.

998 (b) Should the amount of M&I Water delivered pursuant to subdivision (a) of
999 Article 3 of this Contract equal or exceed 2,000 acre-feet per Year, the Contractor shall implement
1000 the Best Management Practices identified by the time frames issued by the California Urban Water
1001 Conservation Council for such M&I Water unless any such practice is determined by the
1002 Contracting Officer to be inappropriate for the Contractor.

1003 (c) The Contractor shall submit to the Contracting Officer a report on the status
1004 of its implementation of the water conservation plan on the reporting dates specified in the then
1005 existing conservation and efficiency criteria established under Federal law.

1006 (d) At five-year intervals, the Contractor shall revise its water conservation plan
1007 to reflect the then-current conservation and efficiency criteria for evaluating water conservation
1008 plans established under Federal law and submit such revised water management plan to the
1009 Contracting Officer for review and evaluation. The Contracting Officer will then determine if the
1010 water conservation plan meets Reclamation's then-current conservation and efficiency criteria for
1011 evaluating water conservation plans established under Federal law.

1012 (e) If the Contractor is engaged in direct groundwater recharge, such activity
1013 shall be described in the Contractor's water conservation plan.

1014 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

1015 27. Except as specifically provided in Article 17 of this Contract, the provisions of this
1016 Contract shall not be applicable to or affect non-Project water or water rights now owned or
1017 hereafter acquired by the Contractor or any user of such water within the Contractor's Boundaries.

1018 Any such water shall not be considered Project Water under this Contract. In addition, this Contract
1019 shall not be construed as limiting or curtailing any rights which the Contractor or any water user
1020 within the Contractor's Boundaries acquires or has available under any other contract pursuant to
1021 Federal Reclamation law.

1022 OPERATION AND MAINTENANCE BY OPERATING NON-FEDERAL ENTITY

1023 28. (a) The O&M of a portion of the Project facilities which serve the Contractor,
1024 and responsibility for funding a portion of the costs of such O&M, have been transferred to the
1025 Operating Non-Federal Entity by separate agreement between the United States and the Operating
1026 Non-Federal Entity. That separate agreement shall not interfere with or affect the rights or
1027 obligations of the Contractor or the United States hereunder.

1028 (b) The Contracting Officer has previously notified the Contractor in writing that
1029 the O&M of a portion of the Project facilities which serve the Contractor has been transferred to the
1030 Operating Non-Federal Entity, and therefore, the Contractor shall pay directly to the Operating
1031 Non-Federal Entity, or to any successor approved by the Contracting Officer under the terms and
1032 conditions of the separate agreement between the United States and the Operating Non-Federal
1033 Entity described in subdivision (a) of this Article, all rates, charges, or assessments of any kind,
1034 including any assessment for reserve funds, which the Operating Non-Federal Entity or such
1035 successor determines, sets, or establishes for the O&M of the portion of the Project facilities
1036 operated and maintained by the Operating Non-Federal Entity or such successor. Such direct
1037 payments to the Operating Non-Federal Entity or such successor shall not relieve the Contractor of
1038 its obligation to pay directly to the United States the Contractor's share of the Project Rates,
1039 Charges, and Tiered Pricing Component(s) except to the extent the Operating Non-Federal Entity
1040 collects payments on behalf of the United States in accordance with the separate agreement
1041 identified in subdivision (a) of this Article.

1042 (c) For so long as the O&M of any portion of the Project facilities serving the
1043 Contractor is performed by the Operating Non-Federal Entity, or any successor thereto, the
1044 Contracting Officer shall adjust those components of the Rates for Water Delivered under this

1045 Contract representing the cost associated with the activity being performed by the Operating
1046 Non-Federal Entity or its successor.

1047 (d) In the event the O&M of the Project facilities operated and maintained by
1048 the Operating Non-Federal Entity is reassumed by the United States during the term of this
1049 Contract, the Contracting Officer shall so notify the Contractor, in writing, and present to the
1050 Contractor a revised Exhibit "B" which shall include the portion of the Rates to be paid by the
1051 Contractor for Project Water under this Contract representing the O&M costs of the portion of
1052 such Project facilities which have been reassumed. The Contractor shall, thereafter, in the
1053 absence of written notification from the Contracting Officer to the contrary, pay the Rates,
1054 Charges, and Tiered Pricing Component(s) specified in the revised Exhibit "B" directly to the
1055 United States in compliance with Article 7 of this Contract.

1056 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

1057 29. The expenditure or advance of any money or the performance of any obligation of
1058 the United States under this Contract shall be contingent upon appropriation or allotment of
1059 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any
1060 obligations under this Contract. No liability shall accrue to the United States in case funds are
1061 not appropriated or allotted.

1062 BOOKS, RECORDS, AND REPORTS

1063 30. (a) The Contractor shall establish and maintain accounts and other books and
1064 records pertaining to administration of the terms and conditions of this Contract, including: the
1065 Contractor's financial transactions, water supply data, and Project land and right-of-way
1066 agreements; the water users' land-use (crop census), land ownership, land-leasing and water use
1067 data; and other matters that the Contracting Officer may require. Reports thereon shall be
1068 furnished to the Contracting Officer in such form and on such date or dates as the Contracting
1069 Officer may require. Subject to applicable Federal laws and regulations, each party to this
1070 Contract shall have the right during office hours to examine and make copies of the other party's
1071 books and records relating to matters covered by this Contract.

1072 (b) Notwithstanding the provisions of subdivision (a) of this Article, no
1073 books, records, or other information shall be requested from the Contractor by the Contracting
1074 Officer unless such books, records, or information are reasonably related to the administration or

1075 performance of this Contract. Any such request shall allow the Contractor a reasonable period of
1076 time within which to provide the requested books, records, or information.

1077 (c) At such time as the Contractor provides information to the Contracting
1078 Officer pursuant to subdivision (a) of this Article, a copy of such information shall be provided
1079 to the Operating Non-Federal Entity.

1080 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

1081 31. (a) The provisions of this Contract shall apply to and bind the successors and
1082 assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest
1083 therein shall be valid until approved in writing by the Contracting Officer.

1084 (b) The assignment of any right or interest in this Contract by either party
1085 shall not interfere with the rights or obligations of the other party to this Contract absent the
1086 written concurrence of said other party.

1087 (c) The Contracting Officer shall not unreasonably condition or withhold his
1088 approval of any proposed assignment.

1089 SEVERABILITY

1090 32. In the event that a person or entity who is neither (i) a party to a Project contract,
1091 nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii)
1092 an association or other form of organization whose primary function is to represent parties to
1093 Project contracts, brings an action in a court of competent jurisdiction challenging the legality or
1094 enforceability of a provision included in this Contract and said person, entity, association, or
1095 organization obtains a final court decision holding that such provision is legally invalid or
1096 unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s),
1097 the parties to this Contract shall use their best efforts to (i) within 30 days of the date of such
1098 final court decision identify by mutual agreement the provisions in this Contract which must be
1099 revised, and (ii) within three months thereafter promptly agree on the appropriate revision(s).
1100 The time periods specified above may be extended by mutual agreement of the parties. Pending
1101 the completion of the actions designated above, to the extent it can do so without violating any

1102 applicable provisions of law, the United States shall continue to make the quantities of Project
1103 Water specified in this Contract available to the Contractor pursuant to the provisions of this
1104 Contract which were not found to be legally invalid or unenforceable in the final court decision.

1105 RESOLUTION OF DISPUTES

1106 33. Should any dispute arise concerning any provisions of this Contract, or the
1107 parties' rights and obligations thereunder, the parties shall meet and confer in an attempt to
1108 resolve the dispute. Prior to the Contractor commencing any legal action, or the Contracting
1109 Officer referring any matter to Department of Justice, the party shall provide to the other party
1110 30 days' written notice of the intent to take such action; Provided, That such notice shall not be
1111 required where a delay in commencing an action would prejudice the interests of the party that
1112 intends to file suit. During the 30-day notice period, the Contractor and the Contracting Officer
1113 shall meet and confer in an attempt to resolve the dispute. Except as specifically provided,
1114 nothing herein is intended to waive or abridge any right or remedy that the Contractor or the
1115 United States may have.

1116 OFFICIALS NOT TO BENEFIT

1117 34. No Member of or Delegate to Congress, Resident Commissioner, or official of the
1118 Contractor shall benefit from this Contract other than as a water user or landowner in the same
1119 manner as other water users or landowners.

1120 CHANGES IN CONTRACTOR'S BOUNDARIES

1121 35. (a) While this Contract is in effect, no change may be made in the
1122 Contractor's Boundaries, by inclusion or exclusion of lands, dissolution, consolidation, merger,
1123 or otherwise, except upon the Contracting Officer's written consent.

1124 (b) Within 30 days of receipt of a request for such a change, the Contracting
1125 Officer will notify the Contractor of any additional information required by the Contracting
1126 Officer for processing said request, and both parties will meet to establish a mutually agreeable
1127 schedule for timely completion of the process. Such process will analyze whether the proposed
1128 change is likely to: (i) result in the use of Project Water contrary to the terms of this Contract;

1129 (ii) impair the ability of the Contractor to pay for Project Water furnished under this Contract or
1130 to pay for any Federally-constructed facilities for which the Contractor is responsible; and
1131 (iii) have an impact on any Project Water rights applications, permits, or licenses. In addition,
1132 the Contracting Officer shall comply with the NEPA and the ESA. The Contractor will be
1133 responsible for all costs incurred by the Contracting Officer in this process, and such costs will
1134 be paid in accordance with Article 25 of this Contract.

1135 FEDERAL LAWS

1136 36. By entering into this Contract, the Contractor does not waive its rights to contest
1137 the validity or application in connection with the performance of the terms and conditions of this
1138 Contract of any Federal law or regulation; Provided, That the Contractor agrees to comply with
1139 the terms and conditions of this Contract unless and until relief from application of such Federal
1140 law or regulation to the implementing provision of the Contract is granted by a court of
1141 competent jurisdiction.

1142 NOTICES

1143 37. Any notice, demand, or request authorized or required by this Contract shall be
1144 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or
1145 delivered to the Area Manager, Bureau of Reclamation, Northern California Area Office,
1146 16349 Shasta Dam Boulevard, Shasta Lake, California 96019, and on behalf of the United
1147 States, when mailed, postage prepaid, or delivered to the Board of Directors of the Westside
1148 Water District, 5005 State Highway 20, Williams, California 95987. The designation of the
1149 addressee or the address may be changed by notice given in the same manner as provided in this
1150 Article for other notices.

1151 CONFIRMATION OF CONTRACT

1152 38. The Contractor, after the execution of this Contract, shall promptly seek to secure
1153 a decree of a court of competent jurisdiction of the State of California, confirming the execution
1154 of this Contract. The Contractor shall furnish the United States a certified copy of the final
1155 decree, the validation proceedings, and all pertinent supporting records of the court approving
1156 and confirming this Contract, and decreeing and adjudging it to be lawful, valid, and binding on
1157 the Contractor.

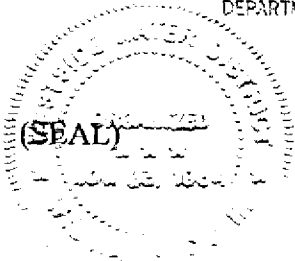
1158 IN WITNESS WHEREOF, the parties hereto have executed this Contract as of
1159 the day and year first above written.

1160 THE UNITED STATES OF AMERICA

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

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

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WESTSIDE WATER DISTRICT

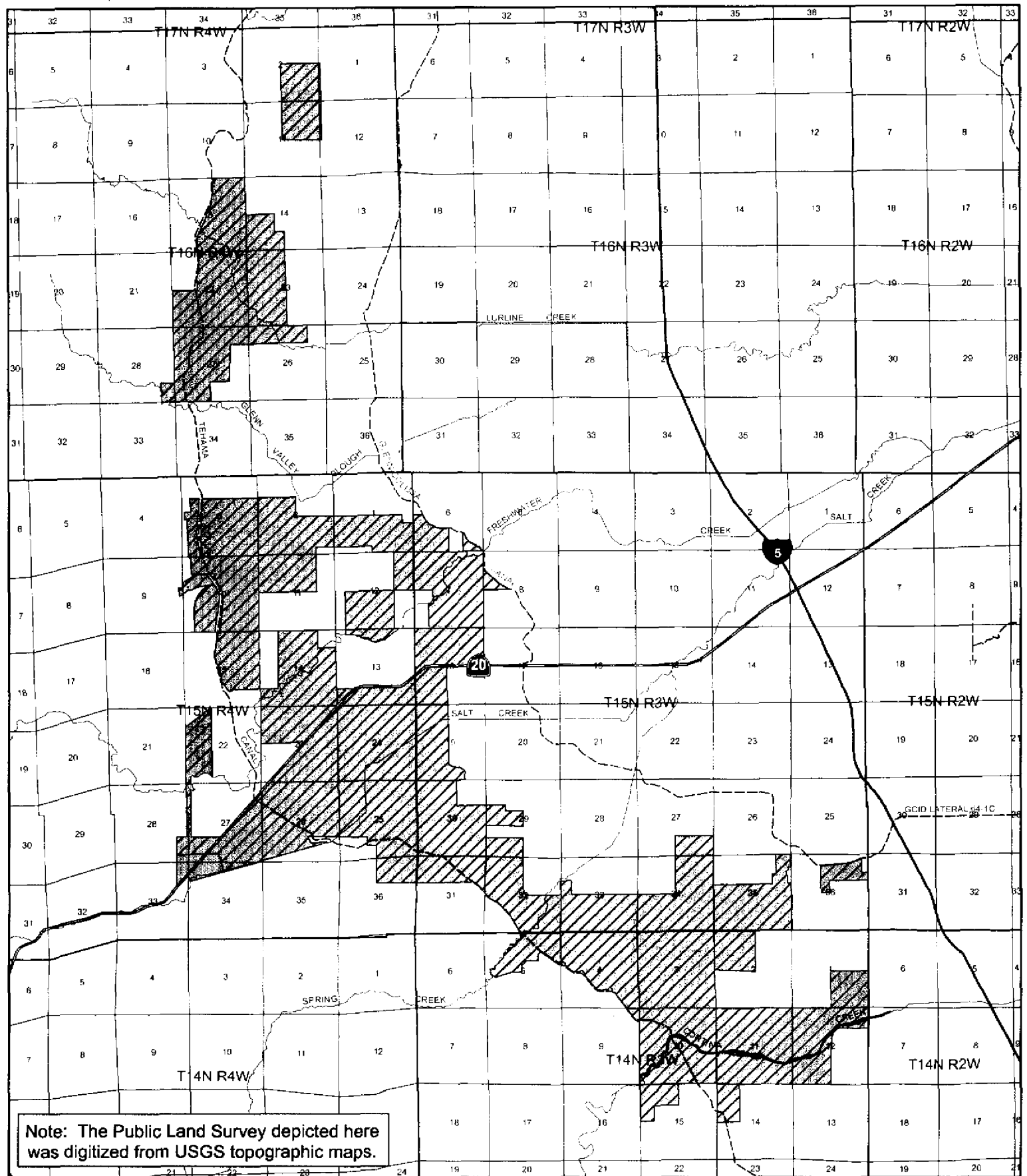
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By: *[Signature]*
President of the Board of Directors

1168 Attest:

1169 By: *Mary C. Wells*
1170 Secretary of the Board of Directors



1171 (H:\public\Willows Final LTRC's\2005-01-31 Westside WD Final LTRC Draft Contract, -8222-
1172 LTR1)



Note: The Public Land Survey depicted here was digitized from USGS topographic maps.

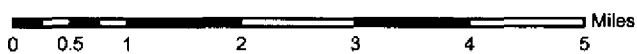
Westside Water District

Contract No. 14-06-200-8222-LTR1
Exhibit A

-  Contractor's Service Area
-  District Boundary



Date: October 19, 2004
File Name: N:\districts\contracts\westside_wd\westside.mxd



602-202-9

EXHIBIT B

WESTSIDE WATER DISTRICT
2005 Water Rates and Charges per Acre-Foot

	Cost of Service <u>Irrigation</u>	<u>M&I</u>	Calculated Payment Capacity 1/ <u>Irrigation</u>
<u>COST OF SERVICE RATES:</u>			
Capital Rates	\$ 9.98	2/	\$ 0.00
O&M Rates:			
Water Marketing	6.61		6.61
Storage	5.93		5.93
Direct Pumping	0.24		0.24
Deficit Rates:			
Interest Bearing	1.24		1.24
CFO/PFR Adjustment Rate 3/	<u>1.03</u>		<u>1.03</u>
TOTAL	<u>\$25.03</u>	2/	<u>\$15.05</u>
<u>FULL-COST RATES:</u>			
<u>Section 202(3)</u> Rate is applicable to a Qualified Recipient or to a Limited Recipient receiving irrigation water on or before October 1, 1981.	<u>\$45.22</u>		<u>\$45.22</u>
<u>Section 205(a)(3)</u> Rate is applicable to a Limited Recipient that did <u>not</u> receive irrigation water on or before October 1, 1981.	<u>\$54.64</u>		<u>\$54.64</u>
<u>TIERED PRICING COMPONENTS:</u>			
Tiered Pricing Component >80% <=90% of Contract Total [Full Cost Rate – COS Rate / 2]	<u>\$10.10</u>	2/	<u>\$15.09</u>
Tiered Pricing Component >90% of Contract Total [Full Cost Rate – COS Rate]	<u>\$20.19</u>	2/	<u>\$30.17</u>
<u>CHARGES UNDER P.L. 102-575 TO THE RESTORATION FUND 4/</u>			
Restoration Payments (3407(d)(2)(A))	<u>\$ 7.93</u>	2/	<u>\$ 0.00</u>

1/ Established pursuant to the results of the Payment Capacity Analysis for the Tehama-Colusa Water Users Association Service Area as announced by letter dated February 10, 1995.

2/ To be provided as needed. Contractor does not currently receive M&I water and is not projected to take any in the near future.

3/ Chief Financial Officer (CFO) adjustment and Provision for Replacement (PFR) expense is being distributed over a 5-year period beginning in FY 2003 for those contractors that requested those costs be deferred.

4/ 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).

RESOLUTION NO. 2005-02

**OF THE BOARD OF DIRECTORS
OF WESTSIDE WATER DISTRICT
APPROVING EXECUTION OF LONG-TERM RENEWAL CONTRACT
FOR CVP WATER SERVICE FROM THE UNITED STATES**

WHEREAS, Westside Water District and the United States entered into Contract Nos. 14-06-200-8222IRL and 14-06-200-8310X ("CVP Contracts") to entitle the District to 65,000 acre feet of Central Valley Project water per year;

WHEREAS, the District's CVP Contracts have been renewed for successive interim terms that will expire on February 28, 2005, unless renewed;

WHEREAS, the District and the United States have engaged in negotiations to renew the District's CVP Contracts as a single long-term CVP water service contract with a term of 25 years, effective March 1, 2005 through February 28, 2030, in accordance with the provisions of the Central Valley Project Improvement Act (section 3404(c) of title 34 of Public Law 102-575) and other Federal Reclamation laws; and

WHEREAS, the negotiations have resulted in the development of a long-term renewal CVP contract between the District and the United States in the form presented at this meeting ("Long-Term Renewal CVP Contract;" Contract No. 14-06-200-8222-LTR1).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Westside Water District as follows:

1. The foregoing recitals are true.
2. The Long-Term Renewal CVP Contract is hereby approved as to form and content, and the Board President and the District's General Manager are authorized to execute on behalf of the District the Long-Term Renewal CVP Contract, and to take all action required of the District to implement the Long-Term Renewal CVP Contract.

The foregoing resolution was duly passed and adopted by the Board of Directors of Westside Water District at a meeting thereof held on February 11, 2005 by the following roll call vote:

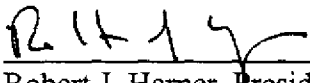
AYES: President Robert J. Harper, Vice President Larry J. LaGrande,
Director Steven L. Dennis, Director Douglas E. Parker,
and Director Mary C. Wells

NOES: None


ABSENT: None

Signed by me after its passage this 11th day of February 2005.

(Seal)

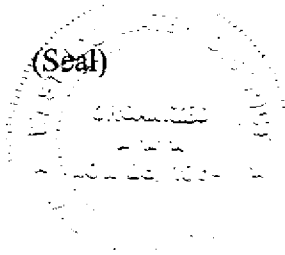
By: 
Robert J. Harper, President
Board of Directors
Westside Water District

Attest:

By: 
Mary C. Wells, Secretary
Board of Directors
Westside Water District

Certification

I hereby certify that the attached resolution is a full, true and correct copy of the original document on file at the Westside Water District office, and that this certification was executed on February 17, 2005 in the County of Colusa, California.



By: Mary C. Wells
Mary C. Wells, Secretary
Board of Directors
Westside Water District

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