

TEHAMA COUNTY LOCAL AGENCY FORMATION COMMISSION



BOARD CHAMBERS

AGENDA FOR WEDNESDAY, JUNE 10, 2026

DATE: Wednesday, June 10, 2026
TIME: 2:00 PM
LOCATION: BOARD CHAMBERS
ADMINISTRATION BUILDING
727 OAK STREET
RED BLUFF, CALIFORNIA 96080

Use of Cell Phones During Meetings: The Commission appreciates your cooperation in turning off or muting all cell phones during the meeting.

Recording Device used to record the meeting.

II. PLEDGE OF ALLEGIANCE

III. CITIZENS CONCERNS

This time is set aside for citizens to address the LAFCo Commission on any item of interest to the public that is within the subject matter jurisdiction of the Commission. No action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Government Code Section 54954.2(b) (typically, this applies to items meeting criteria as an off-agenda emergency). The Chair reserves the right to limit each speaker to three (3) minutes. Disclosure of a speaker's identity is purely voluntary during the public comment period.

IV. MINUTES OF THE MEETING

**APPROVAL OF MINUTES - February 11, 2026, LAFCo Meeting [26-1002](#)
Minutes**

A. Waive the reading and approve the minutes of the regular meeting held February 11, 2026.

PUBLIC HEARING

LAFCo FILE 1-2025 DENNIS HAY - DETACHMENT FROM PROBERTA WATER DISTRICT [26-1005](#)

Staff recommends that Tehama LAFCo take the following actions:

- A. Find that the proposed detachment is exempt from further environmental review under the California Environmental Quality Act (CEQA) pursuant to Section 15061 (b)(3) The Commonsense Exemption.

- B. Move to Adopt Tehama LAFCo Resolution No. 1-2025 making determinations and ordering the detachment of three parcels (APNs 037-090-029, 037-090-090, and 037-090-076) from the Proberta Water District.

ADJOURN

NOTE:

Any written materials related to an open session item on this agenda that are submitted to the Tehama County Local Agency Formation Commission less than 72 hours prior to the Commission meeting, and that are not exempt from disclosure under the Public Records Act, will promptly be made available for public inspection at the Tehama County Local Agency Formation Commission, 444 Oak Street, Room "I", Red Bluff, California, during normal business hours.

Postmarks will not be accepted.

MINUTES, AGENDAS, and AGENDA MATERIAL are available on our website at <https://tehamacounty.legistar.com/Calendar.aspx>



Tehama County

Agenda Request Form

File #: 26-1002

Agenda Date: 6/10/2026

Agenda #:

APPROVAL OF MINUTES - February 11, 2026, LAFCo Meeting Minutes

Requested Action(s)

A. Waive the reading and approve the minutes of the regular meeting held February 11, 2026.

Financial Impact:

None

Background Information:



LOCAL AGENCY FORMATION COMMISSION

DATE: Wednesday, February 11, 2026

LOCATION: BOARD CHAMBERS
727 OAK STREET
RED BLUFF, CALIFORNIA 96080

COMMISSIONERS PRESENT: Gonzales, Burroughs, Hurton, Zane

COMMISSIONERS ABSENT: Jones, Klaykamp, Demo

STAFF PRESENT: Jessica Martinez, Executive Officer
Andrew Plett, County Counsel
Melinda Touvell, Administrator Secretary III

I. **PLEDGE OF ALLEGIANCE**

Commissioner Burroughs led the Pledge of Allegiance.

II. **CITIZENS CONCERNS**

None

III. **MINUTES OF THE MEETING**

APPROVAL OF MINUTES - January 14, 2026, LAFCo Minutes

A. Waive the reading and approve the minutes of the regular meeting held January 14, 2026.

Commissioner Gonzales made a motion to approve the minutes;

RESULT: ITEM A: APPROVED 4-0

MOVER: Commissioner Gonzales

SECONDER: Commissioner Zane

AYES: Burroughs, Gonzales, Hurton, Zane

NAYES: None

ABSENT: Jones, Demo, Kleykamp

Page 1 of 3

IV. PUBLIC HEARING

LAFCO FILE 1-2025 DENNIS HAY - DETACHMENT FROM PROBERTA WATER DISTRICT.

Staff recommend that Tehama LAFCo take the following actions:

Jessica Martinez, Executive Officer, presented three separate parcels proposing to detach from the Proberta Water District. Ms. Martinez stated they are currently not receiving water from the Proberta Water District and do not want to physically attach to the water irrigation because they are not using the parcels for any agricultural uses.

Commissioner Burroughs opened public hearing.

Paul Minasian, Attorney representing the Proberta Water District, stated the Proberta Water District is protesting the detachment from these parcels. Mr. Minasian stated nobody contacted Proberta Water District and the three parcels wanting to detach from the water district have not been paying their fees. He stated the detachment should not be allowed and legally it is not allowed.

Commissioner Gonzales asked if Mr. Minasian knew the time and date the properties were purchased, and do we know if they asked before 1964 for an exemption.

Mr. Minasian stated he did not know when they bought the properties and if they were purchased before 1964, but he said if they had asked to be exempt or detached then they would not have been included.

Ms. Martinez stated that the boundaries would remain unchanged and that only these parcels would detach from the Proberta Water District. She added that if the parcels are sold and the new owners choose to connect, they would be allowed to do so.

Commissioner Zane asked how long these parcels have been paying the water district fees.

Ms. Martinez stated she just knows the applicant purchased the parcel in 2021 and she is not sure about the other two parcels. Ms. Martinez stated the applicant was on the phone if commissioners had any questions for them.

Dennis Hay, applicant of the parcel, called in on the phone to answer any questions the commissioners had about his parcel and the other two parcels involved in the detachment.

Commissioner Gonzales asked the applicant if he was aware when he purchased the property that this assessment was on the property and had to be paid on a yearly basis.

Mr. Hay stated it was his understanding when he bought the property that the property would have to receive a specific benefit before there could be a charge or an assessment.

Commissioner Gonzales asked when the applicant purchased the property in 2021 did, he receive anything telling him that fees were owed to the Proberta Water District.

Mr. Hay stated his understanding was that the previous owner had to pay the fees during escrow.

Commissioner Gonzales asked whether the applicant had received any invoices from the water district since purchasing the property.

Mr. Hay stated he received one invoice back in 2022 for water charges and there has been no other billing.

Commissioner Burroughs stated he would like to table this item for 90 days so a letter can be sent to the Proberta Water District for them to provide a letter to LAFCo from the Bureau of Water Reclamation as to what their final decision is.

Jack Moser, Director of the Proberta Water District, stated that the property was within the district when it was formed and that all property owners were assessed, regardless of whether they used the water. He stated the Proberta Water District does not serve homes it is for Agricultural use.

Commissioner Hurton asked if this was common for property owners to ask to be removed from the water districts.

Ms. Martinez stated it is not common in Tehama County, but in other jurisdictions it is because if you're not using the water they do not want to pay for it. She stated there are other applicants requesting the same thing in other districts.

Commissioner Burroughs closed public hearing.

- A. Find that the proposed detachment is exempt from further environmental review under the California Environmental Quality Act (CEQA) pursuant to Section 15061 (b)(3) The Commonsense Exemption.
- B. Move to Adopt Tehama LAFCo Resolution No. 1-2025 making determinations and ordering the detachment of three parcels (APN's 037-090-029, 037-090-090, and 037-090-076) from the Proberta Water District.

Commissioner Burroughs made a motion to table the item to a time certain of June 10, 2026.

RESULT:TABLED 4-0

MOVER: Commissioner Burroughs

SECONDER: Commissioner Zane

AYES: Burroughs, Gonzales, Hurton, Zane

NAYES: None

ABSENT: Jones, Demo, Kleykamp

V. ADJOURN

Meeting concluded at 3:10 PM



Tehama County

Agenda Request Form

File #: 26-1005

Agenda Date: 6/10/2026

Agenda #:

LAFCo FILE 1-2025 DENNIS HAY - DETACHMENT FROM PROBERTA WATER DISTRICT

Requested Action(s)

Staff recommends that Tehama LAFCo take the following actions:

- A. Find that the proposed detachment is exempt from further environmental review under the California Environmental Quality Act (CEQA) pursuant to Section 15061 (b)(3) The Commonsense Exemption.
- B. Move to Adopt Tehama LAFCo Resolution No. 1-2025 making determinations and ordering the detachment of three parcels (APNs 037-090-029, 037-090-090, and 037-090-076) from the Proberta Water District.

Financial Impact:

[Click here to enter Financial Impact.](#)

Background Information:

The Proberta Water District (District) was formed in 1956 and provides water service to approximately 2,900 acres and is primarily used for irrigation purposes. Water is supplied from the Corning Canal. The territory proposed for detachment consists of three parcels totaling approximately 7.25 acres, located in the central portion of the District (see Table 1 and Figure 1 below). The parcels are in the unincorporated area of Tehama County, have a land use designation of Valley Floor Agriculture, and contain existing residential structures. They are not currently used for active agricultural production. The parcels are situated on relatively flat agricultural land, with Flores Avenue to the north, Oat Creek to the south, Interstate 5 to the east, and the Corning Canal to the west. The applicants are requesting detachment because each parcel is served by a private well and does not rely on District water service.



TEHAMA LAFCo

STAFF REPORT

DATE: February 11, 2026

TO: Tehama Local Agency Formation Commission

FROM: Jessica Martinez; Executive Officer

SUBJECT: **LAFCo FILE 1-2025 DENNIS-HAY – DETACHMENT FROM PROBERTA WATER DISTRICT.**

BACKGROUND:

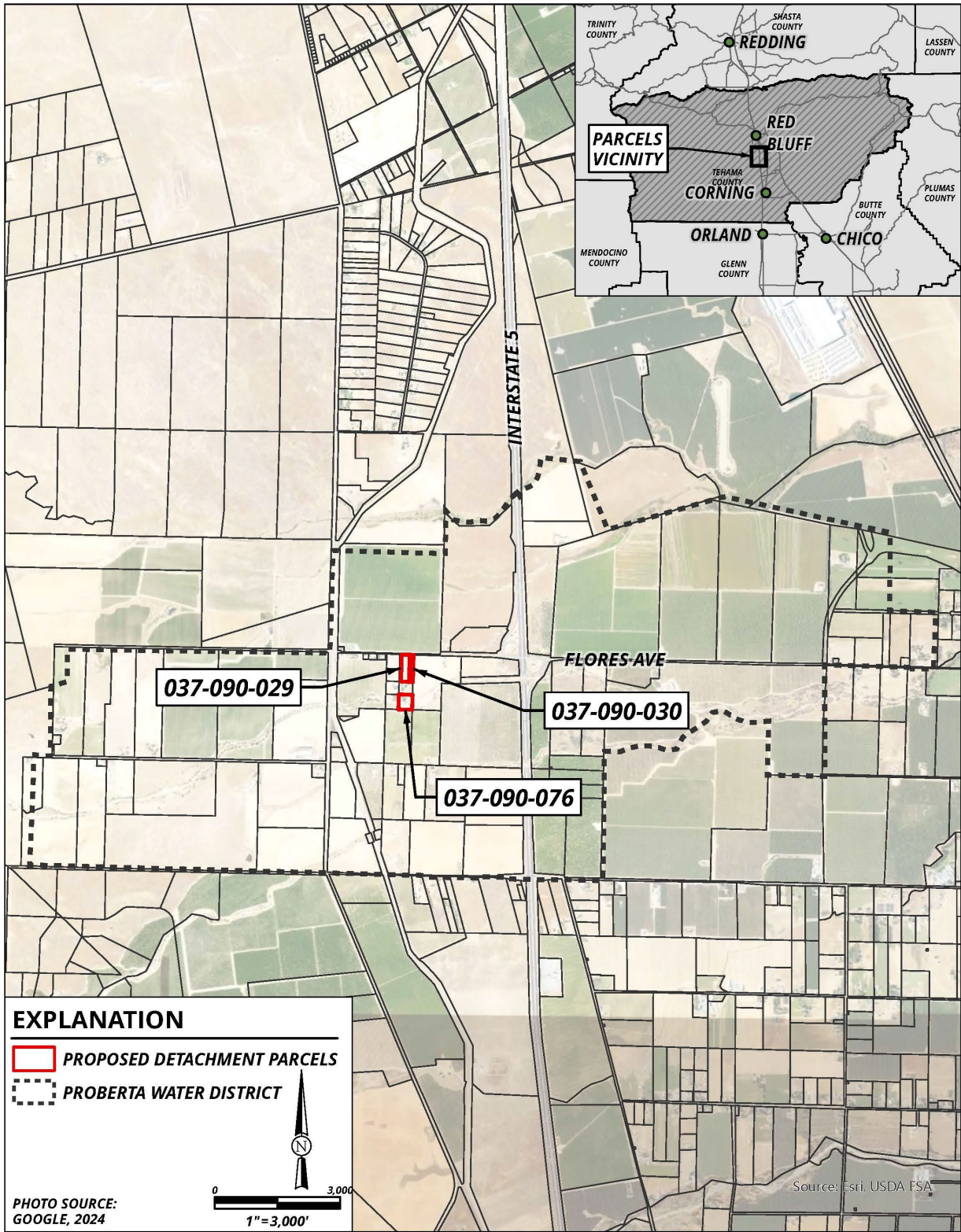
The Proberta Water District (District) was formed in 1956 and provides water service to approximately 2,900 acres and is primarily used for irrigation purposes. Water is supplied from the Corning Canal. The territory proposed for detachment consists of three parcels totaling approximately 7.25 acres, located in the central portion of the District (see Table 1 and Figure 1 below). The parcels are in the unincorporated area of Tehama County, have a land use designation of Valley Floor Agriculture, and contain existing residential structures. They are not currently used for active agricultural production. The parcels are situated on relatively flat agricultural land, with Flores Avenue to the north, Oat Creek to the south, Interstate 5 to the east, and the Corning Canal to the west. The applicants are requesting detachment because each parcel is served by a private well and does not rely on District water service.

Table 1: Parcel Information

Parcel	Address	APN	Size
1	21815 Flores Ave, Red Bluff, CA	037-090-029	3 acres
2	21825 Flores Ave, Red Bluff, CA	037-090-030	1.5 acres
3	9904 Ruiz Street, Red Bluff, CA	037-090-076	2.75 acres

SUMMARY:

The applicants are requesting the detachment of three parcels from the Proberta Water District (see Figure 1). The parcels do not currently receive water service from the District, as each is served by a private well. Staff recommends approval of the detachment, along with an amendment to the District boundaries. The parcels are located in the central portion of the District along Flores Avenue and contain existing residential development.



Tehama County LAFCo
 Proberta Water District Detachment Proposal
 Tehama County, California

**Proposed Detachment Parcels
 with Water District Boundary**
 January 2026

**Figure
 1**

No new development is proposed, and the parcels are not used for active agricultural production. Wastewater will continue to be managed by individual onsite septic systems. The proposal was initiated by Dennis L. Hay, Esq., on behalf of the property owners, on May 23, 2025. The detachment is exempt from further environmental review pursuant to the California Environmental Quality Act Section 15061(b)(3) (Common Sense Exemption).

FACTORS FOR CONSIDERATION

California Government Code §56668 provides a list of factors to be considered in the review of a detachment proposal. The Commission's review shall include, but is not limited to, consideration of the following factors:

- a) **Population and population density; land area and land use; assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; and the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.**

The parcels are located in the unincorporated area of Tehama County, and the surrounding area is predominantly agricultural with low-density residential development. The proposed detachment of these parcels from the Proberta Water District is not expected to result in significant population growth on the parcels themselves or in adjacent incorporated or unincorporated areas over the next 10 years.

- b) **The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; and probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.**

The proposal involves the detachment of three residential parcels from the District's boundaries. The parcels proposed for detachment do not receive water service from the District and are served by private wells located on each parcel. The proposed detachment would not affect the current services provided by the Proberta Water District.

- c) **The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.**

The proposed detachment would remove three residential parcels from the Proberta Water District that do not receive District water service because each parcel is served by a private well. The detachment would have no adverse effect on adjacent areas or mutual social and economic interests, as the parcels would continue to be served independently and no changes to land use or service demands are proposed.

The proposed detachment may result in minor administrative cost savings for the District and may provide indirect cost savings to remaining water users by eliminating the need to account for parcels that do not receive District services. The detachment would not alter the local governmental structure of the county, as no new services or agencies would be created and no existing service responsibilities would be transferred.

An alternative action would be to retain the parcels within the District and require connection to District water service. This alternative could increase demand on the District's water supply and reduce water availability for existing District users. For these reasons, the proposed detachment is the preferred action.

d) The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities in Section 56377.

The three parcels proposed for detachment contain existing residential development and are located in an unincorporated area of Tehama County where future development would be directed towards the existing incorporated and unincorporated communities. The proposal does not include or facilitate any new development. Therefore, the proposed detachment will not induce growth or impact planned patterns of development.

The parcels are developed with rural residences and are located in agricultural zoning (AG-2); however, they do not contain active agricultural operations. The proposed detachment would not convert existing open-space or prime agricultural lands to non-open space or non-agricultural uses and is consistent with the policies promoting planned, orderly and efficient development set forth in Section 56377.

e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.

The proposed detachment will not affect the physical or economic integrity of agricultural lands as defined by Section 56016, as the three parcels are currently developed for residential uses and do not contain active agricultural operations, and are not proposing to have active agricultural operations. The detachment of the parcels would ensure more water is available to active agricultural parcels located within the water District boundaries.

f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.

The proposed detachment boundaries are clearly defined and follow existing parcel lines without splitting any assessed parcels. Approval of the detachment would result in an island of territory within the Proberta Water District boundary but would not be in the District or receive water services. The creation of this island would not result in service inefficiencies, boundary confusion, or administrative difficulties. The detached parcels do not receive water service from the District as they are independently served by private wells. The detachment does not alter access, assessment practices, or service delivery to surrounding parcels. Additionally, the proposed boundaries are definite and certain and do not adversely affect the orderly provision of services or the administration of District boundaries.

g) A regional transportation plan adopted pursuant to Section 65080.

The proposal would not conflict with the 2025 Tehama County Regional Transportation Plan, as the parcels proposed for detachment from the District are not changing land use and won't affect traffic volumes, vehicle miles traveled, or circulation.

h) The proposal's consistency with city or county general and specific plans.

The proposal is consistent with the 2009 Tehama County General Plan land use policies, as no change to the existing Valley Floor Agriculture land use designation or current residential uses is proposed. No specific plan has been adopted for the area where the three parcels are located.

i) The sphere of influence of any local agency that may be applicable to the proposal being reviewed.

There are no local agencies with spheres of influence located near the parcels proposed for detachment. Additionally, the proposed detachment would not amend the sphere of influence for the District. Therefore, agencies would not be affected as a result of the detachment proposal.

j) The comments of any affected local agency or other public agency.

A project referral was sent to various agencies and County departments on July 29, 2025. No comments were received.

k) The ability of the newly formed or receiving entity to provide the services that are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

The parcels proposed for detachment would not receive water service from another public agency, as each parcel is served by an onsite private well. As a result, the Proberta Water District would continue to provide water service to existing users within its boundaries and would remain in a similar financial condition following the detachment. The continued use of private wells on the detached parcels would not create service demands or funding impacts for the District.

l) Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.

The parcels proposed for detachment do not involve any new development; therefore, an increase in water demand will not occur. The parcels will continue to be served by private wells. As a result, the proposed detachment would not increase water demand or raise concerns regarding water supply availability.

m) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.

The parcels proposed for detachment are already developed with residential uses and would continue to be used in a similar manner following the detachment. The proposed detachment would remove the parcels from a water district and does not involve annexation into a city or detachment from a city. Therefore, the proposed detachment would not affect a local jurisdiction's ability to achieve their respective share of the regional housing needs.

n) Any information or comments from the landowner or landowners, voters, or residents of the affected territory.

A legal notice of the public hearing for the proposed detachment was posted on the Tehama LAFCo website and hearing notices were mailed to all property owners and registered voters within the effected territory on January 17, 2026. As of the date of this staff report, no public comments have been received.

o) Any information relating to existing land use designations.

The existing land use designation for the three parcels is Valley Floor Agriculture, which primarily allows agricultural uses and permits one dwelling unit per parcel. The existing land use designation will not change as a result of the proposed detachment.

p) The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment and meaningful involvement of people of all races, cultures, incomes, and national origins, with respect to the location of public facilities and the provision of public services, to ensure a healthy environment for all people such that the effects of pollution are not disproportionately borne by any particular populations or communities.

The project proposes detachment from the Proberta Water District for parcels that are already developed for residential uses and have onsite wells. Therefore, the proposed detachment would not result in environmental or public health impacts that would disproportionately affect any particular population or community and would not introduce new sources of pollution or reduce access to public services.

q) Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone pursuant to Section 51178 or maps that identify land determined to be in a state responsibility area pursuant to Section 4102 of the Public Resources Code, if it is determined that such information is relevant to the area that is the subject of the proposal.

The parcels proposed for detachment are located within a moderate fire hazard severity zone, based on CAL FIRE and Tehama County GIS mapping. APNs 037-090-029 and 037-090-030 are located in areas with minimal flood risk, according to FEMA and Tehama County GIS mapping. APN 037-090-076 is located within a FEMA Special Flood Hazard Area (Zone A), which is subject to inundation by the 100-year flood event and does not have a designated base flood elevation.

The proposed detachment does not include or facilitate any new development. Therefore, it

would not increase exposure to or risk from hazards such as wildfire or flooding beyond the existing baseline condition.

Applicable LAFCo Policies

Section 2.5(a) (District Detachment) of the 2023 Tehama Local Agency Formation Commission Policies, Procedures, and Rules, establishes general standards for the review of detachment proposals. This section references Government Code Section 56100(a), which provides that, except as otherwise specified in Government Code Sections 56036.5 and 56036.6(b), the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 constitutes the sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganizations involving districts. All such changes must be initiated, conducted, and completed in accordance with the provisions of this division.

Appendix K of the LAFCo Policies, Procedures, and Rules outlines the District detachment process and includes a twelve-step procedure for processing detachment proposals.

The proposed detachment is substantially consistent with the above policies and procedures for the following reasons:

- The parcels proposed for detachment have onsite wells and do not currently receive water service from the Proberta Water District.
- The proposed detachment promotes the continued efficient delivery of irrigation water to the remaining parcels within the Proberta Water District.
- Detachment of the subject parcels may result in administrative cost savings for the District and potential cost savings for remaining water users.
- The proposal would not reduce the efficiency or level of service provided to the remaining inhabitants of the District.

ADDITIONAL INFORMATION

Property Tax Information

The County does not levy any general taxes or special assessments for the Proberta Water District. As a result, the proposed detachment would have a negligible effect on taxes received by the County.

PUBLIC NOTICE:

A public hearing notice was published in the local newspaper on January 17, 2026, and posted on Tehama LAFCo's webpage on January 17, 2026.

Conducting Authority Proceedings

LAFCo Staff noticed the landowners and registered voters within the territory pursuant to the provisions of California Government Code §56663 (Waiver of Protest Proceedings). This section allows the Commission to waive protest proceedings for an inhabited reorganization provided:

- The public hearing for the proposed detachment and sphere of influence amendments was noticed pursuant to the requirements of California Government Code Section 56157;
- The notice discloses to the registered voters and landowners that unless written opposition to the proposal is received before the conclusion of the commission proceedings on the proposal, the commission intends to waive protest proceedings;
- The notice discloses that there is potential for the extension or continuation of any previously authorized charge, fee, assessment, or tax by the local agency in the affected territory; and
- Written opposition to the proposal from landowners or registered voters within the affected territory is not received before the conclusion of the commission proceedings on the proposal.

As of the date of this report, no written objections to the detachment proposal have been received. If a written objection is received, conducting authority protest proceedings are required to be held by LAFCo pursuant to California Government Code §57000.

ENVIRONMENTAL ASSESSMENT:

Based on the proposed detachment and the accompanying updates necessary to comply with Government Code Section 56300, it can be determined with certainty that the project will not have a significant effect on the environment. In addition, the Tehama Local Agency Formation Commission Policies, Procedures, and Rules include provisions for environmental protection, as outlined in Section C(3).

Tehama County LAFCo has determined that the project is exempt from further environmental review under the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) – the Common Sense Exemption. This exemption applies to activities for which it can be seen with certainty that there is no possibility of a significant environmental impact.

The Common Sense exemption is appropriate for this proposal because it involves only the detachment of parcels with residential uses from the Proberta Water District that do not receive irrigation water from the District. The parcels will continue to be served by private onsite wells, and no new development or changes in land use are proposed beyond the existing baseline condition.

CONCLUSION:

The proposed detachment is consistent with the Tehama Local Agency Formation Commission Policies, Procedures, and Rules. The parcels proposed for detachment do not receive water service from the District and are independently served by private wells and onsite septic systems. Approval of the detachment would not adversely affect the District's ability to provide services to remaining parcels, nor would it result in service inefficiencies or increased costs. Accordingly, the proposed detachment represents a logical and orderly reorganization of district boundaries consistent with LAFCo's statutory responsibilities and adopted policies.

RECOMMENDATION:

Staff recommends that Tehama LAFCo take the following actions:

- A. Find that the proposed detachment is exempt from further environmental review under the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) – the Common Sense Exemption.**
- B. Move to Adopt Tehama LAFCo Resolution No. 1-2025 making determinations and ordering the detachment of three parcels (APNs 037-090-029, 037-090-090, and 037-090-076) from the Proberta Water District.**

ATTACHMENTS:

- A. Tehama LAFCo Resolution No. 1-2025
- B. Application Materials

RESOLUTION NO. 1-2025

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF TEHAMA MAKING DETERMINATIONS AND ORDERING THE DETACHMENT OF TERRITORY DESIGNATED AS THE PROBERTA WATER DISTRICT

RESOLVED, by the Local Agency Formation Commission of the County of Tehama, State of California, that

WHEREAS, a proposal for detachment of certain territory from the Proberta Water District in the County of Tehama was heretofore filed by the Dennis-Hay, Esq. and accepted for filing on May 23, 2025, by Executive Officer of this Local Agency Formation Commission pursuant to Title 5, Division 3, commencing with Section 56000 of the Government Code; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56658, set June 10, 2026, as the hearing date on this proposal and gave the required notice of public hearing; and

WHEREAS the Executive Officer, pursuant to Government Code Section 56665, has reviewed this proposal and prepared a report, including her recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS this Commission called for and held a public hearing on the proposal on June 10, 2026, and at the hearing, this Commission heard and received all oral and written protests, objections, and evidence that were made, presented, or filed, and all persons present were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer; and

WHEREAS this Commission considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, factors specified in Government Code Section 56668.

NOW, THEREFORE, the Local Agency Formation Commission of the County of Tehama **DOES HEREBY RESOLVE, DETERMINE AND ORDER** as follows:

Section 1. Environmental Action:

- A. Find that the project as proposed is Categorically Exempt from the California Environmental Quality Act (CEQA) per Section 15061(b)(3), the Commonsense Exemption. This exemption applies to activities for which it can be seen with certainty that there is no possibility of a significant environmental impact. The Commonsense Exemption is appropriate for this proposal because it involves only the detachment of parcels with residential uses from the Proberta Water District that do not receive irrigation water from the District. The parcels will continue to be served by private onsite wells, and no new development or changes in land use are proposed beyond the existing baseline condition.

Section 2. General Findings and Determinations:

- A. The Commission has considered the factors determined to be relevant to the proposed detachment including but not limited to, growth trends, service needs and costs, impacts on surrounding areas, consistency with adopted plans and LAFCo policies, agricultural protection, boundary configuration, and input from affected agencies and the existence of any social or economic communities of interest, as required by Government Code Sections 56668, and as discussed in the staff report dated June 10, 2026 for the meeting of June 10, 2026.
- B. The detachment area involves three parcels located in the center of the Proberta Water District as depicted in “Exhibit A” and “Exhibit B.”
- C. The proposal involves the detachment of three parcels from the Proberta Water District because the parcels do not receive water service from the District and are independently served by private onsite wells.
- D. Pursuant to Tehama LAFCo Policy 2.5(a) (District Detachment), the Commission finds that the proposed detachment promotes the continued efficient delivery of irrigation water to the remaining parcels within the Proberta Water District. Detachment of the subject parcels may result in administrative cost savings for the District and potential cost savings for remaining water users, and would not reduce the efficiency or level of service provided to the remaining parcels in the District.
- E. Pursuant to California Government Code §56663 (Waiver of Protest Proceedings) the Commission waives protest proceedings for the detachment as no written objections to the proposed detachment were received from any registered voter within the territory prior to the close of the public hearing.

Section 3. The boundaries, as set forth in the proposal or as amended by action of the Commission, are hereby approved as submitted and are as depicted in Exhibits “A” and “B.”

Section 4. Approval of the detachment is subject to the terms and conditions set forth in Exhibit “C,” attached hereto and made a part hereof.

Section 5. Further protest proceedings are waived and the Commission orders detachment, pursuant to Part 4 commencing with Government Code Section 57000.

Section 6. The Executive Officer is hereby authorized and directed to mail certified copies of this Resolution in the manner and as provided in Section 56882 of the Government Code.

PASSED AND ADOPTED by this Local Agency Formation Commission of the County of Tehama, on the 10th day of June 2026 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINS:

Clerk of the Commission

Greg Jones, Chair
Tehama Local Agency Formation Commission

Exhibit "A"
To Resolution No. 1-2025

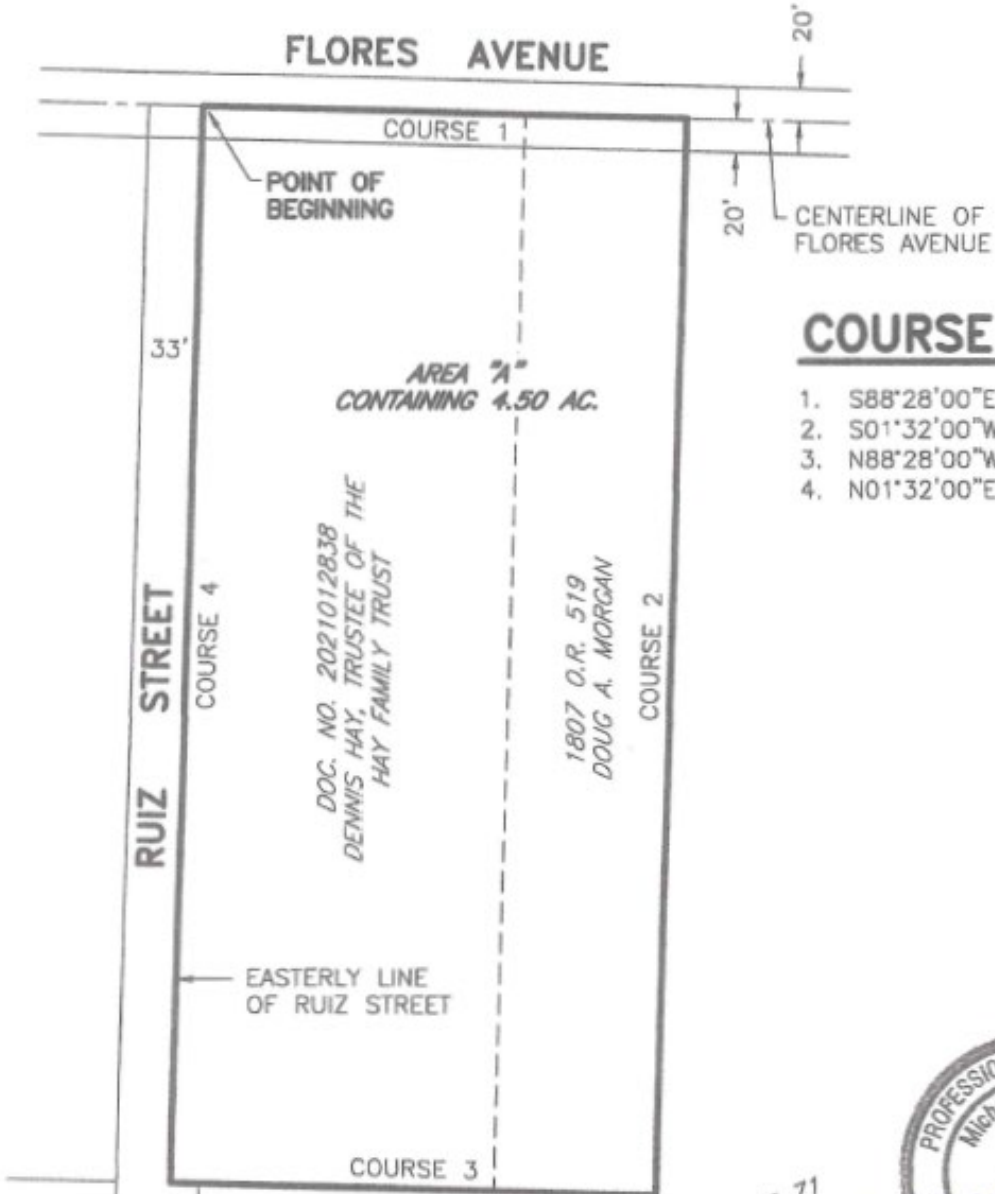
Exhibit "A"
Proposed Proberta Water District Detachment
Description of Detachment "A"
Hay - Morgan Detachment

A portion of Lot 64 (Sixty-Four) as shown on that certain map entitled "Rosenthal Tract" in Rancho De Las Flores, filed the 14th day of July 1886, in Book "A" of Maps at Page 71 (Seventy-One), Tehama County Records, located in the County of Tehama, State of California and more particularly described as follows:

Beginning at the intersection of the centerline of Flores Avenue with the Easterly line of Ruiz Street as shown on that certain Parcel Map filed for record on the 6th day of January, 1977 in Book 3 (Three) of Parcel Maps, at Page 146 (One Hundred Forty-Six), Tehama County Records, said intersection being also the Northwesterly corner of that certain parcel described in Grant Deed to Dennis Hay, Trustee of the Hay Family Trust, said Grant Deed being recorded on the 10th day of September, 2021 as Document No. 2021012835, Tehama County Records;

- Course 1 (One): Thence along said centerline of Flores Avenue, South 88°28'00" East, a distance of 297.00 feet to the Northeasterly corner of that certain Parcel described in Grant Deed to Doug A. Morgan, said Grant Deed being recorded the 30th day of July, 1998 in Book 1807, of Official Records at Page 519, Tehama County Records;
- Course 2 (Two): Thence along the Easterly line of said Morgan Parcel, South 01°32'00" West, a distance of 660.00 feet to the Southeasterly corner of said Morgan Parcel;
- Course 3 (Three): Thence along the Southerly line of said Morgan Parcel and along the Southerly line of said Hay Parcel, North 88°28'00" West, a distance of 297.00 feet to said Easterly line of Ruiz Street, being also the Southwesterly corner of said Hay Parcel;
- Course 4 (Four): Thence along said Westerly line of Hay Parcel, being also the Easterly line of Ruiz Street, North 01°32'00" East, a distance of 660.00 feet to the **Point of Beginning**.

**EXHIBIT PLAT A-1
PROPOSED PROBERTA WATER DISTRICT DETACHMENT
DETACHMENT "A" (HAY - MORGAN)**



COURSE NO.S

- | | | |
|----|-------------|---------|
| 1. | S88°28'00"E | 297.00' |
| 2. | S01°32'00"W | 660.00' |
| 3. | N88°28'00"W | 297.00' |
| 4. | N01°32'00"E | 660.00' |

RUIZ STREET
COURSE 4

AREA "A"
CONTAINING 4.50 AC.

DOC. NO. 2021012838
DENNIS HAY, TRUSTEE OF THE
HAY FAMILY TRUST

1807 O.R. 519
DOUG A. MORGAN

COURSE 2

EASTERLY LINE
OF RUIZ STREET

COURSE 3

3 P.M. 146
PARCEL B

BOOK "A" OF MAPS PAGE 71
LOT 64



NOT TO SCALE



QUARTAROLI & ASSOCIATES

LAND SURVEYING - LAND PLANNING
(209) 239-4908
310 SUN WEST PLACE, SUITE "A"
MANTECA, CA. 95337

Exhibit “B”
To Resolution No. 1-2025

A plat entitled "Exhibit Plat A-1 Proposed Proberta Water District, Detachment A (Hay-Morgan)" attached hereto is hereby made a part of this description.

Exhibit "B"
Proposed Proberta Water District Detachment
Description of Detachment "B"
Jackson Detachment

Being Parcel "C" as shown on that certain Parcel Map filed for record on the 6th day of January, 1977 in Book 3 (Three) of Parcel Maps, at Page 146 (One Hundred Forty-Six), Tehama County Records, being a portion of Lot 64 (Sixty-Four) as shown on that certain map entitled "Rosenthal Tract" in Rancho De Las Flores, filed the 14th day of July 1886, in Book "A" of Maps at Page 71 (Seventy-One), Tehama County Records, located in the County of Tehama, State of California and more particularly described as follows:

Commencing at the intersection of the centerline of Flores Avenue with the Westerly line of Ruiz Street, said intersection being also the most Northwesterly corner of Parcel "B" as shown on said Parcel Map;

Course 1 (One): Thence along the Westerly line of said Ruiz Street, South 01°32'00" West, a distance of 957.00 feet to the Northwesterly corner of said Parcel "C" and being also the **True Point of Beginning;**

Course 2 (Two): Thence along the Northerly line of said Parcel "C", South 88°28'00" East, a distance of 330.00 feet to the Northeasterly corner of said Parcel "C";

Course 3 (Three): Thence along the Easterly line of said Parcel "C", South 01°32'00" West, a distance of 363.00 feet to the Southeasterly corner of said Parcel "C";

Course 4 (Four) Thence along the Southerly line of said Parcel "C", North 88°28'00" West, a distance of 330.00 feet to the Southwesterly corner of said Parcel "C";

Course 5 (Five) Thence along the Westerly line of said Parcel "C", North 01°32'00" East, a distance of 363.00 feet to the **True Point of Beginning**.

A plat entitled "Exhibit Plat A-2, Proposed Proberta Water District, Detachment B (Jackson)" attached hereto is hereby made a part of this description.

Area "A" contains 4.50 acres and Area "B" contains 2.75 acres. Total computed aggregate acreage contains 7.25 acres, more or less

End of Description

Michael L. Quartaroli

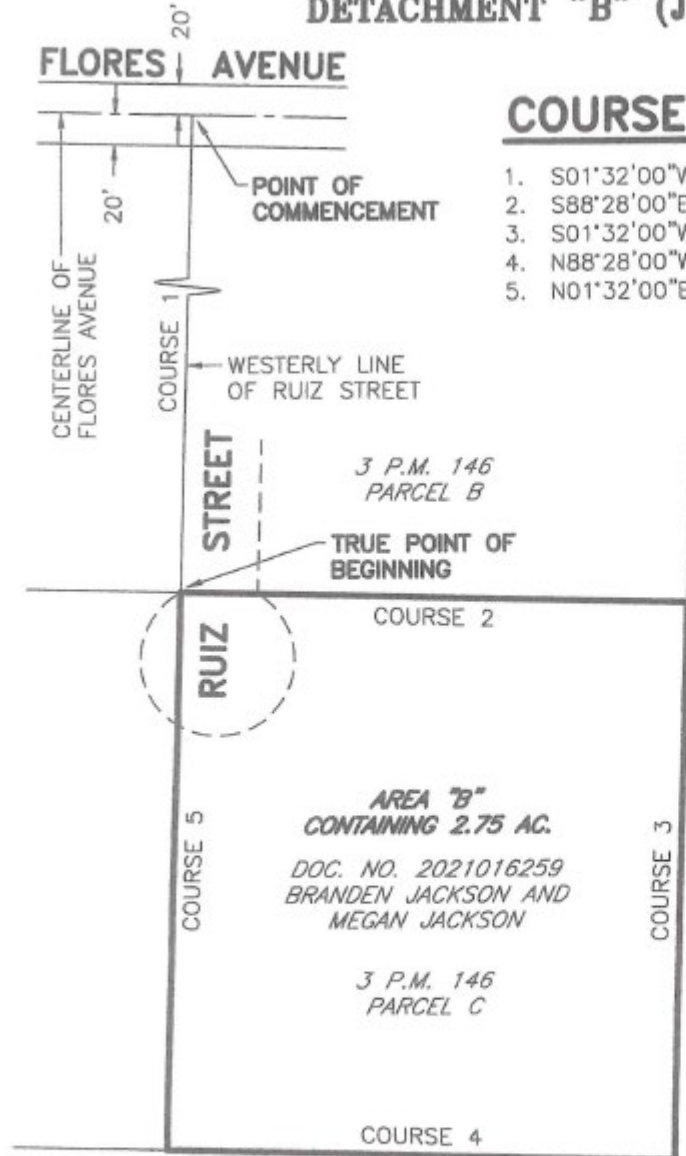
Michael L. Quartaroli, L.S. 4450

5.7.2025

Date



**EXHIBIT PLAT A-2
PROPOSED PROBERTA WATER DISTRICT DETACHMENT
DETACHMENT "B" (JACKSON)**



COURSE NO.S

1.	S01°32'00"W	957.00'
2.	S88°28'00"E	330.00'
3.	S01°32'00"W	363.00'
4.	N88°28'00"W	330.00'
5.	N01°32'00"E	363.00'

**AREA "B"
CONTAINING 2.75 AC.
DOC. NO. 2021016259
BRANDEN JACKSON AND
MEGAN JACKSON**



BOOK "A" OF MAPS PAGE 71
LOT 64



NOT TO SCALE

QUARTAROLI & ASSOCIATES

LAND SURVEYING - LAND PLANNING
(209) 239-4908
310 SUN WEST PLACE, SUITE "A"
MANTECA, CA. 95337

Exhibit “C”

To Resolution No. 1-2025

Conditions of Approval

- A. All applicable LAFCO, County of Tehama, and State of California fees must be paid in full prior to filing the Certificate of Completion.
- B. The legal description and map, if amended by action of the Commission, will be revised at the expense of the applicant, prior to filing the Certificate of Completion.
- C. The map and legal description shall comply with the State Board of Equalization requirement and if rejected by the State Board of Equalization, will be revised at the expense of the applicant.

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

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

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Exhibit A - Map of Contractor's Boundaries

Exhibit B - Rates and Charges

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

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

10 THIS CONTRACT, made this 25th day of February, 2005, in
11 pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or
12 supplementary thereto, including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844), as
13 amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, July 2,
14 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1263), October 27, 1986
15 (100 Stat. 3050), as amended, and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all
16 collectively hereinafter referred to as Federal Reclamation law, between THE UNITED STATES
17 OF AMERICA, hereinafter referred to as the United States, and PROBERTA WATER DISTRICT,
18 hereinafter referred to as the Contractor, a public agency of the State of California, duly organized,
19 existing, and acting pursuant to the laws thereof;

20 WITNESSETH, That:

EXPLANATORY RECITALS

21
22 [1st] WHEREAS, the United States has constructed and is operating the Central Valley
23 Project (Project), California, for diversion, storage, carriage, distribution and beneficial use, for
24 flood control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection
25 and restoration, generation and distribution of electric energy, salinity control, navigation and
26 other beneficial uses, of waters of the Sacramento River, the American River, the Trinity River,
27 and the San Joaquin River and their tributaries; and

28 [2nd] WHEREAS, the United States constructed the Red Bluff Diversion Dam, and the
29 Corning Canal and related delivery facilities including pumping plants, hereinafter collectively
30 referred to as the Canal Facilities, which will be used in part for the furnishing of water to the
31 Contractor pursuant to the terms of this Contract; and

32 [3rd] WHEREAS, the rights to Project Water were acquired by the United States
33 pursuant to California law for operation of the Project; and

34 [4th] WHEREAS, the Contractor and the United States entered into Contract
35 No. 14-06-200-7311, as amended on April 9, 1962, which established terms for the delivery to
36 the Contractor of Project Water from the Canal Facilities from July 25, 1958, through
37 February 28, 1995, and under which the initial date of water delivery to the Contractor was
38 April 1, 1961; and

39 [5th] WHEREAS, the Contractor and the United States have pursuant to subsection
40 3404(c)(1) of the Central Valley Project Improvement Act (CVPIA), subsequently entered into
41 interim renewal contract(s) identified as Contract No(s). 14-06-200-7311-IR1, 14-06-200-7311-
42 IR2, 14-06-200-7311-IR3, 14-06-200-7311-IR4, 14-06-200-7311-IR5, 14-06-200-7311-IR6,
43 14-06-200-7311-IR7, and 14-06-200-7311-IR8, the current of which is hereinafter referred to as
44 the "Existing Contract," which provided for the continued water service to the Contractor from
45 March 1, 2004, through February 28, 2006; and

46 [6th] WHEREAS, Section 3404(c) of the CVPIA provides for long-term renewal of the
47 Existing Contract following completion of appropriate environmental documentation, including a
48 programmatic environmental impact statement (PEIS) pursuant to the National Environmental
49 Policy Act (NEPA), analyzing the direct and indirect impacts and benefits of implementing the
50 CVPIA and the potential renewal of all existing contracts for Project Water; and

51 [7th] WHEREAS, the United States has completed the PEIS and all other appropriate
52 environmental review necessary to provide for long-term renewal of the Existing Contract; and

53 [8th] WHEREAS, the Contractor has requested the long-term renewal of the Existing
54 Contract, pursuant to the terms of the Existing Contract, Federal Reclamation law, and the laws
55 of the State of California, for water service from the Project; and

56 [9th] WHEREAS, the United States has determined that the Contractor has fulfilled all
57 of its obligations under the Existing Contract; and

58 [10th] WHEREAS, the Contractor has demonstrated to the satisfaction of the
59 Contracting Officer that the Contractor has utilized the Project Water supplies available to it for
60 reasonable and beneficial use and, based upon a needs analysis cooperatively prepared by the
61 Contracting Officer and the Contractor, has demonstrated projected future demand for water use
62 that exceeds the Contract Total to be made available to it pursuant to this Contract; and

63 [11th] WHEREAS, water obtained from the Project has been relied upon by urban and
64 agricultural areas within California for more than 50 years, and is considered by the Contractor
65 as an essential portion of its water supply; and

66 [12th] WHEREAS, the economies of regions within the Project, including the
67 Contractor's, depend upon the continued availability of water, including water service from the
68 Project; and

69 [13th] WHEREAS, the Secretary intends through coordination, cooperation, and
70 partnerships to pursue measures to improve water supply, water quality, and reliability of the
71 Project for all Project purposes; and

72 [14th] WHEREAS, the mutual goals of the United States and the Contractor include: to
73 provide for reliable Project Water supplies; to control costs of those supplies; to achieve
74 repayment of the Project as required by law; to guard reasonably against Project Water
75 shortages; to achieve a reasonable balance among competing demands for use of Project Water;
76 and to comply with all applicable environmental statutes, all consistent with the legal obligations
77 of the United States relative to the Project; and

78 [15th] WHEREAS, the parties intend by this Contract to develop a more cooperative
79 relationship in order to achieve their mutual goals; and

80 [16th] WHEREAS, the United States and the Contractor are willing to enter into this
81 Contract pursuant to Federal Reclamation law on the terms and conditions set forth below;

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

84 DEFINITIONS

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

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

89 (b) "Charges" shall mean the payments required by Federal Reclamation law
90 in addition to the Rates and Tiered Pricing Component specified in this Contract as determined
91 annually by the Contracting Officer pursuant to this Contract;

92 (c) "Condition of Shortage" shall mean a condition respecting the Project
93 during any Year such that the Contracting Officer is unable to deliver sufficient water to meet the
94 Contract Total;

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

98 (e) "Contract Total" shall mean the maximum amount of water to which the
99 Contractor is entitled under subdivision (a) of Article 3 of this Contract;

100 (f) "Contractor's Boundaries" shall mean the area to which the Contractor is
101 permitted to provide Project Water under this Contract as described in Exhibit "A" attached
102 hereto, which may be modified from time to time in accordance with Article 35 of this Contract
103 without amendment of this Contract;

104 (g) "CVPIA" shall mean the Central Valley Project Improvement Act, Title
105 XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

106 (h) "Eligible Lands" shall mean all lands to which Irrigation Water may be
107 delivered in accordance with Section 204 of the Reclamation Reform Act of October 12, 1982
108 (96 Stat. 1263), as amended, hereinafter referred to as RRA;

109 (i) "Excess Lands" shall mean all lands in excess of the limitations contained
110 in Section 204 of the RRA, other than those lands exempt from acreage limitation under Federal
111 Reclamation law;

112 (j) "Full Cost Rate" shall mean an annual rate, as determined by the
113 Contracting Officer that shall amortize the expenditures for construction properly allocable to the
114 Project irrigation or M&I functions, as appropriate, of facilities in service including all O&M
115 deficits funded, less payments, over such periods as may be required under Federal Reclamation
116 law, or applicable contract provisions. Interest will accrue on both the construction expenditures
117 and funded O&M deficits from October 12, 1982, on costs outstanding at that date, or from the
118 date incurred in the case of costs arising subsequent to October 12, 1982, and shall be calculated
119 in accordance with subsections 202(3)(B) and (3)(C) of the RRA. The Full Cost Rate includes
120 actual operation, maintenance, and replacement costs consistent with Section 426.2 of the Rules
121 and Regulations for the RRA;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

177 TERM OF CONTRACT

178 2. (a) This Contract shall be effective March 1, 2005, through February 28,
179 2030, and supersedes the Existing Contract. In the event the Contractor wishes to renew this
180 Contract beyond February 28, 2030, the Contractor shall submit a request for renewal in writing
181 to the Contracting Officer no later than two years prior to the date this Contract expires. The
182 renewal of this Contract insofar as it pertains to the furnishing of Irrigation Water to the
183 Contractor shall be governed by subdivision (b) of this Article, and the renewal of this Contract
184 insofar as it pertains to the furnishing of M&I Water to the Contractor shall be governed by
185 subdivision (c) of this Article.

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

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

201 beneficial use the quantity of Project Water to be made available to it pursuant to such renewal;
202 (v) the Contractor is complying with all terms and conditions of this Contract; and (vi) the
203 Contractor has the physical and legal ability to deliver Project Water.

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

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

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

227 after the date of execution of this Contract and every five years thereafter during the term of this
228 contract of whether a conversion of the relevant portion of this Contract to a contract under
229 subsection 9(c)(1) of the Reclamation Project Act of 1939 can be accomplished.

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

253 subdivision (b) of this Article a provision that carries forth in substantially identical terms the
254 provisions of this subdivision.

255 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

256 3. (a) During each Year, consistent with all applicable State water rights,
257 permits, and licenses, Federal law, and subject to the provisions set forth in Articles 11 and 12 of
258 this Contract, the Contracting Officer shall make available for delivery to the Contractor 3,500
259 acre-feet of Project Water for irrigation and M&I purposes. Water Delivered to the Contractor in
260 accordance with this subdivision shall be scheduled and paid for pursuant to the provisions of
261 Articles 4 and 7 of this Contract.

262 (b) Because the capacity of the Project to deliver Project Water has been
263 constrained in recent years and may be constrained in the future due to many factors including
264 hydrologic conditions and implementation of Federal and State laws, the likelihood of the
265 Contractor actually receiving the amount of Project Water set out in subdivision (a) of this
266 Article in any given Year is uncertain. The Contracting Officer's modeling referenced in the
267 PEIS projected that the Contract Total set forth in this Contract will not be available to the
268 Contractor in many years. During the most recent five years, the Recent Historic Average of
269 water made available to the Contractor was 3,220 acre-feet. Nothing in subdivision (b) of this
270 Article shall affect the rights and obligations of the parties under any provision of this Contract.

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

273 (d) The Contractor shall make reasonable and beneficial use of all water
274 furnished pursuant to this Contract. Groundwater recharge programs (direct, indirect, or in lieu),
275 groundwater banking programs, surface water storage programs, and other similar programs
276 utilizing Project Water or other water furnished pursuant to this Contract conducted within the
277 Contractor's Boundaries which are consistent with applicable State law and result in use
278 consistent with Federal Reclamation law will be allowed; Provided, That any direct recharge

279 program(s) is (are) described in the Contractor's water conservation plan submitted pursuant to
280 Article 26 of this Contract; Provided, further, That such water conservation plan demonstrates
281 sufficient lawful uses exist in the Contractor's Boundaries so that using a long-term average, the
282 quantity of Delivered Water is demonstrated to be reasonable for such uses and in compliance
283 with Federal Reclamation law. Groundwater recharge programs, groundwater banking
284 programs, surface water storage programs, and other similar programs utilizing Project Water or
285 other water furnished pursuant to this Contract conducted outside the Contractor's Boundaries
286 may be permitted upon written approval of the Contracting Officer, which approval will be based
287 upon environmental documentation, Project Water rights, and Project operational concerns. The
288 Contracting Officer will address such concerns in regulations, policies, or guidelines.

289 (e) The Contractor shall comply with requirements applicable to the
290 Contractor in biological opinion(s) prepared as a result of a consultation regarding the execution
291 of this Contract undertaken pursuant to Section 7 of the Endangered Species Act of 1973 (ESA),
292 as amended, that are within the Contractor's legal authority to implement. The Existing
293 Contract, which evidences in excess of 42 years of diversions for irrigation and/or M&I purposes
294 of the quantities of water provided in subdivision (a) of Article 3 of this Contract, will be
295 considered in developing an appropriate baseline for biological assessment(s) prepared pursuant
296 to the ESA, and any other needed environmental review. Nothing herein shall be construed to
297 prevent the Contractor from challenging or seeking judicial relief in a court of competent
298 jurisdiction with respect to any biological opinion or other environmental documentation referred
299 to in this Article.

300 (f) As soon as possible following each declaration of Water Made Available
301 under Article 4 of this Contract, the Contracting Officer will make a determination whether
302 Project Water, or other water available to the Project, can be made available to the Contractor in
303 addition to the Contract Total under Article 3 of this Contract during the Year without adversely
304 impacting other Project Contractors. At the request of the Contractor, the Contracting Officer

305 will consult with the Contractor prior to making such a determination. If the Contracting Officer
306 determines that Project Water, or other water available to the Project, can be made available to
307 the Contractor, the Contracting Officer will announce the availability of such water and shall so
308 notify the Contractor as soon as practical. The Contracting Officer will thereafter meet with the
309 Contractor and other Project Contractors capable of taking such water to determine the most
310 equitable and efficient allocation of such water. If the Contractor requests the delivery of any
311 quantity of such water, the Contracting Officer shall make such water available to the Contractor
312 in accordance with applicable statutes, regulations, guidelines, and policies.

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

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

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

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

339 TIME FOR DELIVERY OF WATER

340 4. (a) On or about February 20 of each Calendar Year, the Contracting Officer
341 shall announce the Contracting Officer's expected declaration of the Water Made Available.
342 Such declaration will be expressed in terms of both Water Made Available and the Recent
343 Historic Average and will be updated monthly, and more frequently if necessary, based on then-
344 current operational and hydrologic conditions and a new declaration with changes, if any, to the
345 Water Made Available will be made. The Contracting Officer shall provide forecasts of Project
346 operations and the basis of the estimate, with relevant supporting information, upon the written
347 request of the Contractor. Concurrently with the declaration of the Water Made Available, the
348 Contracting Officer shall provide the Contractor with the updated Recent Historic Average.

349 (b) On or before each March 1 and at such other times as necessary, the
350 Contractor shall submit to the Contracting Officer a written schedule, satisfactory to the
351 Contracting Officer, showing the monthly quantities of Project Water to be delivered by the
352 United States to the Contractor pursuant to this Contract for the Year commencing on such
353 March 1. The Contracting Officer shall use all reasonable means to deliver Project Water
354 according to the approved schedule for the Year commencing on such March 1.

355 (c) The Contractor shall not schedule Project Water in excess of the quantity
356 of Project Water the Contractor intends to put to reasonable and beneficial use within the

357 Contractor's Boundaries or to sell, transfer, or exchange pursuant to Article 9 of this Contract
358 during any Year.

359 (d) Subject to the conditions set forth in subdivision (a) of Article 3 of this
360 Contract, the United States shall deliver Project Water to the Contractor in accordance with the
361 initial schedule submitted by the Contractor pursuant to subdivision (b) of this Article, or any
362 written revision(s), satisfactory to the Contracting Officer, thereto submitted within a reasonable
363 time prior to the date(s) on which the requested change(s) is/are to be implemented.

364 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

365 5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this
366 Contract shall be delivered to the Contractor at approved turnouts on the Canal Facilities and any
367 additional point or points of delivery either on Project facilities or another location or locations
368 mutually agreed to in writing by the Contracting Officer and the Contractor. The United States
369 shall furnish such power as may be necessary to pump Project Water at the existing Corning
370 Canal side pumping plants and at existing relift stations at heads and elevations sufficient to
371 irrigate by gravity all areas within the Contractor's Boundaries below elevation 350 (MSL).

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

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

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

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

408 Non-Federal Entity/Entities, (iii) negligence of the Contracting Officer or any of its officers,
409 employees, agents, or assigns including the Operating Non-Federal Entity/Entities, or (iv)
410 damage or claims resulting from a malfunction of facilities owned and/or operated by the United
411 States or responsible Operating Non-Federal Entity/Entities.

412 MEASUREMENT OF WATER WITHIN THE CONTRACTOR'S BOUNDARIES

413 6. (a) The Contractor has established a measuring program satisfactory to the
414 Contracting Officer. The Contractor shall ensure that all surface water delivered for irrigation
415 purposes within the Contractor's Boundaries is measured at each agricultural turnout and such
416 water delivered for M&I purposes is measured at each M&I service connection. The water
417 measuring devices or water measuring methods of comparable effectiveness must be acceptable
418 to the Contracting Officer. The Contractor shall be responsible for installing, operating, and
419 maintaining and repairing all such measuring devices and implementing all such water
420 measuring methods at no cost to the United States. The Contractor shall use the information
421 obtained from such water measuring devices or water measuring methods to ensure its proper
422 management of the water, to bill water users for water delivered by the Contractor; and, if
423 applicable, to record water delivered for M&I purposes by customer class as defined in the
424 Contractor's water conservation plan provided for in Article 26 of this Contract. Nothing herein
425 contained, however, shall preclude the Contractor from establishing and collecting any charges,
426 assessments, or other revenues authorized by California law. The Contractor shall include a
427 summary of all its annual surface water deliveries in the annual report described in subdivision
428 (c) of Article 26.

429 (b) To the extent the information has not otherwise been provided, upon
430 execution of this Contract, the Contractor shall provide to the Contracting Officer a written
431 report describing the measurement devices or water measuring methods being used or to be used
432 to implement subdivision (a) of this Article and identifying the agricultural turnouts and the M&I
433 service connections or alternative measurement programs approved by the Contracting Officer,

434 at which such measurement devices or water measuring methods are being used, and, if
435 applicable, identifying the locations at which such devices and/or methods are not yet being used
436 including a time schedule for implementation at such locations. The Contracting Officer shall
437 advise the Contractor in writing within 60 days as to the adequacy and necessary modifications,
438 if any, of the measuring devices or water measuring methods identified in the Contractor's report
439 and if the Contracting Officer does not respond in such time, they shall be deemed adequate. If
440 the Contracting Officer notifies the Contractor that the measuring devices or methods are
441 inadequate, the parties shall within 60 days following the Contracting Officer's response,
442 negotiate in good faith the earliest practicable date by which the Contractor shall modify said
443 measuring devices and/or measuring methods as required by the Contracting Officer to ensure
444 compliance with subdivision (a) of this Article.

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

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

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

454 RATES AND METHOD OF PAYMENT FOR WATER

455 7. (a) The Contractor shall pay the United States as provided in this Article for
456 all Delivered Water at Rates, Charges, and the Tiered Pricing Component established in
457 accordance with (i) the Secretary's ratesetting policy for Irrigation Water adopted in 1988 and
458 the Secretary's then-existing ratesetting policy for M&I Water. Such ratesetting policies shall be
459 amended, modified, or superseded only through a public notice and comment procedure; (ii)

460 applicable Federal Reclamation law and associated rules and regulations, or policies; and (iii)
461 other applicable provisions of this Contract. Payments shall be made by cash transaction,
462 electronic funds transfer, or any other mechanism as may be agreed to in writing by the
463 Contractor and the Contracting Officer. The Rates, Charges, and Tiered Pricing Component
464 applicable to the Contractor upon execution of this Contract are set forth in Exhibit "B," as may
465 be revised annually.

466 (b) The Contracting Officer shall notify the Contractor of the Rates, Charges,
467 and Tiered Pricing Components as follows:

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

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

483 (c) At the time the Contractor submits the initial schedule for the delivery of
484 Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the
485 Contractor shall make an advance payment to the United States equal to the total amount payable

486 pursuant to the applicable Rate(s) set under subdivision (a) of this Article, for the Project Water
487 scheduled to be delivered pursuant to this Contract during the first two calendar months of the
488 Year. Before the end of the first month and before the end of each calendar month thereafter, the
489 Contractor shall make an advance payment to the United States, at the Rate(s) set under
490 subdivision (a) of this Article, for the Water Scheduled to be delivered pursuant to this Contract
491 during the second month immediately following. Adjustments between advance payments for
492 Water Scheduled and payments at Rates due for Water Delivered shall be made before the end of
493 the following month; Provided, That any revised schedule submitted by the Contractor pursuant
494 to Article 4 of this Contract which increases the amount of Water Delivered pursuant to this
495 Contract during any month shall be accompanied with appropriate advance payment, at the Rates
496 then in effect, to assure that Project Water is not delivered to the Contractor in advance of such
497 payment. In any month in which the quantity of Water Delivered to the Contractor pursuant to
498 this Contract equals the quantity of Water Scheduled and paid for by the Contractor, no
499 additional Project Water shall be delivered to the Contractor unless and until an advance
500 payment at the Rates then in effect for such additional Project Water is made. Final adjustment
501 between the advance payments for the Water Scheduled and payments for the quantities of Water
502 Delivered during each Year pursuant to this Contract shall be made as soon as practicable but no
503 later than April 30th of the following Year, or 60 days after the delivery of Project Water carried
504 over under subdivision (g) of Article 3 of this Contract if such water is not delivered by the last
505 day of February.

506 (d) The Contractor shall also make a payment in addition to the Rate(s) in
507 subdivision (c) of this Article to the United States for Water Delivered, at the Charges and the
508 appropriate Tiered Pricing Component then in effect, before the end of the month following the
509 month of delivery; Provided, That the Contractor may be granted an exception from the Tiered
510 Pricing Component pursuant to subdivision (j)(2) of this Article. The payments shall be
511 consistent with the quantities of Irrigation Water and M&I Water Delivered as shown in the

512 water delivery report for the subject month prepared by the Operating Non-Federal
513 Entity/Entities or, if there is no Operating Non-Federal Entity/Entities, by the Contracting
514 Officer. The water delivery report shall be deemed a bill for the payment of Charges and the
515 applicable Tiered Pricing Component for Water Delivered. Adjustment for overpayment or
516 underpayment of Charges shall be made through the adjustment of payments due to the United
517 States for Charges for the next month. Any amount to be paid for past due payment of Charges
518 and the Tiered Pricing Component shall be computed pursuant to Article 20 of this Contract.

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

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

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

531 (h) The Contracting Officer shall keep its accounts pertaining to the
532 administration of the financial terms and conditions of its long-term contracts, in accordance
533 with applicable Federal standards, so as to reflect the application of Project costs and revenues.
534 The Contracting Officer shall, each Year upon request of the Contractor, provide to the
535 Contractor a detailed accounting of all Project and Contractor expense allocations, the
536 disposition of all Project and Contractor revenues, and a summary of all water delivery

537 information. The Contracting Officer and the Contractor shall enter into good faith negotiations
538 to resolve any discrepancies or disputes relating to accountings, reports, or information.

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

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

560 (2) Subject to the Contracting Officer's written approval, the
561 Contractor may request and receive an exemption from such Tiered Pricing Components for
562 Project Water delivered to produce a crop which the Contracting Officer determines will provide

563 significant and quantifiable habitat values for waterfowl in fields where the water is used and the
564 crops are produced; Provided, That the exemption from the Tiered Pricing Component for
565 Irrigation Water shall apply only if such habitat values can be assured consistent with the
566 purposes of the CVPIA through binding agreements executed with or approved by the
567 Contracting Officer prior to use of such water.

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

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

581 (l) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the
582 CVPIA, the Rates for Project Water transferred by the Contractor shall be the Contractor's Rates
583 adjusted upward or downward to reflect the changed costs, if any, incurred by the Contracting
584 Officer in the delivery of the transferred Project Water to the transferee's point of delivery in
585 accordance with the then applicable Project ratesetting policy. If the Contractor is receiving
586 lower Rates and Charges because of inability to pay and is transferring Project Water to another
587 entity whose Rates and Charges are not adjusted due to inability to pay, the Rates and Charges
588 for transferred Project Water shall not be adjusted to reflect the Contractor's inability to pay.

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

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

606 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

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

610 SALES, TRANSFERS, OR EXCHANGES OF WATER

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

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

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

636 (c) For a water transfer to qualify under subdivision (b) of this Article, such
637 water transfer must: (i) be for irrigation purposes for lands irrigated within the previous three
638 years, for M&I use, groundwater recharge, groundwater banking, similar groundwater activities,

639 surface water storage, or fish and wildlife resources; not lead to land conversion; and be
640 delivered to established cropland, wildlife refuges, groundwater basins or M&I use; (ii) occur
641 within a single Year; (iii) occur between a willing seller and a willing buyer; (iv) convey water
642 through existing facilities with no new construction or modifications to facilities and be between
643 existing Project Contractors and/or the Contractor and the United States, Department of the
644 Interior; and (v) comply with all applicable Federal, State, and local or tribal laws and
645 requirements imposed for protection of the environment and Indian Trust Assets, as defined
646 under Federal law.

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

653 APPLICATION OF PAYMENTS AND ADJUSTMENTS

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

665 (b) All advances for miscellaneous costs incurred for work requested by the
666 Contractor pursuant to Article 25 of this Contract shall be adjusted to reflect the actual costs
667 when the work has been completed. If the advances exceed the actual costs incurred, the
668 difference will be refunded to the Contractor. If the actual costs exceed the Contractor's
669 advances, the Contractor will be billed for the additional costs pursuant to Article 25.

670 TEMPORARY REDUCTIONS--RETURN FLOWS

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

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

687 (c) The United States reserves the right to all seepage and return flow water
688 derived from Water Delivered to the Contractor hereunder which escapes or is discharged
689 beyond the Contractor's Boundaries; Provided, That this shall not be construed as claiming for
690 the United States any right to seepage or return flow being put to reasonable and beneficial use

691 pursuant to this Contract within the Contractor's Boundaries by the Contractor or those claiming
692 by, through, or under the Contractor.

693 CONSTRAINTS ON THE AVAILABILITY OF WATER

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

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

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

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

713 UNAVOIDABLE GROUNDWATER PERCOLATION

714 13. To the extent applicable, the Contractor shall not be deemed to have delivered
715 Irrigation Water to Excess Lands or Ineligible Lands within the meaning of this Contract if such

716 lands are irrigated with groundwater that reaches the underground strata as an unavoidable result
717 of the delivery of Irrigation Water by the Contractor to Eligible Lands.

718 RULES AND REGULATIONS

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

724 WATER AND AIR POLLUTION CONTROL

725 15. The Contractor, in carrying out this Contract, shall comply with all applicable
726 water and air pollution laws and regulations of the United States and the State of California, and
727 shall obtain all required permits or licenses from the appropriate Federal, State, or local
728 authorities.

729 QUALITY OF WATER

730 16. (a) Project facilities used to deliver Project Water to the Contractor pursuant
731 to this Contract shall be operated and maintained to enable the United States to deliver Project
732 Water to the Contractor in accordance with the water quality standards specified in subsection
733 2(b) of the Act of August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act of
734 October 27, 1986 (100 Stat. 3050) or other existing Federal laws. The United States is under no
735 obligation to construct or furnish water treatment facilities to maintain or to improve the quality
736 of Water Delivered to the Contractor pursuant to this Contract. The United States does not
737 warrant the quality of Water Delivered to the Contractor pursuant to this Contract.

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

WATER ACQUIRED BY THE CONTRACTOR
OTHER THAN FROM THE UNITED STATES

745
746
747 17. (a) Water or water rights now owned or hereafter acquired by the Contractor
748 other than from the United States and Irrigation Water furnished pursuant to the terms of this
749 Contract may be simultaneously transported through the same distribution facilities of the
750 Contractor subject to the following: (i) if the facilities utilized for commingling Irrigation Water
751 and non-Project water were constructed without funds made available pursuant to Federal
752 Reclamation law, the provisions of Federal Reclamation law will be applicable only to the
753 Landholders of lands which receive Irrigation Water; (ii) the eligibility of land to receive
754 Irrigation Water must be established through the certification requirements as specified in the
755 Acreage Limitation Rules and Regulations (43 CFR Part 426); (iii) the water requirements of
756 Eligible Lands within the Contractor's Boundaries can be established and the quantity of
757 Irrigation Water to be utilized is less than or equal to the quantity necessary to irrigate such
758 Eligible Lands; and (iv) if the facilities utilized for commingling Irrigation Water and non-
759 Project water are/were constructed with funds made available pursuant to Federal Reclamation
760 law, the non-Project water will be subject to the acreage limitation provisions of Federal
761 Reclamation law, unless the Contractor pays to the United States the incremental fee described in
762 43 CFR 426.15. In determining the incremental fee, the Contracting Officer will calculate
763 annually the cost to the Federal Government, including interest, on storing or delivering non-
764 Project water, which for purposes of this Contract shall be determined as follows: The quotient
765 shall be the unpaid distribution system costs divided by the total irrigable acreage within the
766 Contractor's Boundaries. The incremental fee per acre is the mathematical result of such
767 quotient times the interest rate determined using Section 202 (3) of the Act of October 12, 1982
768 (96 Stat. 1263). Such incremental fee will be charged to each acre of excess or full cost land
769 within the Contractor's Boundaries that receives non-Project water through Federally financed or
770 constructed facilities. The incremental fee calculation methodology will continue during the
771 term of this Contract absent the promulgation of a contrary Reclamation-wide rule, regulation, or

772 policy adopted after the Contractor has been afforded the opportunity to review and comment on
773 the proposed rule, regulation, or policy. If such rule, regulation, or policy is adopted it shall
774 supersede this provision.

775 (b) Water or water rights now owned or hereafter acquired by the Contractor,
776 other than from the United States, may be stored, conveyed, and/or diverted through Project
777 facilities, subject to the completion of appropriate environmental documentation, with the
778 approval of the Contracting Officer and the execution of any contract determined by the
779 Contracting Officer to be necessary, consistent with the following provisions:

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

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

792 (3) Neither the United States nor the Operating Non-Federal Entity
793 shall be responsible for control, care, or distribution of the non-Project water before it is
794 introduced into or after it is delivered from the Project facilities. The Contractor hereby releases
795 and agrees to defend and indemnify the United States and the Operating Non-Federal Entity, and
796 their respective officers, agents, and employees, from any claim for damage to persons or
797 property, direct or indirect, resulting from the acts of the Contractor, its officers', employees',

798 agents', or assigns', act(s) in (i) extracting or diverting non-Project water from any source, or (ii)
799 diverting such non-Project water into Project facilities.

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

803 (5) After Project purposes are met, as determined by the Contracting
804 Officer, the United States and the Contractor shall share priority to utilize the remaining capacity
805 of the facilities declared to be available by the Contracting Officer for conveyance and
806 transportation of non-Project water prior to any such remaining capacity being made available to
807 non-Project contractors.

808 OPINIONS AND DETERMINATIONS

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

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

824 COORDINATION AND COOPERATION

825 19. (a) In order to further their mutual goals and objectives, the Contracting
826 Officer and the Contractor shall communicate, coordinate, and cooperate with each other, and
827 with other affected Project Contractors, in order to improve the operation and management of the
828 Project. The communication, coordination, and cooperation regarding operations and
829 management shall include, but not be limited to, any action which will or may materially affect
830 the quantity or quality of Project Water supply, the allocation of Project Water supply, and
831 Project financial matters including, but not limited to, budget issues. The communication,
832 coordination, and cooperation provided for hereunder shall extend to all provisions of this
833 Contract. Each party shall retain exclusive decision making authority for all actions, opinions,
834 and determinations to be made by the respective party.

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

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

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

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

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

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

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

859 (d) Without limiting the contractual obligations of the Contracting Officer
860 under the other Articles of this Contract, nothing in this Article shall be construed to limit or
861 constrain the Contracting Officer's ability to communicate, coordinate, and cooperate with the
862 Contractor or other interested stakeholders or to make decisions in a timely fashion as needed to
863 protect health, safety, or the physical integrity of structures or facilities.

864 CHARGES FOR DELINQUENT PAYMENTS

865 20. (a) The Contractor shall be subject to interest, administrative and penalty
866 charges on delinquent installments or payments. When a payment is not received by the due
867 date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond
868 the due date. When a payment becomes sixty (60) days delinquent, the Contractor shall pay an
869 administrative charge to cover additional costs of billing and processing the delinquent payment.
870 When a payment is delinquent ninety (90) days or more, the Contractor shall pay an additional
871 penalty charge of six (6%) percent per year for each day the payment is delinquent beyond the
872 due date. Further, the Contractor shall pay any fees incurred for debt collection services
873 associated with a delinquent payment.

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

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

882 EQUAL OPPORTUNITY

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

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

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

898 (c) The Contractor will send to each labor union or representative of workers
899 with which it has a collective bargaining agreement or other contract or understanding, a notice,
900 to be provided by the Contracting Officer, advising the said labor union or workers'
901 representative of the Contractor's commitments under Section 202 of Executive Order 11246 of
902 September 24, 1965, and shall post copies of the notice in conspicuous places available to
903 employees and applicants for employment.

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

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

912 (f) In the event of the Contractor's noncompliance with the nondiscrimination
913 clauses of this Contract or with any of the said rules, regulations, or orders, this Contract may be
914 canceled, terminated, or suspended, in whole or in part, and the Contractor may be declared
915 ineligible for further Government contracts in accordance with procedures authorized in said
916 amended Executive Order, and such other sanctions may be imposed and remedies invoked as

917 provided in said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as
918 otherwise provided by law.

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

928 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

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

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

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

941 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

942 23. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964
943 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the
944 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights
945 laws, as well as with their respective implementing regulations and guidelines imposed by the
946 U.S. Department of the Interior and/or Bureau of Reclamation.

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

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

961 PRIVACY ACT COMPLIANCE

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

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

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

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

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

987 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

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

996 WATER CONSERVATION

997 26. (a) Prior to the delivery of water provided from or conveyed through
998 Federally constructed or Federally financed facilities pursuant to this Contract, the Contractor
999 shall be implementing an effective water conservation and efficiency program based on the
1000 Contractor's water conservation plan that has been determined by the Contracting Officer to meet
1001 the conservation and efficiency criteria for evaluating water conservation plans established under
1002 Federal law. The water conservation and efficiency program shall contain definite water
1003 conservation objectives, appropriate economically feasible water conservation measures, and
1004 time schedules for meeting those objectives. Continued Project Water delivery pursuant to this
1005 Contract shall be contingent upon the Contractor's continued implementation of such water
1006 conservation program. In the event the Contractor's water conservation plan or any revised water
1007 conservation plan completed pursuant to subdivision (d) of Article 26 of this Contract have not
1008 yet been determined by the Contracting Officer to meet such criteria, due to circumstances which
1009 the Contracting Officer determines are beyond the control of the Contractor, water deliveries
1010 shall be made under this Contract so long as the Contractor diligently works with the Contracting
1011 Officer to obtain such determination at the earliest practicable date, and thereafter the Contractor

1012 immediately begins implementing its water conservation and efficiency program in accordance
1013 with the time schedules therein.

1014 (b) Should the amount of M&I Water delivered pursuant to subdivision (a) of
1015 Article 3 of this Contract equal or exceed 2,000 acre-feet per Year, the Contractor shall
1016 implement the Best Management Practices identified by the time frames issued by the California
1017 Urban Water Conservation Council for such M&I Water unless any such practice is determined
1018 by the Contracting Officer to be inappropriate for the Contractor.

1019 (c) The Contractor shall submit to the Contracting Officer a report on the
1020 status of its implementation of the water conservation plan on the reporting dates specified in the
1021 then existing conservation and efficiency criteria established under Federal law.

1022 (d) At five-year intervals, the Contractor shall revise its water conservation
1023 plan to reflect the then current conservation and efficiency criteria for evaluating water
1024 conservation plans established under Federal law and submit such revised water management
1025 plan to the Contracting Officer for review and evaluation. The Contracting Officer will then
1026 determine if the water conservation plan meets Reclamation's then current conservation and
1027 efficiency criteria for evaluating water conservation plans established under Federal law.

1028 (e) If the Contractor is engaged in direct groundwater recharge, such activity
1029 shall be described in the Contractor's water conservation plan.

1030 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

1031 27. Except as specifically provided in Article 17 of this Contract, the provisions of
1032 this Contract shall not be applicable to or affect non-Project water or water rights now owned or
1033 hereafter acquired by the Contractor or any user of such water within the Contractor's
1034 Boundaries. Any such water shall not be considered Project Water under this Contract. In
1035 addition, this Contract shall not be construed as limiting or curtailing any rights which the
1036 Contractor or any water user within the Contractor's Boundaries acquires or has available under
1037 any other contract pursuant to Federal Reclamation law.

1038 OPERATION AND MAINTENANCE BY OPERATING NON-FEDERAL ENTITY

1039 28. (a) The O&M of a portion of the Project facilities which serve the Contractor,
1040 and responsibility for funding a portion of the costs of such O&M, have been transferred to the
1041 Operating Non-Federal Entity by separate agreement between the United States and the
1042 Operating Non-Federal Entity. That separate agreement shall not interfere with or affect the
1043 rights or obligations of the Contractor or the United States hereunder.

1044 (b) The Contracting Officer has previously notified the Contractor in writing
1045 that the O&M of a portion of the Project facilities which serve the Contractor has been
1046 transferred to the Operating Non-Federal Entity, and therefore, the Contractor shall pay directly
1047 to the Operating Non-Federal Entity, or to any successor approved by the Contracting Officer
1048 under the terms and conditions of the separate agreement between the United States and the
1049 Operating Non-Federal Entity described in subdivision (a) of this Article, all rates, charges, or
1050 assessments of any kind, including any assessment for reserve funds, which the Operating Non-
1051 Federal Entity or such successor determines, sets, or establishes for the O&M of the portion of
1052 the Project facilities operated and maintained by the Operating Non-Federal Entity or such
1053 successor. Such direct payments to the Operating Non-Federal Entity or such successor shall not
1054 relieve the Contractor of its obligation to pay directly to the United States the Contractor's share
1055 of the Project Rates, Charges, and Tiered Pricing Component(s) except to the extent the
1056 Operating Non-Federal Entity collects payments on behalf of the United States in accordance
1057 with the separate agreement identified in subdivision (a) of this Article.

1058 (c) For so long as the O&M of any portion of the Project facilities serving the
1059 Contractor is performed by the Operating Non-Federal Entity, or any successor thereto, the
1060 Contracting Officer shall adjust those components of the Rates for Water Delivered under this
1061 Contract representing the cost associated with the activity being performed by the Operating
1062 Non-Federal Entity or its successor.

1063 (d) In the event the O&M of the Project facilities operated and maintained by
1064 the Operating Non-Federal Entity is reassumed by the United States during the term of this
1065 Contract, the Contracting Officer shall so notify the Contractor, in writing, and present to the
1066 Contractor a revised Exhibit "B" which shall include the portion of the Rates to be paid by the
1067 Contractor for Project Water under this Contract representing the O&M costs of the portion of
1068 such Project facilities which have been reassumed. The Contractor shall, thereafter, in the
1069 absence of written notification from the Contracting Officer to the contrary, pay the Rates,
1070 Charges, and Tiered Pricing Component(s) specified in the revised Exhibit "B" directly to the
1071 United States in compliance with Article 7 of this Contract.

1072 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

1073 29. The expenditure or advance of any money or the performance of any obligation of
1074 the United States under this Contract shall be contingent upon appropriation or allotment of
1075 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any
1076 obligations under this Contract. No liability shall accrue to the United States in case funds are
1077 not appropriated or allotted.

1078 BOOKS, RECORDS, AND REPORTS

1079 30. (a) The Contractor shall establish and maintain accounts and other books and
1080 records pertaining to administration of the terms and conditions of this Contract, including: the
1081 Contractor's financial transactions, water supply data, and Project land and right-of-way
1082 agreements; the water users' land-use (crop census), land ownership, land-leasing and water use
1083 data; and other matters that the Contracting Officer may require. Reports thereon shall be
1084 furnished to the Contracting Officer in such form and on such date or dates as the Contracting
1085 Officer may require. Subject to applicable Federal laws and regulations, each party to this
1086 Contract shall have the right during office hours to examine and make copies of the other party's
1087 books and records relating to matters covered by this Contract.

1088 (b) Notwithstanding the provisions of subdivision (a) of this Article, no
1089 books, records, or other information shall be requested from the Contractor by the Contracting
1090 Officer unless such books, records, or information are reasonably related to the administration or
1091 performance of this Contract. Any such request shall allow the Contractor a reasonable period of
1092 time within which to provide the requested books, records, or information.

1093 (c) At such time as the Contractor provides information to the Contracting
1094 Officer pursuant to subdivision (a) of this Article, a copy of such information shall be provided
1095 to the Operating Non-Federal Entity.

1096 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

1097 31. (a) The provisions of this Contract shall apply to and bind the successors and
1098 assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest
1099 therein shall be valid until approved in writing by the Contracting Officer.

1100 (b) The assignment of any right or interest in this Contract by either party
1101 shall not interfere with the rights or obligations of the other party to this Contract absent the
1102 written concurrence of said other party.

1103 (c) The Contracting Officer shall not unreasonably condition or withhold his
1104 approval of any proposed assignment.

1105 SEVERABILITY

1106 32. In the event that a person or entity who is neither (i) a party to a Project contract,
1107 nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii)
1108 an association or other form of organization whose primary function is to represent parties to
1109 Project contracts, brings an action in a court of competent jurisdiction challenging the legality or
1110 enforceability of a provision included in this Contract and said person, entity, association, or
1111 organization obtains a final court decision holding that such provision is legally invalid or
1112 unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s),
1113 the parties to this Contract shall use their best efforts to (i) within 30 days of the date of such
1114 final court decision identify by mutual agreement the provisions in this Contract which must be
1115 revised, and (ii) within three months thereafter promptly agree on the appropriate revision(s).
1116 The time periods specified above may be extended by mutual agreement of the parties. Pending
1117 the completion of the actions designated above, to the extent it can do so without violating any
1118 applicable provisions of law, the United States shall continue to make the quantities of Project

1119 Water specified in this Contract available to the Contractor pursuant to the provisions of this
1120 Contract which were not found to be legally invalid or unenforceable in the final court decision.

1121 RESOLUTION OF DISPUTES

1122 33. Should any dispute arise concerning any provisions of this Contract, or the
1123 parties' rights and obligations thereunder, the parties shall meet and confer in an attempt to
1124 resolve the dispute. Prior to the Contractor commencing any legal action, or the Contracting
1125 Officer referring any matter to Department of Justice, the party shall provide to the other party
1126 30 days' written notice of the intent to take such action; Provided, That such notice shall not be
1127 required where a delay in commencing an action would prejudice the interests of the party that
1128 intends to file suit. During the 30-day notice period, the Contractor and the Contracting Officer
1129 shall meet and confer in an attempt to resolve the dispute. Except as specifically provided,
1130 nothing herein is intended to waive or abridge any right or remedy that the Contractor or the
1131 United States may have.

1132 OFFICIALS NOT TO BENEFIT

1133 34. No Member of or Delegate to Congress, Resident Commissioner, or official of the
1134 Contractor shall benefit from this Contract other than as a water user or landowner in the same
1135 manner as other water users or landowners.

1136 CHANGES IN CONTRACTOR'S BOUNDARIES

1137 35. (a) While this Contract is in effect, no change may be made in the
1138 Contractor's Boundaries, by inclusion or exclusion of lands, dissolution, consolidation, merger,
1139 or otherwise, except upon the Contracting Officer's written consent.

1140 (b) Within 30 days of receipt of a request for such a change, the Contracting
1141 Officer will notify the Contractor of any additional information required by the Contracting
1142 Officer for processing said request, and both parties will meet to establish a mutually agreeable
1143 schedule for timely completion of the process. Such process will analyze whether the proposed
1144 change is likely to: (i) result in the use of Project Water contrary to the terms of this Contract;
1145 (ii) impair the ability of the Contractor to pay for Project Water furnished under this Contract or
1146 to pay for any Federally-constructed facilities for which the Contractor is responsible; and (iii)

1147 have an impact on any Project Water rights applications, permits, or licenses. In addition, the
1148 Contracting Officer shall comply with the NEPA and the ESA. The Contractor will be
1149 responsible for all costs incurred by the Contracting Officer in this process, and such costs will
1150 be paid in accordance with Article 25 of this Contract.

1151 FEDERAL LAWS

1152 36. By entering into this Contract, the Contractor does not waive its rights to contest
1153 the validity or application in connection with the performance of the terms and conditions of this
1154 Contract of any Federal law or regulation; Provided, That the Contractor agrees to comply with
1155 the terms and conditions of this Contract unless and until relief from application of such Federal
1156 law or regulation to the implementing provision of the Contract is granted by a court of
1157 competent jurisdiction.

1158 NOTICES

1159 37. Any notice, demand, or request authorized or required by this Contract shall be
1160 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or
1161 delivered to the Area Manager, Bureau of Reclamation, Northern California Area Office,
1162 16349 Shasta Dam Boulevard, Shasta Lake, California 96019, and on behalf of the United
1163 States, when mailed, postage prepaid, or delivered to the Board of Directors of the Proberta
1164 Water District, 21246 Dusty Way, Red Bluff, California 96080. The designation of the
1165 addressee or the address may be changed by notice given in the same manner as provided in this
1166 Article for other notices.

1167 CONFIRMATION OF CONTRACT

1168 38. The Contractor, after the execution of this Contract, shall promptly seek to secure
1169 a decree of a court of competent jurisdiction of the State of California, confirming the execution
1170 of this Contract. The Contractor shall furnish the United States a certified copy of the final
1171 decree, the validation proceedings, and all pertinent supporting records of the court approving
1172 and confirming this Contract, and decreeing and adjudging it to be lawful, valid, and binding on
1173 the Contractor.

1174 IN WITNESS WHEREOF, the parties hereto have executed this Contract as of
1175 the day and year first above written.

1176 THE UNITED STATES OF AMERICA

1177 APPROVED AS TO LEGAL
1178 FORM AND SUFFICIENCY
1179 *James E. Foster*
OFFICE OF REGIONAL SOLICITOR
DEPARTMENT OF THE INTERIOR

By: *Paul D. ...*
Regional Director, Mid-Pacific Region
Bureau of Reclamation

1180 (SEAL)

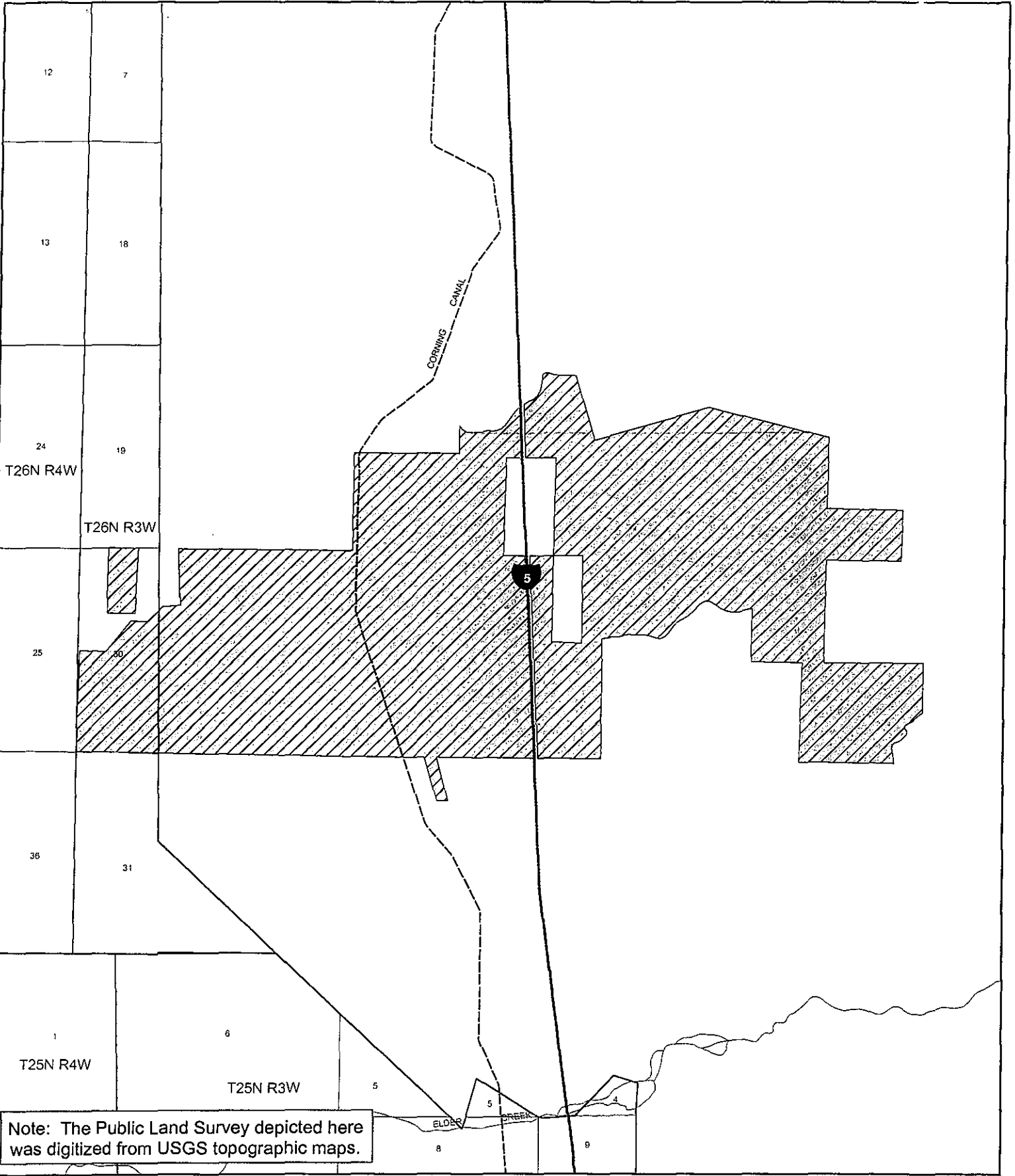
1181 PROBERTA WATER DISTRICT

1182 By: *John E. Garter*
1183 President of the Board of Directors

1184 Attest:

1185 By: *Agnes Moser*
1186 Secretary of the Board of Directors



1187 (H:\public\Willows Final LTRC's\2005-01-31 Proberta WD Final LTRC Draft Contract.doc)



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

Proberta Water District

Contract No. 14-06-200-7311-LTR1
Exhibit A

-  Contractor's Service Area
-  District Boundary

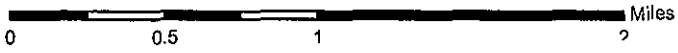
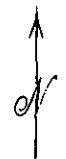


EXHIBIT B

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

	<u>Cost of Service</u>		Calculated Payment Capacity 1/ <u>Irrigation</u>
	<u>Irrigation</u>	<u>M&I</u>	
<u>COST OF SERVICE RATES:</u>			
Capital Rates	\$13.62	2/	\$ 0.00
O&M Rates:			
Water Marketing	6.61		6.61
Storage	5.93		5.93
Direct Pumping	1.08		1.08
Deficit Rates:			
Interest Bearing	0.00		0.00
CFO/PFR Adjustment Rate 3/	<u>2.15</u>		<u>2.15</u>
TOTAL	<u>\$29.39</u>	2/	<u>\$15.77</u>
<u>FULL-COST RATES:</u>			
<u>Section 202(3)</u> Rate is applicable to a Qualified Recipient or to a Limited Recipient receiving irrigation water on or before October 1, 1981.	<u>\$40.34</u>		<u>\$40.34</u>
<u>Section 205(a)(3)</u> Rate is applicable to a Limited Recipient that did <u>not</u> receive irrigation water on or before October 1, 1981.	<u>\$47.24</u>		<u>\$47.24</u>
<u>TIERED PRICING COMPONENTS:</u>			
Tiered Pricing Component >80% <=90% of Contract Total [Full Cost Rate – COS Rate / 2]	<u>\$ 5.48</u>	2/	<u>\$12.29</u>
Tiered Pricing Component >90% of Contract Total [Full Cost Rate – COS Rate]	<u>\$10.95</u>	2/	<u>\$24.57</u>
<u>CHARGES UNDER P.L. 102-575 TO THE RESTORATION FUND 4/</u>			
Restoration Payments (3407(d)(2)(A))	<u>\$ 7.93</u>	2/	<u>\$ 0.00</u>

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

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

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

4/ Restoration fund charges are payments in addition to the water rates and were determined pursuant to Title XXXIV of Public Law 102-575. Restoration fund charges are on a fiscal year basis (10/1 - 9/30).

RESOLUTION

BE IT RESOLVED, that the Proberta Water District, hereby approved the Long Term Water Contract No. 14-06-200-7311-LTRI Between the United States and Proberta Water District.

This contract is acceptable as to form and content, and the Board of Directors hereby authorizes the Proberta Water District secretary to sign the Proposed Contract on behalf of the Board.

I, hereby certify, the foregoing to be a true and correct copy of the resolution adopted by the Board of Directors of Proberta Water District at their special meeting of said Board of Directors held on February 21, 2005.

Dated February 21, 2005

Agnes Moser

Agnes Moser

Secretary-Treasurer

Ayes: Greiten, Ohm, Moser

Nos: none

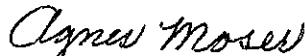
Absent:

CERTIFICATION

I, Agnes Moser, the duly and regularly appointed Secretary of the PROBERTA WATER DISTRICT, hereby certify that the foregoing is true, and correct and exact copy of the resolution of the Board of Directors of PROBERTA WATER DISTRICT, duly and regularly passed and adopted at a meeting of the said Board of Directors at Red Bluff, California on February 21, 2005 the original of which is on file in my office and duly and regularly entered in the official records of proceedings of the Board of Directors of PROBERTA WATER DISTRICT.

Dated: February 21, 2005

PROBERTA WATER DISTRICT



Agnes Moser

Secretary-Treasurer

RESOLUTION

BE IT RESOLVED, that the Proberta Water District, hereby approved the Long Term Water Contract No. 14-06-200-7311-LTRI Between the United States and Proberta Water District.

This contract is acceptable as to form and content, and the Board of Directors hereby authorizes the Proberta Water District secretary to sign the Proposed Contract on behalf of the Board.

I, hereby certify, the foregoing to be a true and correct copy of the resolution adopted by the Board of Directors of Proberta Water District at their special meeting of said Board of Directors held on February 21, 2005.

Dated February 21, 2005

Agnes Moser
Agnes Moser

Secretary-Treasurer

Ayes: Greiten, Ohm, Moser

Nos: none

Absent:

CERTIFICATION

I, Agnes Moser, the duly and regularly appointed Secretary of the PROBERTA WATER DISTRICT, hereby certify that the foregoing is true, and correct and exact copy of the resolution of the Board of Directors of PROBERTA WATER DISTRICT, duly and regularly passed and adopted at a meeting of the said Board of Directors at Red Bluff, California on February 21, 2005 the original of which is on file in my office and duly and regularly entered in the official records of proceedings of the Board of Directors of PROBERTA WATER DISTRICT.

Dated: February 21, 2005
PROBERTA WATER DISTRICT

Agnes Moser
Agnes Moser
Secretary-Treasurer

146 Dusty Way

Red Bluff, CA 96080

RESOLUTION

BE IT RESOLVED, that the President and Secretary of Proberta Water District, are hereby authorized to sign the Long Term Water Contract No. 14-06-200-7311-LTR1. Between the United States and Proberta Water District.

I, hereby certify, the foregoing to be a true and correct copy of the resolution adopted by the Board of Directors of Proberta Water District at their special meeting of said Board of Directors held on February 21, 2005.

Dated February 21, 2005

Agnes Moser
Agnes Moser
Secretary-Treasurer

Ayes: Greiten, Ohm, Moser
Nos: none
Absent:

CERTIFICATION

I, Agnes Moser, the duly and regularly appointed Secretary of the PROBERTA WATER DISTRICT, hereby certify that the foregoing is true, and correct and exact copy of the resolution of the Board of Directors of PROBERTA WATER DISTRICT, duly and regularly passed and adopted at a meeting of the said Board of Directors at Red Bluff, California on February 21, 2005 the original of which is on file in my office and duly and regularly entered in the official records of proceedings of the Board of Directors of PROBERTA WATER DISTRICT.

Dated: February 21, 2005
PROBERTA WATER DISTRICT

Agnes Moser
Agnes Moser
Secretary-Treasurer

Doc # 2021012835
Page 1 of 2
Date: 9/10/2021 01:12P
Recording Requested By:
TIMIOS, INC - WESTLAKE SIMPLIF
Filed & Recorded in Official Records
of TEHAMA COUNTY
JENNIFER A. VISE
COUNTY CLERK & RECORDER
Fcc: \$465.25

RECORDING REQUESTED BY:
Timios Title, A California Corporation
134 E. Walker St.
Orland, CA 95963
No: 71-00214349

**After Recording Return And
Mail Tax Statements To:**
DENNIS HAY, TRUSTEE
21815 FLORES AVE
RED BLUFF, CA 96080-9747

SPACE ABOVE THIS LINE FOR RECORDER'S USE

A.P.N. NO. 037-090-029-000

GRANT DEED

The undersigned grantor(s) declare(s):

City transfer tax is \$0.00

County Transfer Tax is \$448.25

Monument preservation fee is \$0.00

computed on full value of property conveyed, or

computed on full value less value of liens and encumbrances remaining at time of sale.

Unincorporated area: City of RED BLUFF, and

This document is exempt from GC 27388.1, Building Homes & Jobs Tax as it is subject to the imposition of documentary transfer tax.

This document is exempt from GC 27388.1, Building Homes & Jobs Tax as it transfers a residential dwelling to an owner-occupier.

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged
TAMMY DE PIERRI, SUCCESSOR TRUSTEE, OF THE SHARON D. RICE REVOCABLE LIVING TRUST,
DATED 4/19/21
hereby GRANTS to

DENNIS HAY, TRUSTEE OF THE HAY FAMILY TRUST

the following described real property in the County of TEHAMA, State of California:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA OF
THE COUNTY OF TEHAMA, STATE OF CALIFORNIA, AND DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE NORTH LINE OF LOT 64 OF THE ROSENTHAL TRACT, AS
THE SAME IS SHOWN ON THE MAP FILED IN THE OFFICE OF THE COUNTY RECORDER OF
THE COUNTY OF TEHAMA, STATE OF CALIFORNIA, JULY 14, 1886 IN BOOK A OF MAPS,
AT PAGE 71, FROM WHICH THE NORTHEAST CORNER OF THE EAST HALF OF THE NORTHWEST
QUARTER OF LOT 64 OF THE ROSENTHAL TRACT, BEARS EAST 99.0 FEET; THENCE
SOUTHERLY AND PARALLEL WITH THE WEST LINE OF LOT 64, A DISTANCE OF 660.0
FEET; THENCE WESTERLY AND PARALLEL WITH THE NORTH LINE OF LOT 64, A DISTANCE
OF 198.0 FEET; THENCE NORTHERLY AND PARALLEL WITH THE WEST LINE OF LOT 64, A
DISTANCE OF 660.0 FEET TO THE NORTH BOUNDARY OF LOT 64; THENCE EASTERLY ALONG
THE NORTHERLY BOUNDARY OF LOT 64, A DISTANCE OF 198.0 FEET, MORE OR LESS, TO
THE POINT OF BEGINNING.

More commonly known as: 21815 FLORES AVE, RED BLUFF, CA 96080-9747

DocID: 719

9/8/2021

THE SHARON D. RICE REVOCABLE LIVING TRUST, DATED 4/19/21

Tammy De Pierri
TAMMY DE PIERRI, SUCCESSOR TRUSTEE

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

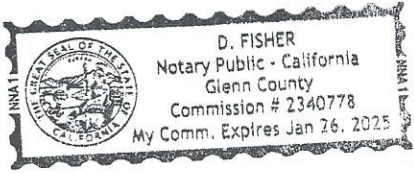
State of CA
County of ~~TEHAMA~~ Shasta

On Sept. 9, 20 21, before me, D. Fisher, a notary public, personally appeared, TAMMY DE PIERRI, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[Signature]
Signature of Notary Public



(Notary Seal)

Proberta Water District

P.O. Box 134
Proberta, CA 96078

Invoice

Date	Invoice #
2/27/2022	2080

Bill To
Hay Family Trust Dennis Hay 21815 Flores Ave. Red Bluff, CA 96080

P.O. No.	Terms	Project

Quantity	Description	Rate	Amount
41,121	037-090-029-000 3 Acres	0.006	246.73

Please pay by April 1st, 2022

We appreciate your prompt payment.

Total

\$246.73

VOID
PO Box 134
Red Bluff CA 96078

Hay Family Trust
21815 Flores Ave
Red Bluff CA 96080

95080-97715



SACRAMENTO CA 957
28 FEB 2022 PM 7 L

INVOICE

Proberta Water District
PO Box 134
Proberta, CA 95078

probertawaterdistrict@gmail.com
+1 (530) 528-8604

Jackson, Branden
Bill to
Branden Jackson
9904 Ruiz St.
Red Bluff, CA 96080

Invoice details

Invoice no.: 25-18
Terms: Net 30
Invoice date: 04/18/2025
Due date: 05/18/2025

#	Date	Product or service	Description	Qty	Rate	Amount
1.		67-003	APN # 037-090-076-000 - 2.75 Acres	78030	\$0.006	\$468.18
					Total	\$468.18



LAW OFFICE OF DENNIS L. HAY, ESQ.

21815 Flores Avenue
Red Bluff, California 96080

Mailing: P.O. Box 74
Proberta, California 96078
Tel. (209)759-3222
e-mail: dennis_hay@verizon.net

July 9, 2025

Matthew David Rogers
Tehama County District Attorney
PO Box 519
Red Bluff, CA 96080-0519

Re: Dispute with Proberta Water District and
Request for Grand Jury Investigation

Dear Mr. Rogers:

You may have seen some of my other correspondence I have circulated to various persons concerning the ongoing dispute I and a few of my neighbors have concerning the Proberta Water District, the Board of Directors for the district and the manner in which the district is being operated. I have couched the subject matter of this letter mainly around my own experience with the district, some of which has been echoed by my neighbors. The purpose of my letter is to have the Proberta Water District, its Board of Directors and the operation of the district investigated for the reasons set forth below.

The dispute with the Proberta Water District (PWD) began for me, Dennis L. Hay, subsequent to moving into the property located at 21815 Flores Avenue, I received an invoice 2080 from PWD dated 2/27/2022 for 41,121(quantity), description 037-090-029-000 3 acres (assumably water) charged at a rate of .006 with a total amount of \$246.73. Needless to say, I was a bit perplexed since I had not ordered any water nor taken delivery of water from PWD AND it was confirmed by PWD in response to an 811 dig call that no PWD facilities were located in or around the vicinity of the property. **A copy of the Invoice 2080 accompanies this letter.**

I was later informed by neighbors that PWD sends out such invoices ANNUALLY regardless of landowners ordering water, taking delivery of water and even if there is no means of having the water delivered to properties. I was also informed by other landowners that PWD has and continues to record liens against properties for what I later determined to be assessed assessments and/or water charges which are not based upon actual receipt of services. **(A copy of such a lien accompanies this letter.)**

Since the above, I have been doing research and my own independent investigation into PWD. The following sets forth, in summary, my efforts and my overall conclusion that PWD has been illegally operating and a grand jury investigation into PWD should be commenced.

PWD ASSESSING, LEVYING, COLLECTING and LIENING OF REAL PROPERTY BASED ON ILLEGAL ASSESSMENTS and CHARGES

Historically, and “in November 1996, . . . the electorate adopted **Proposition 218**, which added articles XIII C and XIII D to the California Constitution. Proposition 218 allows only four types of local property taxes: (1) an ad valorem property tax; (2) a special tax; (3) **an assessment**; and (4) **a fee or charge**. (Cal. Const., art. XIII D, § 3, subd. (a)(1) - (4); see also Cal. Const., art. XIII D, § 2, subd. (a).) It buttresses Proposition 13's limitations on ad valorem property taxes and special taxes by placing analogous restrictions on assessments, fees, and charges. [¶] First, Proposition 218 defines an ‘assessment’ as ‘any levy or charge upon real property . . . for a special benefit conferred upon the real property.’ (Cal. Const., art. XIII D, § 2, subd. (b).) It defines a ‘special benefit’ as ‘a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute “special benefit.”’ (Cal. Const., art. XIII D, § 2, subd. (i).) Proposition 218 then provides that ***an assessment may be imposed only if (1) it is supported by an engineer's report*** (Cal. Const., art. XIII D, § 4, subd. (b)), (2) ***it does not exceed the reasonable cost of the proportionate special benefit conferred on each affected parcel*** (Cal. Const., art. XIII D, § 4, subds. (a), (f)), and (3) it receives, by mailed ballot, a vote of at least half of the owners of affected parcels, weighted ‘according to the proportional financial obligation of the affected property.’ (Cal. Const., art. XIII D, § 4, subds. (c)–(e).)” (Howard Jarvis Taxpayers Assn., *supra*, at pp. 682–683, italics omitted & added.)” Paradise Irrigation Dist. v. Commission on State Mandates (2019) 33 Cal. App. 5th 174, 190-191, 244 Cal. Rptr. 3d 769. (***Emphasis Added.***)

Also, **Government Code § 53750 entitled, “Definitions”** provides:

For purposes of Article XIII C and Article XIII D of the California Constitution and this article, the following words have the following

meanings, and shall be read and interpreted in light of the findings and declarations contained in Section 53751:

(a) “Agency” means any local government as defined in subdivision (b) of Section 1 of Article XIII C of the California Constitution.

[Cal Const, Art. XIII C § 1 (b) **“Local government”** means any county, city, city and county, including a charter city or county, **any special district**, or any other local or regional governmental entity.]

[Cal Const, Art. XIII C § 1(c) **“Special district”** means an agency of the state, formed pursuant to general law or a special act, for the local performance of governmental or proprietary functions with limited geographic boundaries including, but not limited to, school districts and redevelopment agencies.]

(b) “Assessment” means any levy or charge by an agency upon real property that is based upon the special benefit conferred upon the real property by a public improvement or service, that is imposed to pay the capital cost of the public improvement, the maintenance and operation expenses of the public improvement, or the cost of the service being provided. “Assessment” includes, but is not limited to, “special assessment,” “benefit assessment,” “maintenance assessment,” and “special assessment tax.”

(c) “District” means an area that is determined by an agency to contain all of the parcels that will receive a special benefit from a proposed public improvement or service.

*
*
*

[Cal Const, Art. XIII C § 1(d) **“Special tax”** means any tax imposed for specific purposes, including a tax imposed for specific purposes, which is placed into a general fund.]

[Cal Const, Art. XIII C § 1(e) As used in this article, **“tax”** means any levy, **charge**, or exaction of any kind imposed by a **local government**, except the following:

- (1) **A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.**
- (2) **A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged,** and which does not exceed the reasonable costs to the local government of providing the service or product.

*
*
*

The local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.]

Cal Const, Art. XIII D § 1 provides: "Notwithstanding any other provision of law, ***the provisions of this article shall apply to all assessments, fees and charges***, whether imposed pursuant to state statute or local government charter authority. Nothing in this article or Article XIII C shall be construed to:

- (a) Provide any new authority to any agency to impose a tax, assessment, fee, or charge.
- (b) Affect existing laws relating to the imposition of fees or charges as a condition of property development.
- (c) Affect existing laws relating to the imposition of timber yield taxes."
(Emphasis Added.)

And, **California Constitution, Article XIII D § 2** provides, in pertinent part:

- (a) **"Assessment" means any levy or charge upon real property by an agency for a special benefit conferred upon the real property.**

“Assessment” includes, but is not limited to, “special assessment,” “benefit assessment,” “maintenance assessment” and “special assessment tax.”

(d) “District” means an area determined by an agency to contain all parcels which will receive a special benefit from a proposed public improvement or property-related service.

(e) “Fee” or “charge” means any levy other than an ad valorem tax, a special tax, or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.

(f) “Maintenance and operation expenses” means the cost of rent, repair, replacement, rehabilitation, fuel, power, electrical current, care, and supervision necessary to properly operate and maintain a permanent public improvement.

(h) “Property-related service” means a public service having a direct relationship to property ownership.

(i) “Special benefit” means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute “special benefit.” (Emphasis Added.)

Further, **California Constitution, Article XIII D § 4 entitled “Procedures and requirements for assessments”** provides, in pertinent part:

(a) An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. **The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and an agency shall separate the general benefits from**

the special benefits conferred on a parcel. Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.

(b) **All assessments shall be supported by a detailed engineer’s report prepared by a registered professional engineer certified by the State of California.**

(c) **The amount of the proposed assessment for each identified parcel shall be calculated and the record owner of each parcel shall be given written notice by mail of the proposed assessment, the total amount thereof chargeable to the entire district, the amount chargeable to the owner’s particular parcel, the duration of the payments, the reason for the assessment and the basis upon which the amount of the proposed assessment was calculated, together with the date, time, and location of a public hearing on the proposed assessment.**

*
*
*

(f) **In any legal action contesting the validity of any assessment, the burden shall be on the agency to demonstrate that the property or properties in question receive a special benefit over and above the benefits conferred on the public at large and that the amount of any contested assessment is proportional to, and no greater than, the benefits conferred on the property or properties in question. ...”**
(Emphasis Added.)

Also, **California Constitution, Article XIII D § 6 entitled, “Property related fees and charges”** provides, in part:

“[(b)] Requirements for Existing, New or Increased Fees and Charges. A fee or charge shall not be extended, imposed, or increased by any agency unless it meets all of the following requirements:

(1) **Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.**

(2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.

(3) **The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.**

(4) **No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted. Standby charges, whether characterized as charges or assessments, shall be classified as assessments and shall not be imposed without compliance with Section 4.**

*
*
*

(d) **Beginning July 1, 1997, all fees or charges shall comply with this section.”**

Despite the above, PWD has been levying assessments AND water charges, apparently for two separate reasons:

- (1) Assessments were first levied to repay the debt owed for establishing and constructing the district which debt was evidenced by a note which debit has been paid. (USBR Contract No. 14-06-200-7311-LTR1, p.24, para.8 – **02-21-2005**)
- (2) Water Charges, according to the California Constitution and applicable statutory law, are for irrigation waters ordered and delivered to the parcel owner.

It is my considered opinion, given the above, that assessments assessed by PWD since February, 2005, are improper since the assessments were originally based upon debt owed to the federal government and no such debt has existed since that time (**as evidenced by USBR Contract No.14-06-200-7311-LTR1 p.24, para.8 – a copy of the contract accompanies this letter**). Additionally, no detailed engineer’s report prepared by a registered professional engineer certified by the State of California has been produced, and apparently does not exist, supporting any assessment (as required by California Constitution, Article XIII D § 4 (b)), especially subsequent to February, 2005.

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The burden is on PWD to make a proper showing supporting the assessments (California Constitution, Article XIII D § 4 (f)).

It is also my considered opinion, given the above, that water charges levied by PWD to LANDOWNERS WHO DO NOT ORDER WATER and CANNOT RECEIVED WATER are improper since there is **no receipt of services/benefits**. Both such assessments and charges ARE NOT based upon actual property related services provided and, it has not been shown (and my opinion is that such cannot be shown) that **any** assessments are no more than necessary to cover the reasonable costs of the governmental activity (PWD irrigation), and/or that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Lastly, any liens arising from unpaid assessments assessed after February, 2005, (and possibly before), and unpaid water charges for water not ordered/delivered have no legal basis, especially where the same are not based upon actual property related services provided and are, therefore, improper negative credit entries/reportings in violation of Civil Code § 1785.25(a) and in violation of USCS §§ 1601, et seq.

PWD HAS AN OBLIGATION TO PROVIDE WATER SERVICE UNDER REASONABLE RULES AND REGULATIONS

Public or private water purveyors are required to provide water service to their respective customers consistent with their duty as a public franchise and as otherwise compelled by equal protection of the laws. Nourse v. City of Los Angeles (1914) 25 Cal.App. 384, 385–386 [143 P. 801]; Schultz v. Town of Lakeport (1936) 5 Cal.2d 377, 381 [54 P. 1110]; Corp. Code, § 14451. In theory, the genesis of the duty to serve has been ascribed to two separate legal bases: equal protection of the laws and the public franchise theory. See Lemieux, Land Use Control by Utility Service Moratorium: The Wrong Solution to the Right Problem, 53 L.A.B.J. (1986) p. 263. The nature of the relationship between the supplier and customer under the public franchise theory has been characterized as contractual, as distinguished from revenue raising devices such as assessments and taxes. See Isaac v. City of Los Angeles (1998) 66 Cal.App.4th 586, 597 [77 Cal.Rptr.2d 752]; Howard Jarvis Taxpayers Assn. v. City of Los Angeles (2000) 85 Cal.App.4th 79, 83 n.2 [101 Cal.Rptr.2d 905].

In practice, the two legal theories creating the service obligation have converged in a single standard that simply requires the provision of water service to existing customers under reasonable rules and regulations. Hansen v. City of San Buenaventura (1986) 42 Cal.3d 1172, 1180–1181 [233 Cal.Rptr. 22, 26]; Perez v. City of San Bruno (1980) 27 Cal.3d 875, 897 [168 Cal.Rptr. 114]; Nourse v. City of Los Angeles (1914) 25 Cal.App. 384, 385 [143 P. 801]; Durant v. City of Beverly Hills (1940) 39 Cal.App.2d 133, 138–159 [102 P.2d 759]; see former Civ. Code, § 549, repealed by 1997 Cal. Stats., ch. 598, § 1 (SB 633); former Corp. Code, § 14451, repealed by 2012 Cal. Stats., ch. 494, § 36 (SB 1532) (relating to rules regarding delivery of water); but see Public Water Agencies Group v. Consolidated Fire Protection District (1983) 145 Cal.App.3d 695 [193 Cal.Rptr. 644]; see also Russell v. Sebastian (1914) 233 U.S. 195, 208–209 [34 S.Ct. 517]; Arcade County Water Dist. v. Arcade Fire Dist. (1970) 6 Cal.App.3d 232, 238 [85 Cal.Rptr. 737, 740]; Leavitt v. Lassen Irr. Co. (1909) 157 Cal. 82, 89 [106 P. 404, 407]. Of course, what is reasonable with respect to water service is not subject to standardized definitions and tends to mean different things in different contexts. The following sections address the application of the rule of reasonableness in the most common factual settings in an attempt to provide some guidelines for assessing the utility service conduct.

Government Code § 53758 entitled, ““Specific benefit”; “Specific government service”; Burden of proof” provides:

“For purposes of Article XIII C of the California Constitution and this article:

(a) “Specific benefit” means a benefit that is provided directly to a payor and is not provided to those not charged. A specific benefit is not excluded from classification as a “specific benefit” merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific benefit to the payor.

(b) “Specific government service” means a service that is provided by a local government directly to the payor and is not provided to those not charged. A specific government service is not excluded from classification as a “specific government service” merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific government service to the payor. A “specific government service” may include, but is not limited to, maintenance, landscaping, marketing, events, and promotions.

(c) The local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction imposed for a specific benefit or specific government service is not a tax, that the amount is no more than necessary to cover the reasonable costs to the local government

in providing the specific benefit or specific government service, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the specific benefits or specific government services received by the payor.”

It is my considered opinion that given the above and based upon my earlier conclusions with regard to the improper assessments, water charges and liens being recorded by PWD, PWD is not providing irrigation water service fairly and/or reasonably. See also, Water Code § 20571 which provides that, “**Assessments of a district**, for whatsoever purpose, levied on all assessable land at a like rate on the basis of the assessed valuation of the land **are hereby declared to be charges for the services furnished by the district** and not a capital investment of the landowners.

The afore-referenced Water Code along with Cal Const, Art. XIII D § 4 entitled “Procedures and requirements for assessments,” also cited above, clearly mandates a reasonableness/fairness standard which PWD has not and continues not to practice. See also, Perez v. City of San Bruno (1980) 27 Cal.3d 875, 897 [168 Cal.Rptr. 114]; Metropolitan Water Dist. v. Marquardt (1963) 59 Cal.2d 159 [28 Cal.Rptr. 724, 738–739]; Nourse v. City of Los Angeles (1914) 25 Cal.App. 384, 385 [143 P. 801]; Durant v. City of Beverly Hills (1940) 39 Cal.App.2d 133, 138–140 [102 P.2d 759]; Brydon v. East Bay Municipal Utility District (1994) 24 Cal.App.4th 178, 195–204 [29 Cal.Rptr.2d 128].

Further, “***A utility is prohibited from granting preferences or advantages to any favored customers. It cannot maintain an unreasonable difference as to rates, charges, service or facilities as between localities, or classes of service ...***”; San Diego County Water Authority v. Metropolitan Water District of Southern California (2004) 117 Cal.App.4th 13 [11 Cal.Rptr.3d 446]. Essentially, by assessing and invoicing landowners that do not, have not and have no means of receiving irrigation water (i.e., not receiving a “special benefit”) from PWD, PWD is financing its irrigation operation and delivery of irrigation water to “favored” customers partly based upon assessments and charges assessed and levied upon landowners who do not receive and cannot receive services.

**PWD WATER CHARGES FOR WATER NOT ORDERED
OR DELIVERED AND IT’S ASSESSMENTS ARE IN
VIOLATION OF LAW**

It is my considered opinion that the charges contained in Invoice 2080 (and others that may have followed but have not been received) are improper. From my experience and research of applicable California statutory law and case law, there are two distinct

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methods of raising revenue for the operation of, in this case, a water district: by levying charges OR levying assessments. It is further my opinion that the threshold requirement for levying a charge or assessment is that, “**A fee or charge shall not be imposed**, or increased **by any agency unless it meets all of the following requirements**: [¶] (1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service. [¶] (2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed. [¶] (3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel. ...” [California Constitution, Article XIII D, section 6, subdivision (b); see also Paland v. Brooktrails Township Community Services Dist. Bd. of Directors (2009) 179 Cal. App. 4th 1358, 1370, fn.13, 102 Cal. Rptr. 3d 270.

In the case of my property, and that of some of the neighbors, the “fees or charges” invoiced by PWD (1) **EXCEED** the funds required to provide the property related service **AND** (2) **EXCEED** the proportional cost of the service attributable to the parcels.

Additionally, whether characterized or labeled as fees or assessments, the charges sought to be collected by PWD are for **services not ordered or delivered and not deliverable** in violation of Water Code §§ 20571, 22280, 25806.

Given all the above, and the afore-cited legal authority, it is clear that PWD’s water charges and assessments are illegal.

NO BASIS FOR STANDBY WATER CHARGES

With regard to the issue of characterizing the fees or charges being levied or assessed by PWD to some of my neighbors and me as “standby” charges, there is no such reference or indication on the invoice that the fees, charges or assessments are “standby” charges, and, the water must be available to us in order to charge “standby” fees or charges. Water Code §35470.

PWD HAS MISUSED PUBLIC FUNDS

(See People v. Moore (1997) 59 Cal. App. 4th 168, 69 Cal. Rptr. 2d 56)

Penal Code §182 entitled, “Criminal conspiracy; Acts constituting; Punishment; Venue” provides, in pertinent part:

“(a) If two or more persons conspire:

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(4) To cheat and defraud any person of any property, by any means which are in themselves criminal, or to obtain money or property by false pretenses or by false promises with fraudulent intent not to perform those promises.”

Penal Code §424 entitled, “Embezzlement and falsification of accounts” provides in pertinent part:

“(a) Each officer of this state, or of any county, city, town, or district of this state, and every other person charged with the receipt, safekeeping, transfer, or disbursement of public moneys, who either:

1. Without authority of law, appropriates the same, or any portion thereof, to his or her own use, or **to the use of another;**

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Is punishable by imprisonment in the state prison for two, three, or four years, and is disqualified from holding any office in this state. ...”

Penal Code § 487 entitled, “Grand theft” provides, in pertinent part:

“Grand theft is theft committed in any of the following cases:

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(e) If the value of the money, labor, real property, or personal property taken exceeds nine hundred fifty dollars (\$950) over the course of distinct but related acts, including acts committed against multiple victims or in counties other than the county of the current offense, the value of the

money, labor, real property, or personal property taken may properly be aggregated to charge a count of grand theft, if the acts are motivated by one intention, one general impulse, and one plan. Evidence that distinct acts are motivated by one intention, one general impulse, and one plan may include, but is not limited to, evidence that the acts involve the same defendant or defendants, are substantially similar in nature, or occur within a 90-day period.”

It is my considered opinion that PWD has violated the law as referenced above where it has, and continues to, send out assessments and water charges which are not supported by law (and in fact illegal) and has, and continues to lien properties seeking to force the collection of the improper assessments and water charges, all for the benefit of other landowners in the operation of the district and the supply of irrigation water to a select group, i.e., financing the operation of the district and the provision of irrigation water to a select few by such improper means.

Additionally, Penal Code § 532 entitled, “Fraudulently obtaining money, property or labor” provides, in pertinent part:

“(a) **Every person who knowingly and designedly, by any false or fraudulent representation or pretense, defrauds any other person of money, labor, or property, whether real or personal,** or who causes or procures others to report falsely of his or her wealth or mercantile character, and by thus imposing upon any person obtains credit, and thereby fraudulently gets possession of money or property, or obtains the labor or service of another, **is punishable in the same manner and to the same extent as for larceny of the money or property so obtained.**

(b) Upon a trial for having, with an intent to cheat or defraud another designedly, by any false pretense, obtained the signature of any person to a written instrument, or having obtained from any person any labor, money, or property, whether real or personal, or valuable thing, the defendant cannot be convicted if the false pretense was expressed in language unaccompanied by a false token or writing, unless the pretense, or some note or memorandum thereof is in writing, subscribed by or in the handwriting of the defendant, or unless the pretense is proven by the testimony of two witnesses, or that of one witness and corroborating

circumstances. This section does not apply to a prosecution for falsely representing or personating another, and, in that assumed character, marrying, or receiving any money or property.”

It is my further considered opinion that PWD’s activities in assessing properties, invoicing for water charges and liening properties, as hereinbefore maintained, is tantamount to conspiracy to obtain money by false pretenses. (See People v. Moore (1997) 59 Cal. App. 4th 168, 69 Cal. Rptr. 2d 56) (Check Penal Code Sections 182, 532; Doble v. Superior Court, 197 Cal. 556; People v. Legerretta (1970) 8 Cal.App.3d 928). It seems clear that the actions of PWD with regard to the assessments, water charges and liens meet the elements of a scheme to defraud. (In re JUUL Labs, Inc., Marketing, Sales Practices (N.D.Cal. 2020) 497 F.Supp.3d 552, 595.

Penal Code § 186.2 entitled, “Definitions” provides, in pertinent part:

“For purposes of this chapter, the following definitions apply:

(a) **“Criminal profiteering activity”** means an act committed or attempted or a threat made for financial gain or advantage, which act or threat may be charged as a crime under any of the following sections:

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(5) Embezzlement, as defined in Sections 424 and 503.

(6) Extortion, as defined in Section 518.

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(13) Receiving stolen property, as defined in Section 496.

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(16) Grand theft, as defined in Section 487 or subdivision (a) of Section 487a.

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(25) Conspiracy to commit any of the crimes listed above, as defined in Section 182.

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(b)

(1) “Pattern of criminal profiteering activity” means engaging in at least two incidents of criminal profiteering, as defined by this chapter, that meet the following requirements:

(A) Have the same or a similar purpose, result, principals, victims, or methods of commission, or are otherwise interrelated by distinguishing characteristics.

(B) Are not isolated events.

(C) Were committed as a criminal activity of organized crime.

(2) Acts that would constitute a “pattern of criminal profiteering activity” shall not be used by a prosecuting agency to seek the remedies provided by this chapter unless the underlying offense occurred after the effective date of this chapter and the prior act occurred within 10 years, excluding any period of imprisonment, of the commission of the underlying offense. A prior act shall not be used by a prosecuting agency to seek remedies provided by this chapter if a prosecution for that act resulted in an acquittal.

(c) “Prosecuting agency” means the Attorney General or the district attorney of any county.

(d) “Organized crime” means crime that is of a conspiratorial nature and that is either of an organized nature and seeks to supply illegal goods or services such as narcotics, prostitution, pimping and pandering, loan-sharking, counterfeiting of a registered mark in violation of Section 350, the piracy of a recording or audiovisual work in violation of Section 653w, gambling, and pornography, or that, through planning and coordination of individual efforts, seeks to conduct the illegal activities of arson for profit, hijacking, insurance fraud, smuggling, operating vehicle theft rings, fraud against the beverage container recycling program, embezzlement, securities fraud, insurance fraud in violation of the provisions listed in

paragraph (34) of subdivision (a), grand theft, money laundering, forgery, or systematically encumbering the assets of a business for the purpose of defrauding creditors. “Organized crime” also means crime committed by a criminal street gang, as defined in subdivision (f) of Section 186.22.

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(e) “Underlying offense” means an offense enumerated in subdivision (a) for which the defendant is being prosecuted.”

Penal Code § 518 entitled, “Definition of extortion; “Consideration”” provides, in pertinent part:

“(a) Extortion is the obtaining of property or other consideration from another, with his or her consent, or the obtaining of an official act of a public officer, induced by a wrongful use of force or fear, or under color of official right. ...”

Penal Code § 496 entitled, “Receiving or concealing stolen property; Duty of swap meet vendor or personal property dealer or collector to make reasonable inquiry; Action for damages; Attempts,” provides, in pertinent part:

“(a) Every person who buys or receives any property that has been stolen or that has been obtained in any manner constituting theft or extortion, knowing the property to be so stolen or obtained, or who conceals, sells, withholds, or aids in concealing, selling, or withholding any property from the owner, knowing the property to be so stolen or obtained, shall be punished by imprisonment in a county jail for not more than one year, or imprisonment pursuant to subdivision (h) of Section 1170. However, if the value of the property does not exceed nine hundred fifty dollars (\$950), the offense shall be a misdemeanor, punishable only by imprisonment in a county jail not exceeding one year, if such person has no prior convictions for an offense specified in clause (iv) of subparagraph (C) of paragraph (2) of subdivision (e) of Section 667 or for an offense requiring registration pursuant to subdivision (c) of Section 290.

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(c) Any person who has been injured by a violation of subdivision (a) or (b) may bring an action for three times the amount of actual damages, if any, sustained by the plaintiff, costs of suit, and reasonable attorney's fees."

Again, it is my considered opinion, based upon the above and the statutory citations, that PWD's activities in assessing properties, invoicing for water charges and liening properties, as hereinbefore maintained, is criminal profiteering activity not to mention grand theft by false pretenses.

The crime of grand theft may sound in false pretenses (People v. Jones, 36 Cal.2d 373, 376 [224 P.2d 353]). "A defendant may be convicted of grand theft upon proof of acts establishing embezzlement, larceny, or obtaining money by false pretenses." (People v. Frazier, 88 Cal.App.2d 99, 102 [198 P.2d 325].) Larceny amounting to grand theft can be committed by trick and device and usually results when the victim of a fraud intends not to pass complete title to his property, but that it shall be applied to a special purpose while the recipient intends to appropriate it to his own use. It is on a parallel with false pretenses.

(People v. Moore (1997) 59 Cal. App. 4th 168, 69 Cal. Rptr. 2d 56)

BOARD MEMBERS/DIRECTORS MUST BE LANDOWNERS WITHIN THE DISTRICT

An addition violation of law appears to be the inclusion of a person on the Board of Directors, albeit, the President of the Board of PWD, who does not appear to be a landowner within the district.

Water Code §22573 entitled, "Districts subject to Uniform District Election Law" provides:

"Districts governed by this division are subject to the provisions of the Uniform District Election Law."

The Uniform District Election Law is found at Election Code §§ 10500, et seq.

Election Code § 10650 entitled, “Governing body elections; “Special district”” provides:

“(a) Notwithstanding any other law, a governing body of a special district may require, by resolution, that **the members of its governing body be elected using district-based elections**, as defined in subdivision (b) of Section 14026, without being required to submit the resolution to the voters for approval. A resolution adopted pursuant to this subdivision shall include a declaration that the change in the method of electing members of the governing body is being made in furtherance of the purposes of the California Voting Rights Act of 2001 (Chapter 1.5 (commencing with Section 14025) of Division 14 of the Elections Code).

(b) For purposes of this section, “special district” means an agency of the state formed pursuant to general law or special act for the local performance of governmental or proprietary functions within limited boundaries. “Special district” does not include a city, county, city and county, school or community college district, special assessment district, or district with appointed members on its governing body.”

Election Code § 14026 entitled, “Definitions” provides, in pertinent part:

“As used in this chapter:

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(b) “District-based elections” means a method of electing members to the governing body of a political subdivision in which the candidate must reside within an election district that is a divisible part of the political subdivision and is elected only by voters residing within that election district. ...”

It is my opinion that the current President of the Board of Directors for PWD, Bart Fleharty (a licensed attorney in California), is not legally an appropriate member of the Board: Mr. Fleharty does not appear to be a landowner within PWD and his only connection to PWD, which I have derived from the documents obtained through the Public Records Requests, is Mr. Fleharty’s position as agent for 1 DSD LLC, FLORES AVENUE LLC and WEST FLORES LLC not a member of any of the LLC entities. It’s

interesting to note that the three entities have the same address listed with the California Secretary of State.

PWD AND ITS BOARD OF DIRECTORS
HAVE ABUSED THEIR POSITIONS
UNDER COLOR OF AUTHORITY

“Discretion is abused only when the agency's action exceeds the bounds of reason, all the circumstances before it being considered. (People v. Russel (1968) 69 Cal.2d 187, 194 [70 Cal.Rptr. 210, 443 P.2d 794].)” Anderson Union High Sch. Dist. v. Schreder (1976) 56 Cal. App. 3d 453, 463, 128 Cal. Rptr. 529.

It is my considered opinion that the activities of PWD and its directors in assessing properties, invoicing for water charges and liening properties, as hereinbefore maintained, is an abuse of authority.

PWD HAS FAILED TO MAINTAIN
APPROPRIATE RECORDS

Government Code § 53891 entitled, “Reporting requirement” provides, in pertinent part:

“(a) The officer of each local agency who has charge of the financial records shall furnish to the Controller a report of all the financial transactions of the local agency during the preceding fiscal year. The report shall contain underlying data from audited financial statements prepared in accordance with generally accepted accounting principles, if this data is available. The report shall be furnished within seven months after the close of each fiscal year or within the time prescribed by the Controller, whichever is later, and shall be in the form and manner required by the Controller. A local agency shall submit to the Controller

information on annual compensation, as described in subdivision (l) of Section 53892, for the previous calendar year no later than April 30th. ...”

Despite three **(3) Public Records Requests**, PWD did not produce copies of any audited financial statements, Financial Transaction Reports (FTRs), Government Compensation in California reports (GCCs), FPPC Form 700s, or any other reporting forms.

Also, PWD did not produce any documents required for submission under the terms of the USBR **Contract No.14-06-200-7311-LTRI** (paragraph 30, p.41), including, but not limited to:

- written schedules showing the monthly quantities of Project Water to be delivered by the United States to the Contractor (paragraph (b), p.14);
- documents containing recorded measurements of water delivered to PWD by USBR (paragraph (d), p.16, paragraph 6.a., p.17);
- summaries of all annual surface water deliveries (paragraph 6.a., p.17);
- written reports describing the measurement devices or water measuring methods being used or to be used to implement subdivision (a) of this Article and identifying the agricultural turnouts (pp. 17-18).

And, we should not forget that PWD did not identify/produce any studies, analyses, reports, etc. (i.e., a Proposition 218 study) to establish the appropriateness of any assessments or water charges.

A GRAND JURY INVESTIGATION IS WARRANTED
WITH REGARD TO THE OPERATION AND
ACTIVITIES OF PWD

There is no doubt that the power of the grand jury extends to the broadest kind of an inquisitorial proceeding, and it may, before a bill of indictment is framed, investigate at the instance of the court or the district attorney, or at its own instance, a suspected or an alleged crime, and determine whether it has been committed, and, if so, who committed it. The grand jury has jurisdiction to proceed under its inquisitorial powers without any specific charge against a particular person or corporation being before it.

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“One of the chief purposes of a grand jury is to investigate and ascertain whether crimes have been committed within the borders of its county and to institute criminal prosecutions thereof. A grand jury is not deprived of jurisdiction to investigate asserted public offenses merely because its members are uncertain as to whether a crime was actually committed, whether it was really committed within the borders of the county, or because of a lack of identity of the particular individual who perpetrated the crime. If it should develop after a thorough investigation by a grand jury that the alleged crime was really committed in another county that does not render the proceedings invalid or void, but merely precludes the presenting of an indictment therefor in that county. Of course, investigations of grand juries should be conducted in good faith with reasonable cause to believe that they possess jurisdiction to inquire into the asserted offenses.” **Samish v. Superior Court of Sacramento County** (1938) 28 Cal. App. 2d 685, 688, 83 P.2d 305.

And, “The charge of the grand jury is "to act as the public's 'watchdog' by investigating and reporting upon the affairs of local government" **McClatchy Newspapers v. Superior Court** (1988) 44 Cal. 3d 1162, 1170 [245 Cal. Rptr. 774, 751 P.2d 1329].

In fact, “Penal Code section 925 provides, in pertinent part, that "The grand jury shall investigate . . . the operations, accounts, and records of the officers, departments, or functions of the county including those . . . of any special legislative district or other district in the county . . .” **Bd. of Ret. v. Santa Barbara County Grand Jury** (1997) 58 Cal. App. 4th 1185, 1190, 68 Cal. Rptr. 2d 607.

Given all the above and the enclosed copies of documents, I respectfully request that PWD and its Board of Directors be investigated by the Grand Jury with regard to the activities herein described.

By forwarding this letter and the enclosed copies of documents to the State Auditor’s Office, I am also respectfully requesting that the State Auditor investigate or “audit” PWD and its Board of Directors.

Should have any questions or need to contact me, please feel free to do so.

Very truly yours,



Dennis L. Hay, Esq.

Encls.

Letter to Tehama County D.A. Matt Rogers
July 9, 2025
Re: Proberta Water District
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Cc: (With Encls.)

State Auditor's Office
621 Capitol Mall, Suite 1200
Sacramento, California 95814

Cc: (Without Encls.)

The Honorable State Senator Megan Dahle
1320 Yuba Street, Suite 102
Redding, CA 96001

The Honorable County Supervisor Tom Walker
727 Oak Street, Red Bluff, CA 96080
(P. O. Box 250, Red Bluff, CA 96080)

The Honorable County Supervisor Matt Hansen
727 Oak Street, Red Bluff, CA 96080
(P. O. Box 250, Red Bluff, CA 96080)

Department of Water Resources
2440 Main Street
Red Bluff, CA 96080

State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-0100

Elizabeth Hadley, Area Manager
U.S. Bureau of Reclamation
Northern California Area Office
16349 Shasta Dam Boulevard
Shasta Lake, California 96019

Tehama County LAFCO
444 Oak Street, Room I
Red Bluff, CA 96080

Fair Political Practices Commission
1102 Q Street, Suite 3050
Sacramento, CA 95811



LAW OFFICE OF DENNIS L. HAY, ESQ.

21815 Flores Avenue
Red Bluff, California 96080

Mailing: P.O. Box 74
Proberta, California 96078
Tel. (209)759-3222
e-mail: dennis_hay@verizon.net
March 7, 2026

(Via email: jmartinez@tehama.gov)

Jennifer Martinez
Director of Planning
LAFCO
444 Oak Street, Room I
Red Bluff, CA 96080

Re: **LAFCO 2025#1 – Detachment from Probert Water District**
Copy of PWD Invoice 24-28 – Doug Morgan
Respond to Issue Regarding Possible Conditional Detachment

Dear Ms. Martinez:

Accompanying this letter please find a copy of PWD’s Invoice 24-28 sent to Doug Morgan. Please share this invoice and letter with the members of the LAFCO Board in advance of the continued hearing set for June 10, 2026, commencing at 2:00 p.m.

Detachment Should Not Be Conditioned Upon Payment of Alleged Due and Unpaid Charges, Fees or Assessments

Just prior to the commencement of the hearing on February 11, 2026, the issue of a possible conditional detachment was brought to my attention. As I understand the potential determination, PWD is requesting that should the LAFCO Board grant the requested detachment that the same should be conditioned upon payment of due/overdue fess, charges and/or assessments. Such a condition should not be considered.

It is my considered opinion that “Any tract of land included within any district and not substantially and directly benefited by being in the district, or by its continued inclusion therein, may be excluded from the district.” Water Code § 32200. There has been no evidence showing that the parcels included in the above-referenced detachment request are substantially and directed benefitted by their inclusion in PWD: PWD bears the burden to show that the parcels included in the above-referenced detachment request are substantially and directed benefitted by their inclusion in PWD. Government Code § 53758(c).

Letter to Jennifer Martinez, Tehama County LAFCO
March 7, 2026
Re: Detachment from Proberta Water District
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It is further my opinion that detachment of the parcels, as requested, is appropriate since:


- (1) the administration of the water rights fees violates due process;
- (2) the fees constitute an unconstitutional tax;
- (3) the fees are arbitrary and capricious, exceed the PWD's authority, and violate Government Code section 11010;
- (4) PWD DOES NOT maintain any facilities that can deliver irrigation water to petitioners' properties AND therefore provides no services AND no benefit, therefore, the listed properties do not derive **ANY** benefit from PWD and **NO BASIS FOR FEES CHARGED EXISTS!** Government Code § 53758.

To make the detachment conditioned upon legally questionable fees, charges and/or assessments allegedly due would make LAFCO a debt collection agent for PWD which should not be the role of LAFCO especially where PWD has the legal means to take legal action, should PWD chose to do so, to collect what it believes are appropriate fees, charges and/or assessments, i.e., Water Code § 20571 (District assessments declared charges for services); Water Code §§ 25806, 36729, 37212 (lien procedures); Government Code § 54353 (Action to collect unpaid deposits and charges).

It is my considered opinion that the process of detachment should be centered on the issue of whether provision of services and benefit exists and, if not, would detachment then be appropriate. The process of detachment should not become a method of debt collection for an agency especially where the alleged debt has not been proved, is legally highly questionable, and where processes exist for the agency to enforce and collect the alleged debt.

Should have any questions or need to contact me, please feel free to do so.

Very truly yours,



Dennis L. Hay, Esq.

Encl.

Cc: (Without Encl.)

State Auditor's Office
621 Capitol Mall, Suite 1200
Sacramento, California 95814

Letter to Jennifer Martinez, Tehama County LAFCO
March 7, 2026
Re: Detachment from Proberta Water District
Page 3 of 3
Sacramento, California 95814

Cc: (Without Encl. Con't)

The Honorable State Senator Megan Dahle
1320 Yuba Street, Suite 102
Redding, CA 96001

The Honorable County Supervisor Tom Walker
727 Oak Street, Red Bluff, CA 96080
(P. O. Box 250, Red Bluff, CA 96080)

The Honorable County Supervisor Matt Hansen
727 Oak Street, Red Bluff, CA 96080
(P. O. Box 250, Red Bluff, CA 96080)

Department of Water Resources
2440 Main Street
Red Bluff, CA 96080

State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-0100

Elizabeth Hadley, Area Manager
U.S. Bureau of Reclamation
Northern California Area Office
16349 Shasta Dam Boulevard
Shasta Lake, California 96019

Fair Political Practices Commission
1102 Q Street, Suite 3050
Sacramento, CA 95811

Counsel for PWD -
pminasian@minasianlaw.com

INVOICE

Proberta Water District
PO Box 134
Proberta, CA 96078

probertawaterdistrict@gmail.com
+1 (530) 528-8604

Morgan

Bill to
Douglas A Morgan
Douglas A. Morgan
P.O. Box 808
Red Bluff, CA 96080

Invoice details

Invoice no.: 24-28
Terms: Net 30
Invoice date: 04/01/2024
Due date: 05/01/2024

#	Date	Product or service	SKU	Qty	Rate	Amount
1.		67-003 APN # 037-090-030-000 - 1.5 Acres		37659	\$0.006	\$225.95
					Total	\$225.95

MAIL TAX STATEMENTS TO

Branden Jackson and Megan Jackson
9904 Ruiz Street
Red Bluff, CA 96080

RECORDING REQUESTED BY

Placer Title Company
Escrow Number: P-523251

AND WHEN RECORDED MAIL TO

Branden Jackson and Megan Jackson
9904 Ruiz Street
Red Bluff, CA 96080

A.P.N.: 037-090-076-000

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

The undersigned grantor(s) declare(s):

Documentary transfer tax is \$0.00 City Transfer Tax: \$0.00

(X) Unincorporated Area () City of Red Bluff

R&T 11911 - Interspousal Gift

() computed on full value of property conveyed, or

() computed on full value less value of liens and encumbrances remaining at time of sale.

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

Branden Jackson, a married man, as his sole and separate property, ~~as joint tenants~~


Hereby GRANT(S) to

Branden Jackson and Megan Jackson, husband and wife, as joint tenants

The land described herein is situated in the State of California, County of Tehama, unincorporated area, described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

Dated: November 8, 2021


Branden Jackson

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

007057

DOUG A. MORGAN

P.O. BOX 8861
null
RED BLUFF, CA 96080-1861

RECORDED AT REQUEST OF
Chase Manhattan Mfg
at 7 min. past 11A M

APR 9 2004

OFFICIAL RECORDS
TEHAMA COUNTY, CALIFORNIA
MARY ALICE GEORGE

Fee \$ 17- Recorder 2

Loan No: 000000001923630980

Parcel # 37-090-30

SUBSTITUTION OF TRUSTEE AND DEED OF RECONVEYANCE

The undersigned, Holder of the Note secured by Deed of Trust dated July 13, 1998 made by Doug A. Morgan, An Unmarried Man, Trustor(s) to T.D. SERVICE CO., Trustee for WESTERN SUNRISE AKA CROSSLAND MORTGAGE CORP., Beneficiary, which Deed of Trust was recorded July 30, 1998 in the Recorder's office, County of Tehama, State of California, in Official Records as Volume/Book 1807 Page 521 Document 010657, as the undersigned Holder hereby substitutes J.P. MORGAN CHASE CUSTODY SERVICES, INC. as Trustee in lieu of the Trustee therein.

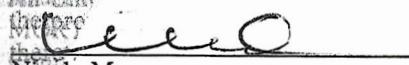
Property address known as 21825 FLORES AVENUE, RED BLUFF CA, 96080-0000


J.P. MORGAN CHASE CUSTODY SERVICES, INC. hereby accepts said appointment as Trustee under the above Deed of Trust, and as Successor Trustee, and pursuant to the request of said Holder and in accordance with the provisions of said Deed of Trust, does hereby reconvey without warranty, to the person(s) legally entitled thereto, all the estate now held by it under said Deed of Trust.

In witness whereof the undersigned Holder and J.P. MORGAN CHASE CUSTODY SERVICES, INC. as Successor Trustee, has caused this instrument to be executed this March, 30, 2004, each in its respective interest.

CHASE MANHATTAN MORTGAGE CORPORATION

J.P. MORGAN CHASE CUSTODY SERVICES, INC.
Substitute Trustee


Nicole Moore
Vice President


Nicole Moore
Vice President



United States Department of the Interior

BUREAU OF RECLAMATION
Northern California Area Office
16349 Shasta Dam Boulevard
Shasta Lake, CA 96019-8400



IN REPLY REFER TO:

CGB-400
2.2.3.18

Ms. Carrie Perea
P.O. Box 134
Proberta, CA 96078-0134

Subject: Acknowledgment of Correspondence and Reclamation Requirements Regarding Proposed Detachment

Dear Ms. Perea:

The Bureau of Reclamation (Reclamation) acknowledges receipt of your February 18, 2026, correspondence and supporting documentation regarding the proposed detachment of three parcels from Proberta Water District, currently under consideration by the Tehama County Local Agency Formation Commission (LAFCo).

Reclamation appreciates the District's notification of the ongoing LAFCo proceedings and your efforts to explain the financial and contractual implications of the detachment request.

Although LAFCo may review and act on the proposed detachment, any modification to the District's boundaries also requires separate approval from Reclamation under the terms of the District's contract with Reclamation. Article 34(a) states:

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

This provision protects taxpayers and other Central Valley Project (CVP) contractors because it provides Reclamation the opportunity to evaluate the District's continued financial viability to meet its obligations for CVP water and infrastructure. LAFCo approval does not cancel or reduce any federal financial obligations, which remain in effect regardless of whether parcels are detached from the District's service area under state law. If LAFCo approves the detachment the District no longer has the obligation under state law to serve those lands, nor to levy assessments against them. However, because the lands are currently within the Contractor's Boundaries covered by contractual obligations with Reclamation, the lands currently remain subject to repayment and operations and maintenance charges applicable to those lands under the contract, unless and until Reclamation approves the exclusion. Reclamation will work with the District to determine whether exclusion under the contract makes sense for the District, taxpayers and other

INTERIOR REGION 10 • CALIFORNIA-GREAT BASIN

CALIFORNIA*, NEVADA*, OREGON*

* PARTIAL

CVP contractors.

In this regard, Reclamation can consider an exclusion of lands under the contract following the District's submittal of a written request to Reclamation which includes the information shown on the enclosed checklist, which includes:

- Statement from the Board certifying that it will continue to meet its repayment obligation to the U.S. pursuant to Contract No. 14-06-200-7311-P, even if the lands are excluded from the Contractor's Boundaries under the contract,
- Confirmation that the District has completed the required environmental review under the National Environmental Policy Act. Reclamation will work with the District on the level of environmental analysis required in this circumstance.
- It provides updated maps, parcel information, and supporting documents.

In addition to the checklist items, the District will need to cover Reclamation's costs associated with reviewing the request. We will address these costs with the District in a separate letter of agreement.

Once the District submits all required materials and enters into a letter of agreement to cover Reclamation's costs, Reclamation will review the environmental documentation, financial impacts, and water-use considerations before determining whether the detachment can be approved.

If you have any questions, please contact Ms. Yesenia Sigala, Water and Lands Specialist, at 530-892-6242 or ysigala@usbr.gov.

Sincerely,

MELISSA VIGNAU Digitally signed by
MELISSA VIGNAU
Date: 2026.06.04
10:07:31 -07'00'

Melissa Vignau
Regional Resources Manager

Enclosure