

April 5, 1972

Mr. Robert J. Pafford
Regional Director
Region 2
Bureau of Reclamation
United States Department of Interior
2800 Cottage Way
Sacramento, California 95814

Dear Mr. Pafford:

I am pleased to be able to enclose Resolution No. 71-72-27 of the Board of Directors of the Stockton-East Water District approving R. O. Draft 2/11-1972 for provision of a Folsom South Canal water supply to the Stockton-East Water District. You will note that the resolution of approval of the Stockton-East Water District contains a provision that the draft also be approved by the City Council of the City of Stockton. This was done by action of the Stockton City Council taken at its meeting of Monday, April 3, 1972. In the course of obtaining City of Stockton approval of the draft it was suggested that additional language be added to R. O. Draft 2/11-1972 in Article 3 as follows: "This contract shall have no effect on any water right of the District or any entity or landowner within the District". Our attorney, Mr. Thomas J. Shephard, advised that there should be no difficulty in including such language since it was his opinion that the additional language would not make a substantive change in the contract. The language on the other hand would answer certain questions which were raised. Accordingly our submission of Resolution No. 71-72-27 approving R. O. Draft 2/11-1972 is contingent upon said draft being revised to include the aforementioned language or similar language.

We are submitting our resolution of approval of R. O. Draft 2/11-1972 at this time even though you, at this time, have concern as to the sufficiency of the water supply of the Central Valley Project. We continue to be hopeful that with

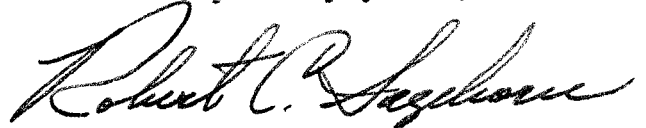
Mr. Robert J. Pafford

April 5, 1972

Page Two

a full analysis of the present water supply problems of the Central Valley Project that you will in turn conclude that R. O. Draft 2/11-1972 can be executed by the United States.

Very truly yours,



Robert C. Sagehorn
Secretary-Manager

RCS/gbs

Enclosure

CC: Honorable John J. McFall
City of Stockton, City Council
Mr. Elder Gunter
San Joaquin County, Board of Supervisors
Mr. Lee Drake
North San Joaquin Water Conservation District
Central San Joaquin Water Conservation District
Each Member of the Board, Stockton-East Water District
California Water Service Company
Mr. Howard Stoddard
Mr. A. Gene Rheault
Mr. Mark Eudey
Mr. Thomas J. Shephard

RESOLUTION NO. 71-72-27

RESOLUTION OF THE BOARD OF DIRECTORS OF THE STOCKTON-EAST
WATER DISTRICT RELATIVE TO APPROVAL OF PROPOSED CONTRACT
BETWEEN THE UNITED STATES OF AMERICA AND THE STOCKTON-EAST
WATER DISTRICT PROVIDING FOR WATER SERVICE FROM THE FOLSOM
SOUTH CANAL

WHEREAS, heretofore this District has been negotiating with the Bureau of Reclamation of the United States Department of Interior in connection with obtaining a water supply from the Folsom South Canal for this District; and

WHEREAS, there is now before this Board a proposed contract to provide a supply of water to this District from the Folsom South Canal, being R.O. Draft 2/11-1972 which has been submitted to this Board; and

WHEREAS, by letter dated February 14, 1972 the United States Bureau of Reclamation asked this Board to approve said draft; and

WHEREAS, this Board has carefully reviewed said R.O. Draft 2/11-1972 and finds the same acceptable and approves the same;

NOW, THEREFORE, BE IT RESOLVED that this Board approves said R. O. Draft 2/11-1972 and that the Secretary-Manager of this District is authorized and directed to submit this resolution to the Regional office of the United States Bureau of Reclamation and request that said R. O. Draft 2/11-1972 be forwarded for approval by the Commissioner of Reclamation of the Secretary of Interior, subject to first obtaining the approval of the City Council of the City of Stockton.

I hereby certify that the attached is a true and correct copy of Resolution No. 71-72-27 of the Board of Directors of the STOCKTON-EAST WATER DISTRICT adopted at a regular meeting of the Board held on the 29th day of March, 1972, that said Resolution was duly adopted by said Board by the following votes:

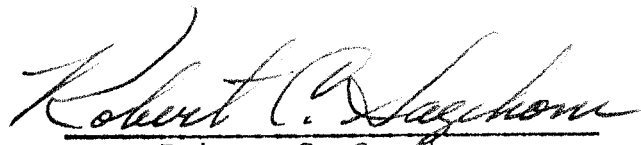
AYES: Armanino, Hosie, Lyons, Masten, Dorton,
Dondero, Waidhofer

NOES: None

ABSTENTIONS: None

ABSENT: None

April 5, 1972
Date


Robert C. Sagehorn
Secretary-Manager

STOCKTON-EAST
WATER DISTRICT

R.O. Draft 2/11-1972

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

CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND
STOCKTON-EAST WATER DISTRICT PROVIDING FOR WATER SERVICE

Table of Contents

<u>Article No.</u>	<u>Title</u>	<u>Page No.</u>
	Preamble	1
	Explanatory Recitals	1- 3
1	Definitions	3- 4
2	Term of Contract--Beneficial Use	5- 6
3	Water to be Furnished to the Contractor	6-12
4	Water Use Schedules	13
5	Transfers or Exchanges of Water	13
6	Method and Rates of Payment for Water	14-25
7	Renegotiation	25
8	Adjustments	26
9	Points of Delivery--Measurement and Responsibility for Distribution of Water	27-29
10	Maintenance of Flows and Levels-- Temporary Reductions--Return Flows-- United States to be Held Harmless	30-31
11	Water Shortage and Apportionment	32-33
12	Quality of Water	33
13	Water and Air Pollution Control	33
14	General Obligation--Benefits Conditioned upon Payment	34
15	Drainage Studies and Facilities	34
16	Rules, Regulations, and Determinations	35

<u>Article No.</u>	<u>Title</u>	<u>Page No.</u>
17	Penalty for Delinquent Payments	36
18	Books, Records, and Reports	36-37
19	Changes in Contractor's Organization	37
20	Lands Not to Receive Water Furnished to Contractor by United States until Owners Thereof Execute Certain Contracts	38-39
21	Valuation and Sale of Excess Lands	39-41
22	Excess Lands	41-44(a)
23	Repeal or Amendment of Federal Reclamation Laws	45
24	Water Acquired by Contractor Other than from the United States	45-47
25	Contingent on Appropriation or Allotment of Funds	47
26	Officials Not to Benefit	48
27	Notices	48
28	Assignment Limited--Successors and Assigns Obligated	49
29	Confirmation of Contract	49
30	Title VI, Civil Rights Act of 1964	50-51
31	Equal Opportunity	52-54
	Signatures	55

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

5 CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND
6 STOCKTON-EAST WATER DISTRICT PROVIDING FOR WATER SERVICE

7 THIS CONTRACT, made this ____ day of _____, 19____,
8 in pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and
9 acts amendatory thereof or supplementary thereto, all collectively
10 hereinafter referred to as the Federal reclamation laws, between THE
11 UNITED STATES OF AMERICA, hereinafter referred to as the United States,
12 and STOCKTON-EAST WATER DISTRICT, hereinafter referred to as the
13 District or the Contractor, a public agency of the State of
14 California, duly organized, existing, and acting pursuant to the laws
15 thereof, with its principal place of business in Stockton, California,

16 WITNESSETH, That:

17 EXPLANATORY RECITALS

18 WHEREAS, the United States is constructing and operating the
19 Central Valley Project, California, for the purpose, among others, of
20 furnishing water for irrigation, municipal, industrial, domestic, and
21 other beneficial uses; and
22

Preamble
Explanatory Recitals

1 WHEREAS, the United States is constructing the Folsom-South
2 Canal, which will be operated and used, in part, for the furnishing of
3 water to the Contractor pursuant to the terms of this contract; and

4 WHEREAS, the Contractor desires to contract, pursuant to
5 the Federal reclamation laws and the laws of the State of California,
6 for the furnishing by the United States of a supplemental water supply
7 from the Project for which the Contractor will make payment to the
8 United States upon the basis, at the rates, and pursuant to the condition
9 hereinafter set forth; and

10 WHEREAS, investigations of the Contractor's lands indicate that
11 there is a present need for additional water for irrigation and municipal
12 industrial, and domestic purposes; that certain parts of said areas have
13 a potential need of water for irrigation and municipal, industrial, and
14 domestic purposes; that groundwater underlying the District is seriously
15 depleted and in need of replenishment; and that an additional water
16 supply to meet these present and potential needs can be made available
17 by and through the works constructed and to be constructed by the United
18 States; and

1 facilities, all of which do or will contribute substantial
2 quantities of Project water to the Sacramento-San Joaquin
3 Delta water supply, and present and future Project facilities
4 which convey Project water across or around the Sacramento-
5 San Joaquin Delta, but excluding intake works or extensions
6 to such intake works which deliver water to other Project
7 conveyance facilities or other Project water users;

8 (d) "Canal" shall mean the Folsom South Canal of the
9 Auburn-Folsom South Unit, American River Division, of the
10 Project;

11 (e) "initial delivery date" shall mean January 1 of
12 the year in which the Secretary announces that water from
13 the Canal is first available for delivery to the Contractor
14 under this contract;

15 (f) "agricultural water" shall mean water used primarily
16 in the commercial production of agricultural crops or livestock,
17 including domestic use incidental thereto, on tracts of land
18 operated in units of more than 2 acres;

19 (g) "municipal, industrial, and domestic water" shall
20 mean water used for other than agricultural purposes;

21 (h) "year" shall mean a calendar year; and

22 (i) "fiscal year" shall mean the period commencing
23 July 1 and ending the following June 30.

TERM OF CONTRACT--BENEFICIAL USE

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2. (a) This contract shall be effective on the date first hereinabove written and shall remain in effect for a period of 40 years, commencing with the year in which the Contracting Officer announces that water is available from the Canal to any customer holding a long-term contract for service therefrom: Provided, That under terms and conditions agreeable to the parties, renewals of this contract may be made for successive periods not to exceed 40 years each. The terms and conditions of each renewal shall be agreed upon not later than 1 year prior to the expiration of the then existing contract: Provided further, That upon written request of the Contractor to the Secretary not later than 1 year prior to the expiration of this contract, insofar as it relates to agricultural water, whenever, account being taken of the amount then credited to the costs of construction of water supply works, the remaining amount of construction costs of water supply works which is properly assignable for ultimate return by the Contractor, as established by the Secretary of the Interior pursuant to (3) of Section 1 of Public Law 84-643 (70 Stat. 483), probably can be repaid to the United States within the term of a contract under Subsection (d), Section 9 of the Reclamation Project Act of 1939 (53 Stat. 1187), the portions of this contract pertaining to the furnishing of agricultural water may be converted to a contract under said Subsection (d) upon terms and conditions agreeable to the United States and the Contractor.

1 (b) The right to the beneficial use of water furnished to
2 the Contractor pursuant to this contract and any renewal hereof shall
3 not be disturbed so long as the Contractor fulfills all of its obliga-
4 tions under this contract and such renewal.

5 WATER TO BE FURNISHED TO THE CONTRACTOR

6 3. (a) The United States shall make available to the Contractor
7 and the Contractor shall pay for agricultural water as provided in sub-
8 division (b) of Article 6, in accordance with the following:

9 (1) Each year, for the first 5 years, commencing
10 with the year following the year in which the initial delivery
11 date occurs, the quantities specified in the schedule submitted
12 by the Contractor in accordance with Article 4;

13 (2) Each year for the next 10 years a minimum of
14 30,000 acre-feet of water: Provided, That if in any year
15 during this period the Contractor takes a larger quantity,
16 such increased quantity shall constitute a new minimum for
17 the succeeding years and the United States shall make avail-
18 able and the Contractor shall pay for such increased quantity.
19 At any time that the Contractor takes more than the revised
20 minimum, the increased quantity shall again become the new
21 minimum for the succeeding years; and

22

1 (3) In the 16th year following the year in which
2 the initial delivery date occurs and each year thereafter for
3 the remainder of the term of this contract, a quantity of water
4 equal to the quantity paid for in the 15th year, or such greater
5 quantity as may be scheduled in the 16th year, but in no event
6 shall the quantity of water furnished annually be in excess of
7 100,000 acre-feet: Provided, however, That the parties may, by
8 agreement at any time or times after the 15th year, decrease the
9 quantity of water required thereafter to be paid for by the
10 Contractor during the remainder of the term of this contract.

11 (b) The United States shall make available to the Contractor
12 the quantities of municipal, industrial, and domestic water specified in
13 the schedule submitted by the Contractor in accordance with Article 4,
14 and the Contractor shall pay for said water in accordance with the pro-
15 visions of Article 6: Provided, That the United States shall make
16 available municipal, industrial, and domestic water and the Contractor
17 shall pay for as a minimum the quantities set forth in the following
18 table. The quantity the United States shall make available and the
19 Contractor shall pay for in the 35th year and each year thereafter during
20 the term of this contract shall be 45,000 acre-feet: Provided, however,
21 That at any time or times after the Contractor's requirement for municipal
22 industrial, and domestic water exceeds 45,000 acre-feet per year, any or
23 or all of the Project water to be furnished for agricultural use, as

1 specified in subdivision (a) of this article, may be converted and shall
2 be added to said 45,000 acre-feet and shall become the minimum quantity
3 the Contractor shall pay for as municipal, industrial, and domestic
4 water to be furnished to the Contractor each year thereafter during
5 the term of this contract. Years shown in the table refer to the
6 years following the year of initial delivery date. The amount of revenue
7 received in any year in excess of the payment for the cumulative minimum
8 requirement in the following table for such year may be used in succeeding
9 years to meet the payment for the cumulative minimum requirement for
10 water not actually used during such years. The amount of revenue
11 received for water paid for within the cumulative minimum requirement for
12 any year but not used during such year may be applied to meet the payment
13 for any succeeding year to offset quantities used in excess of the
14 cumulative minimum requirement for such year.

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TABLE
(in acre-feet)

1	<u>Year</u>	<u>Cumulative Minimum (in acre-feet)</u>
2	1	1,000
	2	3,000
3	3	6,000
	4	10,000
4	5	15,000
	6	21,000
5	7	28,000
	8	36,000
6	9	45,000
	10	55,000
7	11	66,000
	12	78,000
8	13	91,000
	14	111,000
9	15	131,000
	16	151,000
10	17	171,000
	18	191,000
11	19	211,000
	20	231,000
12	21	251,000
	22	271,000
13	23	291,000
	24	312,000
14	25	334,000
	26	357,000
15	27	381,000
	28	406,500
16	29	433,000
	30	460,500
17	31	489,000
	32	519,000
18	33	550,000
	34	588,000
19	35	633,000
20		
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22		

1 (c) In no event shall the United States be obligated to
2 furnish more than 145,000 acre-feet of water during any year of the
3 term of this contract: Provided, however, That this quantity may be
4 increased pursuant to subdivisions (g) and (h) hereof.

5 (d) If in the 15th year following the year in which the
6 initial delivery date occurs, the Contractor obtains an additional
7 water supply under the provisions of the operating agreement dated
8 August 25, 1970, between the Contractor and Calaveras County Water
9 District, such additional supply shall reduce the quantities of
10 agricultural, municipal, industrial, and domestic water to be
11 furnished from the Canal for each year during the remainder of the
12 term of this contract to be determined as follows:

13 (1) The quantity of agricultural water shall
14 be reduced by the quantity which is equivalent to 25% of
15 such additional supply;

16 (2) The minimum quantities of municipal,
17 industrial, and domestic water shall be reduced by the
18 quantity which is equivalent to 75% of such additional
19 supply; and

20 (3) Each such reduction shall be rounded to the
21 nearest 50 acre-feet.

22

1 (e) In the event the United States constructs a facility
2 such as the Peripheral Canal, which is being proposed as a feature of
3 the Central Valley Project, the Contractor shall be entitled, if it
4 so elects, to take delivery of any portion of the quantity of water
5 provided in this article from that facility upon terms and conditions
6 mutually agreeable to the United States and the Contractor, consistent
7 with its authorization and at rates comparable with those for other
8 intended water users for service from that facility. In the event the
9 Peripheral Canal is not constructed the Contractor shall be entitled to
10 take delivery of any portion of the quantity of water provided in this
11 article directly from the Sacramento-San Joaquin Delta upon terms and
12 conditions mutually agreeable to the United States and the Contractor.

13 (f) With respect to any area of the Contractor lying within
14 the boundaries of the Delta Water Agency, as said boundaries exist at
15 the time of execution of this contract, nothing in this contract shall
16 affect any water rights or contractual rights for water within said
17 area which exist or may be obtained through a contract between the United
18 States and the Delta Water Agency.

19 (g) If the Contracting Officer determines that a long-term
20 contractor in the San Joaquin County or the Sacramento County portion of
21 the Canal service area has not obligated itself to pay for the maximum
22 quantity of agricultural water provided in its contract by the end of
23 the 16th year of its term, the other long-term contractors within the

1 same County will be notified of the availability of such unobligated
2 supply. The water shall be prorated by the Contracting Officer to
3 long-term contractors within said County that request additional water
4 and can demonstrate to the satisfaction of the Contracting Officer a
5 need for additional water. If after said notification and proration
6 an unobligated supply still remains, such remaining unobligated supply
7 shall become available pursuant to similar notification and proration
8 to all other long-term contractors within the Canal service area:

9 Provided, That the quantity of water prorated to the Contractor shall
10 be paid for in the year when the prorated supply is first made available
11 and each year thereafter during the remainder of the term of the contract

12 (h) If the Contractor in any year requires a quantity of
13 water in addition to the maximum quantity which the United States is
14 obligated to furnish to the Contractor, additional water, if available
15 as determined by the Contracting Officer, may be furnished upon receipt
16 from the Contractor of a written request together with a schedule in-
17 dicating the desired times, uses and quantities of water and payment
18 at the applicable rates specified in Article 6. The furnishing by the
19 United States and acceptance by the Contractor of such additional water
20 shall neither entitle nor obligate the Contractor to receive such
21 quantities in subsequent years.

22

1 thereafter, the Contractor shall pay for the water to be
2 delivered pursuant to the latest approved schedule during
3 the second month immediately following. Water furnished
4 pursuant to subdivision (h) of Article 3 shall be paid for
5 in full at the time or times such requests are made;

6 (4) Adjustment for any difference between the
7 payment for the scheduled quantities of water and payment
8 for the quantities of water actually delivered in any month
9 shall be made in the payment in the month immediately following:
10 Provided, That the quantity of agricultural water paid for in
11 any year shall be no less than the minimum quantity specified
12 in subsections (2) and (3) of subdivision (a) of Article 3 as
13 applicable: Provided further, That the quantity of municipal,
14 industrial, and domestic water paid for in any year shall not
15 be less than the quantity necessary to fulfill the cumulative
16 minimum quantity requirement or the annual quantity for that
17 year, or such greater annual quantity resulting from the use
18 of water furnished for agricultural purposes but used for
19 municipal, industrial, and domestic purposes, as specified and
20 provided in subdivision (b) of Article 3. By December 1, the
21 Contractor shall make any additional payment necessary to meet
22 the total quantity of water the Contractor is obligated to pay
23 for that year pursuant to subdivisions (a) and (b) of Article 3.

1 Payment of an additional amount for the quantity of agricul-
2 tural water used for municipal, industrial, and domestic
3 purposes at a rate per acre-foot equal to the difference
4 between the rate paid for agricultural water and the rate
5 applicable to municipal, industrial, and domestic use shall
6 be made by the 15th day of each succeeding month when such
7 use occurs; and

8 (5) In the event the Contractor is unable, fails,
9 or refuses to accept delivery of the quantities of water
10 available for delivery to it and which it is required to pay
11 for pursuant to this contract, or in the event that the
12 Contractor in any year fails to submit schedules as provided
13 in Article 4, said inability, failure, or refusal shall not
14 relieve the Contractor of the obligation to pay for such water,
15 and the Contractor agrees to make payment in the same manner
16 as if such water had been delivered and accepted by the
17 Contractor in accordance with this contract.

18 (b) The rate to be paid by the Contractor for agricultural
19 water furnished pursuant to this contract shall consist of:

20 (1) A Canal operation, maintenance, and replace-
21 ment component of \$1 per acre-foot for the period ending
22 the 5th fiscal year following the fiscal year in which water

1 is available from the Canal to any customer holding a long-
2 term contract for water service. Prior to June 15 of the
3 last fiscal year of said period and June 15 of each succeeding
4 5th fiscal year thereafter, the Canal operation, maintenance,
5 and replacement component per acre-foot shall be redetermined
6 by the Contracting Officer for the succeeding 5 fiscal years
7 by dividing the estimated average annual operation, maintenance,
8 and replacement costs of the Canal for that period, less the
9 estimated incremental annual operation, maintenance, and replace-
10 ment costs for said 5 fiscal years attributable to the East Side
11 Division, by 600,000 or the total quantity of water that users
12 of water from the Canal are obligated to pay for during the 5th
13 fiscal year of the previous 5-fiscal-year period, whichever is
14 the greater. When the quantity of water delivered during the
15 5th fiscal year of the preceding 5-fiscal-year period is less
16 than 600,000 acre-feet, the operation, maintenance, and replace-
17 ment expenses may exceed the operation, maintenance, and
18 replacement revenues. The deficit for each fiscal year during
19 such period shall be added to the construction cost of the
20 Canal. When the total water paid for during the 5th fiscal year
21 of the preceding 5-fiscal-year period is greater than 600,000
22 acre-feet, and each 5th fiscal year thereafter, an adjustment

--Article 6(b)(1)--

1 will be made in the estimated cost in computing the component
2 for the next 5-fiscal-year period to reflect the difference
3 in the actual and estimated water use and the operation,
4 maintenance, and replacement costs for the preceding 5 fiscal
5 years; and

6 (2) A capital component of \$1.75 per acre-foot
7 until December 31, 1995. For the period of 1996 through
8 2005 and a subsequent period of 2006 to the end of the
9 contract term this component shall be adjusted prior to the
10 beginning of each period so that the sum of the operation,
11 maintenance, and replacement component, as determined pursuant
12 to subsection (1) of this subdivision, and this component shall
13 amount to approximately 75% of the payment capacity of the
14 irrigable lands in the District. Such payment capacity shall
15 be determined by the Contracting Officer. The Contractor will
16 be consulted on the determination of the rate adjustments before
17 they are put into effect. If the adjustment proposed by the
18 Contracting Officer is unacceptable to the Contractor, the matter
19 will be referred to the Secretary for decision. The Secretary
20 will appoint a panel of three persons to advise him before he
21 reaches a decision. One member of the panel will be selected
22 by the Secretary from persons recommended by the Contractor, one

--Article 6(b)(1) - (2)--

1 recommended by the Commissioner of Reclamation, and the
2 third person will be recommended by the first two. Each
3 rate adjustment shall become effective not less than 3 months
4 after the Contractor is advised of the determination. Revenues
5 from this component will be credited to repayment of the
6 following costs allocated to agriculture and in the order of
7 priority as listed:

8 a. Delta service facility operation,
9 maintenance, and replacement costs;

10 b. Conveyance construction costs; and

11 c. Delta service facility construction costs.

12 (c) The rate to be paid by the Contractor for municipal,
13 industrial, and domestic water furnished pursuant to this contract
14 shall consist of:

15 (1) A Delta service component of \$9 per acre-foot
16 until December 31, 1995. On January 1, 1996, and at any time
17 or times thereafter, but not more than once in any 5-year period,
18 this component may be adjusted so that it will provide revenues
19 which, when added to the revenues received from Delta service
20 components paid and anticipated to be paid during the Project
21 repayment period, hereafter described in this article, by the
22 Contractor and by all other purchasers of Project water for
23 municipal, industrial, and domestic use who are subject to the
24 Delta service component, will:

1 a. Reimburse the United States for the
2 portion of the operation and maintenance costs of
3 the Delta service facilities properly allocable to
4 municipal, industrial, and domestic service;

5 b. Reimburse the United States for interest
6 on the unpaid balance of the capital costs of the Delta
7 service facilities properly allocable to municipal,
8 industrial, and domestic service;

9 c. Reimburse the United States for the
10 portion of the capital costs of the Delta service
11 facilities properly allocable to municipal, industrial,
12 and domestic service; and

13 d. Provide additional revenues not to exceed
14 20% of the total revenues received and estimated to be
15 received pursuant to subparagraphs a., b., and c. hereof,
16 which shall be credited against the cost of the Project
17 properly allocable to agricultural use: Provided, however,
18 That revenues shall not be so credited until after the
19 interest referred to in subparagraph b. and the capital
20 costs referred to in subparagraph c. hereof shall have
21 been paid in full.

22 All funds received as the Delta service component shall be
23 credited in the order and manner set forth above. Computation

--Article 6(c)(1)a. - d

1 of adjustments of the component shall be on the basis that the
2 Project repayment period began in 1941 and will continue for
3 50 years after completion of the last addition to the Project,
4 and interest rates shall be as determined by the Secretary at
5 the time of each such addition, all pursuant to Project
6 authorizing legislation. No adjustment shall increase or
7 decrease the amount of the Delta service component by more
8 than 20%. Before announcing an adjustment of this component,
9 the Contracting Officer will make available to the Contractor
10 the data and computations upon which a proposed adjustment is
11 based and will afford the Contractor not less than 3 months to
12 study and to comment thereon. Final determination of an adjust-
13 ment will be announced by the Contracting Officer after consideratio
14 of the Contractor's comments, but not less than 6 months prior to
15 the effective date thereof;

16 (2) A Canal operation, maintenance, and replacement
17 component of \$1 per acre-foot for the period ending the 5th
18 fiscal year following the fiscal year in which water is available
19 from the Canal to any customer holding a long-term contract for
20 water service. Prior to June 15 of the last fiscal year of said
21 period and June 15 of each succeeding 5th fiscal year thereafter,
22 this component shall be redetermined in accordance with the pro-
23 cedure set forth in subsection (1) of subdivision (b) of this
24 article; and

--Article 6(c)(1) - (2)

1 (3) A conveyance component of \$6 per acre-foot
2 for the period ending the 5th fiscal year following the
3 fiscal year in which water is available from the Canal to
4 any customer holding a long-term contract for water service.
5 This component is intended to repay the Contractor's share
6 of the capital cost of the Canal with interest on the unpaid
7 balance at 3.225% per annum within the computation period.
8 Prior to June 15 of the last fiscal year of that period and
9 June 15 of each succeeding 5th fiscal year thereafter, the
10 Contracting Officer will redetermine the conveyance component
11 for the succeeding 5 fiscal years in accordance with the
12 following:

13 a. As used herein, the term:

14 1. "capital cost" shall mean the
15 total construction cost of the Canal, including
16 the estimated cost of portions of the Canal yet
17 to be constructed, plus the deficit in operation,
18 maintenance, and replacement costs, as determined
19 pursuant to subsection (1) of subdivision (b) of
20 this article, and interest during construction at
21 the rate of 3.225% per annum, less the incremental
22 portion of the aforesaid costs attributable to the
23 East Side Division;

1 2. "computation period" shall mean a
2 period commencing July 1 of the fiscal year
3 following the fiscal year water is first avail-
4 able for delivery from the Canal and extending
5 to June 30 of the 50th fiscal year after that in
6 which water is first available for delivery from
7 the last major reach of the Canal;

8 3. "present worth" shall mean the sum
9 of discounted annual quantities of municipal,
10 industrial, and domestic water use at 3.225% per
11 annum;

12 4. "Contractor's total municipal,
13 industrial, and domestic water use" shall mean
14 either the annual quantities determined from sub-
15 division (b) of Article 3 and 45,000 acre-feet or
16 such larger quantities as provided in the second
17 proviso in subdivision (b) of Article 3 extended
18 annually through the remainder of the computation
19 period, or the Contractor's past annual municipal,
20 industrial, and domestic water quantities paid for
21 plus its estimated future municipal, industrial, and
22 domestic deliveries projected through the computation
23 period, whichever is the greater; and

1 5. "Contractor's projected municipal,
2 industrial, and domestic water use" shall mean
3 that portion of the Contractor's municipal,
4 industrial, and domestic water use which is to
5 take place in the future, estimated as of the
6 beginning of the period for which the conveyance
7 component is redetermined.

8 b. The Contractor's share of the capital cost
9 shall be determined each fiscal year by dividing the present
10 worth, as of the beginning of the computation period, of the
11 Contractor's total municipal, industrial, and domestic water
12 use by 14,364,000 (which is the present worth of the estimated
13 deliveries of 36,168,000 acre-feet through the Canal during
14 the computation period), and then multiplying this quotient
15 by the capital cost;

16 c. The amount of the Contractor's unpaid balance
17 shall be determined by the Contracting Officer as of June 30
18 of each fiscal year, and shall be the Contractor's share of
19 the capital cost determined pursuant to subparagraph b. hereof
20 at the end of said year, plus interest at 3.225% per annum
21 charged on the amount of the Contractor's unpaid balance at
22 the beginning of said fiscal year, less the accumulated

1 conveyance component revenues paid by the Contractor
2 prior to the date of determination: Provided, That
3 no interest shall accrue on the unexpended portion of
4 capital cost; and

5 d. The conveyance component will be redetermined
6 by dividing the amount of the Contractor's then current un-
7 paid balance (as adjusted by discounting at 3.225% per annum
8 to the beginning of the 5-year period those portions of
9 capital cost estimated to be expended in the future) by the
10 present worth, at the time of redetermination, of the
11 Contractor's projected municipal, industrial, and domestic
12 water use over the remainder of the computation period.

13 RENEGOTIATION

14 7. If, hereafter, the United States enters into, renews, or amends
15 any contract for water from the Project which, because of a change in
16 general Reclamation law or generally applicable policy, contains terms
17 and conditions substantially more favorable with respect to matters
18 similar to those contained in this contract, the United States, upon the
19 Contractor's request, will renegotiate this contract for the purpose of
20 providing comparable terms in accordance with the new law or policy.

1 ADJUSTMENTS

2 8. The amount of any overpayment by the Contractor by reason of
3 the water actually available for the Contractor during any year having
4 been less than the quantity which the Contractor otherwise under the
5 provisions of this contract would have been required to pay for, as
6 conclusively determined by the Contracting Officer, and the Contractor
7 does not elect to receive and does not receive such water at other times
8 in the year, shall be applied first to any accrued indebtedness arising
9 out of this contract then due and owing to the United States by the
10 Contractor, and any amount of such overpayment then remaining, at the
11 option of the Contractor, shall be refunded to the Contractor or credited
12 upon amounts to become due to the United States from the Contractor in
13 the ensuing year under the provisions hereof. Such adjustment shall
14 constitute the sole remedy of the Contractor, or anyone having, or
15 claiming to have, by or through the Contractor, the right to the use of
16 any of the water supply provided for herein.

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Article 8

1 POINTS OF DELIVERY--MEASUREMENT AND RESPONSIBILITY
2 FOR DISTRIBUTION OF WATER

3 9. (a) The water to be furnished to the Contractor pursuant
4 to this contract will be delivered at such points on the Canal from
5 turnouts to be constructed by the United States, as may be agreed
6 upon in writing by the Contracting Officer and the Contractor:
7 Provided, however, That in the event the United States shall have
8 reached the construction of the portion of the Canal which probably
9 will embrace such points and their location has not been agreed upon,
10 such points shall be established at locations as in the conclusive
11 determination of the Contracting Officer will best serve the needs of
12 the Contractor.

13 (b) The Contractor shall construct and install, without cost
14 or expense to the United States, suitable connection facilities required
15 by the Contractor to take and convey the water from the Canal turnouts.
16 The Contractor will furnish for approval of the Contracting Officer
17 drawings showing the construction to be performed by the Contractor
18 within the Canal right-of-way 6 months before starting said construction
19 The facilities may be installed, operated, and maintained on the Canal
20 right-of-way subject to such restrictions and regulations as to type,
21 location, method of installation, operation, and maintenance as may be
22 prescribed by the Contracting Officer.

1 (c) All water delivered from the Canal shall be measured
2 by the Contracting Officer with equipment furnished, operated, and
3 maintained by the United States. The measuring equipment shall be
4 installed by the Contractor at its expense after submitting installa-
5 tion drawings to the Contracting Officer and obtaining his written
6 approval thereto. All determinations relating to the measurement of
7 such water shall be made by the Contracting Officer after consultation
8 with the Contractor. Upon the request of the Contractor, the accuracy
9 of such measurements will be investigated by the Contracting Officer
10 and any errors appearing therein adjusted.

11 (d) Municipal, industrial, and domestic water furnished by
12 the Contractor shall be measured by the Contractor at its point or
13 points of delivery thereof to the Contractor's customers. All measuring
14 equipment pursuant to this subdivision shall be furnished, installed,
15 operated, and maintained by the Contractor. Said equipment and its
16 installation, service, and use shall be approved by the Contracting
17 Officer: Provided, That at least once each year, or upon the request of
18 the Contracting Officer, the Contractor shall investigate the accuracy
19 of all measuring equipment installed by the Contractor and shall adjust
20 any errors disclosed by such investigation. The United States shall be
21 afforded reasonable opportunity to be present during the inspecting and
22 testing procedure by the Contractor and the United States shall have full
23 and free access at all reasonable times to inspect said measuring

Article 9(c) - (d)--

1 equipment for the purpose of determining the accuracy and condition
2 thereof. If said facilities are found to be defective or inaccurate
3 they shall be readjusted or repaired, or both, or replaced by the
4 Contractor. In the event the Contractor neglects or fails to make
5 such repairs or replacements within a reasonable time as may be
6 necessary to satisfy the operating requirements of the Contracting
7 Officer, the United States may cause the repairs or replacements to be
8 made and the costs thereof charged to the Contractor, which charge the
9 Contractor shall pay to the United States on or before March 1 of the
10 year following that in which the cost was incurred and a statement
11 thereof furnished by the United States.

12 (e) The Contractor shall maintain, in a manner satisfactory
13 to the Contracting Officer, records of the quantities of water measured
14 by the Contractor pursuant to subdivision (d) of this article and will
15 submit a report to the Contracting Officer before the 7th day of each
16 month following the month in which water is so measured.

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Article 9(d) - (e)

1 MAINTENANCE OF FLOWS AND LEVELS--TEMPORARY REDUCTIONS--RETURN
2 FLOWS--UNITED STATES TO BE HELD HARMLESS

3 10. (a) The United States shall make all reasonable efforts,
4 consistent with the most efficient overall operation of the Project,
5 to maintain sufficient flows and levels of water in the Canal to
6 furnish water to the Contractor at the full designed capacity of the
7 turnouts established as delivery points pursuant to Article 9.

8 (b) The United States may temporarily discontinue or reduce
9 the quantity of water to be furnished to the Contractor as herein pro-
10 vided for the purposes of such investigation, inspection, maintenance,
11 repair, or replacement of any of the Project facilities or any part
12 thereof necessary for the furnishing of water to the Contractor, but so
13 far as feasible the United States will give the Contractor due notice
14 in advance of such temporary discontinuance or reduction, except in case
15 of emergency, in which case no notice need be given: Provided, however,
16 That the United States shall use its best efforts to avoid any dis-
17 continuance or reduction in service for a period longer than 3 days.
18 Upon resumption of service after such reduction and if requested by the
19 Contractor, the United States will attempt to deliver the quantity of
20 water which would have been furnished hereunder in the absence of such
21 contingency.

1 (c) The United States reserves the right to all waste,
2 seepage, and return-flow water derived from water furnished to the
3 Contractor which escapes or is discharged beyond the Contractor's
4 boundaries. Nothing herein shall be construed as claiming for the
5 United States any right, as waste, seepage, or return flow, to water
6 being used pursuant to this contract for surface irrigation or under-
7 ground storage within the Contractor's boundaries by the Contractor,
8 or those claiming by or through the Contractor.

9 (d) The United States shall not be responsible for the control
10 carriage, handling, use, disposal, or distribution of water beyond the
11 delivery points, and the Contractor shall hold the United States harmless
12 on account of damage or claim of damage of any nature whatsoever for
13 which there is legal responsibility, including property damage, personal
14 injury or death arising out of or connected with the control, carriage,
15 handling, use, disposal, or distribution of such water beyond said
16 delivery points.

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1 affect the obligations of the United States under contracts entered
2 into for water service in other service areas prior to the execution
3 of the first contract for water service from the Canal or under water
4 rights settlements.

5 QUALITY OF WATER

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

13 WATER AND AIR POLLUTION CONTROL

14 13. The Contractor shall, within its legal authority, comply
15 fully with all applicable Federal laws, orders, and regulations, and
16 the laws of the State of California, all as administered by appropriate
17 authorities, concerning the pollution of streams, reservoirs, ground-
18 water, or water courses with respect to thermal pollution or the discharg
19 of refuse, garbage, sewage effluent, industrial waste, oil, mine tailings
20 mineral salts, or other pollutants, and concerning the pollution of the
21 air with respect to radioactive materials or other pollutants.

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1 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

2 14. (a) The obligation of the Contractor to pay the United
3 States as provided in this contract is a general obligation of the
4 Contractor notwithstanding the manner in which the obligation may be
5 distributed among the Contractor's water users and notwithstanding
6 the default of individual water users in their obligations to the
7 Contractor.

8 (b) The payment of charges becoming due hereunder is a
9 condition precedent to receiving benefits under this contract. No
10 water will be made available to the Contractor through Project
11 facilities during any period in which the Contractor may be in
12 arrears in the advance payment of any water rate charges due the
13 United States. The Contractor shall not furnish water made available
14 pursuant to this contract for lands or parties which are in arrears
15 in the advance payment of water rate charges as levied or established
16 by the Contractor.

17 DRAINAGE STUDIES AND FACILITIES

18 15. To aid in determining the source and solution of future
19 potential drainage problems, the Contractor shall provide for observa-
20 tion wells, in a manner satisfactory to the Contracting Officer, and
21 furnish annually to the Contracting Officer records and analyses of we
22 readings as they relate to potential drainage problems. If and when
23 needed, the Contractor shall construct drainage works to protect the
24 irrigability of lands within the District.

1 (b) The Contracting Officer will furnish the Contractor
2 with a copy of each annual financial analysis of the Project, which
3 shall include a separate statement of financial status of the Project
4 elements involved in supplying and delivering municipal, industrial,
5 and domestic water under this contract, promptly after the same is
6 prepared. The first of such analyses shall be furnished not later
7 than June 1, 1973. Such analyses will be in accordance with sound
8 accounting principles consistently applied and will include a summary
9 of cost allocations and schedules of past and projected repayments.
10 No analysis will preclude the United States from thereafter changing
11 Project cost allocations or accounting methods.

12 CHANGES IN CONTRACTOR'S ORGANIZATION

13 19. While this contract is in effect, no change shall be made
14 in the Contractor's organization, by inclusion or exclusion of lands,
15 by dissolution, consolidation, merger or otherwise, except upon the
16 Contracting Officer's written consent.

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Article 18(b)
Article 19

1 LANDS NOT TO RECEIVE WATER FURNISHED TO CONTRACTOR BY
2 UNITED STATES UNTIL OWNERS THEREOF EXECUTE CERTAIN CONTRACTS

3 20. (a) No water made available pursuant to this contract shall
4 be furnished to any excess lands as defined in Article 22 hereof unless
5 the owners thereof shall have executed valid recordable contracts in for
6 prescribed by the United States, agreeing to the provisions of this
7 article and Articles 21 and 22 hereof, agreeing to the appraisal provide
8 for in Article 21 hereof and that such appraisal shall be made on the
9 basis of the actual bona fide value of such lands at the date of the
10 appraisal without reference to the construction of the Project, all as
11 hereinafter provided, and agreeing to the sale of such excess lands unde
12 terms and conditions satisfactory to the Secretary and at prices not to
13 exceed those fixed, as hereinafter provided. No sale of any excess land
14 shall carry the right to receive water made available pursuant to this
15 contract, unless and until the purchase price involved in such sale is
16 approved by the Contracting Officer and upon proof of fraudulent
17 representation as to the true consideration involved in such sales the
18 United States may instruct the Contractor by written notice to refuse
19 to furnish any water subject to this contract to the land involved in
20 such fraudulent sales and the Contractor thereafter shall not furnish
21 said water to such lands.

1 (b) If Project water furnished to the Contractor pursuant to
2 this contract reaches the underground strata of excess land owned by
3 a large landowner, as defined in Article 22, who has not executed a
4 recordable contract and the large landowner pumps such Project water
5 from the underground, the Contractor will not be deemed to have furnished
6 such water to said lands within the meaning of this contract if such
7 water reached the underground strata of the aforesaid excess land as an
8 unavoidable result of the furnishing of Project water by the Contractor
9 to nonexcess lands, or to excess lands with respect to which a recordable
10 contract has been executed.

11 VALUATION AND SALE OF EXCESS LANDS

12 21. (a) The value of the excess irrigable lands within the
13 District as defined in Article 22, held in private ownership of large
14 landowners as defined in said article, for the purposes of this contract
15 shall be appraised in a manner to be prescribed by the Secretary. At the
16 option of the large landowner, however, the value of such land may be
17 appraised, subject to the approval thereof by the Secretary, by three
18 appraisers. One of said appraisers shall be designated by the Secretary
19 and one shall be designated by the Contractor and the two appraisers so
20 appointed shall name the third. If the appraisers so designated by the
21 Secretary and the Contractor are unable to agree upon the appointment of
22 the third, the Presiding Justice of the Third District Court of Appeal
23 of the State of California shall be requested to name the third appraiser.

1 (b) The following principles shall govern the appraisal:

2 (1) No value shall be given such lands on account
3 of the existing or prospective possibility of securing water
4 from the Project; and

5 (2) The value of improvements on the land at the
6 time of said appraisal shall be included therein, but shall
7 also be set forth separately in such appraisal.

8 (c) The excess land of any large landowner shall be re-
9 appraised in the manner provided in subdivision (a) hereof at the
10 instance of the United States or at the request of said landowner.
11 The cost of the first two appraisals of each tract of excess land
12 shall be paid by the United States. The cost of each appraisal
13 thereafter shall be paid by the party requesting such appraisal.

14 (d) Any improvements made or placed on the appraised land
15 after the appraisal hereinabove provided for prior to sale of the land
16 by a large landowner may be appraised in like manner.

17 (e) Excess irrigable lands sold by large landowners within
18 the District shall not carry the right to receive water made available
19 pursuant to this contract for such land and the Contractor agrees to
20 refuse to furnish such water to lands so sold until, in addition to
21 compliance with the other provisions hereof, a verified statement showing
22 the sale price upon any such sale shall have been filed with the Contract
23 and the sale price is not in excess of the appraised value fixed as pro-
24 vided herein.

1 The term "large landowner" means an owner of excess lands, and the
2 term "nonexcess land" means all irrigable land within the District
3 which is not excess land as defined herein. Lands owned by the State,
4 its political subdivisions, and agencies shall be administered in
5 accordance with Public Law 91-310.

6 (b) Each large landowner as a condition precedent to the
7 right to receive water made available pursuant to this contract for
8 any of his excess land shall:

9 (1) Before any water is furnished by the Contractor
10 to his excess land, execute a valid recordable contract in form
11 prescribed by the United States, agreeing to the provisions
12 contained in this article and Articles 20 and 21 hereof. He
13 will agree to dispose of his excess lands in accordance there-
14 with to persons who can take title thereto as nonexcess land as
15 herein provided, or as excess land subject to said recordable
16 contract to any other person. The price shall not exceed the
17 approved, appraised value of such excess land and said land
18 shall be disposed of within a period of 10 years after the date
19 of execution of said recordable contract. If said land is not
20 so disposed of to persons who have taken title thereto as non-
21 excess land within said period of 10 years, the Secretary shall
22 have the power to dispose of said land at the appraised value

1 thereof fixed as provided herein or such lower price as may
2 be approved by the owner of such land, subject to the same
3 conditions as would apply to such large landowner. The
4 Contractor agrees that it will refuse to furnish water to
5 any large landowner other than for his nonexcess land until
6 such owner meets the conditions precedent herein stated; and

7 (2) Within 30 days after the date of notice from
8 the United States requesting a large landowner to designate
9 his irrigable lands within the District which he desires to
10 designate as nonexcess lands, file in the office of the
11 Contractor, in duplicate, one copy thereof to be furnished
12 by the Contractor to the Bureau of Reclamation his written
13 designation and description of lands so selected to be non-
14 excess land and upon failure to do so the Contractor shall
15 make such designation and mail a notice thereof to the large
16 landowner, and in the event the Contractor fails to act within
17 such period of time as the Contracting Officer considers reason-
18 able, such designation will be made by the Contracting Officer,
19 who will mail a notice thereof to the Contractor and the large
20 landowner. The large landowner shall become bound by any such
21 action on the part of the Contractor or the Contracting Officer
22 and the Contractor will furnish said water only to the land so

1 designated to be nonexcess land. A large landowner may with
2 the consent of the Contracting Officer designate land other
3 than that previously designated as nonexcess land: Provided,
4 That an equal acreage of the land previously designated as
5 nonexcess shall, upon such new designation, become excess land
6 thereafter subject to the provisions of this article and
7 Articles 20 and 21 of this contract.

8 (c) Notwithstanding the provision requiring the sale of
9 excess land to persons who can take title thereto as nonexcess land,
10 as contained in any recordable contract executed prior to the date of
11 this contract, subject to subdivision (d) hereof, excess land under a
12 recordable contract may be sold as excess land to any purchaser either
13 in its entirety or, if more than 160 acres have been covered under said
14 recordable contract, such lands may be sold in part provided that the
15 total acreage thus sold to a given purchaser shall be divisible into
16 one or more parcels each of which, as nearly as is practicable, shall
17 consist of 160 contiguous acres. Lands so sold shall be and remain in
18 all other respects subject to all of the terms, conditions, and benefits
19 of the original recordable contract and the purchaser, as a condition to
20 the continued eligibility of said lands to receive Project water, shall
21 execute an assumption agreement, satisfactory to the Contracting Officer,
22 evidencing his understanding of and agreement to all the terms and condi-
23 tions thus applicable and as herein set forth.

1 (d) If excess land subject to a recordable contract is trans-
2 ferred subject thereto, all costs then and at any time thereafter
3 associated with the appraisal or reappraisal of said land and the
4 approval of the sale price, as provided in Article 21, shall be borne
5 by the seller or buyer of the land. At the request of the Contracting
6 Officer, funds necessary to cover such costs shall be deposited by them
7 with the United States prior to the commencement of said price approval
8 procedure. If it is determined that funds on deposit will not be
9 adequate to cover the costs of the appraisal, additional funds shall
10 be deposited by the United States at the request of the Contracting
11 Officer. If either the buyer or seller should fail to meet any of the
12 costs herein set forth, the United States shall have the right to
13 recover such costs by process of law.

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1 REPEAL OR AMENDMENT OF FEDERAL RECLAMATION LAWS

2 23. In the event that the Congress of the United States repeals
3 the so-called excess-land provisions of the Federal reclamation laws,
4 Articles 20, 21, and 22 of this contract will no longer be of any force
5 or effect, and, in the event that the Congress amends the excess-land
6 provisions or other provisions of the Federal reclamation laws, the
7 United States agrees, at the option of the Contractor, to negotiate
8 amendments of appropriate articles of this contract, all consistently
9 with the provisions of such amendment.

10 WATER ACQUIRED BY CONTRACTOR OTHER THAN FROM THE UNITED STATES

11 24. (a) The provisions of this contract shall not be applicable
12 to or affect water or water rights now owned or hereafter acquired by
13 the Contractor or landowners within the District other than from the
14 United States: Provided, That such water is not transported through
15 District facilities constructed or financed by the United States. Water
16 obtained other than from the United States and Project water furnished
17 pursuant to this contract may be transported through distribution
18 facilities of the District other than those constructed or financed by
19 the United States if the Contracting Officer determines that such
20 mingling is necessary to avoid a duplication of facilities; and notwith-
21 standing such mingling of water, the provisions of this contract shall be
22 applicable to the quantity of water furnished to the Contractor pursuant

Article 23
Article 24(a)--

1 to the terms hereof, and such mingling of water shall not in any
2 manner subject to the provisions of this contract the quantity of
3 water acquired by or available to the Contractor or landowners within
4 the District other than from the United States.

5 (b) With respect to the distribution works or portions which
6 mingling is permitted as provided in subdivision (a) hereof, the
7 Contractor:

8 (1) Will be responsible for the operation and
9 maintenance of separate outlets from the distribution system
10 for nonexcess and excess lands as defined in Article 22 hereof.
11 At the request of the Contracting Officer, the Contractor will
12 be responsible for the installation, operation, and maintenance
13 of water measuring equipment at delivery points to excess lands
14 and, further, will be responsible for the installation, operation,
15 and maintenance of similar equipment for measuring the water avail-
16 able to the Contractor or landowners within the District other than
17 from the Project, and the Contracting Officer may check and inspect
18 said equipment at any time; and

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1 (2) Agrees that the quantity of water furnished to it
2 by the United States during each 24-hour period will be delivered
3 by the Contractor only to eligible lands through the aforesaid
4 outlets to eligible lands. The Contractor shall be deemed to be
5 in breach of this article and Articles 20, 21, and 22 of this
6 contract if at any time there is furnished to all excess lands
7 not covered by recordable contracts and served by the distri-
8 bution works, or portions thereof in which mingling is permitted, a
9 quantity of water which is greater than that which the Contractor
10 or landowners within the District have introduced into said system
11 from the supply available other than pursuant to this contract.

12 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

13 25. The expenditure of any money or the performance of any work
14 by the United States hereunder which may require appropriation of
15 money by the Congress or the allotment of funds shall be contingent
16 upon such appropriation or allotment being made. The failure of the
17 Congress to appropriate funds or the absence of any allotment of funds
18 shall not relieve the Contractor from any obligations under this
19 contract. No liability shall accrue to the United States in case such
20 funds are not appropriated or allotted.

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Article 24(b)(2)
Article 25

1 OFFICIALS NOT TO BENEFIT

2 26. (a) No Member of or Delegate to Congress or Resident
3 Commissioner shall be admitted to any share or part of this contract
4 or to any benefit that may arise herefrom. This restriction shall
5 not be construed to extend to this contract if made with a corporation
6 for its general benefit.

7 (b) No official of the Contractor shall receive any benefit
8 that may arise by reason of this contract other than as a landowner
9 within the District and in the same manner as other landowners within
10 the District.

11 NOTICES

12 27. Any notice, demand, or request authorized or required to be
13 given by this contract shall be deemed to have been given when mailed,
14 postage prepaid, or delivered to the Regional Director, Region 2, Bureau
15 of Reclamation, 2800 Cottage Way, Sacramento, California 95825, on beha
16 of the United States and to the Board of Directors of the Stockton-East
17 Water District, Post Office Box 5157, Stockton, California 95205,
18 on behalf of the Contractor. The designation of the addressee or the
19 address may be changed by notice given in the same manner as provided
20 in this article for other notices.

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Article 26
Article 27

1 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

2 28. The provisions of this contract shall apply to and bind
3 the successors and assigns of the parties hereto, but no assignment
4 or transfer of this contract or any part or interest therein shall
5 be valid until approved by the Contracting Officer.

6 CONFIRMATION OF CONTRACT

7 29. The execution of this contract shall be authorized or ratified
8 by the qualified electors of the Contractor at an election held for that
9 purpose. The Contractor, after the election and upon the execution of
10 this contract, shall promptly secure a final decree of the proper court
11 of the State of California approving and confirming the contract and
12 decreeing and adjudging it and the apportionment of the benefits made
13 thereunder to be lawful, valid, and binding on the Contractor. The
14 Contractor shall furnish to the United States a certified copy of such
15 decree and of all pertinent supporting records.

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Article 28
Article 29

TITLE VI, CIVIL RIGHTS ACT OF 1964

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30. (a) The Contractor agrees that it will comply with Title VI of the Civil Rights Act of July 2, 1964 (78 Stat. 241) and all requirements imposed by or pursuant to the Department of the Interior Regulation (43 CFR 17) issued pursuant to that title, to the end that, in accordance with Title VI of that Act and the Regulation, no person in the United States shall, on the ground of race, color, or national origin be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Contractor receives financial assistance from the United States and hereby gives assurance that it will immediately take any measures to effectuate this agreement.

(b) If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the Contractor by the United States, this assurance obligates the Contractor, or in the case of any transfer of such property, any transferee for the period during which the real property or structure is used for a purpose involving the provision of similar services or benefits. If any personal property is so provided, this assurance obligates the Contractor for the period during which it retains ownership or possession of the property. In all other cases, this assurance obligates the Contractor for the period during which the Federal financial assistance is extended to it by the United States.

Article 30(a) -

1 (c) This assurance is given in consideration of and for the
2 purpose of obtaining any and all Federal grants, loans, contracts,
3 property, discounts, or other Federal financial assistance extended
4 after the date hereof to the Contractor by the United States, includ-
5 ing installment payments after such date on account of arrangements
6 for Federal financial assistance which were approved before such date.
7 The Contractor recognizes and agrees that such Federal financial assist-
8 ance will be extended in reliance on the representations and agreements
9 made in this assurance, and that the United States shall reserve the
10 right to seek judicial enforcement of this assurance. This assurance
11 is binding on the Contractor, its successors, transferees, and assignees

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EQUAL OPPORTUNITY

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2 31. During the performance of this contract, the Contractor agrees
3 as follows:

4 (a) The Contractor will not discriminate against any
5 employee or applicant for employment because of race, color,
6 religion, sex, or national origin. The Contractor will take
7 affirmative action to ensure that applicants are employed,
8 and that employees are treated during employment, without
9 regard to their race, color, religion, sex, or national
10 origin. Such action shall include, but not be limited to,
11 the following: Employment, upgrading, demotion, or transfer;
12 recruitment or recruitment advertising; layoff or termination;
13 rates of pay or other forms of compensation; and selection for
14 training, including apprenticeship. The Contractor agrees to
15 post in conspicuous places, available to employees and appli-
16 cants for employment, notices to be provided by the Contract-
17 ing Officer setting forth the provisions of this Equal
18 Opportunity clause.

19 (b) The Contractor will, in all solicitations or ad-
20 vertisements for employees placed by or on behalf of the
21 Contractor, state that all qualified applicants will receive
22 consideration for employment without regard to race, color,
23 religion, sex, or national origin.

Article 31(a) - (b)

1 (c) The Contractor will send to each labor union or
2 representative of workers with which it has a collective
3 bargaining agreement or other contract or understanding, a
4 notice, to be provided by the Contracting Officer, advising
5 the labor union or workers' representative of the Contractor's
6 commitments under this Equal Opportunity clause, and shall
7 post copies of the notice in conspicuous places available to
8 employees and applicants for employment.

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

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

20 (f) In the event of the Contractor's noncompliance with
21 the Equal Opportunity clause of this contract or with any of
22 the said rules, regulations, or orders, this contract may be
23 canceled, terminated, or suspended, in whole or in part, and

Article 31(c) - (f)--

1 the Contractor may be declared ineligible for further Govern-
2 ment contracts in accordance with procedures authorized in
3 said amended Executive Order, and such other sanctions may be
4 imposed and remedies invoked as provided in said Executive
5 Order, or by rule, regulation, or order of the Secretary of
6 Labor, or as otherwise provided by law.

7 (g) The Contractor will include the provisions of para-
8 graphs (a) through (g) in every subcontract or purchase order
9 unless exempted by rules, regulations, or orders of the
10 Secretary of Labor issued pursuant to Section 204 of said amended
11 Executive Order, so that such provisions will be binding upon
12 each subcontractor or vendor. The Contractor will take such
13 action with respect to any subcontract or purchase order as
14 the Contracting Officer may direct as a means of enforcing
15 such provisions, including sanctions for noncompliance:
16 Provided, however, That in the event the Contractor becomes
17 involved in, or is threatened with, litigation with a subcon-
18 tractor or vendor as a result of such direction by the Con-
19 tracting Officer, the Contractor may request the United States
20 to enter into such litigation to protect the interests of the
21 United States.

--Article 31(f) - (g)

1 IN WITNESS WHEREOF, the parties have executed this contract
2 the day and year first above written.

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THE UNITED STATES OF AMERICA

By _____
Regional Director, Region 2
Bureau of Reclamation

STOCKTON-EAST WATER DISTRICT

(SEAL)

By _____
President

ATTEST:

Secretary

Signatures