

## EXHIBIT A to Complaint

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

CONTRACT No.

14-06-200-5082A

CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND PLACER COUNTY  
WATER AGENCY FOR WATER SERVICE AND FOR DIVERSION OF WATER

Table of Contents

<u>Article No.</u>	<u>Title</u>	<u>Page No.</u>
	Preamble	1
	Explanatory Recitals	1- 2
1	Definitions	2- 4
2	Term of Contract--Right to Use of Water	4- 5
3	Water to the Agency	5- 8
4	Time for Delivery of Water	8- 9
5	Subcontracts--Resale of Water	9-10
6	Rates and Method of Payment for Project Water	10-12
7	Points of Delivery--Measurement and Responsibility for Distribution of Water	13-17
8	United States Not Liable for Water Shortage	17-20
9	Quality of Water	21
10	Operation of Agency's Works by Agency	21-23
11	United States Not Liable for Loss--to be Held Harmless	24
12	Disposition of Water by Districts	24-25
13	Adjustments	25
14	Drainage Studies and Facilities	26
15	Water Pollution Control	26
16	Charges a General Obligation--Levies Therefor	27
17	All Benefits Conditioned Upon Payment	27-28
18	Defaults	28-30
19	Penalty for Delinquent Payments	30
20	Books, Records, and Reports	31
21	Changes in Agency or District Organizations	31
22	Land Not to Receive Project Water Furnished to Agency by the United States Until the Owners Thereof Execute Certain Contracts	31-33
23	Valuation and Sale of Excess Lands	33-35
24	Excess Lands	35-38
25	Repeal or Amendment of Federal Reclamation Laws	38

Article No.TitlePage No.

26	Commingling of Diversion and Project Water-- Existing Water Rights	39-40
27	Contingent on Appropriation or Allotment of Funds	41
28	Officials Not to Benefit	41
29	Notices	42
30	Rules and Regulations	42
31	Assignment Limited--Successors and Assigns Obligated	43
32	Remedies Under Contract Not Exclusive--Waivers	43
33	Determinations	43-44
34	Covenant Against Contingent Fees	44
35	Title VI, Civil Rights Act of 1964	44-46
36	Equal Opportunity	46-49
37	Assurance Relating to Validity of Contract	49
	Signature page	50

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AGENCY FOR WATER SERVICE AND FOR DIVERSION OF WATER

THIS CONTRACT, made this 18<sup>th</sup> day of September 1970,

in pursuance generally of the Act of June 17, 1902 (32 Stat. 388 ,  
and acts amendatory thereof or supplementary thereto, all collectively  
hereinafter referred to as the Federal reclamation laws, between THE  
UNITED STATES OF AMERICA, hereinafter referred to as the United States,  
and PLACER COUNTY WATER AGENCY, hereinafter referred to as the Agency,  
a political subdivision of the State of California, duly organized,  
existing, and acting pursuant to the laws thereof, including but not  
restricted to the Placer County Water Agency Act, with its principal  
place of business in Auburn, California,

WITNESSETH, That:

EXPLANATORY RECITALS

WHEREAS, the lands and inhabitants of Placer County are  
in need of additional water for agricultural, municipal, industrial,  
and domestic uses; and

WHEREAS, the United States proposes to construct the  
Auburn Dam and Reservoir as a Unit of the Central Valley Project  
for storage, diversion, and beneficial use of waters of the

American River and its tributaries for the purpose of agricultural, municipal, industrial, and domestic use and other purposes; and

WHEREAS, the Agency has obtained the right to certain flows of the American River pursuant to permits issued by the California State Water Rights Board, which has been succeeded by the State Water Resources Control Board; and

WHEREAS, the Agency also desires to contract, pursuant to Federal reclamation laws and the laws of the State of California, for an additional water supply from the Auburn Unit for the lands and inhabitants within the Agency at the rates and under the conditions hereinafter set forth; and

WHEREAS, investigations of the streamflow of the American River and its tributaries indicate that there will be available for districts of the Agency a Project water supply by means of the Reservoir for agricultural, municipal, industrial, and domestic uses;

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

#### DEFINITIONS

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

(a) "Secretary" or "Contracting Officer" shall mean the Secretary of the Interior or his duly authorized representative;

1 (b) "Project" shall mean the Central Valley Project,  
2 California, of the Bureau of Reclamation;

3 (c) "Auburn-Folsom South Unit" shall mean the Project works  
4 of the Auburn-Folsom South Unit of the Project;

5 (d) "District" shall mean any of the following lying within  
6 or partially within the Agency: irrigation districts, county  
7 water districts, water conservation districts, water districts,  
8 soil conservation districts, municipalities, towns, flood control  
9 districts, and any other districts or political subdivisions of  
10 the State empowered by law to appropriate and deliver water to  
11 water users;

12 (e) "service area of the Agency" shall mean all of the terri-  
13 tory within the exterior boundaries of the County of Placer;

14 (f) "year" shall mean a calendar year;

15 (g) "diversion water" shall mean water to which the Agency  
16 has acquired rights thereto under permits, Nos. 13855, 13856,  
17 13857, and 13858, issued by the California State Water Rights  
18 Board;

19 (h) "Project water" shall mean water which is not diversion  
20 water and which shall be furnished to the District pursuant to  
21 the terms of this contract;

(i) "agricultural use" shall mean use of water primarily in the commercial production of agricultural crops or livestock, including domestic use incidental thereto, on tracts of land operated in units of more than two (2) acres; and

(j) "municipal, industrial, and domestic use" shall mean use of water for other than agricultural purposes.

TERM OF CONTRACT--RIGHT TO USE OF WATER

2. (a) This contract shall be effective upon execution and shall remain in effect for Project water through December 31, 2011:

Provided, That under terms and conditions agreeable to the parties hereto, renewals of this contract for furnishing water may be made for successive periods not to exceed forty (40) years each. The terms and conditions of each renewal shall be agreed upon not later than one (1) year prior to the expiration of the then existing contract:

Provided further, That upon written request by the Agency to the Secretary not later than one (1) year prior to the expiration of this contract, whenever, account being taken of the amount then credited to the costs of construction of water supply works allocated to irrigation, the remaining amount of costs so allocated which is properly assignable for ultimate return by the Agency as established by the Secretary of the Interior pursuant to (3) of Section 1 of Public Law 643 (70 Stat. 483) probably can be repaid to the United States within

1 the term of a contract under subsection (d), Section 9 of the 1939  
2 Reclamation Project Act (53 Stat. 1187), the portions of this contract  
3 pertaining to the furnishing of Project water for agricultural use may  
4 be converted to a contract under said subsection (d) upon terms and  
5 conditions agreeable to the United States and the Agency.

6 (b) The right to the beneficial use of Project water  
7 furnished to the Agency pursuant to this contract and any renewal  
8 hereof shall not be disturbed so long as the Agency fulfills all of  
9 its obligations under this contract and any such renewal.

10 (c) Nothing herein contained shall be construed to allow  
11 the Agency the right to the storage of its diversion water in Auburn  
12 Reservoir.

13 (d) Letters between the Agency and the United States dated  
14 February 23, 1962, and July 16, 1962, are hereby superseded.

15 WATER TO THE AGENCY

16 3. (a) To the extent that diversion water and Project water  
17 are available, as determined by the Contracting Officer, the Agency  
18 each year will take diversion water and divert Project water in accord-  
19 ance with the provisions of subdivision (b) of this article, but in  
20 no event shall the Agency take in excess of one hundred and twenty  
21 thousand (120,000) acre-feet of diversion water nor shall the United  
22 States be obligated to furnish in excess of one hundred and seventeen

1 thousand (117,000) acre-feet of Project water during any year:  
2 Provided, That the Agency in any year shall pay for such Project water  
3 in accordance with subdivision (b) of this article and Article 6 hereof.

4 (b) In any year the Agency may take diversion water not to  
5 exceed the quantity specified for said year under diversion water  
6 requirements appearing in the table below. The quantities of diversion  
7 water to which the Agency is entitled and which are not taken or other-  
8 wise disposed of by the Agency during the year shall become the property  
9 of the United States. If the Agency should desire Project water in  
10 any year after initial operation of Auburn Reservoir and prior to  
11 1992, Project water shall be furnished to the Agency pursuant to  
12 schedules submitted in accordance with the provisions of Article 4  
13 and the Agency shall make payment therefor according to the provisions  
14 of Article 6: Provided, That any such order for Project water shall  
15 obligate the Agency to accept and pay, or pay, for that quantity each  
16 year thereafter until the Agency schedules a greater quantity or a  
17 greater scheduled quantity of Project water is reached in the table  
18 set forth below. In any year the Agency shall accept and pay for no  
19 less than the quantity of Project water specified for such year in  
20 said table.  
21  
22

	<u>Diversion Water</u>	<u>Project Water</u>	<u>Total</u>
	<u>(Acre-feet per year)</u>		
1 1970 - 1971	5,000	0	5,000
2 1972 - 1976	15,000	0	15,000
3 1977 - 1981	20,000	0	20,000
4 1982 - 1986	25,000	0	25,000
5 1987 - 1991	30,000	0	30,000
6 1992 - 1996	40,000	15,000	55,000
7 1997 - 2001	55,000	35,000	90,000
8 2002 - 2006	70,000	85,000	155,000
9 2007 - 2011	120,000	117,000	237,000

(c) The parties hereto by agreement at any time or times after the initial delivery of water as provided herein may increase the quantity of Project water required to be furnished to the Agency for the years specified in the table in subdivision (b): Provided, That any such increase shall obligate the Agency annually to accept and pay, or pay, for such amount until a greater scheduled quantity is reached in said table. In no event, however, shall the United States be required to furnish more than one hundred and seventeen thousand (117,000) acre-feet of Project water in any year.

(d) The quantity of diversion water which the Agency may take for the years specified in said table is contingent upon the right of the Agency to continue to take said quantities of water

1 annually from the American River or water courses tributary thereto  
2 pursuant to applicable California law. In the event that under such  
3 law the Agency's right to take diversion water in any year is less  
4 than that specified in the table in subdivision (b), the diversion  
5 water which the Agency may take for each year thereafter shall be  
6 reduced accordingly.

7 (e) If the average annual quantity of Project water which  
8 the Agency diverts in any of the periods in the table in subdivision  
9 (b) is less than that specified in said table for that period, then  
10 the annual quantities of Project water thereafter shall be reduced  
11 in that ratio. If during subsequent periods the actual use of Project  
12 water is less than the specified diversion, then further revisions  
shall be made in the manner set forth in this subdivision. This pro-  
14 cedure shall not be effective if reduced use of Project water is the  
15 result of reductions pursuant to Article 8.

16 TIME FOR DELIVERY OF WATER

17 4. (a) Before December 15 of the year preceding the year of  
18 initial delivery and before December 15 of each year thereafter the  
19 Agency shall submit in writing to the Contracting Officer a schedule  
20 of diversion water and Project water quantities pursuant to Article 3  
21 to be taken or diverted by the Agency during the following year. Said  
22 schedule shall indicate separately the quantity of Project water for  
23 agricultural use and the quantity of Project water for municipal,

1 industrial, and domestic use during the year for which said schedule  
2 is submitted. Within the provisions hereof, the United States shall  
3 attempt to furnish Project water in accordance with said schedule,  
4 or any revision increasing the quantities thereof satisfactory to the  
5 Contracting Officer submitted by the Agency within a reasonable time  
6 before the desired change of time or quantity, or both, for delivery  
7 as nearly as may be feasible. Such revision shall create an obligation  
8 on the part of the Agency to pay for the additional water requested.

9 SUBCONTRACTS--RESALE OF WATER

10 5. (a) The Agency may without the consent of the United States  
11 enter into subcontracts with Districts for the resale and distribution  
12 of Project water furnished pursuant to this contract. Each such  
13 subcontract shall be subject to the obligations and limitations  
14 imposed by this contract and shall so provide and likewise contain  
15 a provision whereby the subcontractor agrees to the provisions of this  
16 contract: Provided, That nothing herein or therein contained shall be  
17 deemed in any way to release the Agency from its primary liability to  
18 the United States hereunder with respect to each and all of the  
19 obligations undertaken by the Agency in this contract.

(b) Neither the Agency nor a subcontractor shall realize a profit from the resale of Project water taken hereunder. In establishing the rate for resale by the Agency of Project water taken hereunder, the costs of administration, operation, and maintenance of the Agency facilities, reserve fund for depreciation and contingencies, repayment of the Agency's capital investment therein, and the Project water charges hereunder shall be apportioned equitably among all of the users or subcontractors, as the case may be, of water taken hereunder. A similar requirement shall apply in the case of resale rates of a subcontractor.

(c) No Project water shall be sold or otherwise disposed of by the Agency or a District for use outside the service area of the Agency without written consent of the Contracting Officer.

RATES AND METHOD OF PAYMENT FOR PROJECT WATER

6. (a) The rates for Project water shall be One Dollar and Fifty Cents (\$1.50) per acre-foot for water for agricultural use and Nine Dollars (\$9) per acre-foot for water for municipal, industrial, and domestic use. In addition, the Agency shall pay a surcharge, the amounts for each year specified as follows:

1992-1997	\$ 5,000 per year	2003-2007	\$30,000 per year
1998-2002	\$10,000 per year	2008-2011	\$45,000 per year

(b) After initial operation of Auburn Reservoir and each year thereafter through 1991, the Agency shall pay in accordance with subdivision (c) of this article for Project water for municipal, industrial, and domestic use and for water for agricultural use in the

1 ~~quantities requested in a schedule submitted pursuant to Article 4~~  
2 ~~and at the rates set forth in subdivision (a) of this article.~~

3 (c) For the year 1992 and each year thereafter the Agency  
4 shall make payment of the amount due to the United States for the  
5 quantities of Project water to be used for agricultural and municipal,  
6 industrial, and domestic purposes required to be furnished that year  
7 by the United States to the Agency, either pursuant to the tabulation  
8 set forth in subdivision (b) of Article 3 or for quantities of Project  
9 water scheduled pursuant to Article 4, whichever is the greater. The  
10 Agency shall pay one-half (1/2) of the amount payable for each year  
11 before January 1 of said year and the remainder of said amount before  
12 July 1 of such year or on such other date or dates of the respective  
13 year as may be specified by the Contracting Officer in a written  
14 notice to the Agency: Provided, That at any time during any year that  
15 the quantity of Project water furnished or used as provided in sub-  
16 division (f) of this article equals the quantity for which payment  
17 has been made as herein provided, the Agency will pay in advance of  
18 any further delivery for the total quantity of Project water to be  
19 furnished to it until the next payment is due.

20 (d) In the event the Agency is unable, fails, or refuses  
21 to accept delivery of the quantities of Project water available for  
22 delivery to and required to be accepted by the Agency pursuant to

1 this contract or in the event the Agency in any year during the period  
2 described in subdivision (b) of Article 3 hereof fails to submit a  
3 schedule for delivery, said inability, failure, or refusal shall not  
4 relieve the Agency of its obligation to pay for such Project water  
5 and the Agency agrees to make payment therefor in the same manner as  
6 if said water had been delivered to and accepted by the Agency in  
7 accordance with this contract.

8 (e) Project water taken by the Agency pursuant to this  
9 contract for agricultural use may be furnished by the Agency or a  
10 District for municipal, industrial, and domestic use: Provided, That  
11 the Agency shall maintain records satisfactory to the Contracting Officer  
12 of the quantities of Project water scheduled for agricultural use but  
13 delivered for municipal, industrial, and domestic purposes.

14 (f) In the event that in any month any quantity of the  
15 Project water taken by the Agency for agricultural use pursuant to this  
16 contract is furnished or utilized by the Agency or a District for  
17 municipal, industrial, and domestic use, the Agency within thirty (30)  
18 days thereafter shall pay in addition to the sum theretofore paid or  
19 due to the United States for all Project water for agricultural use  
20 an additional amount per acre-foot equal to the difference between the  
21 rate pursuant to subdivision (a) of this article for Project water for  
22 agricultural use and the rate for Project water for municipal, industrial,  
23 and domestic use.

1 by the Agency to the United States on or before April 1 of the year  
2 following that during which the cost was incurred and a statement  
3 thereof furnished by the United States.

4 (c) All quantities of water for agricultural use taken by  
5 the Agency pursuant to this contract and furnished by the Agency to  
6 Districts receiving said class of water exclusively shall be measured  
7 by the Agency at the points of delivery to said Districts. All other  
8 quantities of water for agricultural use taken pursuant to this  
9 contract for use by the Agency or Districts not receiving this class  
10 of water exclusively shall be measured by the Agency or the said  
11 Districts at the points of delivery to the users of said class of  
12 water. Measuring equipment to determine the quantity of water for  
13 agricultural use shall be installed by the Agency or said Districts  
14 at such points as the Contracting Officer directs and to his satis-  
15 faction: Provided, That upon request of the United States the Agency  
16 shall investigate the accuracy of all measuring equipment installed  
17 by the Agency or the Districts to determine the quantity of water  
18 used for agricultural purposes and shall adjust any errors disclosed  
19 by such investigation, and the United States may inspect said measur-  
20 ing equipment for the purpose of determining the accuracy thereof.  
21 The Agency shall maintain records satisfactory to the Contracting  
22 Officer of the quantity of water for agricultural use and will submit

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

2 7. (a) All Project water furnished pursuant to this contract shall  
3 be delivered at Auburn Reservoir or such other location mutually agreeable.

4 (b) All diversion and Project water taken pursuant to this  
5 contract shall be measured by the Agency at the point of delivery,  
6 specified in subdivision (a) of this article, with equipment installed,  
7 operated, and maintained by the Agency to the satisfaction of the  
8 Contracting Officer and without expense to the United States. Upon the  
9 request of the Contracting Officer, the Agency shall investigate the  
10 accuracy of said measuring equipment and shall adjust any errors  
11 disclosed by such investigation. The Contracting Officer together with  
12 the Agency may inspect said measuring equipment for the purpose of  
13 determining the accuracy thereof. In the event said facilities are  
14 found to be defective or not operating properly, they shall be  
15 repaired or replaced by the Agency. In the event the Agency neglects  
16 or fails to make the repairs or replacements within such reasonable  
17 time as may be necessary to satisfy the operating requirements of  
18 the United States, the Contracting Officer may cause the repairs  
19 or replacements to be made and the cost thereof shall be paid  
20  
21  
22

1 a report to the Contracting Officer before the 10th day of each month  
2 of the quantity of water utilized for agricultural use during the  
3 preceding month.

4 (d) The division of diversion and Project water used for  
5 agricultural and municipal, industrial, and domestic purposes shall  
6 be determined as follows:

7 (1) The total quantity of Project and diversion water  
8 used for agricultural purposes shall be that amount measured by  
9 the Agency pursuant to subdivision (c) of this article.

10 a. The Project water portion of the agricultural  
11 water shall be that quantity specified in the schedule or  
12 any revision thereof submitted by the Agency pursuant to  
13 Article 4 hereof.

14 b. The diversion water portion of the agricultural  
15 water shall be the total agricultural use less the quantity  
16 of Project water used for agricultural purposes.

17 (2) The total quantity of Project and diversion water  
18 used for municipal, industrial, and domestic purposes shall be  
19 that quantity taken at the point of delivery pursuant to sub-  
20 division (a) of this article less the quantity of water used for  
21 agricultural purposes as determined pursuant to (1) of this  
22 subdivision.

1           a. The Project water portion of the municipal,  
2           industrial, and domestic water shall be that quantity scheduled  
3           or any revision thereof submitted pursuant to Article 4 hereof.

4           b. The diversion water portion of the municipal,  
5           industrial, and domestic water shall be the total municipal,  
6           industrial, and domestic use less the quantity of Project  
7           water used for said purposes.

8           (e) If, pursuant to the computations in subdivision (d) of  
9           this article, the total of the quantities of diversion water used for  
10          municipal, industrial, and domestic purposes and for agricultural pur-  
11          poses is in excess of the total quantity of diversion water to which the  
12          Agency is entitled pursuant to the table in Article 3, such excess shall  
13          be determined to have been Project water used for municipal, industrial,  
14          and domestic purposes and the Agency shall make additional payment for  
15          such use pursuant to Article 6 hereof.

16          (f) The United States shall not be responsible for the  
17          control, carriage, handling, use, disposal, or distribution of water  
18          which may be taken at the delivery point established pursuant to  
19          subdivision (a) of this article. The Agency and the Districts shall  
20          hold the United States harmless on account of damage or claim of  
21          damage of any nature whatsoever including but not limited to property  
22          damage, personal injury or death arising out of or connected with the

control, carriage, handling, use, disposal, or distribution of such water beyond such delivery point: Provided, That the United States reserves the right to all waste, seepage, and return-flow water derived from water taken by the Agency hereunder and which escapes or is discharged beyond the boundaries of the service area of the Agency and nothing herein shall be construed as an abandonment or a relinquishment by the United States of the right to use any such water, but this shall not be construed as claiming for the United States any right as waste, seepage, or return flow to water being used pursuant to this contract for surface irrigation or underground storage within the service area of the Agency or Districts by the Agency or Districts, or those claiming by, through, or under the Agency or Districts,

UNITED STATES NOT LIABLE FOR WATER SHORTAGE

8. (a) There may occur at times a shortage during any year in the quantity of diversion and Project water available to the Agency pursuant to this contract on account of drought, errors in operation, or other causes but in no event shall any liability accrue against the United States or any of its officers, agents, or employees for any damage, direct or indirect, arising therefrom. In any year in which such a shortage may occur, the United States reserves the right to apportion the available water supply among the Agency and others entitled under the then existing contracts to receive water from the same Project water supply. For the purposes of apportioning the

1 available supply, agricultural water agreed to be accepted shall  
2 mean the total quantity of said water less the quantity of such water  
3 required for municipal, industrial, and domestic purposes for the  
4 year, as conclusively determined by the Contracting Officer, which  
5 for purposes of this article shall be known as the municipal,  
6 industrial, and domestic contractual commitments. Such apportionment  
7 shall be made as follows:

8 (1) A determination shall be made of the total  
9 quantities of agricultural water agreed to be accepted during  
10 the respective year under all contracts then in force for the  
11 delivery of such water from the same Project water supply, the  
12 quantity so determined being herein referred to as the agri-  
13 cultural contractual commitments.

14 (2) A determination shall be made of the total  
15 quantity of agricultural water available from the same Project  
16 water supply, the quantity so determined being herein referred  
17 to as the available supply.

18 (3) The total quantity of diversion agricultural  
19 water used the previous year and Project agricultural water  
20 agreed to be accepted by the Agency during the respective year,  
21 pursuant to Article 3 hereof, shall be divided by the agricultural

1 contractual commitments, the quotient thus obtained being herein  
2 referred to as the Agency's agricultural contractual entitlement.

3 (4) The available supply shall be multiplied by the  
4 Agency's agricultural contractual entitlement and the result  
5 shall be the quantity of diversion and Project agricultural water  
6 required to be delivered by the United States to the Agency for  
7 the respective year, but in no event shall such quantity exceed  
8 the total quantity of diversion and Project agricultural water  
9 agreed to be accepted by the Agency pursuant to Article 3.

10 (b) In the event of a shortage of water amounting to more  
11 than twenty-five percent (25%) of the contractual commitments for  
12 agricultural water, the amount of said shortage in excess of twenty-  
13 five percent (25%) shall be deducted on an equal percentage basis  
14 from the reduced contractual commitments for agricultural water result-  
15 ing from the application of a twenty-five percent (25%) shortage, and  
16 the contractual commitments of contractors for municipal, industrial,  
17 and domestic water for the respective year. Insofar as determined by  
18 the Contracting Officer to be practicable, in the event a shortage  
19 appears probable the United States will notify the Agency of such  
20 determinations in advance of the irrigation season.

21 (c) Deficiencies will not be imposed on the Agency's diver-  
22 sion water used for municipal, industrial, and domestic purposes.

(d) In the event that in any year there is delivered to the Agency by reason of any shortage or apportionment, as provided in subdivision (a) of this article, or any discontinuance or reduction of service, pursuant to subdivision (e) of this article, less than the quantity of water which the Agency otherwise would be entitled to receive hereunder, there shall be made an adjustment on account of the amounts paid to the United States by the Agency for water for said year in a manner similar to that provided for in Article 13. To the extent of such deficiency, such adjustment shall constitute the sole remedy of the Agency or anyone having or claiming to have by or through the Agency the right to the use of any of the water supply provided for herein.

(e) The United States may temporarily discontinue or reduce the quantity of diversion and Project water to be taken by the Agency as herein provided for the purposes of such investigation, inspection, maintenance, repair, or replacement as may be necessary of any of the Project facilities necessary for the taking of diversion and Project water by the Agency or any part thereof, but so far as feasible, the United States will give the Agency due notice in advance of such temporary discontinuance or reduction, except in cases of emergency in which case no notice need be given. When service is resumed, to the extent it may be possible to do so and within the ability of the Agency to accept the same, the United States will deliver the quantity of Project water which would have been furnished to the Agency in the absence of such contingency and diversion water will be rescheduled in accordance with Article 4.

QUALITY OF WATER

9. The operation and maintenance of Project facilities and the construction of new Project facilities for the provision of Project water under this contract shall be performed in such manner as is practicable to maintain the quality of raw water to be furnished hereunder. The United States is under no obligation to construct or furnish water treatment facilities to maintain or to better the quality of water except to the extent such facilities are expressly referred to elsewhere in this contract as part of the Project facilities to be constructed by the United States pursuant to Reclamation law or as otherwise required by law. Further, the United States does not warrant the quality of water to be furnished pursuant to this contract.

OPERATION OF AGENCY'S WORKS BY AGENCY

10. (a) The Agency shall construct and operate its works so as to be consistent with a maximum water surface elevation of one thousand one hundred and forty (1,140) feet of Auburn Reservoir above mean sea level, as conclusively determined by the Contracting Officer: Provided, That the United States shall not be responsible for the maintenance of any particular water level in Auburn Reservoir in order to deliver the amounts of water specified in Article 3: And Provided, further, That the Agency shall not be precluded from subsequently constructing or operating features which in the conclusive determination of the Contracting Officer are consistent with the maximum water surface elevation of Auburn Reservoir, as actually constructed.

(b) At various times prior to closure of the diversion tunnel for Auburn Dam, representatives of the Contracting Officer and the Agency shall inspect the Agency's control works and tunnel into Auburn Reservoir. Tests may be performed by the United States or by the Agency to determine the adequacy of the control works and of the tunnel. The Agency shall provide power for the inspections and tests and the United States and the Agency shall equally bear the other costs of the inspections and tests performed relating to the Agency's works. The Agency shall have its control works and tunnel in a condition satisfactory to the Contracting Officer before closure of the diversion tunnel for Auburn Dam.

(c) After closure of the diversion tunnel for Auburn Dam, the Agency's control works and tunnel into Auburn Reservoir shall be open to inspection by the Contracting Officer and the Agency agrees to operate and maintain the control works and tunnel in a manner satisfactory to the Contracting Officer.

(d) If the Agency neglects or fails to make any repairs or replacements either before or after closure of the diversion tunnel for Auburn Dam within such reasonable time as may be necessary to satisfy the operating requirements of the United States, the Contracting Officer may cause the repairs or replacements to be made and the cost thereof shall be paid by the Agency to the United States on or before April 1 of the year following that during which the cost was incurred and a statement thereof furnished by the United States.

1 (e) Commencing with the year following the retirement of  
2 the bonds issued for construction of the Agency's Middle Fork  
3 American River Project works and continuing thereafter so long as  
4 those works are economically feasible for operation as a water  
5 development project, the Agency shall operate its works so as to  
6 maximize water yield of such works consistent with the irrigation  
7 or municipal, industrial, and domestic demand, or both.

1                   UNITED STATES NOT LIABLE FOR LOSS--TO BE HELD HARMLESS

2           11. (a) The Agency releases the United States and its officers,  
3 agents, and employees from claims for damage to persons or property,  
4 direct or indirect, arising from operation or existence of the Agency's  
5 control works and tunnel or the use of diversion or Project water by  
6 the Agency pursuant to this contract. The Agency also releases the  
7 United States and its officers, agents, and employees from claims  
8 for damages, direct or indirect, because of the quality of water  
9 delivered hereunder, the failure to furnish water, for an insufficient  
10 supply arising from a shortage, or for any other cause whatsoever.

11           (b) The Agency shall indemnify and save harmless the United  
12 States from and against any damage to property of the United States  
13 and from and against liability for injury to any person or damage  
14 to any property caused by or resulting from the Agency's control works  
15 and tunnel or the use of Project water furnished hereunder or the  
16 exercise of any right provided for in this contract.

17                   DISPOSITION OF WATER BY DISTRICTS

18           12. Project water made available pursuant to this contract and  
19 furnished through the Agency to any District may be exchanged or sold  
20 by such District to other Districts within the service area of the  
21 Agency without the consent of the United States: Provided, That if  
22 such water is sold and the selling District receives from the purchas-  
23 ing District a sum for such water which is in excess of the total amount

1     paid or owing to the United States for such water plus the special  
2     expense, if any, incurred by the selling District in handling such  
3     water plus a fair proportion of the cost of the facilities of the  
4     selling unit used in handling such water, the Agency shall pay to  
5     the United States the amount of such excess. Any such water used by  
6     the purchasing District for municipal, industrial, and domestic use  
7     shall be paid for by the Agency at the rate established pursuant to  
8     subdivision (a) of Article 6 for water for municipal, industrial, and  
9     domestic use. Any amounts coming due to the United States as a result  
10    of sales of water by one District to another District shall be paid  
11    for by the Agency prior to the delivery of such water.

#### 12                   ADJUSTMENTS

13           13. The amount of any overpayment by the Agency by reason of  
14    the quantity of water actually available for the Agency during any  
15    year, as conclusively determined by the Contracting Officer, having  
16    been less than the quantity of such water which the Agency otherwise  
17    under the provisions of this contract would have been required to  
18    receive and pay for shall be applied first to any accrued indebted-  
19    ness arising out of this contract then due and owing to the United  
20    States by the Agency and any amount of such overpayment then remaining  
21    shall, at the option of the Agency, be refunded to the Agency or credited  
22    upon amounts to become due to the United States from the Agency under the  
23    provisions hereof in the ensuing year.

1                   DRAINAGE STUDIES AND FACILITIES

2           14. To aid in determining the source and solution of future  
3 potential drainage problems the Agency shall install and maintain  
4 observation wells, in a manner satisfactory to the Contracting  
5 Officer, and furnish annually to the Contracting Officer, during the  
6 term of this contract, records and analyses of well readings as they  
7 relate to potential drainage problems. If and when needed, the  
8 Agency shall construct drainage works to protect the irrigability of  
9 lands within the Agency.

10                   WATER POLLUTION CONTROL

11           15. The Agency agrees that it will comply fully with all appli-  
12 cable Federal laws, orders, and regulations, and the laws of the State  
13 of California, all as administered by appropriate authorities, con-  
14 cerning the pollution of streams, reservoirs, groundwater, or water  
15 courses with respect to thermal pollution or the discharge of refuse,  
16 garbage, sewage effluent, industrial waste, oil, mine tailings, mineral  
17 salts, or other pollutants. The Agency further agrees that any contract  
18 it may enter into with a third party for the furnishing of Project  
19 water will contain a similar water pollution control article. Nothing  
20 herein shall be deemed to limit or to impair any right of the Agency  
21 or any third party to seek or to obtain administrative or judicial  
22 review or appeal of any such laws, orders, or regulations.

1                   CHARGES A GENERAL OBLIGATION--LEVIES THEREFOR

2           16. (a) The Agency as a whole is obligated to pay to the United  
3 States the charges becoming due as provided in this contract notwith-  
4 standing the default in the payment to the Agency by a District or  
5 individual water users of assessments, tolls, or other charges levied  
6 by the Agency.

7           (b) The Agency or the Districts shall cause to be levied  
8 and collected all necessary assessments, tolls, and other charges and  
9 shall use all the authority and resources of the Agency to meet its  
10 obligations hereunder.

11                   ALL BENEFITS CONDITIONED UPON PAYMENT

12           17. Should any assessment levied by the Agency against any tract  
13 of land or District in the Agency's service area and necessary to meet  
14 the obligations of the Agency under this contract be judicially deter-  
15 mined to be irregular or void, or should the Agency or its officers  
16 be enjoined or restrained from making or collecting any assessments  
17 upon such land or from such District as provided for herein, then such  
18 tract shall have no right to any water available to the Agency pursuant  
19 to this contract, except upon the payment by the landowner of his  
20 assessment or a toll charge for such water, notwithstanding the existence  
21 of any contract between the Agency and the owner or owners of such tract.  
22 Contracts between the Agency and the Districts shall provide that such

contracts shall be subject to the terms hereof. It is further agreed that the payment of charges at the rates and upon the terms and conditions provided for herein is a prerequisite to the right to divert Project water pursuant to this contract and no irregularity in levying taxes or assessments by the Agency nor lack of authority in the Agency, whether affecting the validity of Agency taxes or not, shall be held to authorize or permit any District to demand Project water made available pursuant to this contract unless charges at the rates and upon the terms and conditions provided for herein have been paid by such District.

#### DEFAULTS

18. (a) Should the Agency or a District fail to make any payment due and payable to the United States for Project water to be furnished pursuant to this contract, and the Agency or such District fail to levy the assessments, tolls, or other charges necessary to be levied in order for the Agency to meet its obligation to the United States under this contract with respect to such District, or, having levied, should the Agency or such District be prevented from collecting such assessments, tolls, or other charges by any judicial proceeding or otherwise fails to collect them, no tract of land within such District shall be entitled to receive Project water furnished by the United States pursuant to this contract, except upon payment by the landowner of his proportionate share of such assessment or toll charge.

1 (b) No Project water shall be furnished for use by any  
2 District during any period in which the Agency is in arrears in the  
3 advance payment of charges accrued under this contract with respect  
4 to such District unless the District makes the necessary payment  
5 direct to the United States, in which event the Agency shall be  
6 relieved of its obligation to make such payment for such year.

7 (c) No Project water furnished by the United States for  
8 use by any District pursuant to this contract shall be furnished by  
9 such District to lands or parties that are in arrears in the payment  
10 to such District of assessments, rates, tolls, or other charges levied  
11 or established by such District if such assessments, rates, tolls,  
12 or other charges are necessary for the purpose of raising revenues to  
13 meet the payments then due to the United States from the Agency for  
14 the District for such water.

15 (d) The United States may, at its option, terminate all  
16 rights of any District to be furnished Project water pursuant to this  
17 contract on sixty (60) days written notice to the Agency upon the  
18 failure of the Agency for a period of one (1) year to make any of the  
19 payments required in this contract to be made by the Agency to the  
20 United States upon behalf of such District at the times and in the  
21 manner provided if the Agency does not pay said delinquent charges  
22 within such 60-day period: Provided, however, That if the Agency or

1 District is prevented by legal action from making such payments, the  
2 United States shall not exercise its right of termination for any  
3 failure to make such payments when such failure is occasioned by such  
4 legal action unless by the final judgment in such legal action this  
5 contract is rendered unenforceable or void. Said termination shall  
6 be effective on January 1 following the date on which such notice is  
7 given to the Agency. Upon the effective date of such termination,  
8 all obligations of the United States and all rights of the Agency and  
9 the District with respect to such District of any nature whatsoever  
10 arising under this contract shall cease, but such termination shall  
11 not relieve the Agency of the obligation to make to the United States  
12 all such payments becoming due pursuant to this contract prior to the  
13 effective date of such termination.

14 PENALTY FOR DELINQUENT PAYMENTS

15 19. The Agency shall pay a penalty on installments or charges  
16 which become delinquent computed at the rate of one-half of one  
17 percent per month on the amount of such delinquent installments or  
18 charges for each day from the date of such delinquency until paid:  
19 Provided, That no penalty shall be charged to the Agency unless such  
20 delinquency continues for more than thirty days.

1                                   BOOKS, RECORDS, AND REPORTS

2           20. The Agency shall require each District to establish and  
3 maintain accounts and other books and records sufficient to enable  
4 the Agency to furnish to the Bureau of Reclamation information per-  
5 taining to its financial transactions, crop production, water use,  
6 and to such other matters as the Contracting Officer may require.  
7 Reports thereon shall be furnished to the United States in such form  
8 and on such date or dates as may be required by the Contracting  
9 Officer. Each party shall have the right during office hours to  
10 examine and make copies of the other party's books and official  
11 records relating to matters covered by this contract.

12                                   CHANGES IN AGENCY OR DISTRICT ORGANIZATIONS

13           21. After execution of this contract and continuing as long as  
14 this contract is in effect, no change shall be made in any District  
15 with which the Agency has a water supply contract or in the Agency  
16 by inclusion or exclusion of lands, by dissolution, consolidation,  
17 or merger, or otherwise, except upon the Contracting Officer's written  
18 consent thereto.

19                                   LAND NOT TO RECEIVE PROJECT WATER  
20                                   FURNISHED TO AGENCY BY THE UNITED STATES  
21                                   UNTIL THE OWNERS THEREOF EXECUTE CERTAIN CONTRACTS

22           22. (a) No Project water made available pursuant to this  
contract shall be furnished to any excess lands as defined in

Article 24 hereof unless the owners thereof shall have executed valid recordable contracts in form prescribed by the United States, agreeing to the provisions of this article and Articles 23 and 24 hereof, agreeing to the appraisal provided for in Article 23 hereof and that such appraisal shall be made on the basis of the actual bona fide value of such lands at the date of the appraisal without reference to the construction of the Project, all as hereinafter provided, and agreeing to the sale of such excess lands under terms and conditions satisfactory to the Secretary and at prices not to exceed those fixed as hereinafter provided. No sale of any excess lands shall carry the right to receive Project water made available pursuant to this contract unless and until the purchase price involved in such sale is approved by the Contracting Officer and upon proof of fraudulent representation as to the true consideration involved in such sales the United States may instruct the Agency or District by written notice to refuse to furnish any Project water subject to this contract to the land involved in such fraudulent sales and the Agency and the District thereafter shall not furnish said Project water to such lands.

(b) If Project water furnished to the Agency pursuant to this contract reaches the underground strata of excess land owned by a large landowner as defined in Article 24 who has not executed a recordable contract and the large landowner pumps such Project water

1 from the underground, the Agency or District will not be deemed to  
2 have furnished such Project water to said lands within the meaning  
3 of this contract if such Project water reached the underground strata  
4 of the aforesaid excess land as an unavoidable result of the furnishing  
5 of Project water by the Agency or District to nonexcess lands, or to  
6 excess lands with respect to which a recordable contract has been executed.

7 VALUATION AND SALE OF EXCESS LANDS

8 23. (a) The value of the excess irrigable lands within the  
9 Agency or District as defined in Article 24 held in private ownership  
10 of large landowners, as defined in said article for the purposes of  
11 this contract, shall be appraised in a manner to be prescribed by the  
12 Secretary. At the option of the large landowner, however, the value  
13 of such land may be appraised, subject to the approval thereof by the  
14 Secretary, by three appraisers. One of said appraisers shall be  
15 designated by the Secretary and one shall be designated by the Agency  
16 and the two appraisers so appointed shall name the third. If the  
17 appraisers so designated by the Secretary and the Agency are unable  
18 to agree upon the appointment of the third, the Presiding Justice of  
19 the Third District Court of Appeal of the State of California shall  
20 be requested to name the third appraiser.

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

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

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

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

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

16          (e) Excess irrigable lands sold by large landowners within  
17          the Agency or a District shall not carry the right to receive Project  
18          water made available pursuant to this contract for such land and the  
19          Agency shall refuse and shall require such District to agree to refuse  
20          to furnish such Project water to lands so sold until, in addition to  
21          compliance with the other provisions hereof, a verified statement  
22          showing the sale price upon any such sale shall have been filed with

1 the Agency and said sale price is not in excess of the appraised  
2 value fixed as provided herein.

3 (f) The Agency agrees to take all reasonable steps requested  
4 by the Contracting Officer to ascertain the occurrence and conditions  
5 of all sales of irrigable lands of large landowners in the Agency or  
6 each District made subsequent to the execution of this contract and  
7 to inform the United States concerning the same.

8 (g) A true copy of this contract, of each recordable contract  
9 executed pursuant to this article and Articles 22 and 24 hereof, and of  
10 each appraisal made pursuant thereto shall be furnished to the Agency  
11 by the United States and shall be maintained on file in the office of  
12 the Agency and in the office of each District, and like copies in  
13 such offices of the Bureau of Reclamation as may be designated by the  
14 Contracting Officer and shall be made available for examination during  
15 the usual office hours by all persons who may be interested therein.

16 EXCESS LANDS

17 24. (a) As used herein the term "excess land" means that part  
18 of the irrigable land in excess of one hundred and sixty (160) acres  
19 held within a District or an area identified by the Agency as being  
20 served by the Agency in the beneficial ownership of any single person,  
21 whether a natural person, a corporation, or the beneficiary of a  
22 trust approved by the Contracting Officer. With respect to land held

1 in coownership, such as tenancy in common, joint tenancy, or community  
2 property, the beneficial ownership of each coowner shall be that  
3 fraction of the total acreage held in coownership which equals the  
4 coowner's fractional interest therein. The term "large landowner"  
5 means an owner of excess lands, and the term "nonexcess land" means  
6 all irrigable land within the Agency or a District which is not excess  
7 land as defined herein.

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

11 (1) Before any Project water is furnished by the Agency  
12 or a District to his excess land within such entity, execute a  
13 valid recordable contract in form prescribed by the United States,  
14 agreeing to the provisions contained in this article and Articles 22  
15 and 23 hereof and agreeing to dispose of his excess lands in  
16 accordance therewith to persons who can take title thereto as  
17 nonexcess land as herein provided and at a price not to exceed  
18 the approved, appraised value of such excess land and within a  
19 period of ten (10) years after the date of the execution of said  
20 recordable contract and agreeing further that if said land is not  
21 so disposed of within said period of ten (10) years the Secretary  
22 shall 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 on behalf of such large landowner; and the Agency  
4       shall require each District to agree that it will refuse to  
5       furnish said Project water to any large landowner other than  
6       for his nonexcess lands until such owner meets the conditions  
7       precedent herein stated; and

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

District or the Contracting Officer and the Agency or District will furnish said Project water only to the land so designated to be nonexcess land. A large landowner may, with the consent of the Contracting Officer, designate land other than that previously designated as nonexcess land: Provided, That an equal acreage of the land previously designated as nonexcess shall, upon such new designation, become excess land thereafter subject to the provisions of this article and Articles 22 and 23 hereof and shall be described in an amendment of such recordable contract as may have been executed by the large landowner, in the same manner as if such land had been excess land at the time of the original designation.

REPEAL OR AMENDMENT OF FEDERAL RECLAMATION LAWS

25. In the event that the Congress of the United States repeals the so-called excess-land provisions of Federal reclamation laws, Articles 22, 23, and 24 of this contract will no longer be of any force or effect, and in the event that the Congress amends the excess-land provisions or other provisions of the Federal reclamation laws the United States agrees, at the option of the Agency, to negotiate amendments of appropriate articles of this contract, all consistently with the provisions of such amendment.

1 COMMINGLING OF DIVERSION AND PROJECT WATER--EXISTING WATER RIGHTS

2 26. (a) The provisions of Articles 22, 23, 24, and 25 shall  
3 not apply to affect water or water rights now owned or hereafter  
4 acquired, other than from the United States, by the Agency or by any  
5 District or any landowner therein, nor shall this contract be con-  
6 strued as limiting or curtailing any rights which the Agency or any  
7 District or landowner therein acquires or has available to it or  
8 him under the Federal reclamation laws. Diversion water may be passed  
9 through facilities of the United States to facilities of the Agency  
10 in the same manner as Project water furnished to the Agency pursuant  
11 to this contract. Notwithstanding such comingling of water the  
12 provisions of Articles 22, 23, and 24 shall be applicable to the quan-  
13 tity of Project water furnished to the Agency pursuant to the terms  
14 hereof, and such comingling of water shall not in any manner subject  
15 to the provisions of Articles 22, 23, and 24 the quantity of diversion  
16 water acquired by or available to the Agency.

17 (b) With respect to the facilities of the Agency or  
18 Districts or portions thereof in which comingling is permitted as  
19 provided in subdivision (a) of this article, the Agency:

20 (1) At the request of the Contracting Officer shall be  
21 responsible for the installation, operation, and maintenance of  
22 water measuring equipment at delivery points to excess lands  
23 and the Contracting Officer may check and inspect said equip-  
24 ment at any time; and

(2) Agrees that the quantity of Project water for agricultural use furnished to it by the United States during each 24-hour period will be delivered by the Agency only to nonexcess land.

(c) The Districts shall be deemed to be in breach of this article and Articles 22, 23, and 24 of this contract if at any time there is furnished to all excess lands not covered by recordable contracts served by facilities of the Agency or Districts in which commingling is permitted a quantity of water which is greater than the total diversion water released from said works less the quantity of diversion water used for municipal, industrial, and domestic purposes.

1                   CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

2           27. The expenditure of any money or the performance of any  
3 work by the United States herein provided for which may require  
4 appropriation of money by the Congress or the allotment of funds  
5 shall be contingent upon such appropriation or allotment being made.  
6 The failure of the Congress so to appropriate funds or the absence  
7 of an allotment of funds shall not relieve the Agency or any District  
8 from any obligations then accrued under this contract and no liability  
9 shall accrue to the United States in case such funds are not appro-  
10 priated or allotted.

11                   OFFICIALS NOT TO BENEFIT

12           28. (a) No Member of or Delegate to Congress or Resident  
13 Commissioner shall be admitted to any share or part of this contract  
14 or to any benefit that may arise herefrom, but this restriction shall  
15 not be construed to extend to this contract if made with a corporation  
16 or company for its general benefit.

17                   (b) No official of the Agency or District shall receive  
18 any benefit that may arise by reason of this contract other than as  
19 a landowner within a District and in the same manner as other land-  
20 owners within that District.

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1                   ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

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

6                   REMEDIES UNDER CONTRACT NOT EXCLUSIVE--WAIVERS

7           32. Nothing contained in this contract shall be construed as in  
8 any manner abridging, limiting, or depriving the United States of any  
9 means of enforcing any remedy, either at law or in equity, for the  
10 breach of any of the provisions hereof which it would otherwise have.  
11 Any waiver at any time by either party to this contract of its rights  
12 with respect to a default, or any matter arising in connection with  
13 this contract, shall not be deemed to be a waiver with respect to any  
14 subsequent default or matter.

15                   DETERMINATIONS

16           33. (a) Where the terms of this contract provide for action  
17 to be based upon the opinion or determination of either party to this  
18 contract, whether or not stated to be conclusive, said terms shall  
19 not be construed as permitting such action to be predicated upon  
20 arbitrary, capricious, or unreasonable opinions or determinations.

21           (b) In the event the Agency questions any factual deter-  
22 mination made by any representative of the Secretary as required in

1 the administration of this contract, any findings as to the facts in  
2 dispute thereafter made by the Secretary shall be made only after  
3 consultation with the Agency's Board of Directors.

4 (c) Except as otherwise provided herein, the Secretary's  
5 decision on all questions of fact arising under this contract shall  
6 be conclusive and binding upon the parties hereto.

7 COVENANT AGAINST CONTINGENT FEES

8 34. The Agency warrants that no person or selling agency has  
9 been employed or retained to solicit or secure this contract upon an  
10 agreement or understanding for a commission, percentage, brokerage,  
11 or contingent fee, excepting bona fide employees or bona fide estab-  
12 lished commercial or selling agencies maintained by the Agency for  
13 the purpose of securing business. For breach or violation of this  
14 warranty the United States shall have the right to annul this contract  
15 without liability.

16 TITLE VI, CIVIL RIGHTS ACT OF 1964

17 35. (a) The Agency hereby agrees that it will comply with  
18 Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and all require-  
19 ments imposed by or pursuant to the Department of the Interior  
20 Regulation (43 CFR 17) issued pursuant to that title, to the end that  
21 in accordance with Title VI of that Act and the Regulation no person  
22 in the United States shall, on the ground of race, color, or national

1 origin be excluded from participation in, be denied the benefits of,  
2 or be otherwise subjected to discrimination under any program or  
3 activity for which the Agency receives financial assistance from the  
4 Bureau of Reclamation and hereby gives assurance that it will imme-  
5 diately take any measures to effectuate this agreement.

6 (b) If any real property or structure thereon is provided  
7 or improved with the aid of Federal financial assistance extended to  
8 the Agency by the Bureau of Reclamation, this assurance obligates the  
9 Agency or, in the case of any transfer of such property, any transferee  
10 for the period during which the real property or structure is used for  
11 a purpose involving the provision of similar services or benefits.

12 If any personal property is so provided, this assurance obligates the  
13 Agency for the period during which the Federal financial assistance is  
14 extended to it by the Bureau of Reclamation.

15 (c) This assurance is given in consideration of and for  
16 the purpose of obtaining any and all Federal grants, loans, contracts,  
17 property, discounts, or other Federal financial assistance extended  
18 after the date hereof to the Agency by the Bureau of Reclamation,  
19 including installment payments after such date on account of arrange-  
20 ments for Federal financial assistance which were approved before  
21 such date. The Agency recognizes and agrees that such Federal financial  
22 assistance will be extended in reliance on the representations and

1 agreements made in this assurance, and that the United States shall  
2 reserve the right to seek judicial enforcement of this assurance.  
3 This assurance is binding on the Agency, its successors, transferees,  
4 and assignees.

5 EQUAL OPPORTUNITY

6 36. During the performance of this contract, the Agency agrees  
7 as follows:

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

1           (b) The Agency or Districts will, in all solicita-  
2           tions or advertisements for employees placed by or on behalf  
3           of the Agency or District, state that all qualified applicants  
4           will receive consideration for employment without regard to  
5           race, color, religion, sex, or national origin.

6           (c) The Agency or District will send to each labor  
7           union or representative of workers with which it has a collective  
8           bargaining agreement or other contract or understanding, a  
9           notice, to be provided by the Bureau of Reclamation, advising  
10          the labor union or workers' representative of the Agency's or  
11          District's commitments under this Equal Opportunity clause and  
12          shall post copies of the notice in conspicuous places available  
13          to employees and applicants for employment.

14          (d) The Agency or District will comply with all  
15          provisions of Executive Order No. 11246 of September 24, 1965,  
16          and of the rules, regulations, and relevant orders of the  
17          Secretary of Labor.

18          (e) The Agency or District will furnish all informa-  
19          tion and reports required by Executive Order No. 11246 of  
20          September 24, 1965, and by the rules, regulations, and orders  
21          of the Secretary of Labor, or pursuant thereto, and will permit  
22          access to its books, records, and accounts by the Bureau of  
23          Reclamation and the Secretary of Labor for purposes of

1 investigation to ascertain compliance with such rules, regula-  
2 tions, and orders.

3 (f) In the event of the Agency's or District's  
4 noncompliance with the Equal Opportunity clause of this contract  
5 or with any of such rules, regulations, or orders, this contract  
6 may be cancelled, terminated, or suspended in whole or in part  
7 and the Agency or District may be declared ineligible for further  
8 Government contracts in accordance with procedures authorized in  
9 Executive Order No. 11246 of September 24, 1965, and such other  
10 sanctions may be imposed and remedies invoked as provided in  
11 Executive Order No. 11246 of September 24, 1965, or by rules,  
12 regulation, or order of the Secretary of Labor, or as otherwise  
13 provided by law.

14 (g) The Agency or District will include the provisions  
15 of paragraphs (a) through (g) in every subcontract or purchase  
16 order unless exempted by rules, regulations, or orders of the  
17 Secretary of Labor issued pursuant to section 204 of Executive  
18 Order No. 11246 of September 24, 1965, so that such provisions  
19 will be binding upon each subcontractor or vendor. The Agency or  
20 District will take such action with respect to any subcontract or  
21 purchase order as the Bureau of Reclamation may direct as a means  
22 of enforcing such provisions including sanctions for noncompliance:

1        Provided, however, That in the event the Agency or District  
2 becomes involved in, or is threatened with, litigation with a  
3 subcontractor or vendor as a result of such direction by the  
4 Bureau of Reclamation, the Agency or District may request the  
5 United States to enter into such litigation to protect the  
6 interests of the United States.

7                    ASSURANCE RELATING TO VALIDITY OF CONTRACT

8        37. Promptly after the execution and delivery of this contract  
9 the Agency shall file and prosecute to a final decree, including any  
10 appeal therefrom to the highest court of the State of California, in  
11 a court of competent jurisdiction, a special proceeding for the judicial  
12 examination, approval, and confirmation of the proceedings had for the  
13 organization of the Agency and the proceedings of the Agency Board of  
14 Directors and of the Agency leading up to and including the making of  
15 this contract and the validity of the provisions thereof. This contract  
16 shall not be binding on the United States until said Agency organiza-  
17 tion, proceedings, and contract shall have been so confirmed by a  
18 court of competent jurisdiction or pending appellate action if ground  
19 for appeal be laid. The Agency shall furnish to the Contracting  
20 Officer copies of such decree and of all pertinent supporting documents.

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

3  
4 THE UNITED STATES OF AMERICA

5 431-6100  
6 By R. J. R. Hardy  
Regional Director, Region 1  
Bureau of Reclamation

7 Lia. Inger  
S.H.

8  
9 PLACER COUNTY WATER AGENCY

10 (SEAL)

11 By H. P. Paulson  
Chairman

12 Attest:

13 Robert P. Mahan

14 Title

Sect.