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1 UNITED STATES  
2 DEPARTMENT OF THE INTERIOR  
3 BUREAU OF RECLAMATION

COPY

4 GILA PROJECT

5 SUPPLEMENTAL AND AMENDATORY CONTRACT  
6 BETWEEN THE UNITED STATES AND THE  
7 WELLTON-MOHAWK IRRIGATION AND DRAINAGE DISTRICT

8 Preamble

9 1. THIS SUPPLEMENTAL AND AMENDATORY CONTRACT, made this 9<sup>th</sup> day  
10 of February, 1990, pursuant to the Act of Congress approved June 17,  
11 1902 (32 Stat. 388), and acts amendatory thereof and supplementary thereto,  
12 and particularly the Act of October 20, 1988 (102 Stat. 2549), between the  
13 UNITED STATES OF AMERICA, hereinafter referred to as the "United States,"  
14 represented by the Secretary of the Interior (Secretary) or his duly  
15 authorized representative, hereinafter referred to as the Contracting Officer,  
16 and the WELLTON-MOHAWK IRRIGATION AND DRAINAGE DISTRICT, an irrigation and  
17 drainage district created, organized, and existing under and by virtue of the  
18 laws of the State of Arizona, hereinafter referred to as the "District";

19 WITNESSETH, THAT:

20 Explanatory Recitals

21 2. WHEREAS, the United States has constructed certain irrigation works located  
22 in the State of Arizona pursuant to Federal Reclamation Law, more commonly  
23 referred to as the Gila Project; and

24 WHEREAS, on March 4, 1952, the parties hereto entered into a contract  
providing for construction of water delivery or drainage works, for repayment  
of the costs thereof, and for operation and maintenance of the works, which  
contract was subsequently amended and supplemented numerous times; and

7 WHEREAS, on July 17, 1981, the parties hereto entered into a contract  
entitled "Amendatory and Supplemental Consolidated Contract with

1 Wellton-Mohawk Irrigation and Drainage District for Delivery of Water,  
2 Construction of Works, Repayment, and Project Power Supply," hereinafter  
3 referred to as the "consolidated contract," which superseded and replaced all  
4 prior contracts between the parties; and

5 WHEREAS, on October 20, 1988, the Salt River Pima-Maricopa Indian Water  
6 Rights Settlement Act of 1988, hereinafter referred to as the  
7 "Settlement Act," was enacted to permanently settle the water rights of the  
8 Salt River Pima-Maricopa Indian Community, to resolve pending litigation on  
9 water rights and damage claims, and to provide funding for implementation of  
10 the settlement; and

11 WHEREAS, Section 7 of the Settlement Act provides that the Secretary shall  
12 acquire, from willing irrigation districts and their landowners, rights to  
13 22,000 acre-feet of annual consumptive use of water from the mainstream of the  
14 Colorado River in the State of Arizona with a contractual priority predating  
15 September 30, 1968; and

16 WHEREAS, in order to acquire the aforesaid water rights from irrigation  
17 districts, Section 7 of the Settlement Act also authorizes the Secretary to  
18 amend existing repayment contracts with such districts to provide for the  
19 discharge of any remaining repayment obligation which the districts owe to  
20 the United States as of May 30, 1987, and to exempt the lands of the districts  
21 from the ownership and full-cost pricing provisions of Federal Reclamation  
22 Law; and

23 WHEREAS, the legislative history for the Settlement Act indicates that  
24 the District and its landowners are the "districts" and "willing sellers"  
25 contemplated in Section 7 of the Settlement Act; and

26 WHEREAS, the District is willing to supplement and amend the consolidated  
27 contract to facilitate the purposes of Section 7 of the Settlement Act;

1 NOW, THEREFORE, in consideration of the mutual covenants herein contained,  
2 the parties hereto agree as follows:

3 Contract Purpose

4 3. This contract supplements and amends the consolidated contract. Except  
5 as supplemented and amended herein, the provisions of the consolidated  
6 contract shall remain in full force and effect.

7 Effective Date

8 4. Articles 5, 7, and 8 of this contract shall take effect immediately  
9 following completion of the land acquisition program, as defined in  
10 Subarticle 6(c) herein. The remaining terms and conditions of this contract  
11 shall take effect upon execution of this contract by the United States.

12 Delivery of Colorado River Water

13 5. Subject to Article 4, the following shall apply.

14 (a) As far as reasonable diligence will permit, the United States will,  
15 from storage available in Lake Mead, divert at Imperial Dam and deliver to or  
16 for the District through the Gila Gravity Main Canal, at or near  
17 Station 792+87 of said canal, such quantities of water, including all other  
18 waters diverted for use within the District from the Colorado River, as may  
19 be ordered by the District and as may be reasonably required and beneficially  
20 used to irrigate not to exceed 65,000 irrigable acres, less the number of  
21 irrigable acres of land purchased in the District by the United States  
22 pursuant to Article 6 of this contract. The District shall have the right to  
23 consumptively use no more than 278,000 acre-feet of Colorado River water per  
24 year and the District waives and releases any and all claims to the annual  
beneficial consumptive use of Colorado River water in excess of  
278,000 acre-feet.

(b) The Contracting Officer and the District shall jointly prepare a map

1 to be appended to and made a part of this supplemental and amendatory contract  
2 as Exhibit "A," showing the irrigable lands within the District eligible to  
3 receive Colorado River water for irrigation purposes. Water will be delivered  
4 by the United States as may be reasonably required and beneficially used for  
5 the irrigation of the lands shown on Exhibit A or as it may be further revised  
6 because of land exchanges, or to such lesser number of acres as may be  
7 determined to be irrigated, in accordance with the provisions of  
8 Section 101(f) of the Colorado River Basin Salinity Control Act, subject to  
9 Subarticles 4(b), 4(c), and 4(d) of the consolidated contract.

10 (c) Nothing herein is intended to affect the right of the District to  
11 supply and deliver Colorado River water for domestic use within the exterior  
12 boundaries of the District pursuant to Subarticle 6(b) of the consolidated  
contract.

#### 14 Land Acquisition Program

15 6. (a) The Settlement Act provides for several Phoenix area cities to deposit  
16 \$9 million in a special trust fund for use by the United States to purchase  
17 and retire farm lands within the District. Although the exact number of acres  
18 to be purchased with such funds cannot be determined in advance of the land  
19 acquisition program, the legislative history for the Settlement Act indicates  
20 that Congress contemplated the purchase of approximately 2,000 acres within  
the District from willing sellers.

21 (b) The following shall apply to the land acquisition program:

22 (1) The District will recommend to the United States which lands  
23 should be purchased, with the goal of eliminating high water use lands from  
24 the District's irrigable base.

25 (2) Title to the purchased lands shall be in the name of the  
United States.

2 (3) The purchased lands will be retired from irrigated agricultural  
production.

3 (4) The purchase of lands within the District by the United States  
4 is contingent upon the funds being provided to the United States pursuant to  
5 Section 7(d) of the Settlement Act.

6 (5) The District agrees to cooperate with the United States for the  
7 land acquisition program. If the Contracting Officer determines that certain  
8 activities related to the land acquisition program could be performed more  
9 effectively or efficiently by the District, the United States and the District  
10 may enter into a separate agreement which specifies the activities to be  
11 performed by the District and how the United States would pay the District for  
12 such activities.

13 (6) The District will be the intermediary between the  
14 Contracting Officer and the willing-seller landowners.

15 (c) The District agrees that the land acquisition program shall have been  
16 completed and that the provisions of Articles 5, 7, and 8 shall become  
17 effective upon the acquisition of not less than 2,000 acres of irrigable land  
18 within the District by the United States, as evidenced by the transfer of  
19 title for such lands from the landowners to the United States; Provided, That  
20 in the event the United States is unable to execute land purchase options for  
21 at least 2,000 irrigable acres as provided for in Subarticle 6(d), the  
22 United States and the District shall consult and they may mutually agree by  
23 exchange of letters to a reduction in the minimum number of acres to be  
24 acquired by the United States to complete the land acquisition program without  
25 formal amendment of this contract. In the event the terms and conditions  
26 necessary to acquire sufficient acreage cannot be met by mutual agreement, for  
any reason, the District shall have no responsibility to supply

1 22,000 acre-feet of annual consumptive use of water from the mainstream of the  
2 Colorado River as provided in Section 7 of the Settlement Act.

3 (d) In order to accomplish the land acquisition program in accordance  
4 with the timeframes established in the Settlement Act, the United States  
5 intends to execute land purchase option contracts with District landowners by  
6 December 31, 1990, with the right to exercise the options through December 31,  
7 1991. The land purchase option contracts will address the rights of the  
8 landowners to farm and receive Colorado River water during the period of time  
9 the options are in effect.

#### 10 Discharge of Repayment Obligation

11 7. Subject to Article 4 herein, the repayment obligation owed to the  
12 United States by the District as of May 30, 1987, pursuant to Article 12 of  
13 the consolidated contract, is hereby discharged. The District will be  
14 entitled to a refund of any capital and excess lands payments made to the  
15 United States after May 30, 1987, under the consolidated contract. The  
16 District will no longer be entitled to the incremental operation and  
17 maintenance credit provided for in Subarticle 12(b)(3) of the consolidated  
18 contract.

#### 19 Acreage Limitation

20 8. Subject to Article 4 herein, the Secretary shall issue a certificate to  
21 the District acknowledging that the lands in the District are free of the  
22 ownership and full-cost pricing provisions of Federal Reclamation Law and  
23 Articles 20, 21, 22, and 23 of the consolidated contract shall be deleted and  
24 the article numbers reserved for future use.

#### 25 Colorado River Return Flow Credit

26 9. Pursuant to Article V of the Supreme Court Decree dated March 9, 1964,  
27 the United States is required to maintain detailed and accurate records of  
28

1 diversions of water from the mainstream of the Colorado River, return flow of  
2 such water to the stream as is available for consumptive use in the  
3 United States or in satisfaction of the Mexican treaty obligation, and  
4 consumptive use of such water. The following shall apply to the  
5 Contracting Officer's determination of the District's Colorado River return  
6 flow credit.

7 (a) During periods of time when there are no flows at the Gila River  
8 gauging station located near Mohawk, Arizona, the District shall receive  
9 Colorado River return flow credit for (1) all flows in the Gila River at the  
10 Dome gauging station and (2) all drainage water pumped from areas within the  
11 exterior boundary of the District where Colorado River water is applied for  
12 irrigation purposes, which is delivered to Station 0+00 of the Main Conveyance  
Channel.

14 (b) During periods of time when there are sustained flows at the  
15 Gila River gauging station located near Mohawk, Arizona, the District shall  
16 not receive any return flow credit for water in the Gila River.

17 (c) If there are localized storms which provide inflow to the Gila River  
18 between the Mohawk and Dome gauging stations, the District shall not receive  
19 return flow credit for the water from the storms. During the period of time  
20 that the storm inflow affects the flow at the Dome gauging station, the  
21 District shall receive Colorado River return flow credit for such period based  
22 on the average hourly flows at the Dome gauging station during the preceding  
6 months.

23 (d) Consistent with the requirements of Article V of the Supreme Court  
24 Decree dated March 9, 1964, the Contracting Officer will establish the  
methodology for calculating the District's Colorado River water return flow  
2 credit under any of the following conditions:

1 (1) for the period of impact during and following large hydrologic  
2 events on the Gila River;

3 (2) when substantial cropping changes in the District impact the  
4 District's water requirements;

5 (3) when the District directly diverts Gila River water for  
6 consumptive use purposes; or

7 (4) when situations arise where the application of Subarticles 9(a),  
8 9(b), and 9(c) above may not result in the determination of an accurate return  
9 flow credit for the District.

10 Any final decision on the calculation of the District's return flow credit  
11 under such conditions shall be made by the Contracting Officer after  
12 consultation with representatives of the District and representatives of the  
Governors of the Lower Basin States of Arizona, Nevada, and California.

13 Application of Acreage Limitation Provisions During Interim Period

14 10. During the period of time between May 30, 1987, and the date the  
15 conditions specified in Section 12(a) of the Settlement Act have been  
16 fulfilled, but in no event later than December 31, 1991, the District and its  
17 landholders are exempt from the requirement to complete acreage limitation  
18 forms and from the payment of charges which would otherwise be payable to the  
19 United States under the acreage limitation and full-cost provisions of Federal  
20 Reclamation Law and its implementing rules and regulations. If the aforesaid  
21 conditions have not been fulfilled by December 31, 1991, the above exemption  
22 shall expire, and the District and its landholders shall be subject to the  
23 requirement to complete acreage limitation forms and to pay all charges due  
24 to the United States under the acreage limitation and full-cost provisions of  
said Federal Reclamation Law and its implementing rules and regulations from  
that date forward; Provided, That the Contracting Officer, after consultation

with the District, reserves the right to terminate the exemption prior to December 31, 1991, by 90 days' advance written notice to the District, upon making a determination that one or more of the conditions specified in Section 12(a) of the Settlement Act will not be fulfilled, or upon making a determination that sufficient acreage of lands cannot be acquired from willing sellers in the District to accomplish the purposes of the Settlement Act, as provided in Subarticle 6(c).

Officials Not to Benefit

11. No Member of or Delegate to Congress, Resident Commissioner or official of the District shall benefit from this contract other than as a water user or landowner in the same manner as other water users or landowners.

Contingent on Appropriation or Allotment of Funds

12. The expenditure or advance of any money or the performance of any obligation by the United States under this contract shall be contingent upon appropriation or allotment of funds. No liability shall accrue to the United States in case funds are not appropriated or allotted.

Termination

13. This contract shall terminate as of December 31, 1991, if the authorizations contained in Section 10(b)(1) of the Settlement Act are not effective because the conditions specified in Section 12(a) of the Settlement Act have not been fulfilled. If this supplemental and amendatory contract is terminated, the terms and conditions of the consolidated contract shall be in full force and effect.

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

3 THE UNITED STATES OF AMERICA

4  
5  
6 By: 

7 Regional Director  
8 Lower Colorado Region  
9 Bureau of Reclamation

10 WELLTON-MOHAWK IRRIGATION AND  
11 DRAINAGE DISTRICT

12 Attest: 

13 Secretary

14 By: 

15 President  
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25



# United States Department of the Interior

BUREAU OF RECLAMATION  
WASHINGTON, D.C. 20240



IN REPLY  
REFER TO:

W-6400

DEC 26 1991

Memorandum

To: Regional Director, Boulder City, Nevada  
Attention: 400

From: ~~Acting~~ Commissioner

Subject: Exemption Certificate for Wellton-Mohawk Irrigation and Drainage District Pursuant to the Salt River Pima-Maricopa Indian Community Water Rights Settlement Act of 1988 (Your Memorandum Dated November 7, 1991) (RRA)

OFFICIAL FILE COPY		
JAN 02 1992		
DATE	INITIALS	CODE
1/3	R	100
1/6	11/17	105
1/9/92	BA	4170
442		
Project	448 New Copy for Central	
Contract No.		
Water I.D.		
Remarks		

By the November 7 memorandum, you requested authorization to execute a proposed certificate exempting Wellton-Mohawk Irrigation and Drainage District (WMIDD) from the ownership and full-cost pricing provisions of Reclamation law. Verbal approval of your request was granted on Thursday, November 14, 1991. This memorandum is to confirm that authorization and document the understandings reached between your office and the Reclamation Law Administration Section (D-5411) on November 14, 1991.

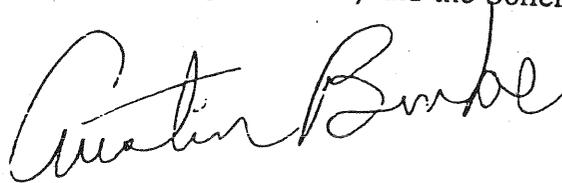
The certificate is authorized by the Salt River Pima-Maricopa Indian Community Water Rights Settlement Act of 1988 (Settlement Act) and provided for in contracts dated February 9, 1990, and June 19, 1990, between the United States and WMIDD. Briefly, the Settlement Act and the accompanying contracts provide, among other things, for the Secretary of the Interior to acquire 22,000 acre-feet of certain Colorado River water rights from WMIDD and its landowners. The 22,000 acre-feet will be made available through purchase by the United States of approximately 2,000 acres of lands in WMIDD. Funds for the purchase will be provided by several Phoenix area cities. In exchange for the water, (1) the repayment obligation remaining under WMIDD's repayment contract as of May 30, 1987, will be discharged, and (2) the district will receive certification that it is exempted from the ownership and full-cost pricing provisions of Reclamation law, retroactive to May 30, 1987, provided certain prerequisite conditions are met.

We understand that the closings for some of the land sales referred to in the preceding paragraph were scheduled for Monday, November 18, 1991. Pursuant to the June 19, 1990, contract with WMIDD, the exemption certificate had to be submitted to the Title Company before title to the involved land could be transferred. To accommodate the November 18 closings, the certificate was to be given to the Title Company signed, but would remain

undated. You may instruct the Title Company to insert the effective date on the certificate once all the prerequisite conditions set forth in the Settlement Act and accompanying contracts for the exemption have been met.

The language of your proposed certificate, as revised pursuant to agreements reached between your office and D-5411 on November 14, 1991, is acceptable with respect to the Reclamation Reform Act of 1982. The second to last sentence of your proposed certificate, which originally read "It is recognized that WMIDD's contract may be amended for reasons unrelated to construction costs without affecting the exemption provided herein," should now read "The Consolidated Contract may be amended in the future without reimposing the acreage limitation and full-cost pricing provisions of Federal Reclamation law on WMIDD if the amendment does not provide supplemental or additional benefits to WMIDD."

We understand that WMIDD is considering another amendment to its "Consolidated Contract." The district is concerned as to whether the amendment would affect its exemption. Please request WMIDD to submit its proposed amendment for review to determine if the acreage limitation provisions would need to be reinstated. The proposal should be reviewed by your office, D-5411, the Washington Office, and the Solicitor's Office.



WELLTON-MOHAWK IRRIGATION AND DRAINAGE DISTRICT

RESOLUTION NO. 618-90

SIGNATURE AUTHORIZATION -

AMENDMENT NO. 1, CONTRACT NO. 1-07-30-W0021

SRPMIC Water Right Settlement Act

WHEREAS, by mutual agreement, the Wellton-Mohawk Irrigation and Drainage District (District) and the United States have consented to reduce the project irrigable acreage by 2,000 acres and to permit reallocation of 22,000 acre feet of annual consumptive use of Colorado River water for purposes of settlement of Indian water claims as authorized by Public Law 100-512 (October 20, 1988) "Salt River Pima-Maricopa Indian Community Water Rights Settlement Act of 1988; and,

WHEREAS, Supplemental and Amendatory Contract No. 1-07-30-W0021, Amendment No. 1 delineates the terms and conditions for execution and administration of the intent of the SRPMIC Water Settlement Act; and

WHEREAS, Subarticle 9(a), Colorado River Return Flow Credit, authorizes return flow credit for (1) "all flows in the Gila River at the Dome gauging station and (2) all drainage water pumped from areas within the exterior boundary of the District.....", during periods of no flow at the Gila River gauging station located near Mohawk, Arizona; and,

WHEREAS, Subarticle 9(b) excludes return flow credit in the Gila River when there are sustained flows at the Gila River gauging station near Mohawk, Arizona; and,

WHEREAS, Subarticle 9(b) is silent as to authority for the



# United States Department of the Interior

WATER AND POWER RESOURCES SERVICE

WASHINGTON, D.C. 20240

IN REPLY

REFER TO: 440

832.

MAY 7 1981

## Memorandum

To: Secretary of the Interior  
Acting  
From: Commissioner Aldon D. Nielsen

Subject: Proposed Amendatory and Supplemental Consolidated Contract with Wellton-Mohawk Irrigation and Drainage District--Gila Project, Arizona

1. Introduction: Enclosed for your review and approval is the form of the subject contract between the United States and Wellton-Mohawk Irrigation and Drainage District. The proposed contract: (1) consolidates previous contracts between the United States (through the Department of the Interior) and the district; (2) provides that \$5,537,932 of the district's repayment obligation allocable to lands eliminated from the Wellton-Mohawk Division of the Gila Project, pursuant to the Colorado River Basin Salinity Control Act of June 24, 1974 (88 Stat. 266), shall be nonreimbursable; (3) provides a \$9,504,099 credit (adjustable depending on future operation and maintenance (O&M) costs) to offset the increase in per-acre O&M assessments resulting from the district's decreased O&M assessment base; (4) eliminates the separate repayment schedule for Irrigation Block 5; (5) extends the cutoff date from December 31, 1977, to December 31, 1987, for advancement of funds by the United States for the construction of drainage works within the district, including Gila River channel improvements; (6) combines productivity groups within the district into a single repayment class; (7) transfers O&M of United States drainage facilities to the district as of September 30, 1980; (8) provides for transfer of title to the district of 9.2 acres of land and improvements acquired during the acreage reduction program; (9) gives the district credit for overpayments of \$394,449 made in conjunction with the 1978 and 1979 payments; and (10) increases the district's 1980 payment in the amount of \$87,500 to cover the cost of the properties purchased from the United States by the district.

The proposed contract was drafted pursuant to the provisions of the Reclamation Act of June 17, 1902 (32 Stat. 388), as amended, the Boulder Canyon Project Act of December 21, 1928 (45 Stat. 1057), as amended, the Act of July 30, 1947 (61 Stat. 628), and the Colorado River Basin Salinity Control Act.

2. Contracting Entity and Legal and Policy Considerations: The Wellton-Mohawk Irrigation and Drainage District is the contracting entity for the Wellton-Mohawk Division of the Gila Project. The district, with headquarters in Wellton, Arizona, was established by court action in July of 1951. The Wellton-Mohawk Division now consists of approximately 65,000 irrigable acres located along the Gila River beginning about 20 miles east of Yuma, Arizona, and extending about 50 miles easterly upstream from the vicinity of Dome to the areas of Wellton, Roll, and Texas Hill, Arizona.

The proposed contract conforms with Federal and State laws. The Field Solicitor, Boulder City, Nevada, and the Office of the Solicitor, Washington, D.C., find the proposed contract legally sufficient. The district board of directors approved the form of contract by resolution on February 3, 1981. The Western Area Power Administration has concurred with the contractual provisions for furnishing project use power to the district.

In compliance with the National Environmental Policy Act of 1969, an environmental statement (FES 75-57) concerning the Colorado River Basin Salinity Control Project, Title I, was filed with the Council on Environmental Quality on June 18, 1975. The transfer of O&M of United States drainage wells and sumps and the transfer of title to 9.2 acres of land to the district are actions categorically excluded under our National Environmental Policy Act procedures as documented in categorical exclusion checklists dated March 5, 1981.

The notice of availability of the proposed contract for public review and comment was published in the Federal Register on July 9, 1979. The public was given until September 7, 1979, to provide comments. None were received and no public interest was expressed.

3. Background: The Colorado River Basin Salinity Control Act provides for a program of works for the enhancement and protection of the quality of the waters of the Colorado River for use in the United States and the Republic of Mexico pursuant to the provisions of a settlement of controversies between the United States and Mexico arising under the Mexican Water Treaty of 1944. To accomplish this purpose, the Act authorized the Secretary, among other things, to construct, operate, and maintain a desalting complex to reduce the salinity of drain water from the Wellton-Mohawk Division of the Gila Project, to reduce the existing 75,000 irrigable acres in the district to 65,000 acres, and to implement a cooperative program for improving the irrigation efficiencies in the division with the objective of reducing return flows from the division to 175,000 acre-feet per year or less. The acreage reduction program was completed in 1977.

The Salinity Control Act authorized and directed the Secretary to amend the contract between the United States and the district to provide that the portion of the existing repayment obligation owing to the United States and allocable to irrigable acreage eliminated from the division for the purposes of Title I of the Act, be nonreimbursable, as determined by the Secretary. The Act also

authorized the Secretary, if he deems it appropriate, to give the district credit against its outstanding repayment obligation to offset the increase in O&M assessments per acre which results from the district's decreased O&M base. The basic purpose of the proposed contract is to implement those provisions of the Act.

The administration of the 14 contracts and contract amendments between the United States and the district has been cumbersome due to the number of separate documents involved. To simplify administration, the provisions of the contracts and amendments have been consolidated into one document; the proposed amendatory and supplemental consolidated contract.

4. Contract Negotiations, Terms, and Conditions: Article 2 of the proposed contract contains a brief description of the existing contracts between the United States and the district, all of which are consolidated and superseded by the proposed contract. The provisions of those contracts have generally been carried forth into the proposed contract unless otherwise indicated in this memorandum.

In accordance with the provisions of Section 101(i) of the Salinity Control Act, Article 12(a) of the proposed contract reduces the district's capital repayment obligation in the amount of \$5,537,932. This amount was derived by multiplying the district's unpaid balance as of July 1, 1978 (\$41,534,489), by the ratio the number of irrigable acres of land eliminated from the division (10,000) bears to the number of irrigable acres in the division prior to the land acquisition program (75,000).

Article 12(a) also makes a preliminary reduction of \$9,504,099 in the district's repayment obligation as a base credit to offset the increase in O&M assessments resulting from the district's reduced assessment base. A table is enclosed which shows the computation of the credit.

Article 12(b)(3) provides that an incremental amount of credit will be given or deducted, as appropriate, each year to reflect actual annual increases or decreases in O&M assessments per acre throughout the repayment period. The incremental credit will be computed each year by subtracting the product of the following from the base annual installment, i.e., 0.0923 multiplied by the district's O&M costs for the preceding year, less \$190,364 (the annual equivalent of the \$9,504,099 credit determined to be due the district pursuant to Article 12(a)(5)). If, in any year, the incremental credit exceeds the base annual installment, the excess amount will be accrued and when the sum of the accrued credits equals the remaining unpaid balance, the district's obligation will be considered paid in full. If, in any year, the computed credit due because of loss of the district's O&M assessment base (.0923 multiplied by the district's O&M costs for the preceding year) is less than \$190,364, the difference will be subtracted from any accrued excess credits. If sufficient excess credits have not been accrued, the district will pay the remainder to the United States in two equal installments on the established payment dates.

Originally, five irrigation blocks were established within the district. The repayment schedules for the first four blocks were combined prior to the initiation of repayment in 1968. Repayment of costs allocable to lands located in Irrigation Block 5 began in 1978. As 4,599 of the 6,297 irrigable acres within Irrigation Block 5 were acquired or withdrawn from development by the United States, the separate repayment schedule for Block 5 has now been eliminated and the costs allocable to the remaining Block 5 lands will be repaid on the same schedule as the costs allocable to the other four irrigation blocks. The repayment schedule in the proposed contract has been revised accordingly. This revision shortens the repayment period for costs allocable to lands remaining in Block 5 by 10 years.

By supplemental and amendatory contract dated September 1, 1959, the 1952 contract was amended to provide for the construction of additional drainage system works and repayment by the district of the expenses incurred by the United States up to a maximum of \$14 million. The cutoff date for expenditure of funds for drainage works under the 1952 contract was December 31, 1977. At that time, \$8,005,688, had been expended for drainage construction. The remaining money was not spent because it was difficult or impossible to determine where drainage works would be required after the land acquisition program had been completed. Since additional drainage works may be needed, the proposed contract has been drafted to extend the cutoff date from December 31, 1977, to December 31, 1987. It is anticipated that by then, sufficient experience will have been gained with the operation of the reduced irrigable land area of the district to ascertain if and where additional drainage works are necessary and to have completed the construction.

Improvement of the Gila River channel to facilitate drainage of flood waters from the district area has been included as an authorized purpose for expenditure of drainage funds (see Article 7(a)(2) of the proposed contract).

The existing contracts provide for establishment of three productivity classifications for lands within the Wellton-Mohawk Division. The productivity classifications were based on soil classifications and each was assessed at a different rate for repayment purposes. The latest classification was in 1967. The repayment ratios established were class 1 = 1X, class 2 = .75X, and class 3 = .50X. Since that time, significant changes in productivity relationships have occurred as a result of extensive on-farm improvements such as laser leveling, drain installation, improved water management techniques, and more intensive cultivation.

In 1978, the Productivity Reexamination Board (see Article 3(n) of the proposed contract) reevaluated the productivity of the division lands and determined that the differences in productivity of the various classes of lands had been reduced to the point where the cost of administering the differential assessment process was no longer justifiable. On March 29, 1978, the board passed a resolution providing ". . . that all lands be classified as either irrigable or nonirrigable with repayment to be established at a uniform rate for all irrigable lands regardless of past classification." Therefore, the contractual provision for varied repayment assessments based on productivity classifications has not been included in the proposed contract.

The July 12, 1963, contract between the United States and the district provided for the construction and O&M of electric facilities and for transmission of energy by the district to drainage wells and sumps which were constructed and operated at the expense of the United States. The purpose of those facilities was to partially control the salinity of project return flows to the Colorado River on division lands. As return flows are now being bypassed to the Santa Clara Slough in Mexico, and it is planned to desalt most of the drainage flows in the future, the drainage pumping is no longer necessary for salinity control purposes. Article 28(b) of the proposed contract terminates the July 12, 1963, contract.

Article 8(a) provides for O&M of the Main Conveyance Channel and the United States' drainage wells by the district. Inasmuch as many of the wells have deteriorated and are of little value, Article 8(a) provides that the district may abandon any or all of the wells at its own discretion. The district and the United States will develop criteria for operation of any wells remaining in service to meet the water quality requirements of the desalter, so far as is practicable. If such criteria are not developed, the United States reserves the right to reassume the O&M of the wells which may still be operational at its own expense for salinity control purposes. The average annual cost to the United States of O&M for those drainage facilities from 1976 through 1978 was approximately \$207,000. As the drainage facilities, or replacements, will continue to be required for project drainage purposes, Article 28(b) provides that the United States will continue to supply power for the drainage facilities, but the district will be required to pay for such power in the same manner as it pays for other project use power.

Section 101(g) of the Colorado River Basin Salinity Control Act authorizes the Secretary of the Interior to dispose of lands acquired in reducing the irrigable area of the district to 65,000 acres on terms and conditions satisfactory to him and meeting the objectives of the Salinity Control Act. The district has requested that title to 9.2 acres of land known as the "Wagner-Mills Properties," which were acquired by the United States in the acreage reduction program, be transferred to the district for use by the district as office, housing, maintenance and storage facilities. The property, which would not be irrigated nor used for commercial agriculture, has an appraised value of \$87,500. Article 11 provides for transfer of title. Article 12(b)(1) provides for an increase in the 1980 payment to cover the cost of the Wagner farm properties in the amount of \$87,500.

Article 12(b)(1) also provides that the district's 1980 payment and subsequent future payments shall be reduced for overpayments in 1978 and 1979 in the total amount of \$394,449. The first year of district operations with the full reduction in irrigable area was 1978. As the contractual arrangements for credits in accordance with the Salinity Control Act had not been completed when the 1978 and 1979 payments were due, the district made the payments in accordance with the existing repayment schedule with the understanding that a credit for overpayment would be given and would be applied against payments due following execution of the contract.

The remaining provisions of the proposed contract represent those included in the 13 documents being consolidated. The district representatives were agreeable to the inclusion of the current water pollution control language but refused to include that pertaining to air pollution. The reason given was that the air pollution article would cause an undue burden on the district because of the requirement for compliance with county ordinances. Farmers are often served notice because of residue burning violations which are subsequently discarded by the court as being inconsequential. District representatives do not want these minor violations to be grounds for causing the district to be in violation of its contract. If future drainage construction proves necessary, the usual air pollution provisions will be included in any contract to advance funds for that purpose.

During negotiations, district representatives were adamant that current language regarding excess land, compliance with rules and regulations, and language increasing the penalty rate on delinquent payments from 0.5 percent to 1 percent per month should not be included in the proposed contract. By memorandum of December 18, 1980, former Solicitor Clyde O. Martz determined that because the proposed contract is essentially for mutual benefit, the previous excess lands language could be retained as could the rules and regulations language, subject, however, to minor modifications. For the same reason, the penalty rate has been retained at 0.5 percent per month.

Article 37 provides for resolution of disputes. A previous contract required the Secretary, under certain circumstances, to submit to arbitration. That provision has been eliminated as directed by the Solicitor.

Any articles in the documents being consolidated which contained the content of current standard articles but not the exact verbage have been included in the proposed contract in their original form at the request of district representatives.

As the proposed contract does not increase the repayment obligation and the associated lien against district lands, an election and court validation are not considered necessary. However, Article 50 requires the district to record the contract in the office of the County Recorder, Yuma County, Arizona, and to furnish the United States the data relating to such recording.

5. Findings and Recommendations: We believe the proposed contract to be in the best interests of the United States and the district. We recommend that you approve the form of contract which is last designated "W.O. Draft Rev. 3/31/81." Your approval should be with the understanding that other minor contract revisions can be made prior to contract execution when such changes are in line with overall contract objectives. After your approval and execution by the district, and pursuant to existing delegations of authority, the Regional Director, Lower Colorado Region, will execute the contract in behalf of the United States and will act as contracting officer in its subsequent administration.

Article 6(b) of the proposed contract provides that the district may enter into subcontracts for the delivery of not to exceed, in total, 5,000 acre-feet of Colorado River water per year for domestic use within the exterior boundaries of the district. Subcontracts for approximately 2,395 acre-feet per year have been approved to date. Contracts in excess of 50 acre-feet per year require the written approval of the Contracting Officer. Upon your approval of the proposed contract form, and following execution thereof, the Regional Director, Boulder City, Nevada, as Contracting Officer, will approve at his discretion those subcontracts entered into by the district for domestic use under the criteria established in Article 6(b) of the contract.

6. Urgency of Approval: Your early consideration of the proposed contract form would be appreciated. We would like to have the contractual arrangements completed prior to the due date of the second half of the district's 1980 payment, which is June 30, 1981.

**Enclosures**

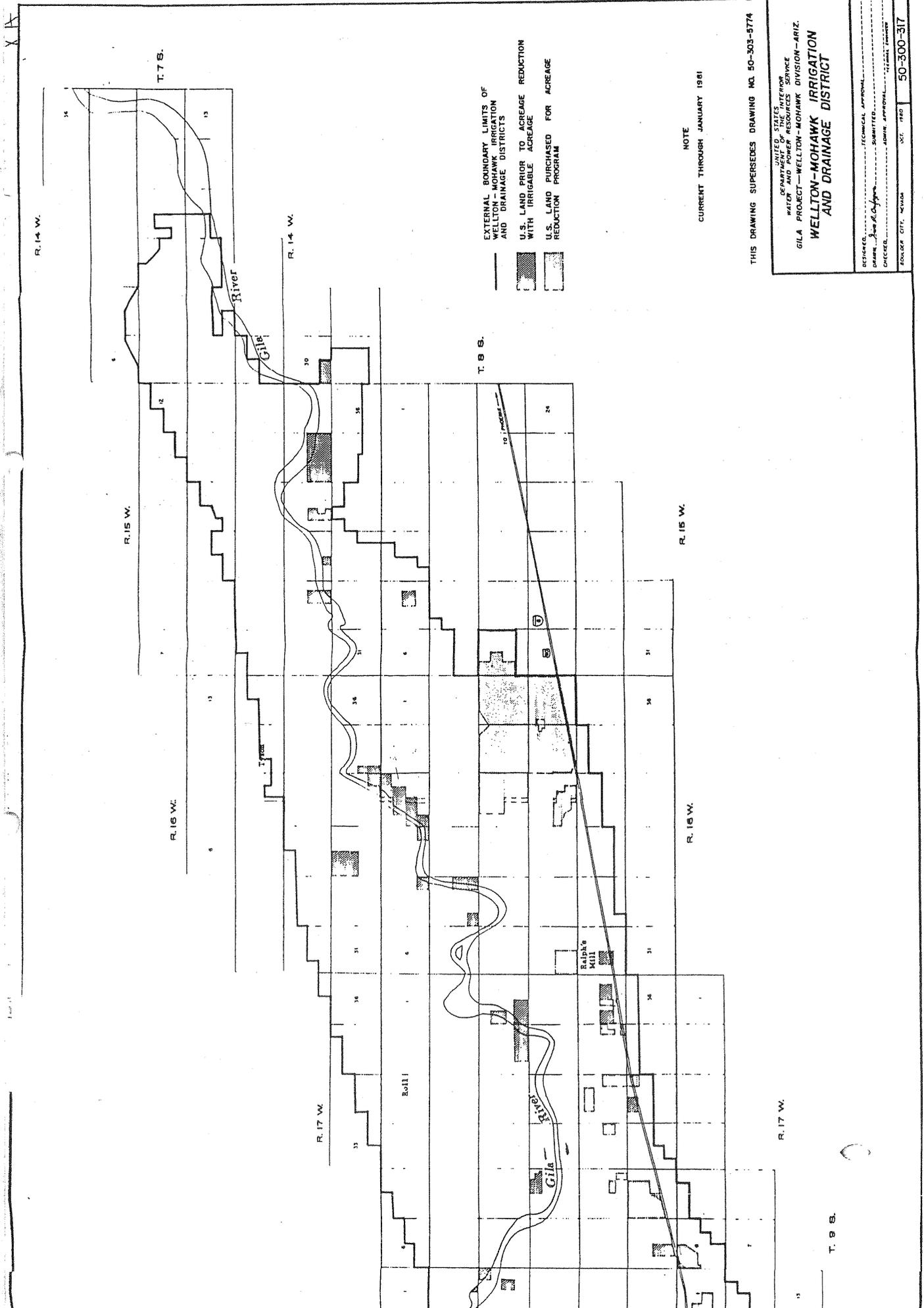
Approval:

LS Barry B Carruthers  
Secretary of the Interior

JUN 15 1981  
Date

bc: Secretary's Reading Files--Water and Power Resources Service (2)  
Assistant Secretary - LW  
Associate Solicitor - Energy and Resources  
Regional Director, PN, MP, UC, LC, SW, UM, LM  
Field Solicitor, Boulder City, Nevada  
W.O. Codes 140, 430, 700  
(w/o enclosure)

R.O. Draft Revised  
LWP:KMaxey:lt:4/16/81:x5671  
LWP:K Maxey:bw:5/7/81:x5671



EXTERNAL BOUNDARY LIMITS OF  
WELLTON-MOHAWK IRRIGATION  
AND DRAINAGE DISTRICTS

U.S. LAND PRIOR TO ACREAGE  
REDUCTION WITH IRRIGABLE  
ACREAGE

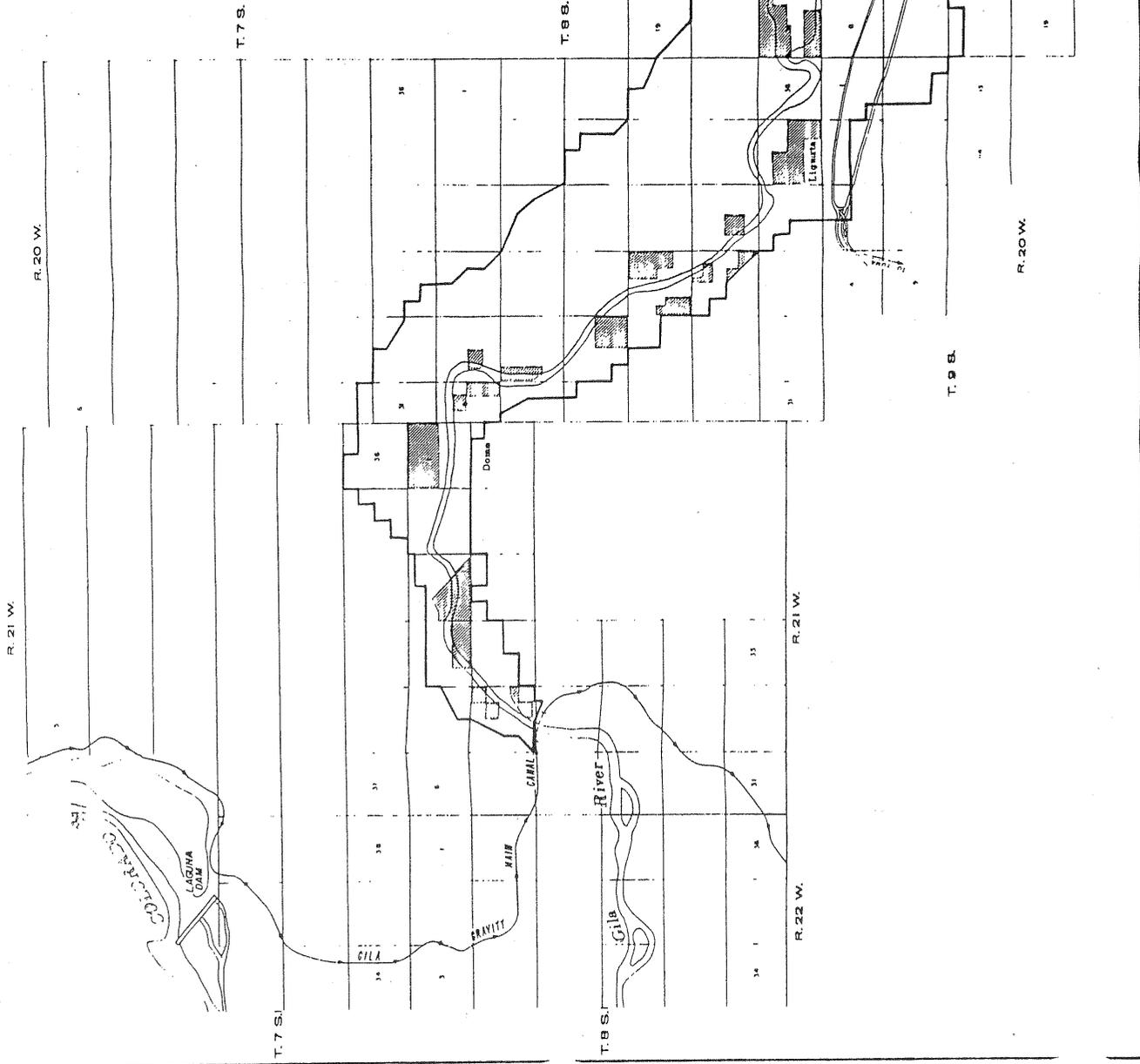
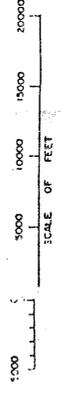
U.S. LAND PURCHASED FOR ACREAGE  
REDUCTION PROGRAM

NOTE  
CURRENT THROUGH JANUARY 1981

THIS DRAWING SUPERSEDES DRAWING NO. 50-303-5774

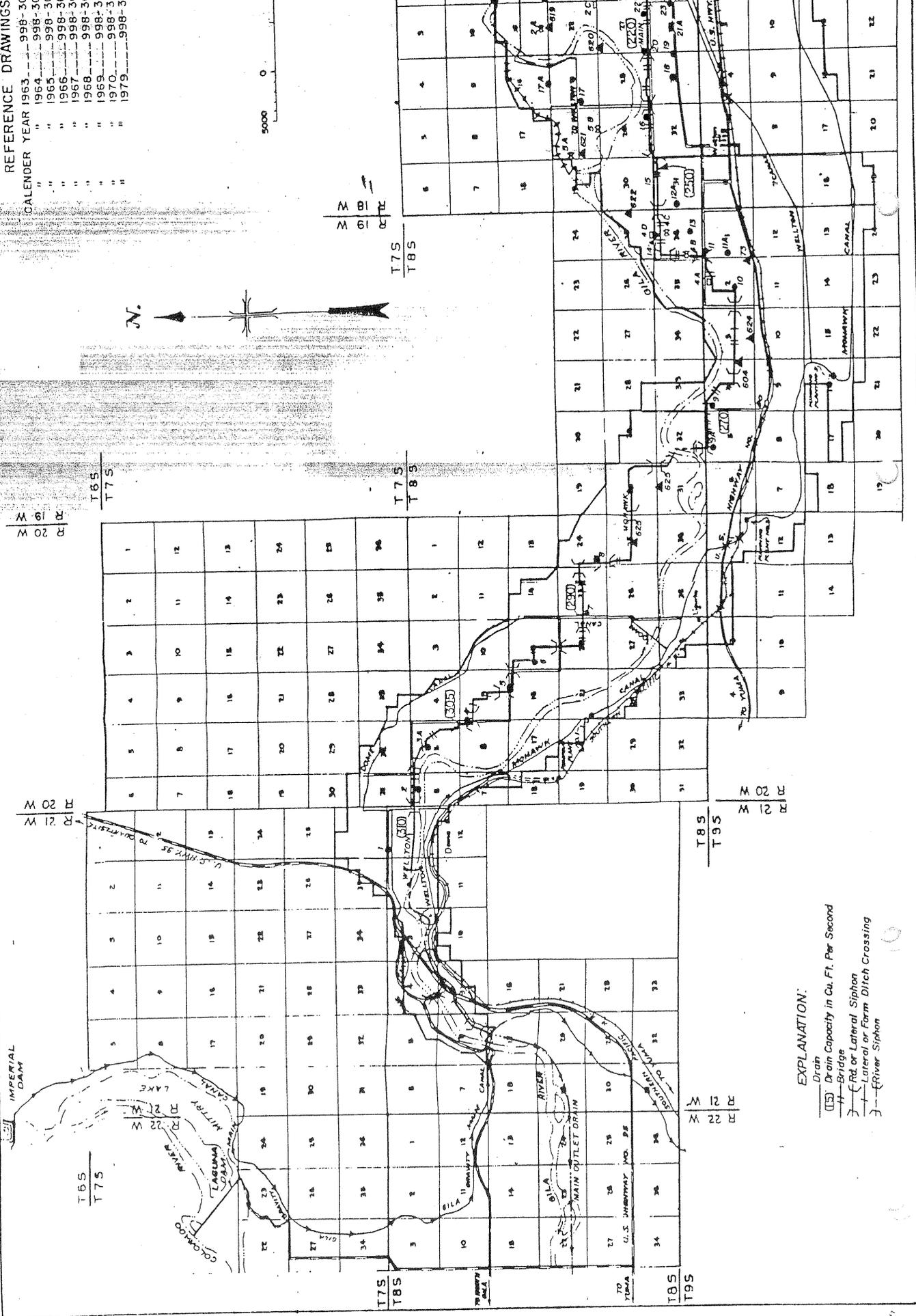
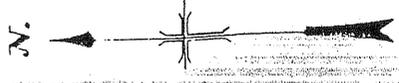
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
WATER AND POWER RESOURCES DIVISION  
GILA PROJECT—WELLTON-MOHAWK DIVISION—ARIZ.  
**WELLTON-MOHAWK IRRIGATION  
AND DRAINAGE DISTRICT**

DESIGNED: \_\_\_\_\_ TECHNICAL APPROVAL: \_\_\_\_\_  
DRAWN: *R. C. Gifford* SUBMITTED: \_\_\_\_\_  
CHECKED: \_\_\_\_\_ ADMIN. APPROVAL: \_\_\_\_\_  
SCALE: 1" = 400' 30' 00" 50-300-317

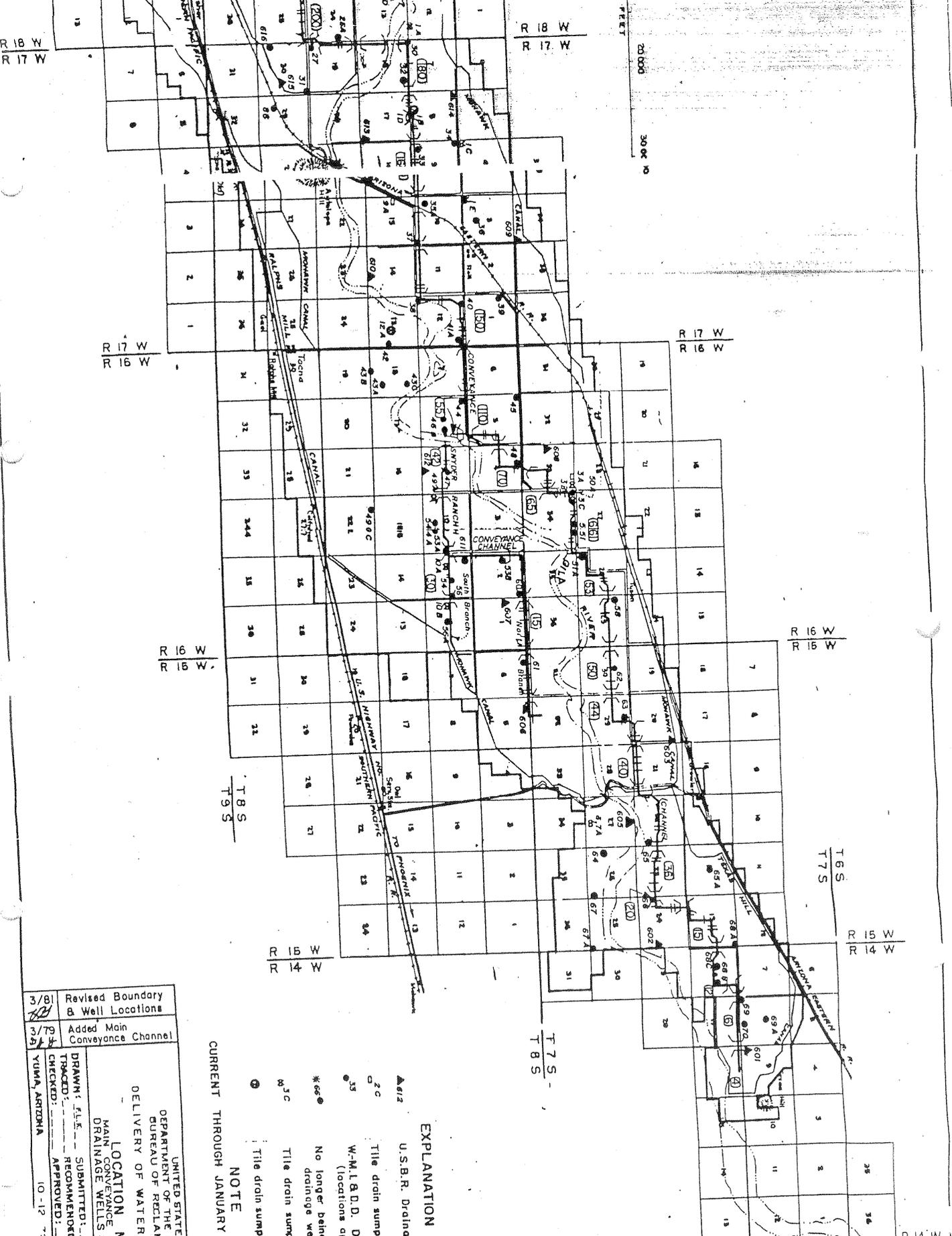


REFERENCE DRAWINGS  
 CALENDAR YEAR 1963-998-3  
 " " " " 1964-998-3  
 " " " " 1965-998-3  
 " " " " 1966-998-3  
 " " " " 1967-998-3  
 " " " " 1968-998-3  
 " " " " 1969-998-3  
 " " " " 1970-998-3  
 " " " " 1979-998-3

5000  
 0



EXPLANATION:  
 Drain  
 (15) Drain Capacity in Cu. Ft. Per Second  
 --- Bridge  
 --- Lateral or Farm Ditch Crossing  
 --- Lateral or Farm Ditch Crossing  
 --- Over Siphon



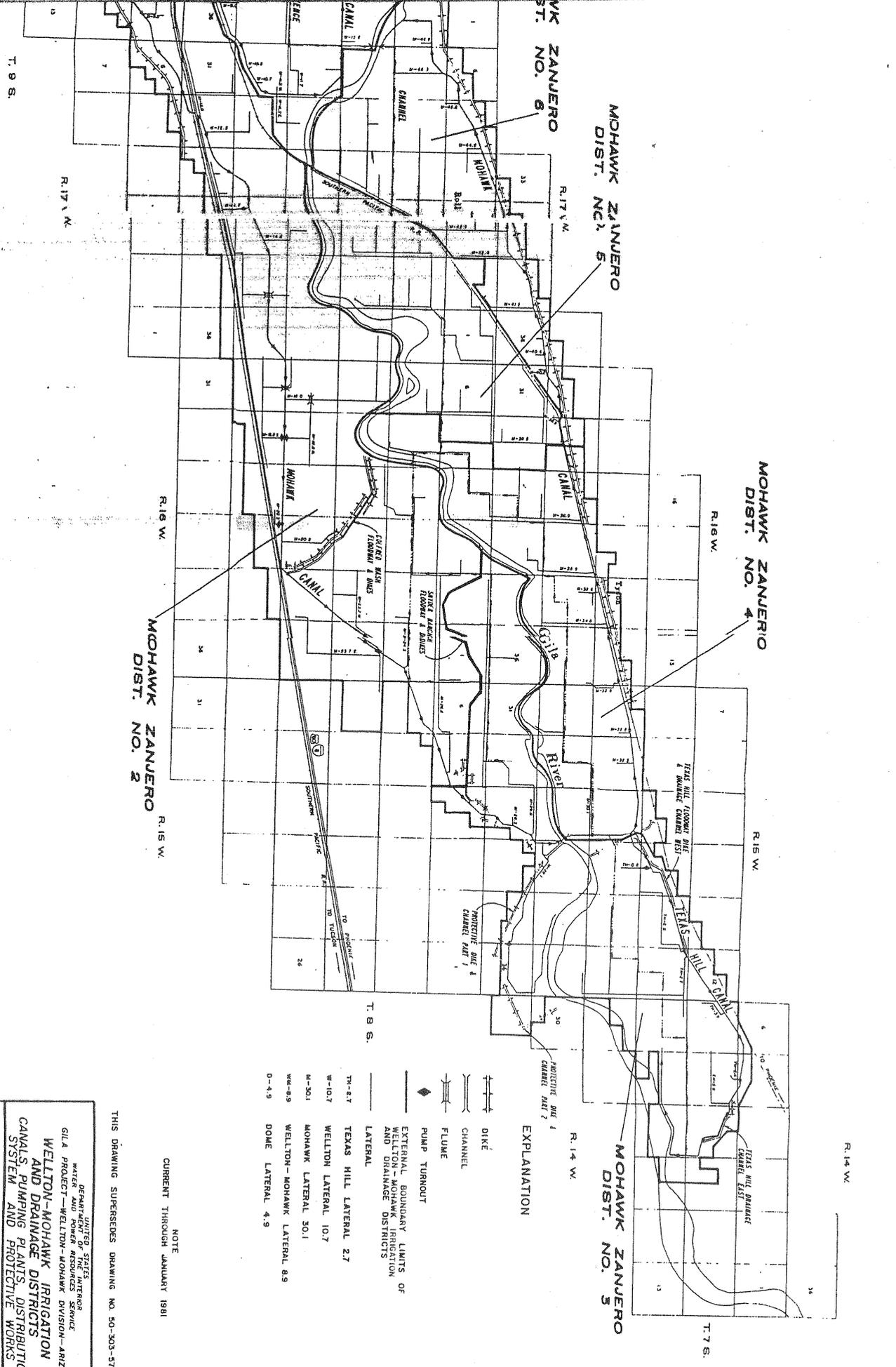
3/81	Revised Boundary & Well Locations
3/79	Added Main Conveyance Channel
DRAWN: F.L.K. CHECKED: YUMIA, ARIZONA SUBMITTED: 10-12-72 RECOMMENDED: APPROVED: 998-303-1068	

UNITED STATES  
 DEPARTMENT OF THE INTERIOR  
 BUREAU OF RECLAMATION  
 DELIVERY OF WATER TO MEXICO  
**LOCATION MAP**  
 MAIN CONVEYANCE CHANNEL,  
 DRAINAGE WELLS & SUMPS

NOTE  
 CURRENT THROUGH JANUARY YEAR 1981

- EXPLANATION**
- ▲ U.S.B.R. Drainage wells
  - Tile drain sump
  - W-M.L.B.D.D. Drainage wells (locations approximate)
  - No longer being used as drainage well.
  - Tile drain sump inactivated
  - Tile drain sump abandoned





**EXPLANATION**

- +—+—+— DIKE
- ||—||— CHANNEL
- |—|— FLUME
- ( )— PUMP TURNOUT
- | | | | | EXTERNAL BOUNDARY LIMITS OF WELLTON-MOHAWK IRRIGATION AND DRAINAGE DISTRICTS
- LATERAL
- TEXAS HILL LATERAL 27
- W-10.7 WELLTON LATERAL 10.7
- M-30.1 MOHAWK LATERAL 30.1
- W-8.9 WELLTON-MOHAWK LATERAL 8.9
- D-4.9 DOME LATERAL 4.9

NOTE  
CURRENT THROUGH JANUARY 1981

THIS DRAWING SUPERSEDES DRAWING NO. 50-303-5772

DESIGNED BY: [Signature]  
 CHECKED BY: [Signature]  
 APPROVED BY: [Signature]

UNITED STATES DEPARTMENT OF AGRICULTURE  
 WATER AND POWER RESOURCES SERVICE  
 GILA PROJECT—WELLTON-MOHAWK DIVISION—ARIZ.  
 WELLTON-MOHAWK IRRIGATION AND DRAINAGE DISTRICTS  
 CANALS PUMPING PLANTS DISTRIBUTION SYSTEM AND PROTECTIVE WORKS

DESIGNED BY: [Signature]  
 CHECKED BY: [Signature]  
 APPROVED BY: [Signature]

DESIGNER: [Signature]  
 CHECKER: [Signature]  
 APPROVER: [Signature]

DATE: OCT 1980  
 DRAWING NO: 50-300-31F

## Computation of Parity Adjustment,

## Incremental O&amp;M Credits, and Overpayment Credits

Any previous incremental O&M adjustments would change the base annual installment for 1985 and beyond.

Adjustment of the base annual installment for parity and for incremental O&M credits shall be as follows:

Base Annual Installment = \$119,010  
 Maximum Parity Reduction Factor 1978-1984 = .85  
 Base O&M Credit = \$190,364  
 Actual Previous Year O&M Cost = \$2,500,000 (assumed)

Parity adjustment (assumes maximum reduction, is justified)  
 $119,010 \times .85 = 101,159$   
 Computation of actual O&M credit due  
 $2,500,000 \times .0923 = 230,750$   
 Computation of incremental O&M credit due  
 $230,750 - 190,364 = 40,386$   
 Net Payment Due  
 $101,159 - 40,386 = 60,773$

Although this example uses the base annual installment for the years 1979-1984, the actual mechanics of the adjustment would be the same for subsequent years except that the maximum parity adjustment factor for 1985 and beyond is .80.

Computation of the adjusted 1978, 1979 and 1980 payments is as follows:

1978	$\$133,111 \times .85 - 0^{1/}$	=	\$113,144
1979	$\$119,010 \times .85 - 0$	=	\$101,159
1980	$\$119,010 \times .85 - 0 + 87,500^{2/}$	=	\$183,659

1/ No adjustment for incremental O&M costs is required as the 1978 and 1979 O&M costs were used to compute the overall O&M credit. Incremental O&M cost adjustments will be warranted for 1981 and beyond if O&M costs deviate from the 1979 level.

2/ Appraised value of the Wagner-Hills property.

Computation of the District's credit for overpayment is as follows:

<u>Year</u>	<u>Adjusted Payment Due Under Revised Schedule</u>	<u>Actual Payment</u>	<u>Overpayment</u>
1978	\$113,144	\$304,376	\$191,232
1979	<u>101,159</u>	<u>304,376</u>	<u>203,217</u>
Total	\$214,303	\$608,752	\$394,449

The District's 1980 payment totals \$188,659. The first half of the payment was made in December of 1980 in the amount of \$152,188, leaving \$36,471. This amount will be covered by the overpayment, leaving \$357,978 to apply to future payments.

Exhibit E

Description of Wagner Mills  
Properties Conveyed to District

Beginning at the Northwest corner of Section 9, T. 9 S., R. 18 W.; Thence N.  $89^{\circ} 55' 10''$  E., along the north line of said Section 9, a distance of 785.00 feet to the true point of beginning; Thence continuing along the north line of said Section 9, N.  $89^{\circ} 55' 10''$  E., a distance of 537.13 feet to the Northeast corner of the  $NW\frac{1}{4}NW\frac{1}{4}$  of said Section 9; Thence S.  $0^{\circ} 10' 05''$  E., a distance of 1,820.96 feet to the Southeast corner of said  $NW\frac{1}{4}NW\frac{1}{4}$  of said Section 9; Thence S.  $89^{\circ} 56' 22''$  W., along the south line of said  $NW\frac{1}{4}NW\frac{1}{4}$ , a distance of 537.12 feet to a point; Thence N.  $0^{\circ} 10' 05''$  W., a distance of 1,320.78 feet to a point on the north line of said Section 9, said point also being the true point of beginning. All in the  $NW\frac{1}{4}NW\frac{1}{4}$ , Section 9, T. 9 S., R. 18 W., G&SRB&M, Yuma County, Arizona, and containing 16.29 acres. IN ADDITION: a 35-foot easement for delivery of domestic water described as the South 35 feet of the  $N\frac{1}{2}E\frac{1}{4}$  and the South 35 feet of the  $NE\frac{1}{4}NW\frac{1}{4}$ , Section 9, T. 9 S., R. 18 W., containing 3.19 acres.

Beginning at the  $N\frac{1}{4}$  Corner, Section 16, T. 9 S., R. 18 W.; Thence S.  $0^{\circ} 10' 27''$  E., a distance of 1,014.06 feet to a point; Thence S.  $89^{\circ} 49' 32''$  W., a distance of 550.00 feet to a point; Thence N.  $0^{\circ} 10' 27''$  W., a distance of 410.00 feet to a point; Thence N.  $89^{\circ} 49' 32''$  E., a distance of 490.00 feet to a point; Thence N.  $0^{\circ} 10' 27''$  W., a distance of 604.20 feet to a point on the north line of the  $NE\frac{1}{4}NW\frac{1}{4}$  of said Section 16; Thence N.  $89^{\circ} 57' 24''$  E., along said north line, a distance of 60.00 feet to the point of beginning. All in the  $NE\frac{1}{4}NW\frac{1}{4}$ , Section 16, T. 9 S., R. 18 W., G&SRB&M, Yuma County, Arizona, and containing 6.01 acres.

EXHIBIT F - SUMMARY OF PROJECT PUMPS AS OF SEPTEMBER 1980

	<u>Connected Load hp</u>
A. Pumping Plants, Nos. 1, 2, and 3	33,350
B. Relift and Drainage Pumps	
Relift Pumps	2,250
Drainage Wells	3,454
Norton Siphon	<u>600</u>
Subtotal Relift and Drainage	6,304
C. Saline and Sump Pumps	
Sump Pumps	85
Saline Drainage Wells	<u>1,040</u>
Subtotal Saline and Sumps	1,125
D. Wellton Camp Headquarters Facilities, Wellton Camp Housing, and Ditchrider Housing	<u>a/</u>
Subtotal Headquarters and Housing	

a/ The electrical load is not measured in horsepower for these buildings and residences.

EXHIBIT F, cont'd

LOCATIONS AND SIZES OF PUMPING PLANTS  
AS OF SEPTEMBER, 1980

A. Wellton-Mohawk Main Canal Pumping  
Plants, Nos. 1, 2, and 3 33,350 hp

B. Relift and Drainage Pumps

Relift Pumps

<u>District Grid No.</u>	<u>hp</u>	<u>District Grid No.</u>	<u>hp</u>
WM 3.4	20	Mohawk 18.8S	75
WM 5.4	40	Mohawk 18.85	75
Dome 12.4	25	Mohawk 18.8S	75
Dome 1.4E 05-N	20	Mohawk 20.3	40
Dome 1.4E 05-S	20	Mohawk 23.7 W	100
Dome 1.4E 05-S	20	Mohawk 23.7 W	100
Dome 1.4E 1.5	25	Mohawk 23.7 E	125
Dome 1.4E 1.5	25	Mohawk 23.7 E	125
Dome 1.4E 1.5	25	Mohawk 29.1	30
Dome 1.4E 2.6	100	Mohawk 29.1	30
Dome 1.4E 2.6	100	Mohawk 29.1	30
Dome 1.4E 2.6	100	Texas Hill 0.8	10
Mohawk 14.3	100	Texas Hill 2.5	125
Mohawk 14.3	100	Texas Hill 2.5	125
Mohawk 14.3	100	Texas Hill 2.5	125
Mohawk 18.8N	30	Texas Hill 3.9	50
Mohawk 18.8N	30	Texas Hill 3.9	50
Mohawk 18.8N	30	Texas Hill 3.9	50

Total Relift & Drainage Pumps 2,250 hp

Drainage Pumps

<u>Well No.</u>	<u>hp</u>	<u>Well No.</u>	<u>hp</u>	<u>Well No.</u>	<u>hp</u>
1	75	9A	75	16	40
2	40	10	40	17	40
3	60	10A	40	17A	40
4	40	11	40	18	40
5	75	11A	40	19	40
6	40	12	50	20	40
7	40	13	40	21A	75
8	40	14	40	22	40
9	40	15	40	23	40

EXHIBIT F, cont'd

Drainage Pumps, cont'd

<u>Well No.</u>	<u>hp</u>	<u>Well No.</u>	<u>hp</u>	<u>Well No.</u>	<u>hp</u>
23A	100	43A	40	60	40
24	40	43B	40	61A	40
25	40	43C	40	62	40
26	40	44	50	63	40
26A	40	45	40	64	40
28A	40	46	40	65	40
30	40	47	40	65A	25
31	50	48	40	66	40
32	40	49A	a/	67	40
33	40	49C	a/	67A	40
34	40	50A	40	68AA	40
35A	40	51A	40	68BB	40
36	40	53A	40	68C	1.5
37	40	53B	40	69	15
38	40	54	40	69A	40
39	40	54A	20	69B	7.5
40A	40	56	40	70	40
41A	50	50A	40	86	125
42	40	58	40		
Total Drainage Pumps					3,454 hp

Norton Siphon

#1 Pump	300 hp
#2 Pump	<u>300 hp</u>
Total Norton Siphon	600 hp

C. Saline and Sump Pumps

Sump Pumps

<u>Sump No.</u>	<u>hp</u>
2-4	2 ea. 3
2-B	2 ea. 3
2-D	3
6-7A	10
2	10
3	25
5	<u>25</u>

Total Saline and Sump Pumps 85 hp

EXHIBIT F, cont'd

Saline Drainage Wells b/

<u>Well No.</u>	<u>Location</u>	<u>District Grid No.</u>
601	Sec. 8, T. 7 S., R. 14W.	7N-53E
602	Sec. 24, T. 7 S., R. 15 W.	5½N-51E
603	Sec. 20, T. 7 S., R. 15 W.	6N-47E
604	Sec. 14, T. 7 S., R. 15 W.	6 3/8N-49E
605	Sec. 27, T. 7 S., R. 15 W.	5N-48½E
606	Sec. 6, T. 8 S., R. 15 W.	3N-46E
607	Sec. 2, T. 8 S., R. 16 W.	2½N-44E
608	Sec. 33, T. 7 S., R. 16 W.	3½N-41E
609	Sec. 34, T. 7 S., R. 17 W.	3N-37E
610	Sec. 14, T. 8 S., R. 17 W.	0-37½E
611	Sec. 1, T. 9 S., R. 19W.	3 3/4S-26E
612	Sec. 9, T. 8 S., R. 16 W.	1N-41½E
613	Sec. 17, T. 8 S., R. 17 W.	0-35E
614	Sec. 8, T. 8 S., R. 17 W.	2N-34E
615	Sec. 30, T. 8 S., R. 17 W.	1½S-33 3/4E
616	Sec. 30, T. 8 S., R. 17 W.	1 3/4S-33E
617	Sec. 14, T. 8 S., R. 18 W.	1N-32E
618	Sec. 14, T. 8 S., R. 18 W.	1N-31E
619	Sec. 22, T. 8 S., R. 18 W.	0-30½E
620	Sec. 27, T. 8 S., R. 18 W.	1S-30E
621	Sec. 20, T. 8 S., R. 18 W.	½S-28E
622	Sec. 25, T. 8 S., R. 19 W.	1½S-27E
623	Sec. 25, T. 8 S., R. 20 W.	1½S-20½E
624	Sec. 3, T. 9 S., R. 19 W.	4S-24½E
625	Sec. 31, T. 9 S., R. 19 W.	2S-21½E
73	Sec. 2, T. 9 S., R. 20 N.	4S-26E

a/ Temporarily abandoned.

b/ The pump at each well is approximately 40 hp, totaling approximately, 1,040 hp (40 hp x 26 wells)

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION

Effective January 1, 1975

GENERAL POWER CONTRACT PROVISIONSA. Character of Service.

Electric energy supplied hereunder will be three-phase, alternating current, at a nominal frequency of sixty (60) hertz (cycles per second).

B. Delivery of Capacity and/or Energy in Excess of Contract Obligation.

The Contractor shall not use capacity and/or energy in amounts greater than the United States' contract delivery obligation in effect for each type of service provided for in this contract except with the specific written approval of the contracting officer. Any greater use, when approved, shall not be deemed to establish in the Contractor any continuing right thereto and the Contractor shall cease any such greater use whenever requested by the contracting officer or whenever the approval expires, whichever occurs first. Nothing in this contract contained shall obligate or be construed to obligate the United States to increase any contract rate of delivery hereunder. If additional capacity and/or energy is not available from the United States, the responsibility for securing additional capacity and/or energy shall rest wholly with the Contractor.

C. Continuity of Electric Service to be Furnished.

The electric service, unless otherwise specified, will be furnished continuously except (1) for interruptions or reductions due to uncontrollable forces, as defined herein; (2) for interruptions or reductions due to operation of devices installed for power system protection; and (3) for temporary interruptions or reductions, which, in the opinion of the contracting officer, are necessary or desirable for the purposes of maintenance, repairs, replacements, installation of equipment, or investigation and inspection. The United States, except in case of emergency as determined by the contracting officer, will give the Contractor reasonable advance notice of such temporary interruptions or reductions and will remove the cause thereof with diligence.

D. Multiple Points of Delivery.

When electric service is furnished at two or more points of delivery under the same schedule of rates, said schedule of rates shall apply separately to the service supplied at each point of delivery; Provided, That where the meter readings are considered separately and the Contractor's system is interconnected between points of delivery during emergencies, the meter readings at any point of delivery will be appropriately adjusted to compensate for duplication of power demand recorded by meters at alternate points of delivery due to emergency conditions which are beyond the Contractor's control or temporary conditions caused by scheduled outages.

E. Uncontrollable Forces.

Neither party shall be considered to be in default in respect to any obligation hereunder, if prevented from fulfilling such obligation by reason of uncontrollable forces, the term uncontrollable forces being deemed for the purpose of this contract to mean any cause beyond the control of the party affected, including, but not limited to, failure of facilities, flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, and restraint by court or public authority, which by exercise of due diligence and foresight such party could not reasonably have been expected to avoid. Either party rendered unable to fulfill any obligation by reason of uncontrollable forces shall exercise due diligence to remove such inability with all reasonable dispatch.

F. Modification of Rates.

The rate schedule specified in this contract shall be subject to successive modification by the United States through the promulgation of superseding rate schedules. If at any time the United States promulgates a rate schedule superseding the rate schedule then in effect under this contract, it will promptly notify the Contractor thereof. Said superseding rate schedule, as of its effective date, shall become effective as to this contract unless the Contractor, by notice in writing given to the contracting officer within 180 days after notice to it by the United States of promulgation of said superseding rate schedule, shall elect to terminate this contract effective as of such date not more than three (3) years subsequent thereto as the Contractor shall therein specify. In the event of such termination, said superseding rate schedule shall not be effective during the period of the remaining unexpired term of this contract or during a period of two years from the date of notice to the Contractor of the promulgation of said superseding rate schedule, whichever period is shorter.

G. Minimum Annual Capacity Charge.

When the rate schedule in effect under this contract provides for a minimum annual capacity charge, a statement of the minimum annual capacity charge due, if any, shall be included in the bill rendered for electric service for the last billing period of each calendar year, appropriately adjusted on a pro rata basis if the full billing periods for the adjustable items (including increases or decreases in the contract rate of delivery) in the calendar year are less than 12. Fractional billing periods will not be considered in such determination. Where multiple points of delivery are involved and the contract rate of delivery is stated to be a maximum aggregate rate of delivery for all points, in determining the minimum annual capacity charge due, if any, the monthly capacity charges at the individual points of delivery shall be added together.

H. Billings and Payments.

The United States will submit bills to the Contractor on or before the tenth day of each month for electric service furnished during the preceding month, and payments will be due and payable by the Contractor on the first day of the month immediately succeeding the date each bill is submitted.

I. Nonpayment of Bills.

If the Contractor fails to pay any bill when due an interest charge of two percent (2%) of the amount unpaid shall be added thereto as liquidated damages, and thereafter, as further liquidated damages, an interest charge of one percent (1%) of the principal sum unpaid shall be added on the first day of each succeeding calendar month until the amount due, including interest, is paid in full. The United States shall have the right upon not less than fifteen (15) days' advance written notice to discontinue furnishing electric service to the Contractor for nonpayment of bills and to refuse to resume same so long as any part of the amount due remains unpaid. Such a discontinuance of electric service will not relieve the Contractor of liability for the minimum charge during the time electric service is so discontinued. The rights given herein to the United States shall be in addition to all other remedies available to the United States, either at law or in equity, for the breach of any of the provisions hereof.

J. Adjustments for Fractional Billing Period.

(a) For a fractional part of a billing period at the beginning or end of service, and for fractional periods due to withdrawals of service, the demand or capacity charge, the kilowatthour blocks of the energy charge, and the minimum charge shall each be proportionately adjusted in the ratio that the number of hours that electric service is furnished to the Contractor in such fractional billing period bears to the total number of hours in the billing period involved.

(b) Whenever irrigation and/or drainage pumping service is supplied under this contract, adjustments in the demand or capacity charge and in the kilowatthour blocks of the energy charge as applicable, and in the minimum charge of the rate schedule under which service is supplied, shall be made for the fractional part of the billing period at the beginning and end of pumping service in each year in like manner as is provided for in section (a) of this article. If pumping service is supplied in conjunction with service for other purposes and is not metered separately, the billing demand for pumping service shall be considered to be the difference between the highest 30-minute integrated demand measured during the billing period and the contract rate of delivery for firm power.

K. Adjustments for Curtailments to Service.

Unless curtailment of service is due to a request by the Contractor, billing adjustments will be made if the delivery of electric energy is curtailed because of conditions on the power system of the United States, which system for the purpose of such adjustments hereunder shall include transmission facilities utilized but not owned by the United States, for periods of one (1) hour or longer in duration each. The total number of hours of curtailed service in any billing period shall be determined by adding (1) the sum of the number of hours of interrupted service to (2) the product of: the number of hours of reduced service multiplied by the percentage of said reduction below the lesser of (a) the contract rate of delivery, or (b) the obligation of the United States to deliver firm power and energy as established under the operating agreement entered into pursuant to the Auxiliary Power Service article hereof, or (c) the rate of delivery required by the Contractor at the time of such reduction. The demand or capacity charge, the kilowatthour blocks of the energy charge, and the minimum charge shall each be proportionately adjusted in the ratio that the total number of hours of such curtailed service as herein determined bears to the total number of hours in the billing period involved. The Contractor shall make written claim within thirty (30) days after receiving the monthly bill, for adjustment on account of any curtailment to service, for periods of one (1) hour or longer in duration each, alleged to have occurred and which is not reflected in such bill. Failure to make such written claim, within said thirty (30) day period, shall constitute a waiver thereof. All curtailments to service, which are due to conditions on the power system of the United States, shall be subject to the provisions of this article and the Contractor shall be limited in its remedy to the relief granted by this article; Provided, That withdrawal of power and energy under contract provisions shall not be deemed curtailments to service.

GENERAL POWER CONTRACT PROVISIONS

**L. Metering.**

(a) The total electric power and energy delivered to the Contractor will be measured by metering equipment to be furnished and maintained by the United States or by its designated representative. Meters shall be sealed and the seals shall be broken only upon occasions when the meters are to be inspected, tested, or adjusted, and representatives of the Contractor shall be afforded reasonable opportunity to be present upon such occasions. Metering equipment shall be inspected and/or tested at least once each year by the United States and at any reasonable time upon request therefor by either party. Any metering equipment found to be defective or inaccurate shall be repaired and readjusted or replaced. Should any meter fail to register, the electric power and energy delivered during such period of failure to register shall, for billing purposes, be estimated by the contracting officer from the best information available.

(b) If any of the inspections and/or tests provided for herein disclose an error exceeding two percent (2%), correction based upon the inaccuracy found shall be made of the records of electric service furnished since the beginning of the monthly billing period immediately preceding the billing period during which the test was made; Provided, That no correction shall be made for a longer period than such inaccuracy may be determined by the contracting officer to have existed. Any correction in billing resulting from such correction in meter records shall be made in the next monthly bill rendered by the United States to the Contractor, and such correction when made shall constitute full adjustment of any claim between the parties hereto arising out of such inaccuracy of metering equipment.

**M. R resale of Electric Energy.**

The Contractor shall not sell any of the electric energy delivered to it hereunder to any customer of the Contractor for resale by that customer.

**N. Power Factor.**

While the Contractor normally will be required to maintain the power factor as stated in the rate schedule then in effect under this contract, the Contractor will be permitted to operate at a lower power factor when conditions are such, as determined by the contracting officer, that a lower power factor will be mutually advantageous to the Contractor and to the United States.

**O. Cooperation of Contracting Parties.**

If, in the maintenance of their respective power systems and/or electrical equipment and the utilization thereof for the purposes of this contract, it becomes necessary by reason of any emergency or extraordinary condition for either party to request the other to furnish personnel, materials, tools, and equipment for the accomplishment thereof, the party so requested shall cooperate with the other and render such assistance as the party so requested may determine to be available. The party making such request, upon receipt of properly itemized bills from the other party, shall reimburse the party rendering such assistance for all costs properly and reasonably incurred by it in such performance, including not to exceed fifteen percent (15%) thereof for administrative and general expenses, such costs to be determined on the basis of current charges or rates used in its own operations by the party rendering assistance.

**P. Provisions Relative to Employment.**

(a) This contract shall be subject to all the provisions and conditions of the Act of Congress entitled the Work Hours Act of 1962, approved August 13, 1962 (76 Stat. 357), which establishes standards for hours of work and overtime pay of laborers and mechanics employed on work done under contract for, or with the financial aid of, the United States, the same as if that Act had been specifically set forth herein.

(b) During the performance of this contract, the Contractor agrees as follows:

- (1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, age, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, age, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this Equal Opportunity clause.

GENERAL POWER CONTRACT PROVISIONS

- (2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, age, or national origin.
- (3) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the Contractor's commitments under this Equal Opportunity clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (4) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor and to the Age Discrimination Act of 1967 as amended by Public Law 93-259 of April 18, 1974.
- (5) The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (6) In the event of the Contractor's noncompliance with the Equal Opportunity clause of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled, terminated, or suspended, in whole or in part, and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- (7) The Contractor will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance; Provided, however, That in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

(c) In the performance of any part of the work contemplated by this contract, the Contractor shall not employ any person undergoing sentence of imprisonment at hard labor.

Q. Transfer of Interest in Contract by Contractor.

No voluntary transfer of this contract or of the rights of the Contractor hereunder shall be made without the written approval of the Secretary of the Interior; Provided, That if the Contractor operates a project financed in whole or in part by the Rural Electrification Administration, the Contractor may transfer or assign its interest in the contract to the Rural Electrification Administration or any other department or agency of the Federal Government without such written approval; Provided further, That any successor to or assignee of the rights of the Contractor, whether by voluntary transfer, judicial sale, foreclosure sale, or otherwise, shall be subject to all the provisions and conditions of this contract to the same extent as though such successor or assignee were the original Contractor hereunder; and, Provided further, That the execution of a mortgage or trust deed, or judicial or foreclosure sales made thereunder, shall not be deemed voluntary transfers within the meaning of this article.

GENERAL POWER CONTRACT PROVISIONS

R. License to the Contractor.

The United States, upon request by the Contractor, will grant to the Contractor a license or licenses to construct, install, operate, maintain, replace, or repair, either or all, upon the property of the United States under the administrative control and jurisdiction of the Bureau of Reclamation such facilities as in the opinion of the contracting officer are necessary or desirable for the purposes of this contract. Said license shall remain in effect during the term of this contract and shall expire coincidentally therewith. Any facilities so installed by the Contractor pursuant hereto shall be and remain the property of the Contractor, notwithstanding that the same may have been affixed to the premises, and the Contractor shall have a reasonable time after the expiration of said license in which to remove its facilities so installed.

S. License to the United States.

The Contractor, upon request by the contracting officer, will grant to the United States a license or licenses to construct, install, operate, maintain, replace, or repair, either or all, upon the property of the Contractor such facilities as in the opinion of the Contractor are necessary or desirable for the purposes of this contract. The license or licenses so granted shall be in form and of legal sufficiency acceptable to the contracting officer, shall be and remain in effect during the term of this contract, and shall expire coincidentally therewith. Any facilities so installed by the United States pursuant to said license or licenses shall be and remain the property of the United States notwithstanding that the same may have been affixed to the premises, and the United States shall have a reasonable time after the expiration of said license or licenses in which to remove its facilities so installed.

T. Waivers.

Any waiver at any time by either party hereto of its rights with respect to a default or any other matter arising in connection with this contract shall not be deemed to be a waiver with respect to any subsequent default or matter.

U. Notices.

Any notice, demand or request required or authorized by this contract shall be deemed properly given if mailed, postage prepaid, to the contracting officer at the address shown on the signature page hereof, on behalf of the United States, except where otherwise herein specifically provided, and to the officer signing for the Contractor at the address shown on the signature page hereof, on behalf of the Contractor. The designation of the person to be notified or the address of such person may be changed at any time by similar notice.

V. Contingent Upon Appropriations.

Where the operations of this contract extend beyond the current fiscal year, the contract is made contingent upon Congress making the necessary appropriation for expenditures hereunder after such current year shall have expired. In case such appropriation as may be necessary to carry out this contract is not made, the Contractor hereby releases the United States from all liability due to the failure of Congress to make such appropriation.

W. Officials Not to Benefit.

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

X. Covenant Against Contingent Fees.

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty the United States shall have the right to annul this contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

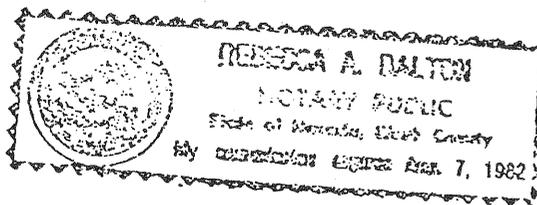
ACKNOWLEDGMENT

State of Nevada )  
                  ) ss.  
County of Clark )

On this 17<sup>th</sup> day of July, 1981,  
before me, Rebecca A. Dalton, a Notary Public in and for said  
County and State personally appeared Eugene Hinds,  
Regional Director, Lower Colorado Region, Bureau of Reclamation, United  
States Department of the Interior, known to me to be the person described  
in the foregoing instrument, and acknowledged to me that he executed the  
same on behalf of the United States of America in the capacity therein  
stated and for the purpose therein contained.

  
Rebecca A. Dalton

Notary Public in and for the County of  
Clark, State of Nevada



**COST ALLOCATION TABLE**

EXHIBIT D

Description of Works heretofore or hereafter constructed by the United States (Works include all appurtenant structures and related facilities except as otherwise specified)	Costs Allocable to Gila Project	Percentage of Cost Allocable to Irrigable Lands of Wellton- Mohawk Division	Costs Allocable to Wellton- Mohawk Division
1. a. Gila Project share of Laguna Dam (proportionate share of amount paid by Imperial Irrigation District for connection with Laguna Dam)	\$ 230,479	59.09091	\$ 136,192
b. Section of Imperial Dam common to All-American Canal System and Gila Project	357,154	59.09091	211,046
2. Arizona Abutment of Imperial Dam	36,622	59.09091	21,640
3. Arizona Headworks of Imperial Dam	1,270,470	21.66667	275,269
4. Gila Desilting Works	912,451	59.09091	539,176
5. Gila Gravity Main Canal, Station 0 + 00 to Station 793 + 18 (exclusive to items listed above)	2,432,333	59.09091	1,437,288
6. North Gila Drains and Extensions thereof	94,259	59.09091	55,699
7. Turnout and check, at or near said Station 793 + 18	218,298	100.	218,298
8. Land classification, examinations, surveys and studies relative to arable lands of the Mohawk Division	88,541	100.	<u>88,541</u>
			\$2,983,149

B.C. Draft Rev. 3/5/79  
 B.C. Draft Rev. 6/15/79  
 B.C. Draft Rev. 8/17/79  
 B.C. Draft Rev. 8/15/80  
 B.C. Draft Rev. 1/2/81  
 B.C. Draft Rev. 1/23/81  
 W.O. Draft Rev. 3/31/81

UNITED STATES  
 DEPARTMENT OF THE INTERIOR  
 BUREAU OF RECLAMATION

CONFIRMED COPY

GILA PROJECT

Contract No. 1-07-30-W0021

WELLTON-MOHAWK DIVISION

Amendatory and Supplemental Consolidated Contract with Wellton-Mohawk  
 Irrigation and Drainage District for Delivery of Water,  
 Construction of Works, Repayment, and Project Power Supply

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C	Location Map - Drainage Wells and Sumps
D	United States Cost Data - Wellton-Mohawk Division; Cost Allocation Tabulation; Computation of Parity Adjustment, Incremental O&M Credits, and Overpayment Credit
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F	Summary of Project Pumps as of September 1980
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B.C. Draft Rev. 6/15/79  
B.C. Draft Rev. 8/17/79  
B.C. Draft Rev. 8/15/80  
B.C. Draft Rev. 1/2/81  
B.C. Draft Rev. 1/23/81  
W.O. Draft Rev. 3/31/81

2 UNITED STATES  
3 DEPARTMENT OF THE INTERIOR  
4 BUREAU OF RECLAMATION

CONFORMED COPY

5 GILA PROJECT

Contract No. 1-07-30-W0021

6 WELLTON-MOHAWK DIVISION

7 Amendatory and Supplemental Consolidated Contract with Wellton-Mohawk  
8 Irrigation and Drainage District for Delivery of Water  
9 Construction of Works, Repayment, and Project Power Supply

10 Preamble

11 1. THIS CONTRACT, made as of this 17<sup>th</sup> day of July,  
12 1981, pursuant to the Act of Congress approved June 17, 1902 (32  
13 Stat. 388), and acts amendatory thereof or supplementary thereto,  
14 particularly the Act of December 21, 1928 (45 Stat. 1057), as amended,  
15 the Act of July 30, 1947 (61 Stat. 628), the Act of August 31, 1951  
16 (Public Law 136, 82nd Congress 1st Session), designated the Interior  
17 Department Appropriation Act, 1952, and the Act of June 24, 1974 (88  
18 Stat. 266), designated the Colorado River Basin Salinity Control Act,  
19 and Arizona Revised Statutes, Sections 45-1691 to 45-1698, inclusive,  
20 is between THE UNITED STATES OF AMERICA, hereinafter referred to as  
21 the "United States," represented by the Secretary of the Interior,  
22 hereinafter referred to as the "Secretary," acting through the officer  
23 executing this Contract and WELLTON-MOHAWK IRRIGATION AND DRAINAGE  
24 DISTRICT, an irrigation and drainage district created, organized, and  
25  
26

2 existing under and by virtue of the laws of the State of Arizona, with  
3 its principal place of business at Wellton, Arizona, hereinafter  
4 referred to as the "District" or "Contractor." To facilitate  
5 contract administration, all previous contracts which were executed by  
6 representatives of the Bureau of Reclamation and the District and are  
7 still in effect have been consolidated into this contract which is  
8 organized into three parts: Part I dealing with delivery of water,  
9 construction of works, and repayment; Part II dealing with Project  
10 power supply and electric transmission; and Part III dealing with  
11 general provisions, with references to previous contracts included in  
12 applicable parts.

13 Explanatory Recitals

14 2. WHEREAS, the United States has constructed or partially  
15 constructed and is now engaged in the operation and maintenance of  
16 certain Project facilities; and

17 WHEREAS, the parties hereto contracted on March 4, 1952, for  
18 construction of water delivery or drainage works, for repayment of the  
19 costs thereof, and operation and maintenance of the works, and the  
20 parties have supplemented and amended that contract on June 19, 1954;  
21 October 13, 1954; December 16, 1954; April 25, 1955; December 9, 1955;  
22 September 1, 1959; March 4, 1962; July 1, 1962; July 12, 1963;  
23 September 25, 1964; August 2, 1965; and August 15, 1968, as indicated  
24 in the following Explanatory Recitals; and

1           WHEREAS, the contract of March 4, 1952, herein referred to  
2 as the 1952 contract, provided, among other things, for the delivery  
3 to the District from the Project of a supply of water for the irriga-  
4 tion of 75,000 irrigable acres of lands situated within the District,  
5 all of which lands are also situated within the Division, and for the  
6 construction, operation, and maintenance of carriage and distribution  
7 works which are utilized in connection with the irrigation of such  
8 lands and of such other works which might hereafter have been required  
9 for the lands within the District and for the repayment of the cost by  
10 the landowners, and for other purposes; and

11           WHEREAS, the 1952 contract also provided that the maximum  
12 expenditure by the United States for construction of Project works was  
13 fixed at \$42,000,000, designated the "general repayment obligation,"  
14 of which sum the amount of \$1,011,600 was established as the maximum  
15 amount expendable for the construction by the United States of  
16 drainage works for lands within the District, and that the District  
17 was responsible for the construction, at its own cost, of other  
18 drainage works as might be necessary later; and

19           WHEREAS, the District, pursuant to a contract entitled "Loan  
20 Contract between Wellton-Mohawk Irrigation and Drainage District and  
21 United States of America" (Rural Electrification Administration),  
22 dated January 11, 1954, constructed an electric distribution system;  
23 and  
24  
25  
26



2 WHEREAS, by the supplemental and amendatory contract dated  
3 December 9, 1955, it was provided that, in the interests of effecting  
4 savings to the District without increasing the costs to the United  
5 States, the operation only of certain works be assumed by it in  
6 addition to the operation and maintenance of irrigation blocks whose  
7 works were previously transferred to the District in accordance with  
8 the provisions of Subarticle 8(a) of the 1952 contract, and that it  
9 act as the agent of the United States in making arrangements for the  
10 delivery of water pursuant to applications for irrigation water, and  
11 in the collection of the revenues therefrom; and

12 WHEREAS, pursuant to the provisions of the 1952 contract, as  
13 amended December 16, 1954, and December 9, 1955, four irrigation  
14 blocks, designated Nos. 1, 2, 3, and 4, were established on  
15 October 23, 1953, November 3, 1954, October 28, 1955, and October 2,  
16 1957, respectively with 10-year development periods fixed for the  
17 lands in each of said irrigation blocks from and including the afore-  
18 mentioned dates of establishment thereof; and

19 WHEREAS, pursuant to the 1952 contract, as amended  
20 December 16, 1954, and December 9, 1955, the general repayment obliga-  
21 tion was allocated by the Secretary to the lands in the respective  
22 irrigation blocks with the obligation of each irrigation block to be  
23 repaid within 60 years from the initial installment for each block  
24 which was scheduled to become due and payable on December 31 of the  
25 years 1963, 1964, 1965, and 1967, for irrigation blocks 1, 2, 3, and  
26 4, respectively; and

1           WHEREAS, by the supplemental and amendatory contract dated  
2 September 1, 1959, the parties modified the 1952 contract to provide  
3 for the construction of additional drainage system works and repayment  
4 by the District of the expenses incurred by the United States in  
5 connection therewith up to a maximum amount of \$14,000,000 designated  
6 "drainage repayment obligation"; and said drainage repayment  
7 obligation was to be allocated by the Contracting Officer to the lands  
8 in the respective irrigation blocks; and

9           WHEREAS, the initial installments of the drainage repayment  
10 obligation of the District were scheduled to become due and payable to  
11 the United States on December 31 of the years 1963, 1964, 1965 and  
12 1967, for irrigation blocks 1, 2, 3, and 4, respectively, and repay-  
13 ment of the drainage repayment obligation scheduled in 50 years so as  
14 to coincide with the District's last 50 years of payments on the  
15 general repayment obligation for the lands in the respective irriga-  
16 tion blocks; and

17           WHEREAS, because adverse seepage and drainage conditions  
18 existing within the District had caused some lands to go out of pro-  
19 duction, had resulted in significantly reduced crop yields on other  
20 lands, and had seriously limited availability of credit for crop  
21 financing and land development, the supplemental and amendatory  
22 contract, dated March 4, 1962, provided that the scheduled  
23 installments of the general repayment obligation and the drainage  
24 repayment obligation probably could not be paid on their due dates

2 without undue burden on the water users, and that the 1952 contract  
3 and drainage repayment contract should be amended to adjust the  
4 amounts of and to defer repayment of scheduled installments, and to  
5 combine, for purposes of repayment, the general repayment obligation  
6 and the drainage repayment obligation in a single repayment obligation  
7 of the District, to be known as the "consolidated general repayment  
8 obligation," with all lands in the District obligated therefor, and to  
9 provide for variable payments; and

10 WHEREAS, pursuant to the Supplemental Appropriation Act of  
11 May 17, 1963 (Public Law 88-25, 77 Stat. 20), nonreimbursable funds  
12 were made available for the construction and rehabilitation of  
13 drainage facilities for the lands included within the Gila Project  
14 under an emergency program to alleviate salt concentrations in water  
15 to be delivered to Mexico under the Treaty of February 3, 1944,  
16 between the United States and the United Mexican States and for the  
17 United States to furnish and supply electric power and energy for the  
18 operation of said facilities which were provided by Contract No.  
19 14-06-300-1382, dated July 12, 1963; and

20 WHEREAS, by said contract dated July 12, 1963, entitled  
21 "Contract to Construct, Operate and Maintain Electric Facilities and  
22 for Transmission of Energy," District agreed to provide additional  
23 transmission service to the United States to operate said Gila Project  
24 drainage facilities, and District was required to construct additional  
25 electric facilities and to extend its system in order to provide such  
26 additional transmission service; and

2 WHEREAS, in conjunction with the operation and maintenance  
3 of the aforementioned irrigation works, and for the purpose of drain-  
4 ing lands which are irrigated from these irrigation works, the  
5 District operates and maintains approximately 80 drainage wells within  
6 the District, hereinafter referred to as "District Drainage Wells";  
7 and

8 WHEREAS, the United States devised a salinity control and  
9 drainage program for the District, designated as Phase I in a  
10 Department of the Interior report entitled "Special Studies--Delivery  
11 of Water to Mexico," dated February 1963, and as part thereof the  
12 United States has constructed and/or acquired within the District 26  
13 drainage wells and appurtenances thereto, hereinafter referred to as  
14 "United States drainage wells," which are identified by Nos. 601  
15 through 625 and No. 73; and

16 WHEREAS, by means of collector lines and a main conveyance  
17 channel which traverses the District, said drainage wells discharged  
18 water into the Gila River and then into the Colorado River and, as  
19 commingled therewith, were delivered to Mexico in satisfaction of the  
20 Treaty of February 3, 1944, between the United States and the United  
21 Mexican States; and

22 WHEREAS, each of said wells produced water of varying  
23 quality and mineral content and in order to provide better control of  
24 and a reduction in the salinity of said waters, it was essential that  
25 the quantity of water pumped from each well be measured; and pursuant  
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2 to a contract dated September 25, 1964, the United States furnished  
3 the District with 96 saddle-type flowmeters and 96 running time meters  
4 with all appurtenances thereto which were installed by the District  
for which reimbursement was made by the United States; and

5 WHEREAS, on August 2, 1965, the parties amended the 1952  
6 contract to permit the District to contract to supply and deliver  
7 exclusively within the exterior boundaries of the District not more  
8 than 5,000 acre-feet of water for domestic use during any calendar  
9 year; and

10 WHEREAS, the District's consolidated general repayment  
11 obligation was to be repaid in accordance with base annual install-  
12 ments to commence December 31, 1968; and

13 WHEREAS, an examination of the productivity and classifica-  
14 tion of the lands within the District was made by the Productivity Re-  
15 examination Board and it was determined as provided by the  
16 supplemental and amendatory contract dated August 15, 1968, that there  
17 were 6,047.3 irrigable acres of Federal lands, 108.6 irrigable acres  
18 of State owned lands, and 141.0 acres of privately owned lands within  
19 the District that had not been made available for development for  
20 various reasons, including the need for determining which lands were  
21 required for channelization of the Gila River; and the desire to  
22 minimize the discharge of drainage effluent from the District for  
23 reasons of international comity, and therefore, said lands were not  
24 taxable nor subject to District assessments which could be applied

2 toward the District's initial payments on its consolidated general  
3 repayment obligation; and

4 WHEREAS, the disposal and development of the aforesaid lands  
5 would be made more difficult and would generally create a hardship if  
6 new owners of said Federal and State lands and the owners of said  
7 private lands were required to pay assessments on said lands on ac-  
8 count of the consolidated general repayment obligation for 1968 and  
9 for any subsequent years, without benefit of a development period;  
10 and by the August 15, 1968, contract the parties modified the pre-  
11 viously established irrigation blocks, 1, 2, 3, and 4, by eliminating  
12 therefrom the aforesaid Federal, State, and privately owned irrigable  
13 lands and established a new irrigation block to be comprised of said  
14 lands and designated as irrigation block 5; have fixed a 10-year  
15 development period therefor commencing August 15, 1968; modified the  
16 base annual installments set out in revised Article 11 of the March 4,  
17 1962, contract, so as to take into consideration the 10-year develop-  
18 ment period which was to be provided for the lands in irrigation block  
19 5; have allocated the consolidated general repayment obligation of the  
20 District to the area comprising irrigation blocks 1 through 4, as  
21 modified, and to irrigation block 5 based on the varied assessment  
22 rates provided for by the 1952 contract; and established two separate  
23 55-year repayment schedules, one schedule comprising the lands remain-  
24 ing in irrigation blocks 1 through 4 with repayment therefor commenc-  
25 ing with the payment due December 31, 1968, and the other schedule

2 comprising those lands designated as irrigation block 5, with repay-  
3 ment therefor commencing with the payment due December 31, 1978; and

4 WHEREAS, an amount of \$5,915,268 was allocated to Division  
5 flood control and pursuant to the Act of November 20, 1967 (81 Stat.  
6 471), that amount was determined to be nonreimbursable and the parties  
7 amended the 1952 contract on August 15, 1968, accordingly; and

8 WHEREAS, the Colorado River Basin Salinity Control Act of  
9 June 24, 1974 (88 Stat. 266), provides for a program of works for the  
10 enhancement and protection of the quality of the waters of the  
11 Colorado River for use in the United States and the Republic of Mexico  
12 pursuant to the provisions of a settlement of controversies between  
13 the United States and Mexico arising under the Mexican Water Treaty  
14 of 1944; and to accomplish this purpose, said Act authorized the  
15 Secretary, among other things, to construct, operate, and maintain a  
16 desalting complex to reduce the salinity of drain water from the  
17 Division, to reduce the return flows from the Division to 175,000  
18 acre-feet per year or less by reducing the existing 75,000 irrigable  
19 acres in the District, and by implementing a cooperative program for  
20 improving irrigation efficiencies in the Division; and

21 WHEREAS, pursuant to the Colorado River Basin Salinity  
22 Control Act, the Secretary is authorized, among other things, to ac-  
23 quire by purchase or through eminent domain or exchange, to the extent  
24 determined by him to be appropriate, lands or interests in lands in  
25 the Division to reduce the existing 75,000 developed and undeveloped  
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1 irrigable acres therein authorized by the Act of July 30, 1947 (61  
2 Stat. 628), known as the Gila Reauthorization Act, to approximately  
3 65,000 acres, and to acquire additional lands with the consent of the  
4 District, as may be deemed by the Secretary to be appropriate, if he  
5 determines that the irrigable acreage of the Division must be reduced  
6 below 65,000 acres of irrigable lands to carry out the purposes of  
7 Section 101(f) of the Colorado River Basin Salinity Control Act; and

8 WHEREAS, the Secretary is authorized by the Colorado River  
9 Basin Salinity Control Act, to amend the contract between the United  
10 States and the District dated March 4, 1952, as amended, to provide  
11 that (1) the portion of the existing repayment obligation owing to the  
12 United States allocable to irrigable acreage eliminated from the  
13 Division for the purposes of Title I of said Act as determined by the  
14 Secretary shall be nonreimbursable, and (2) if deemed appropriate by  
15 the Secretary, the District shall be given credit against its out-  
16 standing repayment obligation to offset any increase in operation and  
17 maintenance assessments per acre which may result from the District's  
18 decreased operation and maintenance base, all as determined by the  
19 Secretary; and

20 WHEREAS, the Western Area Power Administration of the  
21 Department of Energy was authorized by the Act of August 4, 1977 (91  
22 Stat. 565; Public Law 95-91), and is now responsible for the trans-  
23 mission, switching, necessary wheeling arrangements, and substation  
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operation for the Service's projects including project use power and the District's requirements as set forth in this contract; and

WHEREAS, the Service will administer all contractual arrangements for project use power with concurrence and review by Western of any revisions in existing contracts as set forth in Exhibit E of the March 26, 1980, master agreement between Western and the Service; and

WHEREAS, the Productivity Reexamination Board reviewed advantages and lost savings to the District and the United States and possible adverse impacts to water users and on March 23, 1978, passed Resolution No. 78-1 providing for the combination of productivity groups into a single repayment class; and

WHEREAS, the parties desire to (1) consolidate the contracts referred to herein in a single consolidated contract, (2) implement the provisions of the Colorado River Basin Salinity Control Act and the Productivity Reexamination Board Resolution No. 78-1, (3) extend the cutoff date from December 31, 1977, to December 31, 1987, for advancement of funds by the United States for construction of works for lands within the District, and (4) eliminate the separate repayment schedule for irrigation block 5 as most of the lands therein have been withdrawn by the United States and will not be made available for agricultural purposes.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

Definitions

3. When used in this contract, unless otherwise distinctly expressed, or otherwise manifestly incompatible with the intent hereof, the terms:

(a) "Contracting Officer" shall mean the Secretary of the Interior, his duly appointed successor, or his authorized representative.

(b) "Regional Director" shall mean the Regional Director, Lower Colorado Region, Bureau of Reclamation, his duly appointed successor, or his authorized representative.

(c) "Project Manager" shall mean the Project Manager, Yuma Projects Office, his duly appointed successor, or his authorized representative.

(d) "Western" shall mean the Western Area Power Administration of the United States Department of Energy.

(e) "Desalter plant" shall mean the desalting plant to be constructed near Yuma which was authorized by Section 101(b) of the Colorado River Basin Salinity Control Act of June 24, 1974 (88 Stat. 266).

(f) "Project" shall mean certain irrigation works situated in the State of Arizona which are known and designated as the Gila Project.

(g) "Division" shall mean the Wellton-Mohawk Division of the Project.

(h) "System" shall mean the electric distribution system originally constructed by the District in 1954.

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5 (i) "Domestic use" shall mean the use of water for purposes specified in Article II(h) of the Colorado River Compact approved by Section 13(a) of the Act of December 21, 1928 (45 Stat. 1057).

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7 (j) "General repayment obligation" shall mean the 1952 contract general repayment obligation of not to exceed \$42,000,000.

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9 (k) "Drainage repayment obligation" shall mean the repayment obligation of not to exceed \$14,000,000 pursuant to the September 1, 1959, contract.

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11 (l) "Consolidated general repayment obligation" shall mean  
12 the combined "general repayment obligation" and "drainage repayment  
13 obligation" as established in the March 4, 1962, contract and amended  
14 by the August 15, 1968, contract.

15 (m) "Amended consolidated general repayment obligation"  
16 shall mean the "consolidated general repayment obligation" as amended  
17 herein pursuant to Section 101(i) of the Colorado River Basin Salinity  
18 Control Act.

19 (n) "Productivity Reexamination Board" shall mean the  
20 Productivity Reexamination Board which was established pursuant to  
21 Article 11 of the March 4, 1952, contract for the purpose of  
22 reexamining the productivity and classification of lands within the  
23 District and to advise the District and United States of its findings.

1 (o) "Wellton Camp Headquarters Facilities" shall mean the  
2 administration offices, warehouse and shop facilities.

3 (p) "Wellton Camp Housing" shall mean employee housing  
4 located within the headquarters area.

5 (q) "Ditchrider Housing" shall mean employee housing which  
6 is strategically located throughout the project boundaries.

7 Part I

8 DELIVERY OF WATER, CONSTRUCTION OF WORKS, AND REPAYMENT

9 Delivery of Water by United States

10 4. As far as reasonable diligence will permit, the United States  
11 will, from and after March 4, 1952, from storage available in Lake  
12 Mead, deliver to or for the District at Imperial Dam, such quantities  
13 of water, including all other waters diverted for use within the  
14 District from the Colorado River as may be ordered by the District,  
15 the present boundaries of which are indicated in Exhibit A, which is  
16 attached hereto and by this reference made a part hereof and which is  
17 intended, for purposes of this contract, to replace Exhibits C and D  
18 of the March 4, 1952, contract. The March 4, 1952, contract was  
19 recorded at the Yuma County Records Office, Yuma County, Arizona,  
20 and Exhibit C of that contract has been and will be amended from time  
21 to time. The Productivity Reexamination Board prepared a report dated  
22 July 3, 1973, which described the 75,000 acres of irrigable land  
23 within the District boundaries. The Board will revise that report to  
24 include only the 65,000 acres of irrigable land to be served following

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the land acquisition program authorized by the Colorado River Basin Salinity Control Act. Water will be delivered by the United States as may be reasonably required and beneficially used for the irrigation of the aforementioned 65,000 irrigable acres as described in the revised report or as it may further be revised because of land exchanges, or to such lesser number of acres as may be determined to be irrigated, in accordance with the provisions of Section 101(f) of the Colorado River Basin Salinity Control Act, subject to:

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(a) The availability of such water for use in Arizona under the provisions of the Colorado River Compact, the Act of December 21, 1928 (45 Stat. 1057), and the Act of July 30, 1947 (61 Stat. 628);

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(b) Executive A, Seventy-eighth Congress, second session, a treaty between the United States of America and the United Mexican States, signed at Washington on February 3, 1944, relating to the utilization of the waters of the Colorado and Tijuana Rivers and of the Rio Grande from Fort Quitman, Texas, to the Gulf of Mexico, and Executive H, Seventy-eighth Congress, second session, a protocol, signed at Washington on November 14, 1944, supplementary to the Treaty;

(c) The express understanding and agreement by the District that this contract is subject to the condition that Hoover Dam and Lake Mead shall be used: first, for river regulation, improvement of navigation and flood control; second, for irrigation and domestic uses

1 and satisfaction of present perfected rights in pursuance of Article  
2 VIII of the Colorado River Compact approved by Section 13(a) of said  
3 Act of December 21, 1928; and third, for power, and furthermore that  
4 this contract is made upon the express condition and with the express  
5 covenant that the United States and the District shall observe and be  
6 subject to and controlled by said Colorado River Compact and said Act  
7 of December 21, 1928, in the construction, management and operation of  
8 Hoover Dam, Lake Mead, canals and other works and the storage,  
9 diversion, delivery and use of water to be delivered to the District  
10 hereunder; and

11 (d) The other terms, conditions, and provisions set forth  
12 in this contract; Provided, however, That the maximum rate of delivery  
13 of water hereunder shall be 1,300 cubic feet per second at Imperial  
14 Dam; And provided further, That the United States reserves the right  
15 to temporarily discontinue or reduce the amount of water to be  
16 delivered to the District whenever such discontinuance or reduction is  
17 made necessary for purposes of investigation, inspection, replace-  
18 ments, maintenance, or repairs to any works whatsoever utilized or, in  
19 the opinion of the Secretary, necessary for delivery of water here-  
20 under, it being understood that as far as feasible the United States  
21 will give the District reasonable notice in advance of such temporary  
22 discontinuance or reduction. The United States, its officers, agents,  
23 employees, successors, and assigns shall not be liable for damages  
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when, for any reason whatever, suspensions or reductions in delivery of water occur. Subject to the terms, conditions, and provisions set forth in this contract, this contract is for permanent water service.

Measurement of Water

5. The water to be delivered hereunder will be measured by means of measuring devices installed or to be installed and operated and maintained by the United States; Provided, however, That if for any reason any of said measuring devices are not installed, or if said measuring devices, subsequent to their installation, for any reason fail, in the opinion of the Project Manager to operate satisfactorily, the Project Manager will, from the best information available, determine the amount of water received hereunder by the District. Said measuring devices and all controlling devices heretofore or hereafter installed shall be and at all times remain under the complete control of the United States, whose authorized representatives may at all times have access thereto over the lands and rights-of-way of the District.

Responsibility for Distribution and Use of Water

6. (a) The District shall be responsible for the control, carriage, handling, distribution, and use of all water delivered or taken hereunder and shall hold the United States, its officers, agents, employees and successors and assigns, harmless from every claim for damages to persons or property direct or indirect and of whatever nature arising out of or in any manner connected with the

1 control, carriage, handling, distribution or use of such water. Except  
2 as otherwise provided in Subarticle 6(b) hereof, the District shall  
3 not use or permit the use of any of the water delivered or taken  
4 hereunder on any lands other than those irrigable lands which are  
5 situated within the portion of the District as described in said  
6 Exhibit A without the approval of the Contracting Officer. The United  
7 States reserves the right to all waste, seepage and return flow water  
8 derived from water delivered or taken hereunder and which escapes or  
9 is discharged beyond the District's boundaries.

10 (b) Incidental to its operation of the works provided for  
11 in Article 7 of this contract, the District may supply and deliver  
12 Colorado River water for domestic use within the exterior boundaries  
13 of the District, including such use in areas which are physically  
14 located within the continuous exterior boundary of the District but  
15 which are not legally included within the District, subject, however,  
16 to the following limitations, exceptions, and conditions:

17 (1) The District shall not obligate itself to supply  
18 or deliver more than 5,000 acre-feet of water, in the aggregate,  
19 for domestic use during any calendar year.

20 (2) No water shall be supplied or delivered by the  
21 District for domestic use without a written subcontract for such  
22 purpose.  
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2 (3) The District shall not supply or deliver domestic  
3 water in circumstances where the operations of the domestic water  
4 user or the nature or purpose of use or the method or place of  
5 disposal of such water contaminates or pollutes the ground water  
6 underlying the lands within the District or the water in the  
7 irrigation or drainage works within the District or the surface  
8 flow or underflow of the Gila River or the Colorado River, all as  
9 determined, in any instance, by the Contracting Officer. If the  
10 Contracting Officer determines such water contamination or pollu-  
11 tion is occurring or has occurred because of any of the circum-  
12 stances specified above and notifies the District that the  
13 offending domestic water user after notice from the United States  
14 and an opportunity to correct the situation has failed to do so,  
15 the District shall thereupon terminate the supply or delivery of  
16 domestic water to said user and shall not reinstitute such supply  
17 or delivery without the written approval of the Contracting  
18 Officer.

18 (4) Except as otherwise provided in Subarticle (b)(5)  
19 of this Article, no subcontract made by the District to supply or  
20 deliver water for domestic use shall be of any force or effect,  
21 nor shall any water be delivered thereunder, before such  
22 subcontract is approved in writing by the Contracting Officer.  
23 Approval of such contractual arrangements shall not relieve the  
24 District of any obligation or duty assumed by it under this  
25 contract, nor shall said approval be deemed to constitute or

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imply any opinion as to the merits of such contractual arrangements, nor constitute or imply that the District's domestic water user pursuant to such subcontract is a party to this contract or a holder of any right of any kind against the United States for any purpose whatsoever.

(5) The following subcontracts entered into by the District for the supply or delivery of water for domestic use need not be submitted to the Contracting Officer for written approval:

(i) Subcontracts providing for the delivery of not more than 50 acre-feet of water per annum; and

(ii) Subcontracts for the delivery of water on a retail, as distinguished from a wholesale, basis; i.e., where the District undertakes water delivery functions normally associated with a water company and delivers water to residents or occupants of a municipality, town, or of an unincorporated area for uses commonly known as municipal or domestic and under circumstances where a direct sale of small quantities of water is made to the ultimate consumer or user to satisfy personal or household wants or incidental minor business uses and related needs rather than for commercial uses or for resale purposes.

(6) The District shall make written reports to the Contracting Officer on or before February 1 of each year on a form or forms satisfactory to the Contracting Officer, covering,

2 among other things, the quantities of water delivered during the  
3 preceding calendar year by the District pursuant to Subarticle  
4 (b) of this Article, the points of delivery, the nature of the  
5 use thereof and its disposition, the quantity of return flow to  
6 the Colorado or Gila Rivers, if any, and the points thereof.

7 (7) On February 1 of each year, the District shall pay  
8 to the United States \$3.25 per acre-foot for each acre-foot of  
9 water sold and/or delivered by the District for domestic use  
10 pursuant to the foregoing authority during the preceding calendar  
11 year. The amounts so paid by the District will be applied by the  
12 United States to reduce the total amount of the amended consoli-  
13 dated general repayment obligation of the District established in  
14 accordance with this contract but shall not affect or reduce the  
15 annual payments due and payable by the District to the United  
16 States, set out herein in Article 12. After the amended consoli-  
17 dated general repayment obligation has been paid in full,  
18 payments to the United States for water sold and/or delivered for  
19 domestic use will no longer be required of the District.

20 (8) Every subcontract of the District to supply or de-  
21 liver water for domestic use shall, by its terms:

22 (i) Contain the substance of the provisions of  
23 Subarticle (b)(3) of this Article and the agreement of the  
24 District's domestic water user thereto;

2 (ii) Provide that the furnishing of water by the  
3 District thereunder does not constitute and shall not be  
4 deemed to be, by implication or otherwise, the basis of a  
5 claim of a grant of or the recognition of a claim to a water  
6 right in the District's domestic water user, or any  
7 commitment by the United States to deliver water thereto;

8 (iii) Contain a disclaimer of any claim for dam-  
9 ages from or other relief to be provided by the United  
10 States in the event the United States discontinues or re-  
11 duces the amount of water delivered to the District under  
12 this contract between the United States and the District or  
13 in the event the District for any reason whatsoever fails to  
14 furnish water to the District's domestic water user and  
15 shall expressly relieve and release the United States, its  
16 officers, agents and employees, from any liability or  
17 responsibility whatsoever for the quality, composition or  
18 contents of water delivered by the District or for any lack  
19 of fitness of such water for any use thereof by the domestic  
20 water user or other users thereof;

21 (iv) Be expressly subordinated to all requirements  
22 for water for irrigation use in the District;

23 (v) Provide that the delivery of water by the  
24 United States to the District and by the District to the  
25 District's domestic water user is subject to the prior  
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2 fulfillment of all contracts now or hereafter made by the  
3 United States for the diversion of Colorado River water at  
4 Imperial Dam and for the delivery of such water through the  
5 Gila Gravity Main Canal or the All-American Canal for the  
6 irrigation of lands in the State of Arizona.

7 (9) It is understood and agreed by the parties hereto  
8 that the authorization contained in the Subarticle (b) of this  
9 Article does not constitute and shall not be deemed under any  
10 circumstances, by implication or otherwise, to enlarge the  
11 quantity of water which the United States is to deliver to the  
12 District under this contract or to increase the rate at which  
13 said water is to be delivered to the District thereunder, and it  
14 is further understood and agreed by the parties hereto that the  
15 water furnished by the District under authority of Subarticle (b)  
16 of this Article shall come out of and be a part of the water  
17 entitlement of the District under this contract.

18 Construction by United States and by District

19 7. (a) The United States agrees to expenditure of not to  
20 exceed \$56,000,000 for the purpose of constructing the works described  
21 in Subarticles 7(a)(1) and 7(a)(2). As of December 31, 1977,  
22 \$49,958,346 had been expended, leaving a balance of \$6,041,654  
23 unexpended. For the derivation of United States expenditures through  
24 December 31, 1977, see page 1 of Exhibit D, which is attached hereto  
25 and by this reference made a part hereof. Works constructed or to be  
26 constructed pursuant to this Subarticle and amounts to be expended  
therefor are as follows:

1 (1) The United States agrees to expend not to exceed  
2 \$42,000,000 and as of December 31, 1977, had expended  
3 \$41,952,658, toward construction and acquisition of distribution  
4 system works and other facilities described below:

5 (i) The District's allocated share of the cost of  
6 constructing those Gila Project works common to the Yuma  
7 Mesa Division and the Wellton-Mohawk Division, as more fully  
8 described on page 2 of Exhibit D;

9 (ii) The Wellton-Mohawk Canal, Wellton Canal,  
10 Mohawk Canal, and pumping plants as indicated on the map  
11 marked Exhibit B, attached hereto and by this reference made  
12 a part hereof, and such appurtenant and auxiliary structures  
13 as the Contracting Officer determined to be necessary to  
14 provide for the carriage and delivery of the irrigation  
15 water delivered hereunder; a distribution system, at the  
16 approximate locations indicated in said Exhibit B, which  
17 consists generally of open, concrete-lined, asphaltic-lined  
18 or unlined canals, pumping plants as indicated in the  
19 exhibit, and such other appurtenant and auxiliary structures  
20 as the Contracting Officer determined to be necessary to  
21 accomplish the ends contemplated by the distribution system;  
22 a system of protective works consisting of dams, dikes,  
23 levees, embankments, catchment basins,

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2 bridges, causeways, roads, culverts, flumes, siphons,  
3 wasteways, evacuation and dispersion channels and other  
4 works, as indicated in said Exhibit B, designed to protect  
5 the above-mentioned canals, distribution system and appur-  
6 tenant and related works and lands and other properties  
7 within the Division from overflow or other damage from storm  
8 waters or surface waters; Wellton Camp Headquarters, Wellton  
9 Camp housing, and Ditchrider Housing; and such drainage  
10 works as may be necessary for the drainage of lands within  
11 the District; and

12 (iii) Lands and facilities of the Gila Valley  
13 Power District and Mohawk Municipal Water Conservation  
14 District.

15 (2) The United States agrees to expenditure of a sum  
16 of not to exceed \$14,000,000 and as of December 31, 1977, had  
17 expended \$8,005,688, for the purpose of providing a solution for  
18 drainage problems affecting agricultural lands within the  
19 District. Works constructed or to be constructed pursuant to  
20 this Subarticle 7(a)(2) include, but are not limited to, a main  
21 concrete-lined collection and conveyance facility, together with  
22 appurtenant works substantially in accordance with the plan shown  
23 in the drawing marked Exhibit C, attached hereto and by this  
24 reference made a part hereof, and other drainage facilities such  
25 as Gila River Channel improvements, siphons, flumes, sumps,

1 bridges, wells, pumps, lateral pipelines, drains, underground  
2 drainage-tile lines and appurtenant, auxiliary or related works  
3 or features, as may hereafter from time to time be proposed,  
4 specified, and agreed to in writing by the Contracting Officer  
5 and the Board of Directors of the District for the purposes of  
6 development and establishment, on a progressive basis, of the  
7 drainage system. The works provided for in this Subarticle  
8 7(a)(2) shall be constructed by the United States, or as  
9 authorized by law and subject to the making of prior, written,  
10 contractual arrangements satisfactory to the Contracting Officer,  
11 by the District. The United States will not expend or obligate  
12 funds for the purposes of this Subarticle 7(a)(2) after  
13 December 31, 1987; Provided, however, that funds may be expended  
14 subsequent to that date if, in the opinion of the Contracting  
15 Officer, such expenditure is necessitated by conditions beyond  
16 the control of the District. As soon as practicable after  
17 December 31, 1987, the District will be furnished with a state-  
18 ment setting out the aggregate of the costs incurred under this  
19 Subarticle 7(a)(2) by the United States in connection therewith,  
20 as determined by the Contracting Officer. Such costs shall  
21 include all expenses of whatsoever kind or nature incurred here-  
22 under by the United States in connection with, growing out of or  
23 resulting from the construction of said works, including but not  
24 limited to, the cost of offsite project activities, labor,

1 materials, equipment, engineering, legal work, superintendence,  
2 administration, overhead, damages of all kinds and character, and  
3 the cost of rights-of-way and destroyed improvements. Nothing  
4 contained in this Subarticle 7(a)(2) shall be deemed to consti-  
5 tute a warranty, express or implied, that the works constructed  
6 under this Subarticle will effectually drain all of the lands  
7 within the District or any particular lands therein. The  
8 District hereby relieves and releases the United States, its  
9 officers, agents, and employees, from any liability or respon-  
10 sibility whatsoever for failure of said works, either severally  
11 or in combination, to accomplish any or all of the purposes for  
12 which the same are constructed or proposed to be constructed.

13 (b) At its own cost and without expense to the United  
14 States, the District has constructed, reconstructed, located, relo-  
15 cated, enlarged, diminished, replaced and/or installed the facilities  
16 described below:

17 (1) Measuring devices adequate to measure the quantity  
18 of all surface return flow water discharged beyond the District's  
19 boundaries; such devices were installed in conformity with speci-  
20 fications and at such locations as the Project Manager prescribed  
21 and are accessible at all times to authorized representatives of  
22 the United States over the lands and rights-of-way of the  
23 District;

2 (2) Such drainage works other than works constructed  
3 under Subarticle (a) of this Article as necessary for the drain-  
4 age of said lands; and

5 (3) Such other works and facilities as were necessary  
6 for the District's performance of any obligations on its part to  
7 be performed.

8 (c) The United States will invoke all legal and valid  
9 reservations of rights-of-way under Acts of Congress, or otherwise  
10 reserved or held by it, without cost to the District, as to rights-of-  
11 way required for works constructed by the United States under this  
12 Article or by the District pursuant to the Act of June 13, 1956 (70  
13 Stat. 274), except that the United States reserves the right, where  
14 rights-of-way are thus acquired, to reimburse the owners of the servi-  
15 ent lands for the value of improvements which may be destroyed, and  
16 the District agrees that the United States may include such disburse-  
17 ments in the costs incurred by the United States, as provided in this  
18 Article. Such costs shall also include any amounts paid by the United  
19 States under the authority of the Act of May 29, 1958 (72 Stat. 152),  
20 as reimbursement for moving expenses and other losses and damages  
21 occasioned by the exercise of rights-of-way under the Act of August  
22 30, 1890 (26 Stat. 371), or the Act of September 2, 1964 (78 Stat.  
23 808), as amended by the Act of October 4, 1966 (80 Stat. 373).

24 (d) Where rights-of-way are required for those works re-  
ferred to in this Article and such rights-of-way are not reserved to

1 the United States under Acts of Congress or otherwise, or the lands  
2 over which such rights-of-way are required are not then owned by the  
3 District, the District shall, upon request of the Contracting Officer,  
4 acquire title to such lands or perpetual easements therein, required  
5 for such purpose, and in turn convey unencumbered fee simple title  
6 thereto or perpetual easements therein to the United States, at the  
7 actual cost thereof to the District, including the actual cost of  
8 legal and title expenses incurred by the District, subject to the  
9 approval of such costs by the Contracting Officer. In case of neglect  
10 or failure of the District, upon request of the Contracting Officer so  
11 to acquire and convey any lands or perpetual easements determined by  
12 him to be necessary for the construction of such works, the United  
13 States may acquire the same and include the actual cost thereof,  
14 including the actual cost of legal and title expenses incurred by the  
15 United States, as well as any amounts paid by the United States under  
16 the authority of the Act of May 29, 1958 (72 Stat. 152), as reimburse-  
17 ment for moving expenses and other losses and damages occasioned by  
18 such acquisition, in the costs incurred by the United States, as  
19 provided in this Article.

20 (e) The District shall convey to the United States, with-  
21 out cost, unencumbered fee simple title to any and all lands now or  
22 hereafter owned by it which, in the opinion of the Contracting  
23 Officer, may be required for right-of-way purposes for the works con-  
24 structed by the United States under this Article.

2 (f) The United States furnished the District with 96  
3 saddle-type flowmeters and 96 running time meters, together with all  
4 appurtenances thereto which were required for installation on each of  
5 the District drainage wells and United States drainage wells in order  
6 to measure the quantities of water pumped from each well. The  
7 District installed the meters for which reimbursement has been made by  
8 the United States.

8 Operation and Maintenance of Constructed Works

9 8. (a) The Contracting Officer has transferred and the  
10 District has assumed the care, operation, and maintenance at its own  
11 expense of all the Division works and appurtenances including the  
12 United States drainage wells and sumps initially installed for  
13 salinity control purposes and the main conveyance channel. By letter  
14 of February 28, 1980, the United States informed the District that  
15 after September 30, 1980, the United States would no longer operate  
16 and maintain the United States wells nor would the United States  
17 continue to make any payment toward the operation and maintenance  
18 costs related to water pumped from the wells. The District was  
19 further informed that the United States would not object to District  
20 assumption of the operation and maintenance of the wells. On  
21 October 1, 1980, the District assumed the operation and maintenance of  
22 the wells at its own expense. The District reserves the right to  
23 abandon any or all of the wells at its own discretion. The District  
24 and the United States agree to develop criteria relating to operation

1 of the said drainage wells which may still be in service to meet the  
2 water quality requirements of the desalter plant so far as is  
3 practicable. If the operating criteria are not agreed upon by the  
4 date of initial operation of the desalter plant, the United States  
5 reserves the right to reassume the operation and maintenance of the  
6 said wells at its own expense for salinity control purposes. The  
7 District shall hold the United States, its officers, agents,  
8 attorneys, employees, and successors or assigns, harmless from every  
9 claim for damages to persons or property, direct or indirect, and of  
10 whatever nature, arising out of or in any manner connected with the  
11 care, operation, and maintenance of all transferred works and appurte-  
12 nances.

13 (b) If, in the opinion of the Secretary, the District shall  
14 have failed at any time, or from time to time, to perform substantial-  
15 ly any provision of this contract, the United States shall give the  
16 District written notice specifying the respects in which the District  
17 shall have failed to so perform, and in the event that the District  
18 fails to cure such default within 30 days following the giving of such  
19 notice, the United States may, on 60 days' written notice to the  
20 District, resume the control of any of the works or equipment men-  
21 tioned in Subarticle (a) of this Article and thereafter care for,  
22 operate, and maintain the same. In the event the care, operation and  
23 maintenance of the transferred works are resumed by the United States,  
24 the District shall advance to the United States within 10 days after  
25 written demand by the Contracting Officer, the estimated cost of all

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2 such care, operation, and maintenance by the United States, plus 15  
3 percent to cover supervision and administrative expense, during the  
4 period commencing with the date that the care, operation, and mainte-  
5 nance of such works are assumed by the United States and terminating  
6 on the following first day of January. During such time thereafter as  
7 the United States shall retain the operation and maintenance of such  
8 works based on an estimate to be furnished by the United States on or  
9 before May 1, the District shall advance to the United States in two  
10 equal installments on the December 31 following said May 1 and on the  
11 following June 30, the estimated cost of all such care, operation, and  
12 maintenance, plus 15 percent to cover supervision and administrative  
13 expense, for the calendar year immediately following said December 31;

14 Provided, however, That in the event that the United States resumes  
15 the care, operation, and maintenance of the works transferred here-  
16 under on or after May 1 of any year, the estimate to be furnished by  
17 the United States for the ensuing calendar year may be given at such  
18 reasonable time as the Contracting Officer shall determine. If the  
19 amount advanced by the District for any period shall prove to be  
20 insufficient to pay the cost of all such operation and maintenance by  
21 the United States plus 15 percent to cover supervision and administra-  
22 tive expense during such period, the amount of such deficiency shall  
23 be paid by the District to the United States within 60 days following  
24 written notice to the District by the United States.

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(c) Whenever the United States shall have resumed the care, operation, and maintenance of any such works pursuant to the provisions of Subarticle (b) of this Article, the Secretary, upon written request by the District accompanied by assurance satisfactory to him, may, upon 60 days' written notice to the District, return the care, operation, and maintenance of any such works to the District under the provisions of this contract.

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(d) The right of the United States to control the care, operation, and maintenance of any such works, pursuant to the provisions of this Article, shall continue during the repayment period of this contract.

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Keeping Works in Repair

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9. Except in case of emergency, no substantial change in any of the works transferred to the District under the provisions hereof shall be made by the District without first having had and obtained the written consent of the Contracting Officer and his opinion as to whether any change in any such works is or is not substantial shall be conclusive and binding upon the parties hereto. The District shall promptly make any and all repairs to, and replacements of, all works transferred to it under the terms and conditions hereof which, in the opinion of the Contracting Officer, are deemed necessary for the proper operation and maintenance of such works. In case of neglect or failure of the District to make such repairs, the United States may, at the option of the Contracting Officer, after reasonable notice to

1 the District, cause such repairs to be made and charge the actual cost  
2 thereof, including supervision and administrative expense, to the  
3 District. On or before May 1 of each year, the United States shall  
4 give written notice to the District of the amount expended by the  
5 United States for repairs under this Article during the 12-month  
6 period ended on April 1 immediately preceding. Such cost, includ-  
7 ing supervision and administrative expense, shall be repaid by the  
8 District in two equal installments on December 31 next succeeding said  
9 May 1 and on June 30 next succeeding said December 31.

#### 10 Protection Against Claims

11 10. In the event that any claim of whatsoever nature made  
12 against the United States results in costs which, in the opinion of  
13 the Secretary, are wholly or partly chargeable against the Division,  
14 the District shall pay to the United States such portion of said costs  
15 as the Secretary determines to be appropriately allocable to the  
16 District, in 20 equal semiannual installments. The first of such  
17 installments shall be payable on December 31 next succeeding the  
18 delivery to the District of written demand for payment of its portion  
19 of said costs, which demand shall not be given later than May 1 of any  
20 year, and the remaining installments shall be payable on each June 30  
21 and December 31 thereafter until all of the District's portion of said  
22 costs has been paid in full.  
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Transfer of Wagner-Mills Property

11. As part of the acreage reduction program, the United States acquired certain properties known as the Wagner Mills Ranches. Improvements on two parcels of the land are useful to the District in the operation and maintenance of the transferred works. Therefore, for valuable consideration as specified in Article 12(b)(1) hereof, ownership of the land described in Exhibit E, which is attached hereto and by this reference made a part hereof, and the improvements thereon upon execution hereof will be conveyed to the District by quitclaim deed.

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Payment by District of Amended

Consolidated General Repayment Obligation

12. (a) The District shall pay to the United States not exceeding \$56,000,000, which represents the maximum United States expenditures for the construction of the works described in Subarticle 7(a) hereof, less the following:

Nonreimbursable Flood Control	\$ 5,915,268
Prior payments	2,409,338
Contributions	99,251
Capital cost credits	5,537,932
Operation and Maintenance credits	<u>9,504,099</u>
Total	\$ 23,465,888

Reducing the maximum repayment obligation of \$56,000,000 by \$23,465,888 results in an amended consolidated general repayment obligation of \$32,534,112. That obligation will be further reduced by the amount by which the authorized expenditures pursuant to Subarticle

1 7(a) exceed the actual expenditures of the United States in the con-  
2 struction of the works described therein. As of December 31, 1977,  
3 said amount equaled \$6,041,654 (\$42,000,000 - \$41,952,658 +  
4 \$14,000,000 - \$8,005,688). The following are detailed explanations of  
5 the amounts deducted above:

6 (1) \$5,915,268 represents the amount which has been  
7 determined to be the costs allocated to flood control on the  
8 Wellton-Mohawk Division, Gila Project, and as so allocated, has  
9 been declared nonreimbursable by the Act of November 20, 1967 (81  
10 Stat. 471).

11 (2) \$2,409,338 is the sum of the annual payments made  
12 by the District prior to July 1, 1978, to apply against the  
13 District's repayment obligation.

14 (3) \$99,251 represents District contributions of which  
15 \$84,340 is the value of contributed rights-of-way and \$14,911 the  
16 amount of funds contributed to purchase turnouts.

17 (4) \$5,537,932 is the amount computed by dividing the  
18 number of irrigable acres of District lands eliminated from the  
19 Division for the purposes of Section 101(f) of the Colorado River  
20 Basin Salinity Control Act by 75,000 and multiplying the result  
21 by the remaining balance to be paid by the District as of July 1,  
22 1978 ( $\frac{10}{75} \times \$41,534,489$ ) and, as so determined by the  
23 Secretary, is declared to be nonreimbursable pursuant to the  
24 provision of said Act. If, with the consent of the District, the  
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irrigable acreage of the Division is reduced below 65,000 acres  
of irrigable lands as determined necessary by the Secretary to  
carry out the purposes of Section 101(f) of said Act, the  
consolidated general repayment obligation of the District will be  
further reduced in accordance with the above principle.

(5) \$9,504,099 is a base credit amount to partially  
offset the increase in per acre operation and maintenance assess-  
ments as a result of the District's decreased operation and  
maintenance assessment base as determined by the Secretary, which  
amount of credit has been computed by determining the loss to the  
District in operation and maintenance assessment revenues in 1979  
as a result of the reduction in the irrigable acres within the  
Division to 65,000 acres, which was partially offset by annual  
savings to the District resulting from the reduction in the  
irrigation facilities to be operated and maintained by the  
District and the reduced acreage to be provided with water and  
multiplying said loss of \$190,364 by 49 years and adding to that  
amount a credit for the loss of O&M assessment base of \$176,263  
in 1978. If, with the consent of the District, the irrigable  
acreage of the Division is reduced below 65,000 acres as deter-  
mined necessary by the Secretary to carry out the purposes of  
Section 101(f) of the Colorado River Basin Salinity Control Act,  
additional credits will be made as determined by the Secretary in  
accordance with the above principle.

(b) (1) The amended consolidated general repayment obligation of the District shall be paid by the District to the United States in successive payments each calendar year in accordance with the following Schedule:

<u>Column 1</u>	<u>Column 2</u>
Date of Payment	Base Annual Installment
1978	133,111
1979-1984	119,010
1985-2022	<u>1/</u>

1/ An amount annually equal to 1/38th of the amount of the amended consolidated general repayment obligation remaining unpaid on December 1, 1985, as determined by the Contracting Officer.

Provided, however, That the 1980 payment, subsequent to adjustment pursuant to Subarticles b(2) and b(3) hereof, shall be increased by \$37,500 to cover the cost of the Wagner-Mills property conveyed to the District in Article 11 hereof; Provided further, that the District shall receive credit against the unpaid portion of the 1980 payment, as adjusted, and against subsequent future payments for overpayments in the amount of \$394,449 which were made in conjunction with the 1978 and 1979 payments; Provided further, That at such time as the balance of the amended consolidated general repayment obligation payable under the Schedule has been reduced to an amount less than the amount of the adjusted base annual installment next due under the Schedule, the District shall pay such unpaid balance in full as its final payment on the amended consolidated general repayment obligation under the Schedule; And provided further, That each

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base annual installment may be paid in two equal parts, the first half of which shall be due and payable on each December 31, and the second half of which shall be due and payable on each June 30 following such December 31.

(2) Subject to the following definitions, provisions, and limitations, each base annual installment shall be adjusted by the Contracting Officer; i.e., increased or decreased, within the limits hereinafter set out, by multiplying the base annual installment by a "National Parity Adjustment Factor":

(i) The "National Parity Adjustment Factor" is that number or ratio obtained by dividing the National Agricultural Parity Ratio, as determined by the Secretary of Agriculture under the provisions of Subchapter II of the Agricultural Adjustment Act of 1938, as amended (7 USCA 1301 et seq.), and as it may be amended further from time to time, for the calendar year immediately preceding the December 31 due date for each base annual installment, by 94 (which represents the projected long-term parity ratio as utilized in the "Supplemental Report of Payment Capacity" dated March 1959, covering the Wellton-Mohawk Division, Gila Project): Provided, however, That if the National Agricultural Parity Ratio, which is basic to the determination above described, is not available and no similar number or ratio of the index of prices paid by farmers for commodities and services to the index of prices received by

2 farmers which is acceptable to the Contracting Officer and  
3 the District is available, the base annual installment due  
4 under this contract shall not be varied from the schedule  
5 shown in Subarticle 12(b)(1) hereof.

6 (ii) The base annual installment due and payable  
7 under the Schedule on December 31, 1978, and each December  
8 31 thereafter to and including December 31, 1984, as  
9 adjusted pursuant to this Subarticle 12(b)(2), shall not be  
10 less than 85 percent, nor more than 115 percent of the base  
11 annual installment.

12 (iii) Except as hereinabove provided for in this  
13 Article with respect to the final payments under the  
14 Schedule, the base annual installments due and payable under  
15 the Schedule on December 31, 1985, and each December 31  
16 thereafter, as adjusted pursuant to this Subarticle  
17 12(b)(2), shall not be less than 80 percent, nor more than  
18 120 percent of the base annual installment.

19 (3) The amended consolidated general repayment obliga-  
20 tion shown in Subarticle 12(a) gives the District credit to  
21 offset an increase in O&M assessments per acre which resulted  
22 from the reduction of irrigable lands in the District to 65,000  
23 acres. An incremental credit shall be given, as appropriate,  
24 each year to reflect actual annual increases in O&M assessments  
25 per acre throughout the repayment period. Each base annual  
26 installment as adjusted pursuant to Subarticle 12(b)(2) shall be

2 further adjusted by subtracting the product of the following:  
3 0.0923 multiplied by the District's O&M costs for the year pre-  
4 ceding that in which the base annual installment is due less  
5 \$190,364 (the annual credit determined to be due the District in  
6 Subarticle 12(a)(5) for the 49-year period beginning in 1979 and  
7 used in part to establish the amended consolidated general repay-  
8 ment obligation). If, in any year, the incremental credit so  
9 computed exceeds the base annual installment as adjusted pursuant  
10 to Subarticle 12(b)(2), the amount by which the incremental  
11 credit exceeds the adjusted base annual installment shall be  
12 accrued and when the sum of excess credits so accrued shall equal  
13 the remaining unpaid amended consolidated general repayment  
14 obligation, the obligation shall be considered paid in full;  
15 Provided, if in any year, the credit due because of loss of O&M  
16 assessment base is less than the annual credit of \$190,364 deter-  
17 mined to be due the District in Subarticle 12(a)(5), the dif-  
18 ference shall be subtracted from any excess credits which have  
19 been accrued for application toward the remaining unpaid amended  
20 consolidated general repayment obligation and if sufficient  
21 excess credits have not accrued, the remainder of said difference  
22 shall be paid to the United States in two equal parts on the  
23 dates established for payment in Subarticle 12(b)(1). Examples  
24 showing the computation of the base annual installments, the  
25 parity adjustment, the incremental O&M credit, and the over-  
26 payment credit are shown beginning on page 3 of Exhibit D.

1 (c) The amended consolidated general repayment obligation  
2 of the District as determined by the Contracting Officer shall be and  
3 remain a general obligation of the District as a whole. All lands now  
4 or hereafter in the District, as described in the report to be revised  
5 by the Productivity Reexamination Board as described in Article 4,  
6 excepting those lands removed pursuant to the land acquisition  
7 program, are, as a whole, obligated to pay to the United States the  
8 full amounts of the amended consolidated general repayment obligation  
9 of the District and of all other obligations provided for in this con-  
10 tract, regardless of the default or failure of any tract or of any  
11 landowner in the payment of the taxes, assessments or other charges  
12 levied by the District against such tract or landowner, and the  
13 District shall, when necessary, levy and collect appropriate taxes,  
14 assessments and/or other charges to make up for the default or delin-  
15 quency of any such tract of land or of any such landowner in the  
16 payment of other charges so that in any event and regardless of any  
17 defaults or delinquencies in the payment of any taxes, assessments or  
18 other charges, the amounts becoming due the United States under this  
19 contract shall be paid to the United States by the District when due;  
20 Provided, That the Contracting Officer hereby consents to the exclu-  
21 sion from the District of any land to be so described in said revised  
22 report. Upon such exclusion, said land shall not thereafter be liable  
23 for any obligations under this contract; Provided, however, That  
24 until such exclusion said land shall remain liable for all obligations  
25 under this contract.  
26

(d) All costs, expenses, charges, and obligations which the District is required to pay under this contract or otherwise which, under the terms of this contract or in the judgment of the Board of Directors of the District, are incurred or expended solely or principally for the use and benefit of the irrigable lands in any irrigation block or blocks or in any other area within the District, and for the allocation of which to such lands this contract makes no provision, may be included in the assessments, taxes, or other charges hereafter levied by the District upon the lands for the use or benefit of which such costs, expenses, charges or obligations are expended or incurred without including any part thereof in any levy upon other lands within the District. The Board of Directors of the District may establish such charges for supplemental water for any lands in the District as will, in the judgment of the Board, encourage the development or increase the productivity of such lands. Nothing in this Article shall relieve the District as a whole and all of the lands now or hereafter in the District of the obligation to pay, in any event, to the United States, in full when due, any amount or obligation which, by the terms of this contract, is made the general obligation of the District to fulfill or pay, regardless of the default or failure of any tract or landowner in the payment of any assessments, taxes, or other charges for such or any other purposes.

Payment by District of Annual Operation  
and Maintenance Costs

13. (a) In addition to the payments provided for in Articles 8, 9, 10, and 12 hereof the District shall, on the basis of a written estimate therefor to be made by the Secretary and delivered to the District on or before each May 1, advance to the United States in equal semiannual installments on or before the December 31 next following said May 1 and the June 30 next following said December 31, the District's share of the estimated cost, including supervision and administrative expense, for the calendar year next following the May 1 date on which the written estimate of costs is delivered to the District, of operation and maintenance of the following works, computed as follows:

(1) Such proportionate share with respect to the component parts of Imperial Dam and Laguna Dam as bears the same ratio to the total estimated costs of operation and maintenance thereof as the capacity provided therein for the Division hereunder bears to the total capacity provided therein for the District and for all other agencies;

(2) 59.09091 percent of such costs with respect to the Gila Desilting Works, the Gila Gravity Main Canal from Station 0700 to Station 409725 and North Gila Drains and Extensions thereof;

1 (3) 61.90476 percent of such costs with respect to the  
2 Gila Gravity Main Canal from Station 409/25 to Station 793/18;

3 (4) 100 percent of such costs with respect to all  
4 works to be utilized by the United States hereunder exclusively  
5 for the benefit of any of the lands situated within the District;

6 (5) 59.09091 percent of the annual costs of operation  
7 and maintenance of the Main Outlet Drain from the Gila Gravity  
8 Main Canal Siphon to the Colorado River, as determined by the  
9 Secretary;

10 Differences between actual costs and estimated costs shall be deter-  
11 mined by the Secretary and shall be adjusted in next succeeding esti-  
12 mates; Provided, however, That if the amounts advanced by the District  
13 for any year shall prove to be insufficient to pay the above-mentioned  
14 costs of operation and maintenance during such year, additional and  
15 sufficient sums of money shall be paid by the District to the United  
16 States within 30 days after the District is notified of the amount of  
17 the insufficiency.

18 (b) In the event the United States hereafter transfers the  
19 care, operation and maintenance of any or all of the works described  
20 in subdivision (a) of this Article to any agency other than the  
21 District, the District shall, following the service by the Contracting  
22 Officer of a written notice to that effect, and in conformity with the  
23 provisions and conditions of such notice, advance annually to such  
24 agency the same proportions of the estimated future costs of operation

2 and maintenance of such transferred works, as provided in said sub-  
3 division; Provided, however, That the District shall be obligated to  
4 make annual advances to the United States pursuant to this Article  
5 with respect to all of such works covering the periods when they are  
6 under the care, operation, and maintenance of the United States.

7 (c) Wherever reference is made in this Article to any  
8 works, such reference shall be deemed to include all structures ap-  
9 purtenant to such works and all facilities related thereto.

10 Accumulation and Use of Reserve Fund

11 14. (a) The District has accumulated and maintained, in the  
12 manner hereinafter provided, a reserve fund which shall be available  
13 for the purposes and in the circumstances hereinafter mentioned. The  
14 District will continue to maintain the fund until such time as all  
15 sums of money becoming due hereunder shall have been paid to the  
16 United States.

17 (b) Said reserve fund was accumulated by the District in  
18 yearly increments of \$20,000 during the five calendar years commencing  
19 with calendar year 1958 and in yearly increments of \$55,000 during the  
20 five calendar years commencing with calendar year 1963, until the  
21 reserve fund thus accumulated totaled \$375,000, which total sum has  
22 been and shall be maintained at all times; Provided, however, That  
23 \$55,000 shall constitute the maximum amount which the District shall  
24 be required to add to said reserve fund in any one calendar year.

2 (c) Except in case of emergency, expenditures shall be made  
3 from said reserve fund only with the advance approval of the Secretary  
4 and only for the purposes of meeting major, unforeseen costs of opera-  
5 tion and maintenance, repair, betterment and replacement of works  
6 constructed by the United States or the District.

7 (d) Said reserve fund shall be deposited and maintained,  
8 apart from other District funds, in a depository meeting the require-  
9 ments of the laws of Arizona relative to deposits of State and county  
10 moneys and upon conditions concerning its withdrawal which are satis-  
11 factory to the Secretary.

12 (e) During such time or times as the operation and mainte-  
13 nance of works constructed hereunder shall have been resumed by the  
14 United States in accordance with the provisions of Subarticle 8(b)  
15 hereof, said reserve fund shall be available for use by the United  
16 States for the same purposes as said reserve fund was theretofore  
17 available for use by the District, and shall be paid to the United  
18 States at such times and in such amounts as required by the Secretary.

#### 19 Refusal of Water in Case of Default

20 15. The United States reserves the right to refuse to deliver  
21 water to the District hereunder in the event of default for a period  
22 of more than 12 months in any payment due the United States under this  
23 contract, or, in the discretion of the Secretary, to reduce deliveries  
24 in such proportion as the amount in default by the District bears to  
25 the total amount due. No water shall be delivered to or for any tract  
26 of land in the District during any time that the owners or holders

1 thereof are in arrears in the advance payment of operation and  
2 maintenance charges or toll charges, or are delinquent for a period of  
3 more than 12 months in the payment of any taxes or assessments  
4 heretofore or hereafter levied by the District, or other charges which  
5 the District may be authorized to make for the purpose of repaying the  
6 amended consolidated general repayment obligation.

7 Title to Remain in the United States

8 16. Title to the works heretofore or hereafter constructed or  
9 acquired by the United States shall be and remain in the United States  
10 until otherwise provided by Congress, notwithstanding transfer of the  
11 care, operation, and maintenance of any of said works to the District.

12 Review and Inspection of Project Works for

13 Determining Adequacy of Maintenance

14 17. (a) The Contracting Officer with the Contractor may, from  
15 time to time, make reviews of maintenance of project works being  
16 operated by the Contractor with a view to assisting the Contractor in  
17 determining the condition of facilities and the adequacy of the main-  
18 tenance program. This review may include any or all of the project  
19 facilities constructed by the United States and transferred to the  
20 Contractor or project facilities constructed by the Contractor with  
21 funds advanced by the United States. A report of the review, includ-  
22 ing recommendations, if any, will be prepared and copies will be  
23 furnished to the Contractor. Except for such participation by the  
24 Contractor as it may desire, the review will be without cost to the  
25 Contractor.

26 (b) If deemed necessary by the Contracting Officer or  
requested by the Contractor, special inspections of any project works  
being operated by the Contractor, and of the Contractor's books and  
records may be made to ascertain the extent of any operation and  
maintenance deficiencies, to determine the remedial measures required  
for their correction, and to assist the Contractor in solving specific  
problems. Any special inspection or audit shall, except in a case of  
emergency, be made after written notice to the Contractor and the  
actual cost thereof shall be paid by the Contractor to the United  
States.

Penalty for Delinquent Payments

18. The Contractor shall pay a penalty on installments or charges which become delinquent computed at the rate of 0.5 percent per month of the amount of such delinquent installments or charges for each day from such delinquency until paid; Provided, That no penalty shall be charged to the Contractor unless such delinquency continues for more than 30 days in which event the penalty shall accrue from the initial date of delinquency.

Application of Reclamation Law

19. Except as provided in the Boulder Canyon Project Act, Reclamation Law shall govern the construction, operation, and maintenance of the works heretofore or hereafter constructed by the United States or by the District with funds advanced by the United States hereunder.

Lands Not to Receive Water Until Owners

Thereof Execute Certain Contracts

20. No water shall be delivered to any excess lands as defined in Article 22 hereof unless the owners thereof shall have executed valid recordable contracts in form satisfactory to the Secretary, agreeing to the provisions of this Article and Articles 21 and 22 hereof, agreeing to the appraisal provided for in Article 21 hereof and that such appraisal shall be made on the basis of the actual bona fide value of such lands at the date of the appraisal without reference to the construction of the project, all as hereinafter provided, and agreeing to the sale of such lands under terms and conditions satisfactory to the Secretary and at prices not to exceed

1 those fixed, as hereinafter provided. Until one-half of the  
2 construction charges allocated against such lands have been fully  
3 paid, no sale of any excess lands shall carry the right to receive  
4 water hereunder, unless and until the purchase price involved in such  
5 sale is approved by the Secretary and upon proof of fraudulent  
6 representation as to the true consideration involved in such sales the  
7 Secretary may instruct the District by written notice to refuse to  
8 deliver any water subject to this contract to the land involved in  
9 such fraudulent sales and the District thereafter shall not deliver  
10 said water to such lands.

11 Valuation and Sale of Excess Lands

12 21. (a) The value of the excess irrigable lands within the  
13 District as defined in Article 22, held in private ownership of large  
14 landowners as defined in said Article, for the purposes of this  
15 contract, shall be determined, subject to the approval thereof by the  
16 Secretary, by three appraisers. One of said appraisers shall be  
17 designated by the Secretary and one shall be designated by the  
18 District and the two appraisers so appointed shall name the third. If  
19 the appraisers so designated by the Secretary and the District are  
20 unable to agree upon the appointment of the third, the Presiding Judge  
21 of the Phoenix Division of the United States District Court for  
22 Arizona shall be requested to name the third appraiser.

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

24 (1) No value shall be given such lands on account  
25 of the existing or prospective possibility of securing water from  
26 the project.

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

(c) The excess land of any large landowner shall be reappraised at the instance of the United States or at the request of said landowner. The cost of the first appraisal and each subsequent appraisal requested by the United States shall be paid by the United States.

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

(e) Future sales of excess irrigable lands of large landowners within the District shall not carry the right to receive water hereunder for such land and the District agrees to refuse to deliver water to land so sold until, in addition to compliance with the other provisions hereof, a verified statement showing the sale price upon any such sale shall have been filed with the District.

(f) The District agrees to take all reasonable steps requested by the Secretary to ascertain the occurrence and conditions of all sales of irrigable lands of large landowners in the District and to inform the Secretary or his authorized representative in charge of the project concerning the same.

(g) A true copy of this contract and of each appraisal made pursuant thereto shall be maintained on file in the office of the

1 District and like copies in the office of the Regional Director,  
2 Bureau of Reclamation, Boulder City, Nevada 89005, and shall be made  
3 available for examination during the usual office hours by all persons  
4 who may be interested therein.

5 Excess Lands

6 22. (a) As used herein the term "excess land" means that part  
7 of the irrigable land within the District in excess of 160 acres held  
8 in the beneficial ownership of any single person; or in excess of 320  
9 acres held in the beneficial ownership of husband and wife jointly, as  
10 tenants in common or by the entirety, or as community property; the  
11 term "large landowner" means an owner of excess lands; the term  
12 "nonexcess land" means all land within the District which is not  
13 excess land as defined herein; and the term "irrigable lands within  
14 the District" means those lands now or hereafter within the District  
15 which, in the determination of the Secretary, are irrigable and  
16 susceptible of service with water delivered hereunder.

17 (b) Each large landowner as a further condition precedent  
18 to the right to receive water delivered hereunder for any of his  
19 excess lands shall:

20 (1) Prior to expiration of 12 months from March 4,  
21 1952, and before any water is delivered hereunder to his excess  
22 land, execute a valid recordable contract in form satisfactory to  
23 the Secretary, agreeing to the provisions contained in this  
24 Article and in Articles 20 and 21 hereof and agreeing to dispose

1 of his excess lands in accordance therewith to persons who can  
2 take title thereto as nonexcess land as herein provided and at a  
3 price not to exceed the approved, appraised value of such excess  
4 land and within a period of ten (10) years after the date of the  
5 execution of said recordable contract and agreeing further that  
6 if said land is not so disposed of within said period of ten (10)  
7 years the Secretary shall have the power to dispose of said land  
8 subject to the same conditions on behalf of such large landowner;  
9 and the District agrees that it will refuse to deliver water to  
10 any large landowner other than for his nonexcess lands until such  
11 owner meets the conditions precedent herein stated.

12 (2) Within thirty (30) days after the date of notice  
13 from the United States requesting such large landowner to  
14 designate his lands within the District which he desires to  
15 designate as nonexcess lands, file in the office of the District,  
16 in duplicate, one copy thereof to be furnished by the District to  
17 the Regional Director, his written designation and description of  
18 lands so selected to be nonexcess lands and upon failure to do so  
19 the District shall make such designation and mail a notice  
20 thereof to such large landowner, and in the event the District  
21 fails to act within such period of time as the Secretary  
22 considers reasonable, such designation will be made by the  
23 Secretary who will mail a notice thereof to the District and the  
24 large landowner. The large landowner shall become bound by any

2 such action on the part of the District or the Secretary and the  
3 District will deliver water only to the irrigable land so  
4 designated to be nonexcess land. A large landowner may with the  
5 consent of the Regional Director designate land other than that  
6 previously designated as nonexcess land; Provided, That such  
7 redesignation may be made only to the extent that an equal  
8 acreage of the irrigable land initially designated as nonexcess  
9 and owned by such large landowner shall, upon such new designa-  
10 tion, become excess land subject to the provisions of this  
11 Article and of Articles 20 and 21 hereof and be described in a  
12 recordable contract executed by the large landowner in the same  
13 manner as if such land had been included as excess land in a  
14 recordable contract at the time of initial designation.

15 Amendment of Federal Reclamation Laws

16 23. In the event that the Congress of the United States repeals  
17 the so-called excess land provisions of the Federal Reclamation Laws,  
18 Articles 20, 21 and 22 of this contract will no longer be of any force  
19 or effect, and, in the event that the Congress amends the excess land  
20 provisions or other provisions of the Federal Reclamation Laws, the  
21 United States agrees, at the option of the District, to negotiate  
22 amendments of appropriate articles of this contract, all consistently  
23 with the provisions of such repeal or amendment.  
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Contracts That Were Authorized by

Election and Confirmed by Court

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24. The execution of the repayment contracts of March 4, 1952, and September 1, 1959, by the District were authorized by the qualified electors of the District at an election held for that purpose. The District prosecuted to final judgment proceedings for a judicial confirmation of the authorization and validity of these contracts. The District, at its own cost and expense, furnished the United States for its files copies of all proceedings relating to the election upon the aforesaid contracts and the confirmation proceedings in connection therewith, which said copies were properly certified by the Clerk of the Courts in which confirmatory judgments were obtained.

Disposal and Taxation of Lands

Under Contract of Sale

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25. Public lands and/or lands acquired by the United States pursuant to the Act of July 30, 1947, within the District, may be disposed of by the United States by contract of sale or land exchange agreement on a basis that will provide a benefit by exchange or a financial return in a reasonable period of years of not less than the appraised value of the lands and the improvements thereon or thereto. During the time such contract or agreement shall remain in effect said lands shall be subject to the provisions of the laws of the State of Arizona relating to the organization, government, and regulation of irrigation, electrical power, and other similar districts, and to

1 legal assessment or taxation by the District and by said State or  
2 political subdivisions thereof, and to liens for such assessments and  
3 taxes and to all proceedings for the enforcement thereof, in the same  
4 manner and to the same extent as privately owned lands; Provided,  
5 however, That the United States does not assume any obligation for  
6 amounts so assessed or taxed and any proceedings to enforce said  
7 assessments or taxes shall be subject to any title then remaining in  
8 the United States, to any prior lien reserved to the United States for  
9 unpaid installments under land-sale or exchange contracts made under  
10 said acts, and to any obligation for any other charges, accrued or  
11 unaccrued, for special improvements, construction, or operation and  
12 maintenance costs of the Project. Nothing in this Article shall be  
13 construed as precluding the United States from cancelling any contract  
14 of sale for nonpayment to the United States of any amounts becoming  
15 due thereunder.

#### 16 Water Quality

17 26. The operation and maintenance of Project facilities for the  
18 provision of Project water under this contract shall be performed in  
19 such manner as is practicable to maintain the quality of raw water to  
20 be furnished hereunder. The United States is under no obligation to  
21 construct or furnish water treatment facilities to maintain or to  
22 better the quality of water except to the extent such facilities are  
23 expressly referred to elsewhere in this contract as part of the  
24 Project facilities to be constructed by the United States pursuant to

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Reclamation Law or as otherwise required by law. Further, the United States does not warrant the quality of water to be furnished pursuant to this contract.

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Statement of Objectives as to Soil and Water Conservation

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27. In the execution of this contract, the District and the United States acknowledge the desirability and the necessity of the adoption on District lands of proper soil and water conservation practices to protect the lands in the District against deterioration, to permit the economical use of water, and to secure maximum crop yields. The Contracting Officer and the District will cooperate to encourage, through the aid and assistance of Federal and State agencies, the attainment of these objectives.

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Part II

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PROJECT POWER SUPPLY

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Quantity of Power and Energy to be Furnished by the United States

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1 (b) The District was notified in writing on February 28,  
2 1980, that as of September 30, 1980, the United States would no longer  
3 require the transmission of energy over the District's system to serve  
4 drainage facilities constructed by the United States for the purpose  
5 of alleviating salt concentration in water delivered to Mexico under  
6 the Treaty of February 3, 1944, thus terminating Contract No.  
7 14-06-300-1382, dated July 12, 1963. The District has assumed the  
8 operation and maintenance of said drainage facilities. Beginning on  
9 October 1, 1980, the United States has furnished and shall continue to  
10 furnish electric power and energy to the District for such drainage  
11 facilities, to be metered at or near Wellton-Mohawk Substation.

12 (c) Since the electric power and energy delivered pursuant  
13 to this contract is integrated with the District's domestic and commer-  
14 cial deliveries from the United States, Arizona Power Authority, and  
15 Arizona Public Service Company, it is agreed that the load forecasts  
16 and any adjustments for transmission and other losses will be set  
17 forth in an operating agreement approved by the Contracting Officer,  
18 Western, the Board of Directors of the District, Arizona Power  
19 Authority, and Arizona Public Service Company.

20 Delivery of Power and Energy over United States Facilities

21 29. The United States shall deliver power and energy for Project  
22 use to the Wellton-Mohawk Substation. From the Wellton-Mohawk Sub-  
23 station, power and energy will be delivered over Western's 34,500-volt  
24 transmission lines to Pumping Plants Nos. 1 and 3 and a 4,160-volt

2 intertie to Pumping Plant No. 2. Power and energy for relift and  
3 drainage pumping and for use at Wellton Camp Headquarters, Wellton  
4 Camp Housing and Ditchrider Housing shall be delivered by the District  
5 over its transmission system from the Wellton-Mohawk Substation.

6 Payments by District

7 30. Charges to the District will be the S-1 rate which is  
8 currently 3.8 mills per kWh for power used at the main canal pumping  
9 plants, relift and drainage pumps. The S-2 rate, currently 6.6 mills  
10 per kWh, will be charged for power used at Wellton Camp Headquarters  
11 Facilities, Wellton Camp Housing, and Ditchrider Housing. These rates  
12 may be adjusted from time to time to allow for changes in operation  
13 and maintenance costs, but the rates shall be determined in the same  
14 manner and on the basis of the same factors as prevailed in June 1954,  
15 in the absence of disposition by the United States of any transmission,  
16 substation, or other electrical facilities. In no event shall the  
17 rates include a transmission charge in excess of that which would have  
18 been included previous to such disposition.

19 Liability

20 31. (a) The District shall not be liable for any cost of system  
21 adaptations or connections consequent to disposition of the Gila  
22 Substation to third parties by the United States.

23 (b) The District constructed and maintains its system in  
24 accordance with standards and specification requirements of the Rural  
25 Electrification Administration, but not less than in accordance with  
26

2 specifications at least equal to those provided by the National  
3 Electric Safety Code of the United States Bureau of Standards.  
4 Nothing herein contained shall be construed to render the United  
5 States liable for any claims, demands, costs, losses, causes of  
6 action, damages, or liability of whatsoever kind or nature arising out  
7 of or resulting from the construction or operation and maintenance of  
8 the system and facilities appurtenant thereto and the District agrees  
9 to hold the United States harmless from and against any and all such  
10 liability referred to above.

11 General Power Contract Provisions

12 32. The General Power Contract Provisions effective  
13 January 1, 1975, revised September 1, 1980, attached hereto as Exhibit  
14 G are hereby made a part of this contract with the same force and  
15 effect as if expressly set forth herein; Provided, That Provisions  
16 B, D, R, AA, BB, and CC shall not be applicable hereto; Provided,  
17 further, That whenever the word "Contractor" is used in the General  
18 Power Contract Provisions, such shall mean "District."

19 Power Factor

20 33. The Contractor shall normally be required to maintain a  
21 power factor of not less than ninety-five percent (95%) lagging at the  
22 points of delivery. The United States will allow operation at a lower  
23 power factor when conditions will not prevent the full use of avail-  
24 able generation and transmission facilities.  
25

Part III

GENERAL PROVISIONS

Purpose of Contract

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3 34. The parties agree that the purpose of this contract is, upon  
4 execution, to consolidate and supersede all prior contracts between  
5 the parties; Provided, however, That such rights to water and power  
6 and the priorities and preferences associated therewith which may have  
7 accrued to the District under such prior contracts shall not be  
8 affected hereby.

9 Water Pollution Control

10 35. The Contractor, in carrying out this contract, shall comply  
11 with all applicable water pollution laws and regulations of the United  
12 States and the State of Arizona and shall obtain all required permits  
13 or licenses from the appropriate Federal, State, or local authorities.

14 Rules and Regulations

15 36. There is reserved to the Secretary the right to prescribe  
16 and enforce rules and regulations not inconsistent with this contract.  
17 Such rules and regulations may be modified, revised and/or extended  
18 from time to time, after notice to the District and opportunity for it  
19 to present its views, as may be deemed proper, necessary, or desirable  
20 by the Secretary to carry out the true intent and meaning of the law  
21 and of this contract, or amendments thereof, or to protect the  
22 interests of the United States. The District hereby agrees that all  
23 such rules and regulations will be fully adhered to.

Disputes

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37. (a) Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the District. The decision of the Contracting Officer shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the District mails or otherwise furnishes to the Contracting Officer a written appeal addressed to the head of the agency involved. The decision of the head of the agency or his duly authorized representative for the determination of such appeals shall be final and conclusive. This provision shall not be pleaded in any suit involving a question of fact arising under this contract as limiting judicial review of any such decision to cases where fraud by such official or his representative or board is alleged; Provided, however, That any such decision shall be final and conclusive unless the same is fraudulent or capricious or arbitrary or so grossly erroneous as necessarily to imply bad faith or is not supported by substantial evidence. In connection with any appeal proceeding under this clause, the District shall be afforded an opportunity to be heard and to offer evidence in support of his appeal. Pending final decision of a dispute hereunder, the District shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

2 (b) This Disputes clause does not preclude consideration of  
3 questions of law in connection with decisions provided for in para-  
4 graph (a) above. Nothing in this contract, however, shall be  
5 construed as making final the decision of any administrative official,  
6 representative, or board on a question of law.

#### 6 Books, Records, and Reports

7 38. The Contractor shall establish and maintain accounts and  
8 other books and records pertaining to its financial transactions, land  
9 use and crop census, water supply, water use, changes of project  
10 works, and to other matters as the Contracting Officer may require.  
11 Reports thereon shall be furnished to the Contracting Officer in such  
12 form and on such date or dates as he may require. Subject to applic-  
13 able Federal laws and regulations, each party shall have the right  
14 during office hours to examine and make copies of each other's books  
15 and records relating to matters covered by this contract.

#### 12 Contingent on Appropriation or Allotment of Funds

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

#### 17 Notices

18 40. (a) Any notice, demand, or request required or authorized  
19 by this contract to be given or made to or upon the United States  
20 shall be delivered, or mailed postage prepaid, to the Regional  
21 Director, Lower Colorado Region, Bureau of Reclamation, P.O. Box 427,  
22 Boulder City, Nevada 89005.

23 (b) Any notice, demand, or request required or authorized  
24 by this contract to be given or made to or upon the District shall be

1 delivered, or mailed postage prepaid, to Secretary, Wellton-Mohawk  
2 Irrigation and Drainage District, Route 1, Box 19, Wellton, Arizona  
3 85356.

4 (c) The designation of any person specified in this  
5 Article, or the address of any such person, may be changed at any  
6 time, by notice given in the same manner as provided in this Article  
7 for other notices.

8 Rights Reserved Under USCA Title 41, Section 15

9 41. All rights of action for breach of any of the provisions of  
10 this contract are reserved to the United States as provided in USCA  
11 Title 41, Section 15.

12 Remedies Under Contract Not Exclusive

13 42. Nothing contained in this contract shall be construed as in  
14 any manner abridging, limiting, or depriving the United States or the  
15 District of any means of enforcing any remedy either at law or in  
16 equity for the breach of any of the provisions hereof which it would  
17 otherwise have. The waiver of a breach of any of the provisions of  
18 this contract shall not be deemed to be a waiver of any provision  
19 hereof, or of any other or subsequent breach of any provision hereof.

20 Interest in Contract Not Transferable

21 43. No interest in this contract is transferable by the District  
22 to any other party, and any such attempted transfer shall cause this  
23 contract to become subject to annulment at the option of the United  
24 States.

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Priority of Claims of the United States

44. Claims of the United States arising out of this contract shall have priority over all others, secured or unsecured.

Officials Not to Benefit

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

(b) No official of the contractor shall receive any benefit that may arise by reason of this contract other than as a landowner within the Project and in the same manner as other landowners within the Project.

Secretary to Approve Contracts

46. No contract made by the District affecting the works heretofore constructed by the United States or hereafter constructed by the United States hereunder, except contracts for the usual labor, equipment, supplies and services in connection with the operation and maintenance by the District of the said works, or relating to the delivery or distribution of water, except as provided in Subarticle 6(b) hereof, shall be valid until approved by the Secretary. A draft of every such contract shall be submitted to the Secretary for approval as to form before execution.

Changes in Organization of District

47. While this contract is in effect, no change shall be made in the District, except as provided in Subarticle 12(c), either by inclusion or exclusion of lands, by partial or total consolidation or

1 merger with another district, by proceedings to dissolve, or other-  
2 wise, except upon the Contracting Officer's written assent thereto;  
3 the Contracting Officer may, in his discretion, withhold such assent  
4 or grant the same subject to the performance of such contract and/or  
5 the occurrence of such events as he may deem necessary or desirable  
6 for the best interests of the United States.

7 Equal Opportunity Clause

8 48. During the performance of this contract, the Contractor  
9 agrees as follows:

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

23 (b) The Contractor will, in all solicitations or advertise-  
24 ments for employees placed by or on behalf of the Contractor, state  
25 that all qualified applicants will receive consideration for employ-  
26 ment without discrimination because of race, color, religion, sex, or  
national origin.

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

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

4 (e) The Contractor will furnish all information and reports  
5 required by said amended Executive Order and by the rules, regula-  
6 tions, and orders of the Secretary of Labor, or pursuant thereto, and  
7 will permit access to his books, records, and accounts by the  
8 Contracting Officer and the Secretary of Labor for purposes of inves-  
9 tigation to ascertain compliance with such rules, regulations, and  
10 orders.

11 (f) In the event of the Contractor's noncompliance with the  
12 nondiscrimination clauses of this contract or with any of the said  
13 rules, regulations, or orders, this contract may be canceled, termi-  
14 nated, or suspended, in whole or in part, and the Contractor may be  
15 declared ineligible for further Government contracts in accordance  
16 with procedures authorized in said amended Executive Order, and such  
17 other sanctions may be imposed and remedies invoked as provided in  
18 said Executive Order, or by rule, regulation, or order of the  
19 Secretary of Labor, or as otherwise provided by law.

20 (g) The Contractor will include the provisions of para-  
21 graphs (a) through (g) in every subcontract or purchase order unless  
22 exempted by rules, regulations, or orders of the Secretary of Labor  
23 issued pursuant to Section 204 of said amended Executive Order, so  
24 that such provisions will be binding upon each subcontractor or  
25 vendor. The Contractor will take such action with respect to any  
26 subcontract or purchase order as may be directed by the Secretary of  
Labor as a means of enforcing such provisions, including sanctions for  
noncompliance: Provided, however, That in the event the Contractor  
becomes involved in, or is threatened with, litigation with a sub-  
contractor or vendor as a result of such direction, the Contractor may  
request the United States to enter into such litigation to protect the  
interests of the United States.

#### Title VI, Civil Rights Act of 1964

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

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

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

13 Recordation of Contract

14 50. The District shall, without delay and at its own cost and  
15 expense, cause a copy of this contract to be recorded in the office of  
16 the County Recorder of Yuma County, Arizona, and shall furnish the  
17 United States the data relating to such recording.  
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1 IN WITNESS WHEREOF, the parties hereto have caused this  
2 Contract No. 1-07-30-W0021 to be executed the day and year  
3 first above written.

4 THE UNITED STATES OF AMERICA

5  
6 By *Regina Hinds*  
7 Regional Director  
Lower Colorado Region

8 Address:

9 UNITED STATES BUREAU OF RECLAMATION  
Boulder City, Nevada 89005

10 WELLTON-MOHAWK IRRIGATION AND  
11 DRAINAGE DISTRICT

12  
13 By *J. R. Hummel*  
14 Title PRESIDENT

15 Address: ROUTE 1 Box 19  
16 WELLTON, AZ. 85356  
17  
18

19 ATTEST:

20 *C. L. Gault*  
21 SECRETARY  
22  
23  
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25  
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[Back to Original](#)

U.S. General Services Administration

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## Federal Real Property Asset Management

By the authority vested in me as President by the Constitution and the laws of the United States of America, including section 121(a) of title 40, United States Code, and in order to promote the efficient and economical use of Federal real property resources in accordance with their value as national assets and in the best interests of the Nation, it is hereby ordered as follows:

Section 1. Policy. It is the policy of the United States to promote the efficient and economical use of America's real property assets and to assure management accountability for implementing Federal real property management reforms. Based on this policy, executive branch departments and agencies shall recognize the importance of real property resources through increased management attention, the establishment of clear goals and objectives, improved policies and levels of accountability, and other appropriate action.

Sec. 2. Definition and Scope. (a) For the purpose of this executive order, Federal real property is defined as any real property owned, leased, or otherwise managed by the Federal Government, both within and outside the United States, and improvements on Federal lands. For the purpose of this order, Federal real property shall exclude: interests in real property assets that have been disposed of for public benefit purposes pursuant to section 484 of title 40, United States Code, and are now held in private ownership; land easements or rights-of-way held by the Federal Government; public domain land (including lands withdrawn for military purposes) or land reserved or dedicated for national forest, national park, or national wildlife refuge purposes except for improvements on those lands; land held in trust or restricted fee status for individual Indians or Indian tribes; and land and interests in land that are withheld from the scope of this order by agency heads for reasons of national security, foreign policy, or public safety.

(b) This order shall not be interpreted to supersede any existing authority under law or by executive order for real property asset management, with the exception of the revocation of Executive Order 12512 of April 29, 1985, in section 8 of this order.

Sec. 3. Establishment and Responsibilities of Agency Senior Real Property Officer. (a) The heads of all executive branch departments and agencies cited in sections 901(b)(1) and (b)(2) of title 31, United States Code, and the Secretary of Homeland Security, shall designate among their senior management officials, a Senior Real Property Officer. Such officer shall have the education, training, and experience required to administer the necessary functions of the position for the particular agency.

(b) The Senior Real Property Officer shall develop and implement an agency asset management planning process that meets the form, content, and other requirements established by the Federal Real Property Council established in section 4 of this order. The initial agency asset management plan will be submitted to the Office of Management and

Budget on a date determined by the Director of the Office of Management and Budget. In developing this plan, the Senior Real Property Officer shall:

- (i) identify and categorize all real property owned, leased, or otherwise managed by the agency, including, where applicable, those properties outside the United States in which the lease agreements and arrangements reflect the host country currency or involve alternative lease plans or rental agreements;
  - (ii) prioritize actions to be taken to improve the operational and financial management of the agency's real property inventory;
  - (iii) make life-cycle cost estimations associated with the prioritized actions;
  - (iv) identify legislative authorities that are required to address these priorities;
  - (v) identify and pursue goals, with appropriate deadlines, consistent with and supportive of the agency's asset management plan and measure progress against such goals;
  - (vi) incorporate planning and management requirements for historic property under Executive Order 13287 of March 3, 2003, and for environmental management under Executive Order 13148 of April 21, 2000; and
  - (vii) identify any other information and pursue any other actions necessary to the appropriate development and implementation of the agency asset management plan.
- (c) The Senior Real Property Officer shall be responsible, on an ongoing basis, for monitoring the real property assets of the agency so that agency assets are managed in a manner that is:
- (i) consistent with, and supportive of, the goals and objectives set

forth in the agency's overall strategic plan under section 306 of title 5, United States Code;

- (ii) consistent with the real property asset management principles developed by the Federal Real Property Council established in section 4 of this order; and
- (iii) reflected in the agency asset management plan.

(d) The Senior Real Property Officer shall, on an annual basis, provide to the Director of the Office of Management and Budget and the Administrator of General Services:

- (i) information that lists and describes real property assets under the jurisdiction, custody, or control of that agency, except for classified information; and

(ii) any other relevant information the Director of the Office of Management and Budget or the Administrator of General Services may request for inclusion in the Government-wide listing of all Federal real property assets and leased property.

(e) The designation of the Senior Real Property Officer shall be made by agencies within 30 days after the date of this order.

**Sec. 4. Establishment of a Federal Real Property Council.** (a) A Federal Real Property Council (Council) is established, within the Office of Management and Budget for administrative purposes, to develop guidance for, and facilitate the success of, each agency's asset management plan. The Council shall be composed exclusively of all agency Senior Real Property Officers, the Controller of the Office of Management and Budget, the Administrator of General Services, and any other full-time or permanent part-time Federal officials or employees as deemed necessary by the Chairman of the Council. The Deputy Director for Management of the Office of Management and Budget shall also be a member and shall chair the Council. The Office of Management and Budget shall provide funding and administrative support for the Council, as appropriate.

(b) The Council shall provide a venue for assisting the Senior Real Property Officers in the development and implementation of the agency asset management plans. The Council shall work with the Administrator of General Services to establish appropriate performance measures to determine the effectiveness of Federal real property management. Such performance measures shall include, but are not limited to, evaluating the costs and benefits involved with acquiring, repairing, maintaining, operating, managing, and disposing of Federal

real properties at particular agencies. Specifically, the Council shall consider, as appropriate, the following performance measures:

- (i) life-cycle cost estimations associated with the agency's prioritized actions;
- (ii) the costs relating to the acquisition of real property assets by purchase, condemnation, exchange, lease, or otherwise;
- (iii) the cost and time required to dispose of Federal real property assets and the financial recovery of the Federal investment resulting from the disposal;
- (iv) the operating, maintenance, and security costs at Federal properties, including but not limited to the costs of utility services at unoccupied properties;
- (v) the environmental costs associated with ownership of property, including the costs of environmental restoration and compliance activities;
- (vi) changes in the amounts of vacant Federal space;
- (vii) the realization of equity value in Federal real property assets;
- (viii) opportunities for cooperative arrangements with the commercial real estate community; and
- (ix) the enhancement of Federal agency productivity through an improved working environment.

The performance measures shall be designed to enable the heads of executive branch agencies to track progress in the achievement of Government-wide property management objectives, as well as allow for comparing the performance of executive branch agencies against industry and other public sector agencies.

- (c) The Council shall serve as a clearinghouse for executive agencies for best practices in

evaluating actual progress in the implementation of real property enhancements. The Council shall also work in conjunction with the President's Management Council to assist the efforts of the Senior Real Property Officials and the implementation of agency asset management plans.

(d) The Council shall be organized and hold its first meeting within 60 days of the date of this order. The Council shall hold meetings not less often than once a quarter each fiscal year.

Sec. 5. Role of the General Services Administration. (a) The Administrator of General Services shall, to the extent permitted by law and in consultation with the Federal Real Property Council, provide policy oversight and guidance for executive agencies for Federal real property management; manage selected properties for an agency at the request of that agency and with the consent of the Administrator; delegate operational responsibilities to an agency where the Administrator determines it will promote efficiency and economy, and where the receiving agency has demonstrated the ability and willingness to assume such responsibilities; and provide necessary leadership in the development and maintenance of needed property management information systems.

(b) The Administrator of General Services shall publish common performance measures and standards adopted by the Council.

(c) The Administrator of General Services, in consultation with the Federal Real Property Council, shall establish and maintain a single, comprehensive, and descriptive database of all real property under the custody and control of all executive branch agencies, except when otherwise required for reasons of national security. The Administrator shall collect from each executive branch agency such descriptive information, except for classified information, as the Administrator considers will best describe the nature, use, and extent of the real property holdings of the Federal Government.

(d) The Administrator of General Services, in consultation with the Federal Real Property Council, may establish data and other information technology (IT) standards for use by Federal agencies in developing or upgrading Federal agency real property information systems in order to facilitate reporting on a uniform basis. Those agencies with particular IT standards and systems in place and in use shall be allowed to continue with such use to the extent that they are compatible with the standards issued by the Administrator.

Sec. 6. General Provisions. (a) The Director of the Office of Management and Budget shall review, through the management and budget review processes, the efforts of departments and agencies in implementing their asset management plans and achieving the Government-wide property management policies established pursuant to this order.

(b) The Office of Management and Budget and the General Services Administration shall, in consultation with the landholding agencies, develop legislative initiatives that seek to improve Federal real property management through the adoption of appropriate industry management techniques and the establishment of managerial accountability for implementing effective and efficient real property management practices.

(c) Nothing in this order shall be construed to impair or otherwise affect the authority of the Director of the Office of Management and Budget with respect to budget, administrative, or legislative proposals.

(d) Nothing in this order shall be construed to affect real property for the use of the President, Vice President, or, for protective purposes, the United States Secret Service.

~~Sec. 7. Public Lands.~~ In order to ensure that Federally owned lands, other than the real property covered by this order, are managed in the most effective and economic manner, the Departments of Agriculture and the Interior shall take such steps as are appropriate to improve their management of public lands and National Forest System lands and shall develop appropriate legislative proposals necessary to facilitate that result.

Sec. 8. Executive Order 12512 of April 29, 1985, is hereby revoked.

Sec. 9. Judicial Review. This order is intended only to improve the internal management of the executive branch and is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity, against the United States, its departments, agencies, or other entities, its officers or employees, or any other person.

GEORGE W. BUSH

THE WHITE HOUSE,

February 4, 2004.

9



# United States Department of the Interior

## BUREAU OF RECLAMATION

Yuma Area Office  
7301 Calle Agua Salada  
Yuma, Arizona 85364

IN REPLY REFER TO:

YAO-3120  
PRM-9.00

JUL 15 2003

### MEMORANDUM

To: Mr. George P. Kalba  
General Supply Specialist  
Lower Colorado Region

From: Mike Collins  
Accountable Officer  
Yuma Area Office

Subject: Appointment as Traveling Survey Officer (Officer)  
(114-60.802-3)

I hereby appoint you as Officer to conduct a survey of buildings and housing (Survey) which are part of the Gila Project located within the boundaries of the Wellton-Mohawk Irrigation and Drainage District (District), which is located 30 miles East of Yuma, Arizona.

As Officer, you will have the same authorities, responsibilities, and restrictions as a Standing Board of Survey member and will act in lieu thereof. I am requesting that the Survey be completed within 30 days from the date of your appointment. Mr. Bill Flores, Industrial Property Management Specialist, of the Yuma Area Office will be available to assist you in the data gathering process. The Survey is part of the Title Transfer process between Reclamation and the District.

If you have any questions regarding this appointment, please contact Mr. Flores, at 928-343-8157

cc: Regional Director, Boulder City, NV  
Attention: LC-3300, LC-3320