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United States Department of the Interior

BUREAU OF RECLAMATION
PACIFIC NORTHWEST REGION
FEDERAL BUILDING & U.S. COURTHOUSE
BOX 043 - 550 WEST FORT STREET
BOISE, IDAHO 83724

RECEIVED

AUG 27 1987

IN REPLY
REFER TO: PN 440

AUG 25 1987

WATER RESOURCES DEPT.
SALEM, OREGON

Mr. Sam Sweeney, Secretary-Treasurer
Palmer Creek Water District Improvement Company
P.O. Box 152
Dayton, Oregon 97114

Dear Mr. Sweeney:

Enclosed for your records is a fully executed original of Amendment No. 2 to Contract No. 3-07-10-W0479, dated August 19, 1987, which provides you an irrigation water supply from the Willamette Basin Project.

If you have not yet contacted the Oregon State Water Resources Department to amend youy Permit to Divert, we suggest you do so. We are furnishing that agency a conformed copy of the contract amendment so they will be in a position to proceed with amending the permit to divert water.

If there are any questions regarding the terms or conditions set forth in the contract, please feel free to contact this office.

Sincerely yours,

ROBERT A. BARBO

Regional Supervisor of
Water, Power and Lands

Enclosure

cc: Director, Oregon State Water Resources Department
3850 Portland Rd., NE.
Salem, Oregon 97310
(with copy of enclosure)

U.S. Army Corps of Engineers
Attention: NPPEN-HH-R
P.O. Box 2946
Portland, Oregon 97208
(with copy of enclosure)

Amendment No. 2 to
Contract No. 3-07-10-W0479

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

Willamette Basin Project, Oregon

AMENDATORY CONTRACT FOR WATER SERVICE

THIS AMENDATORY CONTRACT, made this 19th day of August,
1987, by and between the UNITED STATES OF AMERICA, hereinafter referred
to as the United States, represented by the Contracting Officer executing
this contract, and the Palmer Creek Water District Improvement Company,
P.O. Box 152, Dayton, Oregon 97114, hereinafter referred to as the
Contractor;

WITNESSETH, THAT:

Explanatory Recitals

2. WHEREAS, the parties hereto have entered into a Water Service
Contract on May 17, 1983, identified as Contract No. 3-07-10-W0479,
providing for the Contractor to receive an irrigation water supply from
reservoirs in the Willamette Basin, Oregon, hereinafter referred to as the
Water Service Contract. Amendment No. 1 to the Water Service Contract was
executed on July 19, 1984, to reflect a change in the amount of acres
served and the amount of acre-feet available annually; and

Recital 2

3. WHEREAS, the Contractor has requested that the Water Service Contract be further amended to reflect an exclusion of 215.2 acres which will no longer receive an irrigation water supply;

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

4. Article 6 of the Water Service Contract is hereby amended to read as follows:

"Lands for Which Water is Furnished: Limitations on Deliveries

"6. The United States shall make available each year to the Contractor during the irrigation season from April 1 to September 30, inclusive, water from the Willamette Basin Project for the irrigation of land owned by or served by the Contractor as described in Exhibit A which is attached to and hereby made a part of this contract. Of the land described in Exhibit A, not more than 591.2 acres are to be irrigated. The amount of water to be made available hereunder shall be that quantity which may be applied beneficially in accordance with good usage in the irrigation of the land described in Exhibit A, but in no event shall it exceed a total diversion of 1,478 acre-feet annually, measured at the point of delivery of said water."

5. Article 7 of the Water Service Contract is hereby amended to read as follows:

"Payments for Water

"7. (a) An annual payment of \$886.80 for the first irrigation season shall be made to the United States at the time of executing this

contract, and subsequent annual payments of \$886.80 will be due on or before April 1 of each succeeding irrigation season in advance of water use. This payment will entitle the Contractor to receive 591.2 acre-feet of stored water, hereinafter referred to as the base entitlement, for irrigation of the lands described above. Up to an additional 886.80 acre-feet may be purchased if available. For each additional acre-foot required, \$1.50 must be deposited with the Contracting Officer by April 1 of the year its use is anticipated. Payments for the base entitlement or additional water are nonrefundable regardless of the amount of water actually used.

"(b) The annual charge set forth in (a) above is based on an initial rate of \$1.50 per acre-foot of water: Provided, That such annual charge shall not be less than \$50. From time to time, but not less often than once every 5 years, the rate per acre-foot and the minimum charge shall be reviewed by the Contracting Officer and revised, if necessary, to cover costs to the United States for the irrigation water marketing program of the Willamette Basin Project. Any revision by the Contracting Officer will apply only to future charges and shall be announced by written notice to the Contractor at least 3 months prior to the beginning of the irrigation season to which the new rate would be applicable.

"(c) All payments from the Contractor to the United States under this contract shall be made by the medium requested by the United States. The required medium of payment may include checks, wire transfers, or other types of payment specified by the United States. Except when otherwise specified by the United States, all payments shall be made by check.

Article 5 (Continued)

"(d) Payments required hereunder shall be made to the Bureau of Reclamation at the location described in Article 15 of this contract."

6. Article 8 of the Water Service Contract is amended to read as follows:

"Charges For Delinquent Payments

"8. (a) The Contractor shall be subject to interest, administrative and penalty charges on delinquent installments or payments, pursuant to section 11 of the Debt Collection Act of 1982 (Public Law 97-365). When a payment is not received within 30 days of the due date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond the due date. When a payment becomes 60 days delinquent, the Contractor shall pay an administrative charge to cover additional costs of billing and processing the delinquent payment. When a payment is delinquent 90 days or more, the Contractor shall pay an additional penalty charge of 6 percent per year for each day the payment is delinquent beyond the due date. Further, the Contractor shall pay any fees incurred for debt collection services associated with a delinquent payment.

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

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

7. Article 9(a) of the Water Service Contract is amended to read as follows:

"Furnishing of Water

"9. (a) Upon payment of the water service charge(s) specified in subarticle 7(a) above, the United States will furnish up to 591.2 acre-feet of water to the Contractor for the Willamette Basin Project. The initial quantity or base entitlement shall be 591.2 acre-feet. An

Articles 6, 7

additional quantity of up to 886.80 acre-feet may be requested by the Contractor and shall be furnished on an if-and-when-available basis. No water shall be furnished if the Contractor is delinquent in payment of the required water service charge(s).

8. Article 16 of the Water Service Contract is amended to read as follows:

"General Provisions


"16. The general provisions applicable to this contract are listed below. The full text of these general provisions is attached as Exhibit B and is hereby made a part of this contract.

- a. CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS
- b. WATER AND AIR POLLUTION CONTROL
- c. QUALITY OF WATER
- d. EQUAL OPPORTUNITY
- e. COMPLIANCE WITH RECLAMATION LAWS
- f. ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED
- g. OFFICIALS NOT TO BENEFIT
- h. WATER CONSERVATION"

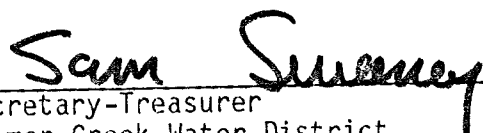
9. Except as herein amended, all provisions of the Water Service Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have signed their names
the day and year first above written.

UNITED STATES OF AMERICA


Regional Director, PN Region
Bureau of Reclamation
Box 043, 550 West Fort Street
Boise, Idaho 83724

CONTRACTOR


Secretary-Treasurer
Palmer Creek Water District
Improvement Co.

STATE OF IDAHO)
 : ss
County of Ada)

On this 19th day of August, 1987, personally

appeared before me John W. Keys, III, to me known to be the official of the United States of America that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said United States, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal as of the day and year first above written.

Diana L. Jacobs
Notary Public in and for the
State of Idaho
Residing at Boise

(SEAL)

My commission expires: 5-23-88

STATE OF OREGON)
 : ss
County of Washill)

On this 30 day of July, 1987, before me,

Jerry R. Hart, a Notary Public, personally appeared

Sam Sweeney, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal as of the day and year first above written.

Jerry R. Hart
Notary Public in and for the
State of Oregon
Residing at McMinnville Oregon

(SEAL)

My commission expires: 11/24/88



Palmer Creek Water District Improvement Company

P.O. Box 152

Dayton, Oregon 97114

April 14, 1987

Bureau of Reclamation
Box 043-550 West Fort St.
Boise, Idaho 83724

Dear Sir:

Enclosed is payment for the 1987 season. We have three members who have decided to drop their rights to the stored Bureau water program. In addition one of the above members, sold part of his property with the new owner desiring to keep the rights. The owners wishing to drop their rights are below.

Name	Tract no.	Tsp.	Range	Section	Description	acres
Delbert Milner	12	4S	3W	33	NE $\frac{1}{4}$ SW $\frac{1}{4}$	12.2
					SE $\frac{1}{4}$ SW $\frac{1}{4}$	15.3
					SW $\frac{1}{4}$ SE $\frac{1}{4}$	17.5
					NW $\frac{1}{4}$ SE $\frac{1}{4}$	<u>17.0</u>
Tract total						62.0
Anton Peitrok	42	6S	3W	5	NW $\frac{1}{4}$ SW $\frac{1}{4}$	5.8
					SW $\frac{1}{4}$ SW $\frac{1}{4}$	31.4
				6	NE $\frac{1}{4}$ SE $\frac{1}{4}$.6
					SE $\frac{1}{4}$ SE $\frac{1}{4}$	<u>3.3</u>
Tract total						41.1
Carl & Lores Dauenhauer	19	5S	3W	17	NW $\frac{1}{4}$ NW $\frac{1}{4}$	1.2
					SW $\frac{1}{4}$ NW $\frac{1}{4}$	1.4
					SW $\frac{1}{4}$ SW $\frac{1}{4}$.3
				18	NE $\frac{1}{4}$ NE $\frac{1}{4}$	7.7
					SE $\frac{1}{4}$ NE $\frac{1}{4}$	2.4
					NE $\frac{1}{4}$ SE $\frac{1}{4}$	5.6

Name	Tract no.	Tsp.	Range	Section	Description	acres
	19	5S	3W	18	NW $\frac{1}{4}$ SE $\frac{1}{4}$	25.6
					SW $\frac{1}{4}$ SE $\frac{1}{4}$	6.6
					SE $\frac{1}{4}$ SE $\frac{1}{4}$	8.6
					Tract total	59.4
Carl & Lores	36	5S	3W	5	SW $\frac{1}{4}$ SW $\frac{1}{4}$	6.0 5.3 S.B.S.
Dauenhauer					SE $\frac{1}{4}$ SW $\frac{1}{4}$	17.5
					SW $\frac{1}{4}$ SE $\frac{1}{4}$.1
				8	NE $\frac{1}{4}$ NW $\frac{1}{4}$	19.4
					SE $\frac{1}{4}$ NW $\frac{1}{4}$	10.4
					Tract total	53.4 \rightarrow 52.7 S.B.S.

The following acreage, tract no. 36, formerly owned by Carl & Lores Dauenhauer, has a new owner, Monrovia Nursery Oregon. They wish to retain the Bureau rights.

36	5S	3W	6	SW $\frac{1}{4}$ NE $\frac{1}{4}$	3.0
				SE $\frac{1}{4}$ NE $\frac{1}{4}$	33.6
				NE $\frac{1}{4}$ SE $\frac{1}{4}$	39.9
				NW $\frac{1}{4}$ SE $\frac{1}{4}$	4.5
				SW $\frac{1}{4}$ SE $\frac{1}{4}$	1.2
				SE $\frac{1}{4}$ SE $\frac{1}{4}$	6.0
			5	SW $\frac{1}{4}$ NW $\frac{1}{4}$	30.4
				NW $\frac{1}{4}$ SW $\frac{1}{4}$	36.2
				SW $\frac{1}{4}$ SW $\frac{1}{4}$	5.2
				Tract total	160.0

This leaves a net total of 591.2 acres.

Enclosed is a check for the remaining acreage @ \$1.50 - \$886.80

Sincerely,

Sam Sweeney

Sam Sweeney

Secretary & Treasurer

EXHIBIT A

<u>Name</u>	<u>Tract No.</u>	<u>Tsp.</u>	<u>Range</u>	<u>Section</u>	<u>Description</u>	<u>Acreage</u>
Sam Sweeney	5	4S	3W	28	SW1/4SW1/4	.6
					NE1/4NW1/4	.3
				32	NW1/4NW1/4	24.0
					SW1/4NW1/4	14.2
					NE1/4NE1/4	11.2
					SE1/4NE1/4	8.8
				Tract Total		
Mark Temple	12	4S	3W	32	SE1/4NE1/4	13.2
					NE1/4SE1/4	12.6
				33	SW1/4NW1/4	19.2
					NW1/4SW1/4	18.4
Tract Total						63.4
D. Milner Excluded Per 4-14-87 LETTER	12	4S	3W	33	NE1/4SW1/4	12.2
					SE1/4SW1/4	15.3
					SW1/4SE1/4	17.5
					NW1/4SE1/4	17.0
					Tract Total	
Carl and Lores Dauenhauer	36	5S	3W	6	SW1/4NE1/4	3.0
					SE1/4NE1/4	33.6
					NE1/4SE1/4	39.9
					NW1/4SE1/4	4.5
				5	SW1/4SE1/4	1.2
					SE1/4SE1/4	6.0
					SW1/4NW1/4	30.4
					NW1/4SW1/4	36.2
					SW1/4SW1/4	10.5 4.5 →
					SE1/4SW1/4	17.5
					SW1/4SE1/4	.1
				8	NE1/4NW1/4	19.4
SE1/4NW1/4	10.4					
Tract Total						212.7 159.3 (160) *
Robert Perez	36	5S	3W	5	SW1/4NE1/4	1.9
					SE1/4NE1/4	18.8
				4	SW1/4NW1/4	.6
Tract Total						21.3

* The TOTAL acreage was off by .7 ac. It looks like the error is in the SW1/4 SW1/4 of Sec 5, T 5S, R 3W w.m.

EXHIBIT A

<u>Name</u>	<u>Tract No.</u>	<u>Tsp.</u>	<u>Range</u>	<u>Section</u>	<u>Description</u>	<u>Acreage</u>
Carlton Nursery	45	5S	3W	4	NE1/4SW1/4	24.4
					SW1/4SW1/4	15.2
					SE1/4SW1/4	37.0
					NW1/4SE1/4	3.4
				9	SW1/4SE1/4	30.8
					NW1/4NE1/4	15.9
					NE1/4NW1/4	19.1
					NW1/4NW1/4	14.2
Tract total						160.0 ✓
Charley Carr	16	5S	3W	8	SW1/4NW1/4	24.4
					NW1/4SW1/4	6.4
					Tract total	
Carl and Lores Dauenhauser	19	5S	3W	17	NW1/4NW1/4	1.2
					SW1/4NW1/4	1.4
				18	SW1/4SW1/4	.3
					NE1/4NE1/4	7.7
					SE1/4NE1/4	2.4
					NE1/4SE1/4	5.6
					NW1/4SE1/4	25.6
					SW1/4SE1/4	6.6
					SE1/4SE1/4	8.6
					Tract total	
Merle Church	10	5S	3W	17	SE1/4SW1/4	8.8
					SW1/4SE1/4	4.0
				20	NW1/4NE1/4	9.0
					NE1/4NW1/4	36.2
					NW1/4NW1/4	1.0
					SE1/4NW1/4	17.6
Tract total						76.6 ✓

*Excluded
per 4-14-87 letter*

EXHIBIT A

<u>Name</u>	<u>Tract No.</u>	<u>Tsp.</u>	<u>Range</u>	<u>Section</u>	<u>Description</u>	<u>Acreage</u>
Jim Shelburne	9	5S	3W	20	NE1/4SW1/4	12.0
					NW1/4SE1/4	<u>8.0</u>
					Tract total	20.0 ✓
A. Peitrok	42	6S	3W	5	NW1/4SW1/4	5.8
Excluded				6	SW1/4SW1/4	31.4
per 4-14-87 letter					NE1/4SE1/4	.6
					SE1/4SE1/4	<u>3.3</u>
					Tract total	41.1

GENERAL PROVISIONS--WILLAMETTE BASIN PROJECT, OREGON

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

a. The expenditure or advance of any money or the performance of any obligation of the United States under this contract shall be contingent upon appropriation or allotment of funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any obligations under this contract. No liability shall accrue to the United States in case such funds are not appropriated or allotted.

WATER AND AIR POLLUTION CONTROL

b. The Contractor, in carrying out this contract, shall comply with all applicable water and air pollution laws and regulations of the United States and the State of Oregon, and shall obtain all required permits or licenses from the appropriate Federal, State, or local authorities.

QUALITY OF WATER

c. The operation and maintenance of project facilities shall be performed in such manner as is practicable to maintain the quality of raw water made available through such facilities at the highest level reasonably attainable, as determined by the Contracting Officer. The United States does not warrant the quality of water and is under no obligation to construct or furnish water treatment facilities to maintain or better the quality of water.

EQUAL OPPORTUNITY

d. 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, 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, 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 nondiscrimination clause.

(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 discrimination because of race, color, religion, sex, or national origin.

(3) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Contracting Officer, advising the said labor union or workers' representative 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.

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

(5) The Contractor will furnish all information and reports required by said amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Contracting Officer 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 nondiscrimination clauses of this contract or with any of the such rules, regulations, or orders, this contract may be canceled, 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 said amended Executive Order, and such other sanctions may be imposed and remedies invoked as provided in said Executive Order, 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 the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of said amended Executive Order, 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 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 subcontractor 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.

COMPLIANCE WITH RECLAMATION LAWS

e. The parties agree that the delivery of irrigation water or the use of Federal facilities pursuant to this contract is subject to Reclamation law, as amended and supplemented, including, but not limited to, the Reclamation Reform Act of 1982 (Public Law 97-293).

ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

f. The provisions of this contract shall apply to and bind the successors and assigns of the parties hereto, but no assignment or transfer of this contract or any right or interest therein shall be valid until approved in writing by the Contracting Officer.

OFFICIALS NOT TO BENEFIT

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

WATER CONSERVATION

h. Prior to the delivery of water provided from or conveyed through federally constructed or federally financed facilities pursuant to this contract, the Contractor shall develop an effective water conservation program acceptable to the Contracting Officer. The water conservation program shall contain definite water conservation objectives, appropriate economically feasible water conservation measures, and time schedules for meeting those objectives. At subsequent 5-year intervals, the Contractor shall submit a report on the results of the program to the Contracting Officer for review. Based on the conclusions of the review, the Contracting Officer and the Contractor shall consult and agree to continue or to revise the existing water conservation program.