

THE UNITED STATES OF AMERICA

AND

SAN JUAN WATER COMMISSION

NEW MEXICO

REPAYMENT CONTRACT

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

ANIMAS-LA PLATA PROJECT
COLORADO RIVER STORAGE PROJECT

FUNDING AGREEMENT AND REPAYMENT CONTRACT BETWEEN THE UNITED STATES
AND THE SAN JUAN WATER COMMISSION, NEW MEXICO

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

ANIMAS-LA PLATA PROJECT
COLORADO RIVER STORAGE PROJECT

FUNDING AGREEMENT AND REPAYMENT CONTRACT BETWEEN THE UNITED STATES
AND THE SAN JUAN WATER COMMISSION, NEW MEXICO

THIS CONTRACT, made this 8th day of January, 1990, pursuant to the Act of Congress approved June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto, all of which acts are commonly known and referred to as the Federal Reclamation Laws, between the UNITED STATES OF AMERICA, hereinafter referred to as the United States, represented by the officer executing this contract, and the SAN JUAN WATER COMMISSION, hereinafter called the Commission, located in San Juan County, New Mexico, a commission duly organized and existing pursuant to the laws of San Juan County and the State of New Mexico, acting through the Chairman.

WITNESSETH, That:

WHEREAS, the following statements are made in explanation:

(a) The Act of Congress approved April 11, 1956 (70 Stat. 105), authorized the planning and investigation of the Animas-La Plata Project as a participating project of the Colorado River Storage Project; subsequently, the construction, operation, and maintenance of the Animas-La Plata Project was authorized by Title V of the Colorado River Basin Project Act of September 30, 1968 (82 Stat. 896), and the United States has investigated, planned, and proposes to construct said Animas-La Plata

1 Project for the storage, diversion, salvage, and distribution of the waters
2
3 of the Animas River and the La Plata River, which Project has among its
4
5 authorized purposes the furnishing of water for irrigation, municipal,
6
7 industrial, domestic, and other beneficial purposes.
8

9 (b) The San Juan Water Commission desires to contract with
10
11 the United States for a municipal and industrial water supply pursuant to
12
13 the terms and conditions of the Joint Powers Agreement dated March 5, 1986,
14
15 and to pay for Project Works necessary to deliver water and for the
16
17 perpetual right to the use of such water in New Mexico as hereinafter
18
19 provided.
20

21 NOW, THEREFORE, in consideration of the mutual and dependent
22
23 covenants herein contained, the parties hereto agree as follows:
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25

26 27 GENERAL DEFINITIONS 28

29 1. Where used in this contract:

30
31 (a) "United States" or "Contracting Officer" or either of
32
33 them means the Secretary of the United States Department of the Interior or
34
35 his duly authorized representative.
36

37 (b) "Commission" or "Contractor" means the San Juan Water
38
39 Commission, San Juan County, New Mexico, created by the Joint Powers
40
41 Agreement dated March 5, 1986.
42

43 (c) "Project" means the Animas-La Plata Project, a
44
45 participating Project of the Colorado River Storage Project.
46

47 (d) "Project Operator" means either the United States or
48
49 the Animas-La Plata Water Conservancy District of Colorado, whichever is
50
51 operating the Project Works.
52

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55 Article 1
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1 (e) "Project Works" means all works or facilities to be
2 constructed under Phase One of the Project, together with lands and
3 rights-of-way for such works, as described in Article 2.
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5

6 (f) "Project Water" means all water made available from,
7 through, or by means of Project Works.
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10 (g) "Project Municipal and Industrial Water" means Project
11 Water furnished to the Commission for use by municipalities, organizations
12 which provide water for rural domestic water users, industrial
13 establishments, commercial recreation users, commercial operations, and
14 other miscellaneous uses as the Commission sees fit.
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21 (h) "Cost Sharing Agreement" refers to the "Agreement in
22 Principle Concerning the Colorado Ute Indian Water Rights Settlement and
23 Binding Agreement for Animas-La Plata Project Cost Sharing" dated June 30,
24 1986, between the United States, the State of Colorado, certain political
25 subdivisions of the States of Colorado and New Mexico, the Ute Mountain Ute
26 Tribe, and the Southern Ute Indian Tribe.
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33 (i) "Water Rights Settlement Agreement" refers to the
34 "Colorado Ute Indian Water Rights Final Settlement Agreement" dated
35 December 10, 1986 among the United States, the State of Colorado, the Ute
36 Mountain Ute Tribe, the Southern Ute Indian Tribe, and the additional
37 governmental and private entities signatory thereto.
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43 (j) "Administrative Costs" are all costs which are not
44 directly identified to the construction of specific Project Works. These
45 costs are incurred centrally and charged to the Project on the basis of the
46 utilization of Reclamation labor. The limitation in Article 8(f) shall not
47 apply to costs directly identified to the construction of Project Works
48 such as right-of-way appraisals, land acquisition, designs, inspections,
49 and payments to Contractors.
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1 (k) "Consultation" means the United States and Commission
2 shall confer regarding significant decisions that may affect the design,
3 construction, allocation of costs, or operation and maintenance of Project
4 Works. Every reasonable effort will be made to reach consensus decisions.
5 In the event no consensus can be reached and the United States makes a
6 decision, Commission appeals are available under the Administrative
7 Procedures Act (5 U.S.C. Sections 500 et seq. and 701 et. seq.).
8
9

10 (l) "San Juan River System" means the San Juan River and
11 its tributaries.
12

13 (m) "Phase One Operation and Maintenance Facilities" means
14 those facilities necessary to support operations and maintenance work, for
15 example operation and maintenance headquarters, office space, shop for
16 repair of equipment, storage place for supplies, and equipment yard.
17

18 (n) "Repayment Obligation" means final reimbursable
19 construction costs exceeding \$12,800,000 allocated to municipal and
20 industrial uses associated with the construction of Phase One Project
21 Works.
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28 PROJECT WORKS

29 2. Subject to the terms and conditions of this and other
30 applicable contracts related to this Project, the United States will
31 construct the following Phase One Project Works, acquire lands, and provide
32 certain moveable property and equipment to the Project Operator needed for
33 Project operation as, in the opinion of the United States, are necessary
34 for Project purposes, without being limited by enumeration and within the
35 limit of funds available by the Congress and the contracting parties.
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Articles 1 and 2

1 (a) The Commission will share only in the allocable costs
2 of the joint Project Works up to the cost of their single purpose
3 alternative. The joint Project Works are presently identified as the
4 following:
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9 (1) Ridges Basin Dam and Reservoir, the main storage
10 facility for the Project, will be located on Basin Creek in Ridges Basin
11 approximately 3 miles southwest of Durango, Colorado. The reservoir will
12 have an initial capacity of approximately 280,000 acre-feet.
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17 (2) Durango Pumping Plant and Power Transmission
18 Facilities will be located adjacent to the Animas River and will pump
19 Project Water from the Animas River to Ridges Basin Reservoir and to other
20 Project Water users.
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25 (3) Ridges Basin Inlet Conduit will extend from the
26 Durango Pumping Plant to Ridges Basin Reservoir. The Conduit will be
27 capable of reversing flow from Ridges Basin Reservoir to the Durango
28 Pumping Plant.
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33 (4) Phase One Operation and Maintenance Facilities
34 will be constructed as determined necessary by the United States, after
35 consultation with the Animas-La Plata Water Conservancy District, for the
36 required operation and maintenance of Phase One Project Works.
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41 (5) Ridges Basin Pumping Plant and Power Transmission
42 Facilities will pump water from Ridges Basin Reservoir into the Dry Side
43 Canal and to other Project Water users. Ridges Basin Pumping Plant will be
44 located on the western edge of Ridges Basin Reservoir.
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49 (6) Long Hollow Tunnel will be located on the Dry Side
50 Canal approximately 3.1 miles from the head of the canal. The tunnel will
51 be approximately 3.2 miles long.
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56 Article 2
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1 (7) Dry Side Canal Phase One will extend from Ridges
2 Basin Pumping Plant to the Dry Side Gravity Lateral. The canal will be
3 approximately 22 miles long.
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7 (b) In keeping with the purposes of the Project, the United
8 States and the Commission shall consult and may change the location or size
9 of Project Works, or may eliminate works or add works to those described
10 above. Nothing contained herein shall be construed to indicate the order
11 in which the works described in subarticle (a) hereof will be constructed
12 or acquired.
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19 (c) The United States, after consultation with the
20 Commission, shall have the right at any time after construction to increase
21 the capacity of the Project Works or any unit or feature thereof for other
22 than project purposes without additional capital or operation and
23 maintenance cost to the Commission; Provided, That the Commission's use of
24 Project Water shall not be impaired thereby. The right of use of such
25 increased capacity is reserved to the United States.
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33 (d) Any additions, changes to, or operation of Project
34 Works or changes in use of water from that stated in the Animas-La Plata
35 Final Environmental Statement dated July 1, 1980, will be subject to
36 further compliance with the National Environmental Policy Act and must be
37 approved by the Secretary of the Interior. Construction and operation of
38 the Project will be in accordance with the Environmental Commitment
39 Plan dated February 4, 1987.
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47 (e) The United States will be responsible for taking any
48 remedial measures required to protect or restore the quality of Project
49 Water delivered to the Commission under this contract resulting from design
50 or construction deficiencies with respect to Project Works constructed by
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Article 2

1 the United States, as determined by the United States after consultation
2 with the Commission.
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7 CONDITIONS PRECEDENT TO CONSTRUCTION
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9 3. The United States shall be under no obligation to commence,
10 or having commenced, to continue construction of Project Works necessary
11 for the delivery of Project Water under this contract until:
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13

14 (a) A proposed consent decree is prepared by the Colorado
15 parties that signed the Cost Sharing Agreement and the Water Rights
16 Agreement, the United States, the Southern Ute Indian Tribe, and the Ute
17 Mountain Ute Tribe providing for a comprehensive quantification and
18 determination of the reserved water right claims of the Tribes and
19 providing for the uniform and cooperative administration of the decreed
20 waters. This proposed consent decree shall be submitted to the District
21 Court for Water Division No. 7, State of Colorado, and duly issued by the
22 court.
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32 (b) Adequate water rights for the Project are obtained and
33 any conflicts between private water rights and Project Water rights are
34 resolved to the satisfaction of the United States.
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38 (c) The Commission has demonstrated the legal and financial
39 capability to make the contributions and payments required by this
40 document by demonstrating that it is a legal entity under state law, that
41 has taxing authority either on its own or in conjunction with others, and
42 that contracting parties have the capacity to put water to beneficial use
43 under New Mexico law.
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50 (d) The United States, before initiation of construction of
51 any Project Works, shall notify the Commission in writing of any other
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55 Articles 2 and 3
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1 agreements or conditions precedent that must be met prior to the
2 construction of those Project Works; Provided, however, that no such
3 conditions precedent shall be imposed unless such conditions precedent are
4 mandated or required by Federal laws, State law, or policy promulgated
5 pursuant thereto.
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13 PROJECT COORDINATING COMMITTEE
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15 4. (a) Coordination of Project construction, operations and
16 distribution of Project Water will be accomplished through a Project
17 Coordinating Committee. The Project Coordinating Committee will initially
18 consist of the following representatives from those entities that have
19 entered into a repayment contract with the United States for the Animas-La
20 Plata Project.
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26 (1) five representatives from the San Juan Water
27 Commission (New Mexico) or a representative from Aztec, Bloomfield,
28 Farmington, San Juan County, and the Rural Water Users Association should
29 the San Juan Water Commission be dissolved;
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33 (2) five representatives from the Animas-La Plata Water
34 Conservancy District (Colorado), at least two of whom are irrigators;
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38 (3) five representatives from the Southern Ute Indian
39 Tribe (Colorado);
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43 (4) five representatives from the Ute Mountain Ute
44 Tribe (Colorado);
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47 (5) one representative from the La Plata Conservancy
48 District (New Mexico);
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51 (6) one representative from the Navajo Indian Tribe
52 (Shiprock, New Mexico); and
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55 Articles 3 and 4
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2 (7) one representative of the United States Bureau of
3 Reclamation.
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5 The membership of the committee may be revised
6 under guidelines established in the by-laws approved by the Committee.
7

8
9 (b) The Project Coordinating Committee shall meet to
10 unanimously establish by-laws immediately following execution of those
11 repayment contracts considered as prerequisites to initiating irreversable
12 construction on the Project. A unanimous decision will be made when twelve
13 or more of the voting representatives or their alternates are present at a
14 meeting noticed in writing 30 days in advance, and all present vote in
15 agreement. The by-laws shall provide all necessary organizational details
16 for the Project Coordinating Committee subject to the provisions in the
17 entities' contracts with the United States. The by-laws shall also provide
18 for subcommittees, for development and administration of any necessary
19 operating agreements for specific Project Works, and for operation,
20 maintenance, and replacement cost allocation for uses of Project Water.
21

22
23 (c) The Project Operator shall annually formulate a budget
24 and a plan for major operation, maintenance, and replacement activities on
25 the Project and submit such budget and operating plans to the Project
26 Coordinating Committee. The Project Coordinating Committee shall meet as
27 often as necessary, but not less than once annually, to assure and approve
28 equitable allocations of operation, maintenance, and replacement costs;
29 approve major operation, maintenance, and replacement activities;
30 coordinate project operations among the users of Project Water; and comply
31 with provisions of all existing and future water compacts, especially the
32 Animas-La Plata Project Compact (82 Stat. 898), the Upper Colorado River
33 Basin Compact (63 Stat. 31), and the Cost Sharing and Water Rights
34 Agreements. Provided, that with respect to annual costs as are estimated
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Article 4

1 for electrical power to pump water to Ridges Basin Reservoir, each
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3 contracting entity shall be required to pay no more than a proportionate
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5 share of the total electrical power costs that relate directly to the
6
7 actual amount of water used by that particular entity from the reservoir
8
9 for any given year. In addition, each contracting entity will pay a
10
11 proportionate share of the electrical power costs associated with
12
13 replenishing an estimated 2,500 acre feet of reservoir storage water lost
14
15 to evaporation each year. The electrical power costs associated with the
16
17 evaporation water and all other operation, maintenance, and replacement
18
19 costs assigned to the Durango Pumping Plant, Ridges Basin Inlet Conduit,
20
21 and Ridges Basin Dam and Reservoir will be divided proportionately among
22
23 all of the contracting entities based on their respective Project Water
24
25 allotments.
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29 MEASUREMENT AND RESPONSIBILITY FOR DISTRIBUTION OF WATER
30

31 5. (a) Water delivered to the Commission pursuant to this
32
33 contract shall be on a perpetual basis and shall be measured at the outlet
34
35 works of Ridges Basin Dam and in the Animas River at the Durango Pumping
36
37 Plant with measuring facilities installed by the United States as a part of
38
39 the Project. Water delivered to the Contractor's Animas and San Juan River
40
41 users pursuant to this contract shall be measured at those user's points of
42
43 diversion on the Animas and San Juan Rivers. The water diverted from the
44
45 San Juan River system will be replaced with Project Water released or
46
47 bypassed from the Durango Pumping Plant or Ridges Basin Reservoir.
48
49 Sufficient water will be delivered to ensure that the Commission annually
50
51 receives 30,800 acre-feet of water available for diversion at any approved
52
53 points of diversion on the San Juan River system selected by potential
54
55 users of this water.
56
57

Articles 4 and 5

1 (b) The United States will not be responsible for the
2 control, carriage, handling, use, disposal, or distribution of water
3 furnished the Commission from the outlet works of Ridges Basin Dam or
4 Durango Pumping Plant to the place of final use. The Commission will hold
5 the United States harmless on account of damage or claim of damage of any
6 nature whatsoever arising out of or connected with the control, carriage,
7 handling, treatment, use, disposal, or distribution of water by the
8 Commission below the points of measurement.
9

10 (c) All facilities required for taking water furnished
11 under this contract from the points of delivery and putting it to use by
12 the Commission and its subcontractors will be acquired, constructed or
13 installed, and operated and maintained by the Commission or its
14 subcontractors at its sole expense.
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30 ALLOTMENT AND USE OF PROJECT WATER

31 6. (a) The Commission shall have a permanent allocation to a
32 share of the average annual yield from Project Water sources based on an
33 annual allotment of 30,800 acre-feet of municipal and industrial
34 water delivered at the users' points of diversion. The water furnished
35 shall be put to beneficial use under permits required by the New Mexico
36 State Statutes. Municipal and industrial commitments shall be delivered in
37 full and irrigation and other uses shall share shortages as may occur in
38 equal percentages; Provided, however, the Commission may be limited, after
39 Consultation, in any year to take no more than 48 percent of its total
40 water allotment during the period from June 1 to September 30. If this
41 limitation occurs, the Commission may take the remaining 52 percent of its
42 water allotment during the remaining months of the year. The above
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Articles 5 and 6

1 limitation amount of 48 percent may be adjusted as necessary by the Project
2 Coordinating Committee, after consultation with the Commission.
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5 (b) Excess Project Water in any year shall be retained in
6 Ridges Basin Reservoir to the extent of capacity available and shall be
7 available for general Project use during succeeding years. No holdover
8 rights in the Project reservoir for water not used in any year shall be
9 granted to the Commission, any individual or subcontractor, including
10 irrigation districts, associations, or municipalities. The Commission
11 shall have the opportunity to purchase excess Project Water on similar
12 terms and at a price no higher than that offered other similar users.
13
14

15 (c) Any use of water other than that contemplated in the
16 Final Environmental Statement for the Animas-La Plata Project shall be
17 subject to compliance with the National Environmental Policy Act.
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30 METHOD OF PAYMENT FOR PROJECT CONSTRUCTION COSTS
31 UP TO \$12,800,000 UNDER COST SHARING AGREEMENT
32

33 7. (a) The Cost Sharing Agreement is attached as Exhibit "A"
34 and hereby made a part of this contract. Pursuant to Article 3.(e) of the
35 Cost Sharing Agreement, \$12,800,000 will be available from the Commission
36 to the United States to fund the estimated cost of developing the New
37 Mexico non-Indian municipal and industrial water share of Ridges Basin Dam,
38 Durango Pumping Plant, Ridges Basin Inlet Conduit and related facilities as
39 defined in Article 2(a) herein needed to provide municipal and industrial
40 water to non-Indians in New Mexico. Such funds shall be provided according
41 to a schedule of applicable actual costs related to construction of these
42 New Mexico municipal and industrial water facilities.
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51 (b) Payments will be made quarterly concurrent with the
52 construction of Ridges Basin Dam, Durango Pumping Plant, Ridges Basin Inlet
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57 Articles 6 and 7

1 Conduit and related facilities for storing and delivering New Mexico
2 non-Indian municipal and industrial water. The quarterly payments will be
3 made in advance and due 10 days prior to the beginning of the quarter.
4
5 However, payments may be advanced and due 5 days prior to the beginning of
6 the quarter if electronic transfer methods are utilized in accordance with
7 Treasury regulations and Article 8(h). The payment amounts will be based
8 on the annual construction schedule prepared by the United States and
9 provided to the Commission.
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19 METHOD OF REPAYMENT FOR PROJECT CONSTRUCTION
20 COSTS EXCEEDING \$12,800,000
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22 8. (a) The Commission agrees to pay the United States
23 allocable construction costs which exceed the \$12,800,000 paid pursuant to
24 Article 7. This amount is the Commission's remaining proportionate share
25 of the final reimbursable construction costs allocated to municipal and
26 industrial uses associated with the construction of Project Works necessary
27 for storage and delivery of water pursuant to this contract, plus interest
28 pursuant to subarticle (c) herein. The Commission also agrees to pay any
29 amounts justified by reasons of ordinary fluctuations in the cost of
30 construction as indicated by engineering cost indexes applicable to the
31 type of construction involved and increases resulting from enlargement or
32 changes of Project Works. Modification, expansion, or change order costs
33 shall not be allocated to the Commission's share of the reimbursable
34 construction costs unless they are determined to be necessary by the
35 Secretary after Consultation, in addition to the current design and plan
36 for the Project, for the storage and delivery of the 30,800 acre feet of
37 Project Water to the Commission.
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Articles 7 and 8

1 The United States may determine at any time that the
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3 construction costs relating to Project Municipal and Industrial Water to be
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5 made available under this contract will exceed \$12,800,000, and shall give
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7 the Commission written notice thereof. Such construction costs shall
8
9 become a Repayment Obligation of the Commission and is payable by the
10
11 Commission in advance of receiving Project Municipal and Industrial Water
12
13 associated therewith in annual installments due on or before January 10 of
14
15 each year and in accordance with an annuity due payment schedule or
16
17 schedules issued by the United States. However, the Commission's total
18
19 obligation for all Project costs allocated to municipal and industrial
20
21 water under this contract will not exceed \$16,640,000 (\$12,800,000 plus 30
22
23 percent of \$12,800,000).

24
25 (b) The Commission's total Repayment Obligation pursuant to
26
27 this Article, if any, and any notice with respect thereto, is subject to
28
29 adjustments depending on the facilities constructed and on the final
30
31 allocation of construction costs and allotments of the Project Water to
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33 irrigation and municipal and industrial users which will be made by the
34
35 Secretary in accordance with Reclamation Law.

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37 (c) The Commission's Repayment Obligation, plus simple
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39 reimbursable interest accrued during construction, for that portion that
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41 exceeds \$12,800,000, allocated to municipal and industrial water as
42
43 described in Subarticle (a) above shall accrue interest on the unpaid
44
45 portion at the rate to be established pursuant to the provision of Section
46
47 5 (f) of the Act of April 11, 1956 (70 Stat. 105) as amended by the Act of
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49 June 27, 1960 (74 Stat. 255).

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51 (d) The municipal and industrial Repayment Obligation
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53 referred to in this Article is a general obligation of the Commission as

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Article 8

1 outlined in Article 18 herein, however, regardless of the provisions
2 stipulated by Article 18(b), the United States shall make available to the
3 Commission Project Municipal and Industrial Water for entities which are
4 not in arrears in their payments to the Commission when these payments are
5 advanced to the United States. The Commission's municipal and industrial
6 Repayment Obligation shall be paid to the United States in one of the
7 following methods agreed to by both parties:
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9
10 (1) The Repayment Obligation, if any, is repayable in
11 advance of receiving Project Municipal and Industrial Water associated
12 therewith by the Commission in not more than 50 annual installments with
13 interest, as described in Article 8(c) herein, due on or before January 10
14 of each year and in accordance with the payment schedule or schedules
15 included in the repayment notice issued by the United States for that
16 portion that exceeds \$12,800,000, or
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18
19 (2) If the Commission elects to defer taking Project
20 Municipal and Industrial Water when it first becomes available as provided
21 in (1) above, repayment shall be governed by the provisions of the Water
22 Supply Act of 1958 (72 Stat. 297) as amended, and shall be as follows: (i)
23 no principal or interest payments need to be made with respect to storage
24 of water for future water supply as provided by the Water Supply Act until
25 such supply is first used, but such deferment of repayment shall not exceed
26 10 years; (ii) no interest shall be charged on such cost until such supply
27 is first used, but in no case shall the interest-free period exceed 10
28 years; and (iii) once repayment is initiated, the sum of the interest and
29 principal shall be paid in annual installments over the remainder of the 50
30 year repayment period.
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Article 8

1 Payment for each block shall commence on January 10 of the
2 year water is first used, but such deferral shall not exceed a period of 10
3 years as provided above and payment shall be made each year after the 10th
4 year of deferral, whether or not the Commission takes the water allocated
5 for its use. All Project Municipal and Industrial Water made available by
6 the United States shall be included in block notices with their
7 accompanying payment schedule. The payment schedule shall specify, among
8 other things, the annual amount that the Commission is to collect and pay
9 to the United States for Project Municipal and Industrial Water.
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19 (e) The United States may also determine at any time that
20 the construction costs relating to Project Municipal and Industrial Water
21 to be made available under this contract will exceed \$16,640,000, and shall
22 give the Commission written notice thereof. The United States will then
23 consult with the Commission, and continuation of construction of Project
24 Works related to Project Municipal and Industrial Water may be contingent
25 upon execution of an amendatory repayment contract or other financial
26 arrangement to cover any increased obligation above \$16,640,000. Such
27 "other financial arrangement" includes, but is not limited to, the
28 Commission's right to receive a pro rata share of the 30,800 acre-feet of
29 Project Municipal and Industrial Water based on the amount of funds the
30 Commission has committed to pay through cost sharing and repayment versus
31 the final total construction costs allocated to the 30,800 acre-feet of
32 Project Water. In the event that agreement is not reached within 240 days
33 from the sending of said notice, the United States may cease construction
34 of Project Works related to Project Municipal and Industrial Water, and the
35 Commission shall be responsible for the Repayment Obligation only.
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52 Provided, however that termination of the aforesaid construction may be
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Article 8

1 delayed by extending said 240 day period an additional 120 days if the
2 Commission and the United States determine that reasonable cause exists.
3 Such repayment shall be described in a bill of collection and payment
4 schedule issued by the United States.
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9 (f) It is agreed that during construction every attempt
10 will be made to keep administrative costs at or below 25 percent of the
11 final construction cost of the total Project. Once construction begins,
12 the United States will annually report to the Commission the dollar amount
13 of administrative costs and all other construction costs.
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18 (g) Upon request, the United States will annually consult
19 with the Commission concerning the allocation of Phase One construction
20 costs and any interest during construction to be payable by the Commission
21 under this contract. The United States will also consult with the
22 Commission in advance concerning any future changes to the cost allocation
23 procedures used to determine the Commission's Project costs under this
24 contract.
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33 (h) All payments required under this contract are due on
34 the specified due date and by the method mutually agreed upon between the
35 United States and the Commission. The agreed method of payment may include
36 checks, wire transfers, or other types of payment to be determined.
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43 METHOD FOR ESTABLISHING BLOCKS FOR PROJECT REPAYMENT
44

45 9. (a) When the Project Works defined in Article 2(a) are
46 completed, tested, and the Project Water becomes available for use by the
47 Commission, the United States shall, after consultation, establish delivery
48 blocks and apportion to each block an appropriate part of the Commission's
49 allocated cost based on the nature and amount of water use therein. The
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Articles 8 and 9

1 United States shall give the Commission written notice, referred to herein
2 as the "block notice," at least 12 months prior to the date when water will
3 be first delivered to the affected block. The block notice shall contain:
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5

6 (1) A description of the entities included in the
7 block.
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9

10 (2) The quantity of Project Water available to the
11 Commission for the block.
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14 (3) A designation of that part of the Commission's
15 municipal and industrial cost allocation apportioned to the block, pursuant
16 to Articles 7 and 8 herein.
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18

19 (4) A payment schedule for repayment of those costs
20 which exceed the Commission's up-front funding, if any, for the municipal
21 and industrial water available in such block, including a breakdown of the
22 amount and due date of each payment to be paid from revenues received by
23 the Commission from municipal and industrial water users and from all other
24 revenues available to the Commission.
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32 (b) Each block notice and amendment thereto shall become a
33 part of this contract.
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39 PAYMENT OF OPERATION, MAINTENANCE, AND REPLACEMENT COSTS
40

41 10. (a) Operation, maintenance, and replacement costs allocated
42 to the Commission's municipal and industrial water will be a proportionate
43 share of the total annual operation, maintenance, and replacement expenses
44 actually incurred by the Project Operator in the operation, maintenance,
45 and replacement of Ridges Basin Dam and Reservoir, Durango Pumping Plant,
46 Ridges Basin Inlet Conduit and related storage and delivery facilities for
47 New Mexico municipal and industrial water. The Commission's Project Water
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55 Articles 9 and 10
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1 allotment of 30,800 acre feet represents 17.9 percent of the total Project
2 Water supply made available under Phase One of the Project. Based on an
3 operations study prepared for the Project, the Commission would draw an
4 average of approximately 800 acre feet of their Project Water allotment
5 from storage in Ridges Basin Reservoir. The Commission's proportionate
6 share of the annual operation, maintenance and replacement costs, using a
7 1987 estimate of such costs for the Durango Pumping Plant, Ridges Basin
8 Inlet Conduit, and Ridges Basin Dam and Reservoir and the prescribed
9 allocation of annual costs as presented in Article 4(c) herein, would be
10 \$59,554. This figure includes \$5,880 for direct pumping costs and \$53,674
11 for all other costs. It is expressly understood that these figures are an
12 estimate only, and are subject to changes from year-to-year resulting from
13 fluctuations in the costs that make up the estimate and the actual amount
14 of Project Water drawn from Ridges Basin Reservoir by the Commission.
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29 (b) The Commission agrees to pay the Project Operator, in
30 advance its proportionate share of the operation, maintenance, and
31 replacement costs allocated to said Project Works. Operation, maintenance,
32 and replacements costs shall be allocated by the Project Coordinating
33 Committee pursuant to Article 4. An operation, maintenance, and
34 replacement charge notice shall be furnished annually by the Project
35 Operator, which amount will be paid by the Commission in advance. If the
36 funds advanced by the Commission under this article are less than the
37 actual cost of operation, maintenance, and replacement properly chargeable
38 to the Commission for the period advanced, a supplemental notice will be
39 issued and the Commission shall advance such additional funds by the date
40 specified in the supplemental notice. If the actual costs are less than
41 the funds advanced, an appropriate adjustment will be made in the notice
42 issued the next succeeding period.
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Article 10

DISPOSAL OF PROJECT WATER DURING CONSTRUCTION
BY UNITED STATES

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4 11. (a) Prior to the completion of the Project Works as defined
5
6 in Article 2(a) and upon the execution of this contract, the Commission may
7
8 use the water identified herein upon approval by and subject to any
9
10 applicable terms and conditions imposed under rules and regulations by the
11
12 New Mexico State Engineer and the United States. The United States has no
13
14 objection to such use of the water until such water is necessary for
15
16 Project purposes. No other approvals shall be required. Acceptance of
17
18 water by the Commission under this subarticle shall in no way trigger an
19
20 obligation to pay for Project Works under construction pursuant to
21
22 Article 8.

23
24 (b) Upon completion and initial testing of the Project
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26 Works as defined in Article 2(a), and at any other subsequent time, Project
27
28 municipal and industrial water which is not made available to the
29
30 Commission as provided in Articles 6 and 9 herein or under provisions of
31
32 Subarticle (a) above, may be disposed of by the United States at terms and
33
34 charges fixed by the United States. The charges shall be sufficient to at
35
36 least cover the operation, maintenance, and replacement costs appropriate
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38 for such water delivery. Payment for use of such water shall be in advance
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40 and the proceeds shall be applied to operation and maintenance expense and
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42 other appropriate accounts as determined by the United States, and shall
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44 accrue to the benefit of the United States. The Commission shall, however,
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46 have the first opportunity to purchase said Project Water at the price and
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48 terms offered.

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Article 11

1 WATER SHORTAGES, WASTE, SEEPAGE, AND RETURN FLOWS
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3 12. On account of drought or uncontrollable forces, there may
4 occur in any year a shortage in the total annual quantity of water
5 available for furnishing to the Contractor by the United States pursuant to
6 this contract. In no event shall any liability accrue against the United
7 States or any of its officers, agents, employees, or its assigns for any
8 damage, direct or indirect, arising from such shortages.
9
10

11 LEVY OF ASSESSMENTS, TOLLS AND CHARGES
12

13 13. The Commission shall, to the extent allowed by law, cause to
14 be levied and collected all necessary assessments, tolls, and other charges
15 and will use all of the authority and resources of the Commission to meet
16 the obligations of the Commission specified herein, to make in full all
17 payments to be made pursuant to this contract on or before the date such
18 payments become due, and to meet its other obligations under this contract.
19
20

21 COVENANT AGAINST CONTINGENT FEES
22

23 14. The Commission warrants that it has not employed or retained
24 any person or selling agency to solicit or secure this contract upon an
25 agreement or understanding for a commission, percentage, brokerage or
26 contingent fee, excepting bona fide employees or bona fide established
27 commercial or selling agencies maintained by the Commission for the purpose
28 of securing business. For breach or violation of this warranty, the United
29 States shall have the right to annul this contract without liability, or at
30 its discretion, to add to the repayment obligation or consideration the
31 full amount of such commission, percentage, brokerage, or contingent fee.
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Articles 12, 13, and 14

ASSIGNMENT LIMITED-SUCCESSORS AND ASSIGNS OBLIGATED

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3 15. (a) The provisions of this contract shall apply to and bind
4 the successors and assigns of the parties hereto, but no assignment or
5 transfer of this contract or any right or interest therein shall be valid
6 until approved in writing by the United States. No contract made by the
7 Commission, the Cities, or the non profit rural water associations relating
8 to the delivery or distribution of Project Water shall be valid until
9 approved by the Regional Director of the Bureau of Reclamation. Approval
10 pursuant to this section shall be for the purpose of ensuring that any
11 assignment, transfer or other contract complies with the terms of this
12 contract. Approval shall not unreasonably be withheld.
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23 (b) The Commission shall not receive any valuable
24 consideration for such assignment in excess of previous payments by the
25 Commission to the United States for water which had not been used and which
26 is assigned to the assignee. The Commission shall not extract any
27 brokerage, profits, commission or fee, from any person on the assignment of
28 water to be delivered under this contract. In connection with any such
29 assignment, the Chairman of the Commission shall certify to the United
30 States that the assignment with respect to water delivery was without
31 consideration except as provided above, and that no brokerage, profits,
32 commission, fee, or other charge of any kind was charged to the assignee or
33 any person acting on behalf of the assignee. Any exceptions to this
34 article will be covered under a separate agreement.
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Article 15

SEVERABILITY

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3 16. (a) If any provisions of Articles 17 through 30 are in
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5 conflict with Article 1 through 16, then the provisions of Article 1
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7 through 16 shall take precedence.
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9 (b) If any provisions of the contract shall, for any reason
10
11 be determined to be illegal or unenforceable, the parties, nevertheless,
12
13 intend that the remainder of the contract shall remain in full force and
14
15 effect. Furthermore, any adjustments or variations to this contract
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17 necessitated by future negotiations with other water users can be
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19 accomplished by amending this contract.
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41 IN THE FOLLOWING ARTICLES THE COMMISSION SHALL BE KNOWN AS THE
42 CONTRACTOR AND THE UNITED STATES AS THE CONTRACTING OFFICER.
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Article 16

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3 CHARGES FOR DELINQUENT PAYMENTS

4 17. (a) The Contractor shall be subject to interest,
5 administrative and penalty charges on delinquent installments or payments.
6 When a payment is not received by the due date, the Contractor shall pay an
7 interest charge for each day the payment is delinquent beyond the due date.
8 When a payment becomes 60 days delinquent, the Contractor shall pay an
9 administrative charge to cover additional costs of billing and processing
10 the delinquent payment. When a payment is delinquent 90 days or more, the
11 Contractor shall pay an additional penalty charge of 6 percent per year for
12 each day the payment is delinquent beyond the due date. Further, the
13 Contractor shall pay any fees incurred for debt collection services
14 associated with a delinquent payment.

15 (b) The interest charge rate shall be the greater of the
16 rate prescribed quarterly in the Federal Register by the Department of the
17 Treasury for application to overdue payments, or the interest rate of 0.5
18 percent per month prescribed by section 6 of the Reclamation Project Act of
19 1939 (Public Law 76-260). The interest charge rate shall be determined as
20 of the due date and remain fixed for the duration of the delinquent period.
21

22 (c) When a partial payment on a delinquent account is
23 received, the amount received shall be applied, first to the penalty,
24 second to the administrative charges, third to the accrued interest, and
25 finally to the overdue payment.
26

27
28 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT
29

30 18. (a) The obligation of the Contractor to pay the United
31 States as provided in this contract is a general obligation of the
32 Contractor notwithstanding the manner in which the obligation may be
33 distributed among the Contractor's water users and notwithstanding the
34 default of individual water users in their obligations to the Contractor.
35

36 (b) The payment of charges becoming due hereunder is a
37 condition precedent to receiving benefits under this contract. The United
38 States shall not make water available to the Contractor through project
39 facilities during any period in which the Contractor may be in arrears in
40 the advance payment of any operation and maintenance charges due the United
41 States or in arrears for more than 12 months in the payment of any
42 construction charges due the United States. The Contractor shall not
43 furnish water made available pursuant to this contract for parties which
44 are in arrears in the advance payment of operation and maintenance charges
45 or in arrears more than 12 months in the payment of construction charges as
46 levied or established by the Contractor.
47

48
49 CONFIRMATION OF CONTRACT
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51 19. The Contractor, after the execution of this contract, shall
52 promptly seek to secure a decree of a court of competent jurisdiction of
53 the State of New Mexico confirming the execution of this contract. The
54

55 Articles 17, 18, and 19
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57

1 Contractor shall furnish the United States a certified copy of the final
2 decree, the validation proceedings, and all pertinent supporting records of
3 the court approving and confirming this contract, and decreeing and
4 adjudging it to be lawful, valid, and binding to the Contractor. This
5 contract shall not be binding on the United States until such final decree
6 has been secured.
7

8 NOTICES
9

10 20. Any notice, demand, or request authorized or required by
11 this contract shall be deemed to have been given, on behalf of the
12 Contractor, when mailed, postage prepaid, or delivered to the Regional
13 Director, Upper Colorado Region, Bureau of Reclamation, P. O. Box 11568,
14 Salt Lake City, Utah 84147, and on behalf of the United States, when
15 mailed, postage prepaid, or delivered to the San Juan Water Commission,
16 112 S. Mesa Verde, Aztec, New Mexico 87410. The designation of the
17 addressee or the address may be changed by notice given in the same manner
18 as provided in this article for other notices.
19
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21 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS
22

23 21. The expenditure or advance of any money or the performance
24 of any obligation of the United States under this contract shall be
25 contingent upon appropriation or allotment of funds. Absence of
26 appropriation or allotment of funds shall not relieve the Contractor from
27 any obligations under this contract. No liability shall accrue to the
28 United States in case funds are not appropriated or allotted.
29
30

31 OFFICIALS NOT TO BENEFIT
32

33 22. No Member of or Delegate to Congress, Resident Commissioner
34 or official of the Contractor shall benefit from this contract other than
35 as a water user or landowner in the same manner as other water users or
36 landowners.
37

38 CHANGES IN CONTRACTOR'S ORGANIZATION
39

40 23. While this contract is in effect, no change may be made in
41 the Contractor's organization, dissolution, consolidation, merger or
42 otherwise, except upon the Contracting Officer's written consent.
43
44

45 BOOKS, RECORDS AND REPORTS
46

47 24. The Contractor shall establish and maintain accounts and
48 other books and records pertaining to administration of the terms and
49 conditions of this contract, including: the Contractor's financial
50 transactions, water supply data, water-use data; and other matters that the
51 Contracting Officer may require. Reports thereon shall be furnished to the
52 Contracting Officer in such form and on such date or dates as the
53 Contracting Officer may require. Subject to applicable Federal laws and
54

55 Articles 19, 20, 21, 22, 23, and 24
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57

1 regulations, each party to this contract shall have the right during office
2 hours to examine and make copies of the other party's books and records
3 relating to matters covered by this contract.
4
5

6 RULES, REGULATIONS, AND DETERMINATIONS
7

8 25. (a) The parties agree that the delivery of water or the use
9 of Federal facilities pursuant to this contract is subject to Reclamation
10 law, as amended and supplemented, and the rules and regulations promulgated
11 by the Secretary of the Interior under Reclamation law.
12

13 (b) The Contracting Officer shall have the right to make
14 determinations necessary to administer this contract that are consistent
15 with the expressed and implied provisions of this contract, the laws of the
16 United States and the State, and the rules and regulations promulgated by
17 the Secretary of the Interior. Such determinations shall be made in
18 consultation with the Contractor.
19

20
21 QUALITY OF WATER
22

23 26. The operation and maintenance of project facilities shall be
24 performed in such manner as is practicable to maintain the quality of raw
25 water made available through such facilities at the highest level
26 reasonably attainable, as determined by the Contracting Officer. The
27 United States does not warrant the quality of water and is under no
28 obligation to construct or furnish water treatment facilities to maintain
29 or better the quality of water.
30

31
32 WATER AND AIR POLLUTION CONTROL
33

34 27. The Contractor, in carrying out this contract, shall comply
35 with all applicable water and air pollution laws and regulations of the
36 United States and the State of New Mexico, and shall obtain all required
37 permits or licenses from the appropriate Federal, State, or local
38 authorities.
39

40
41 WATER CONSERVATION
42

43 28. Prior to the delivery of water provided from or conveyed
44 through Federally constructed or Federally financed facilities pursuant to
45 this contract, the Contractor shall develop an effective water conservation
46 program acceptable to the Contracting Officer. The water conservation
47 program shall contain definite water conservation objectives, appropriate
48 economically feasible water conservation measures, and time schedules for
49 meeting those objectives. At subsequent 3-year intervals, the Contractor
50 shall submit a report on the results of the program to the Contracting
51 Officer for review. Based upon the conclusions of the review, the
52 Contracting Officer and the Contractor shall consult and agree to continue
53 or to revise the existing water conservation program.
54

55 Articles 24, 25, 26, 27, and 28
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57

EQUAL OPPORTUNITY

29. During the performance of this contract, the Contractor agrees as follows:

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) 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.

(f) 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.

Article 29

1 (g) The Contractor will include the provisions of
2 paragraphs (a) through (g) in every subcontract or purchase order unless
3 exempted by the rules, regulations, or orders of the Secretary of Labor
4 issued pursuant to Section 204 of said amended Executive Order, so that
5 such provisions will be binding upon each subcontractor or vendor. The
6 Contractor will take such action with respect to any subcontract or
7 purchase order as may be directed by the Secretary of Labor as a means of
8 enforcing such provisions, including sanctions for noncompliance:
9 Provided, however, That in the event the Contractor becomes involved in, or
10 is threatened with, litigation with a subcontractor or vendor as a result
11 of such direction, the Contractor may request the United States to enter
12 into such litigation to protect the interests of the United States.
13
14

15 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS
16

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

24 (b) These statutes require that no person in the United
25 States shall, on the grounds of race, color, national origin, handicap, or
26 age, be excluded from participation in, be denied the benefits of, or be
27 otherwise subjected to discrimination under any program or activity
28 receiving financial assistance from the Bureau of Reclamation. By
29 executing this contract, the Contractor agrees to immediately take any
30 measures necessary to implement this obligation, including permitting
31 officials of the United States to inspect premises, programs and documents.
32

33 (c) The Contractor makes this agreement in consideration of
34 and for the purpose of obtaining any and all Federal grants, loans,
35 contracts, property discounts or other Federal financial assistance
36 extended after the date hereof to the Contractor by the Bureau of
37 Reclamation, including installment payments after such date on account of
38 arrangements for Federal financial assistance which were approved before
39 such date. The Contractor recognizes and agrees that such Federal
40 assistance will be extended in reliance on the representations and
41 agreements made in this article, and that the United States reserves the
42 right to seek judicial enforcement thereof.
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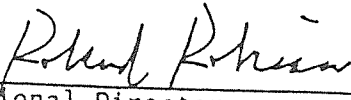
Articles 29 and 30

1 IN WITNESS WHEREOF, the parties hereto have caused this contract to
2 be duly executed as of the day and year first above written.
3

4 Approved

THE UNITED STATES OF AMERICA

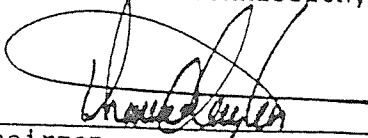
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9 Regional Solicitor's Office

By 
Regional Director
Upper Colorado Region
Bureau of Reclamation

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13 ATTEST:

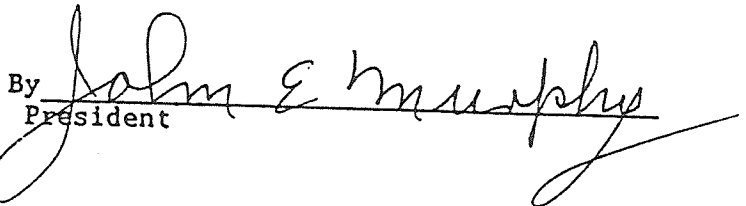
SAN JUAN WATER COMMISSION, NEW MEXICO

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By 
Chairman
San Juan Water Commission

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25 IN CONCURRENCE:

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27 ANIMAS-LA PLATA WATER
28 CONSERVANCY DISTRICT

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32 By 
33 President

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46 List of Attachments:
47 Exhibit A - Cost Sharing Agreement
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AGREEMENT IN PRINCIPLE
CONCERNING THE
COLORADO UTE INDIAN WATER RIGHTS SETTLEMENT
AND
BINDING AGREEMENT FOR
ANIMAS-LA PLATA PROJECT COST SHARING

INTRODUCTION

The United States, the State of Colorado, the Ute Mountain Ute Indian Tribe, the Southern Ute Indian Tribe, and certain non-Indian water users have reached an agreement in principle: (i) concerning the quantification, determination, and settlement of the reserved water rights claims of the Tribes; and (ii) providing for the uniform and cooperative administration of those rights. The final water rights settlement agreement will include the provision of water to the Tribes from the Dolores Project and Animas-La Plata Project and the determination of water rights of the Tribes to various streams in southwest Colorado. On March 14, 1986, an Agreement in Principle was entered into among the numerous non-Federal entities setting forth a comprehensive settlement and quantification of these reserved water rights claims. A final settlement agreement clarifying the March 14, 1986, Agreement in Principle (including a confirmation that the water rights to be secured to the Tribes by the settlement are in recognition and fulfillment of the reserved water rights claims of the Tribes) and implementing the provisions of this agreement in principle shall be executed by the non-Federal entities and the United States on or before July 31, 1986.

The United States, the State of Colorado, certain political subdivisions of the States of Colorado and New Mexico, the Ute Mountain Ute Indian Tribe and the Southern Ute Indian Tribe have also reached and they hereby set forth a binding agreement for the cost-sharing and financing of the Animas-La Plata Project in satisfaction of the requirement of Congress in Chapter IV of Public Law 99-88 "Department of the Interior, Bureau of Reclamation, Construction Program" (99 Stat. 293, at pp. 319-320). The non-Federal entities state that they are capable of and willing to participate in project cost-sharing and financing in accordance with the terms of this agreement. The Secretary of the Interior hereby determines that the non-Federal entities' financing plan demonstrates a reasonable likelihood of the non-Federal interests' ability to satisfy the terms and conditions of this agreement as set forth herein.

This Animas-La Plata Project cost-sharing agreement is an integral part of, and is contingent upon, a final settlement of the litigation filed in Colorado District Court for Water Division No. 7 for the quantification of the reserved water right claims of the Southern Ute and Ute Mountain Ute Indian Tribes in the State of Colorado.

WATER RIGHTS SETTLEMENT

The final water rights settlement agreement will provide for, among other things, the following:

1. A consent decree to be prepared by the Colorado parties, the United States and the Tribes providing for a comprehensive quantification and determination of the reserved water right claims of the Tribes and providing for the uniform and cooperative administration of the decreed waters. This consent decree shall be submitted for approval by the District Court for Water Division No. 7, State of Colorado, and duly approved by the court on terms agreeable to the parties. Entry of a final decree shall be contingent upon enactment of legislation which:

a. Authorizes the Tribes, pursuant to the requirements of 25 U.S.C. 177, to lease or temporarily dispose of water to the extent otherwise permitted by applicable Federal and State law, interstate water compacts, and treaties.

b. Provides for deferral, without interest, of the repayment costs allocable to municipal and industrial water supplies, including operation and maintenance costs, allocated to the Tribes from the Dolores and Animas-La Plata Projects. As an increment of water is leased or otherwise used, repayment of that increment's prorata share of the allocable costs shall commence.

c. Assures that the Tribes are not restricted by application of federal Reclamation laws from using and/or leasing waters allocated to the Tribes from the Dolores and Animas-La Plata Projects.

d. Authorizes appropriation of the federal share of the \$60.5 million Tribal Development Fund provided for in the settlement.

e. Provides that performance by the United States of the actions required by the aforementioned legislative provisions will be conditioned on the Tribes executing a waiver and release of all claims concerning water rights whether in rem or against any party to the settlement other than those which may arise under the terms of the settlement.

The parties contemplate that other enactments, as needed but not enumerated herein, will be drafted by the parties and proposed to the Congress.

2. The creation of Tribal Development Funds for the Tribes, with \$20.0 million for the Southern Ute Tribe and \$40.5 million for the Ute Mountain Ute Tribe, said funds to be created as follows:

a. \$5.0 million to be deposited by the State of Colorado, contingent upon appropriation by the Colorado General Assembly, to the Tribal Development Funds no later than 30 days following the deposit of the first installment of Federal monies to said Development Funds.

b. Such amount as needed, estimated at \$6.0 million, to be expended by the State of Colorado for construction of the Towaoc pipeline and domestic water distribution system for the Ute Mountain Ute Tribe as a credit to the Ute Mountain Ute Development Fund. Said construction will be initiated within one year of the execution of the final settlement agreement, and shall be completed within one year of the initiation of construction.

c. \$49.5 million to be provided by the Secretary to the Tribal Development Funds in three annual installments beginning in the first year for which the Congress of the United States appropriates such monies, as follows: \$19.5 million in year 1; \$15 million in year 2; and \$15 million in year 3. The Secretary will annually deposit such monies to the Development Funds within 30 days following the availability of such annual appropriation by the Congress to the Secretary.

In consideration for the Ute Mountain Ute Tribe's agreement to accept delayed payment of the Federal contribution to its Tribal Development Fund, the Secretary of the Interior, the State of Colorado, and the Ute Mountain Ute Tribe shall use their best efforts to acquire for the Ute Mountain Ute Tribe, for recreation purposes, not less than 100 acres of land with access to McPhee Reservoir of the Dolores Project from lands which had been recently transferred from the Department of the Interior to the Department of Agriculture.

3. Appropriate finality provisions to protect Federal, Tribal, and State interests in the settlement.

ANIMAS-LA PLATA COST SHARING AGREEMENT

Cost sharing and financing of the Animas-La Plata Project shall be as follows:

1. The facilities of the project, or mutually acceptable alternatives, shall be constructed in two phases as identified below:

Phase One Facilities

Ridges Basin Dam and Reservoir
Durango Pumping Plant
Ridges Basin Inlet Conduit
Ridges Basin Pumping Plant and
Transmission Facilities
Long Hollow Tunnel
Durango Municipal and Industrial
Pipeline
Shenandoah Pipeline
Recreation, Fish and Wildlife
and Cultural Resources Phase One
Dry Side Canal Phase One
Operation and Maintenance Facilities
Phase One
Southern Ute Inlet (partial)
Southern Ute Diversion Dam
Red Mesa Pumping Plant, Laterals
and Transmission Facilities
Alkali Gulch Laterals Phase One
La Plata New Mexico Laterals Phase One
Dry Side Laterals Phase One
Drains Phase One
New Mexico Interim Facilities

Phase Two Facilities

Southern Ute Dam and Reservoir
Southern Ute Inlet (partial)
New Mexico Irrigation Canal
Ute Mountain Ute Pumping Plant,
Laterals, and Transmission
Facilities
Drains Phase Two
Recreation, Fish and Wildlife
and Cultural Resources Phase Two
Dry Side Canal Phase Two
Alkali Gulch Laterals Phase Two
Alkali Gulch Pumping Plant and
Transmission Facilities
Dry Side Laterals Phase Two
La Plata New Mexico Laterals Phase
Two
Operation and Maintenance Facilities
Phase Two
Southern Ute Pumping Plant, Laterals,
and Transmission Facilities
Third Terrace Pumping Plant and
Transmission Facilities
La Plata Diversion Dam

Contingent upon appropriations by the Congress, Phase One facilities shall be constructed by the Bureau of Reclamation within a period of not less than 12 years from the date of this agreement. Phase Two facilities will be constructed by one or more of the non-federal entities signatory to this agreement on such schedules as they deem practicable.

2. As part of their non-federal contributions, the non-Federal entities agree to non-federally finance the Phase Two facilities listed above. Until the completion of Phase Two facilities, this phasing of facilities has the effect of making the Southern Ute Tribe's municipal and industrial water and the Ute Mountain Ute Tribe's municipal and industrial and irrigation water available at Ridges Basin Reservoir. In addition, it has the effect of deferring the irrigation of 10,700 acres of full service land in Colorado and the irrigation of 1,900 acres of full service land in New Mexico.

3. Construction of Phase One facilities will be financed as follows:

a. \$30 million contribution to be deposited by the Colorado Water Resources and Power Development Authority, less the amount not to exceed \$75,000 to be spent by the Authority for the surface geology survey in 1986, into an escrow account within 30 days following the initiation of irreversible construction or pre-construction activities by the Secretary for the development of Phase One of the Animas-La Plata Project. Escrow funds, including interest earned thereon, will be available on demand by the Secretary to fund no more than twenty percent of the total estimated Phase One development costs in any year.

b. \$7.3 million to be provided by the Animas-La Plata Water Conservancy District in a lump-sum payment to the Secretary no later than September 30 of the year prior to the year in which the Secretary declares that municipal and industrial water is expected to be available to non-Indian beneficiaries in Colorado. Allocable costs in excess of \$7.3 million attributable to inflation will be repayable pursuant to a repayment contract between the Secretary and the District with such escalation for inflation of materials and labor costs not to exceed 30 percent. Escalation of overhead costs will be treated in accordance with paragraph 6 below.

c. \$75,000 to be provided by the Animas-La Plata Water Conservancy District in payments of \$5,000 per year, payable on or before October 1 of each year, commencing the first year the Secretary expends funds for the Animas-La Plata Project.

d. \$50,000 to be provided by Montezuma County to the Secretary in a lump-sum payment within 30 days following initiation of irreversible construction activities by the Secretary for Phase One.

e. An estimated \$12.8 million, to be provided by the San Juan Water Commission through the agency of San Juan County, will be available to the Secretary to fund the estimated annual cost of developing the New Mexico non-Indian municipal and industrial water share of the Phase One facilities, such funds to be provided on a schedule of applicable actual costs related to New Mexico municipal and industrial water facilities. Allocable costs in excess of \$12.8 million attributable to inflation will be repayable pursuant to a repayment contract between the Secretary and the San Juan Water Commission with such escalation for inflation of materials and labor costs not to exceed 30 percent. Escalation of overhead costs will be treated in accordance with paragraph 6 below.

f. \$5.6 million to be provided by the State of Colorado, contingent upon appropriations by the Colorado General Assembly, to the Secretary for Ridges Basin Dam. Such funds shall be provided on a schedule acceptable to Colorado and the Secretary beginning in the first year of construction of said dam.

g. All other funds needed to satisfactorily complete construction of the Phase One facilities shall be provided by the United States, contingent upon appropriations by the Congress.

4. No expenditure of federal funds by the Secretary will be made for irreversible construction actions or activities in the development of the Animas-La Plata Project prior to passage of the legislation enumerated in Paragraph One under the heading Water Rights Settlement and prior to implementation of 30-year straight-line repayment of those costs of the Animas-La Plata Project to be repaid by Colorado River Storage Project power revenues.

5. Repayment contracts must be executed by Indian and non-Indian beneficiaries of the Animas-La Plata Project with the Secretary of the Interior for repayment of the reimbursable costs of the project. In determining the reimbursable costs of the Project, the financial contributions of the non-federal entities to the construction of Phase One facilities shall be credited to the allocable costs of each project function as follows:

<u>Function</u>	<u>Amount (\$ millions)</u>
New Mexico Non-Indian Municipal and Industrial	\$ 12.8
Colorado Non-Indian Municipal and Industrial	\$. 12.9
Colorado Non-Indian Irrigation	\$ 37.625

6. The repayment contracts will include provisions to recover any escalation of construction costs for Phase One facilities. In negotiating the escalation provisions, consideration will be given to fixing overhead costs charged to the Animas-La Plata Project by the Secretary.

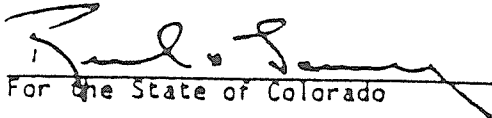
7. All operation, maintenance and replacement costs not deferred under legislation will be borne by the non-Federal entities under the provisions of repayment contracts, subject to applicable Reclamation Law.

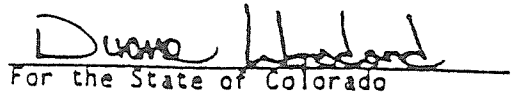
8. Any use of water other than that contemplated in the Final Environmental Impact Statement for the Animas-La Plata Project shall be subject to compliance with the National Environmental Policy Act.

Dated this 30th day of June, 1986.

This contract may be executed in any number of counterparts, all of which together shall constitute one original agreement.

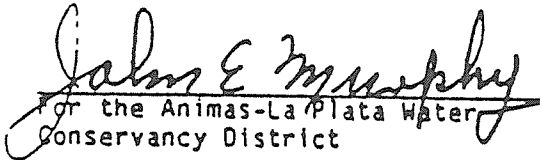
IN WITNESS THEREOF, the parties hereto have caused this agreement to be executed as of the date first above written by their respective officers and representatives, and warrants that each is duly authorized by the respective entity to execute this agreement which shall bind the parties hereto, their successors and assigns.

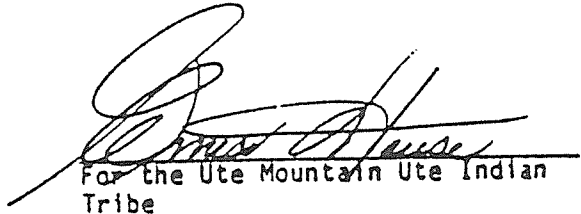

For the State of Colorado


For the State of Colorado

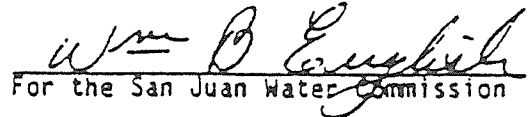

For the Colorado Water Resources
and Power Development Authority


For the Southern Ute Indian Tribe


For the Animas-La Plata Water
Conservancy District


For the Ute Mountain Ute Indian
Tribe


For the New Mexico Interstate
Stream Commission


For the San Juan Water Commission


For Montezuma County


For the Secretary of the Interior

RESOLUTION APPROVING ANIMAS LA PLATA REPAYMENT CONTRACT

A RESOLUTION APPROVING THE REPAYMENT CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND THE SAN JUAN WATER COMMISSION FOR PARTICIPATION IN THE ANIMAS-LA PLATA PROJECT, COLORADO RIVER STORAGE PROJECT.

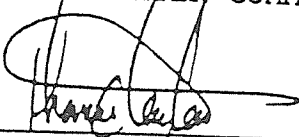
WHEREAS, the San Juan Water Commission was created under the terms of the Joint Powers Agreement entered into on March 5, 1986 between San Juan County, City of Farmington, City of Aztec, City of Bloomfield and the San Juan County Rural Domestic Water Users Association; and

WHEREAS, the United States of America and the San Juan Water Commission have negotiated a Repayment Contract for participation of the San Juan Water Commission in the Project which has been approved by San Juan County, the Cities of Farmington, Aztec and Bloomfield, the San Juan County Rural Domestic Water Users Association, and by the members of the San Juan Water Commission;

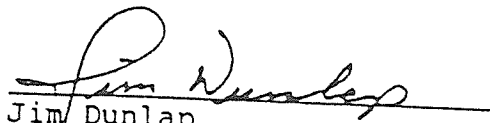
NOW, THEREFORE, BE IT RESOLVED by the San Juan Water Commission that the Repayment Contract between the United States and the San Juan Water Commission for participation by the San Juan Water Commission in the Animas-La Plata Project is hereby unanimously approved for signature and reaffirms its support of the construction of the Animas-La Plata Project.

PASSED, APPROVED AND ADOPTED THIS 13th DAY OF DECEMBER, 1989

SAN JUAN WATER COMMISSION

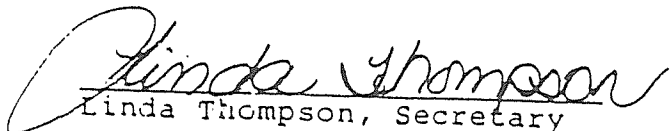


Thomas C. Taylor,
Chairman
San Juan Water Commission



Jim Dunlap,
Chairman Pro-Tem
San Juan Water Commission

ATTEST:



Linda Thompson, Secretary

RESOLUTION 89-90-01

A RESOLUTION APPROVING THE REPAYMENT CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND THE SAN JUAN WATER COMMISSION FOR PARTICIPATION IN THE ANIMAS-LA PLATA PROJECT, COLORADO RIVER STORAGE PROJECT.

WHEREAS, the San Juan County Rural Domestic Water Users Association is a member of the San Juan Water Commission under the terms of the Joint Powers Agreement entered into March 5, 1986 (JPA) and supports the construction of the Animas-La Plata Project (Project); and

WHEREAS, the United States of America and the San Juan Water Commission have negotiated a Repayment Contract for participation of the San Juan Water Commission in the Project, which has been unanimously recommended for approval by the members of the San Juan Water Commission; and

WHEREAS, the San Juan County Rural Domestic Water Users Association wishes to approve the Repayment Contract between the United States and the San Juan Water Commission and to pledge its support;

NOW, THEREFORE, BE IT RESOLVED by the San Juan County Rural Domestic Water Users Association that the Repayment Contract between the United States and the San Juan Water Commission for participation by the San Juan Water Commission in the Animas-La Plata Project is hereby approved and the primary member of the San Juan Water Commission representing the San Juan County Rural Domestic Water Users Association is hereby directed to sign such Repayment Contract.

PASSED, APPROVED AND ADOPTED THIS 20th DAY OF NOVEMBER, 1989.

SAN JUAN COUNTY RURAL DOMESTIC WATER USERS ASSOCIATION

Keith Lee
KEITH LEE, President

ATTEST: Linda Thompson
Linda Thompson, Secretary

RESOLUTION NUMBER 89-90-07

A RESOLUTION APPROVING THE REPAYMENT CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND THE SAN JUAN WATER COMMISSION FOR PARTICIPATION IN THE ANIMAS-LA PLATA PROJECT, COLORADO RIVER STORAGE PROJECT.

WHEREAS, San Juan County is a member of the San Juan Water Commission under the terms of the Joint Powers Agreement entered into March 5, 1986 (JPA) and supports the construction of the Animas-La Plata Project (Project); and

WHEREAS, the United States of America and the San Juan Water Commission have negotiated a Repayment Contract for participation of the San Juan Water Commission in the Project which has been unanimously recommended for approval by the members of the San Juan Water Commission and which is approved by San Juan County; and,

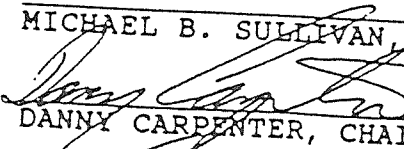
NOW, THEREFORE, BE IT RESOLVED by the Board of San Juan County Commissioners that the Repayment Contract between the United States and the San Juan Water Commission for participation by the San Juan Water Commission in the Animas-La Plata Project is hereby approved and the primary member on the San Juan Water Commission representing San Juan County is hereby directed to sign such Repayment Contract on behalf of San Juan County.

That San Juan County does hereby pledge and renew its support of the Animas-La Plata Project and does hereby reaffirm its agreement to implement and maintain and keep in force a mill levy as required to amortize the repayment commitments in the JPA.

PASSED, APPROVED AND ADOPTED THIS 2nd DAY OF NOVEMBER, 1989.

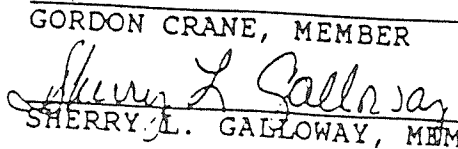
BOARD OF SAN JUAN COUNTY COMMISSIONERS

MICHAEL B. SULLIVAN, CHAIRMAN

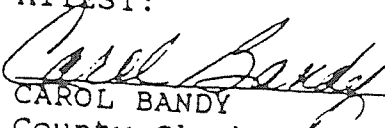

DANNY CARPENTER, CHAIRMAN PRO-TEM


DONALD BENALLY, MEMBER

GORDON CRANE, MEMBER


SHERRY L. GALLOWAY, MEMBER

ATTEST:


CAROL BANDY
County Clerk

RESOLUTION APPROVING ANIMAS LA PLATA REPAYMENT CONTRACT

A RESOLUTION APPROVING THE REPAYMENT CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND THE SAN JUAN WATER COMMISSION FOR PARTICIPATION IN THE ANIMAS-LA PLATA PROJECT, COLORADO RIVER STORAGE PROJECT.

WHEREAS, the City of Aztec is a member of the San Juan Water Commission under the terms of the Joint Powers Agreement entered into March 5, 1986 (JPA) and supports the construction of the Animas-La Plata Project (Project); and

WHEREAS, the United States of America and the San Juan Water Commission have negotiated a Repayment Contract for participation of the San Juan Water Commission in the Project, which has been unanimously recommended for approval by the members of the San Juan Water Commission; and

WHEREAS, the City of Aztec wishes to approve the Repayment Contract between the United States and the San Juan Water Commission and to pledge its support;

NOW, THEREFORE, BE IT RESOLVED by the City of Aztec Commission that the Repayment Contract between the United States and the San Juan Water Commission for participation by the San Juan Water Commission in the Animas-La Plata Project is hereby approved and the primary member on the San Juan Water Commission representing the City of Aztec is hereby directed to sign such Repayment Contract.

PASSED, APPROVED AND ADOPTED THIS 21ST DAY OF NOVEMBER, 1989.

CITY OF AZTEC COMMISSION

Billie Ferrell
BILLIE FERRELL, Mayor

Ray Richardson
RAY RICHARDSON, Member

Bill English
BILL ENGLISH, Member

Gary Ryan
GARY RYAN, Member

Mike Belt
MIKE BELT, Member

ATTEST:

Debi Lee
DEBI LEE, City Clerk

City of Bloomfield

Resolution # 89-26

A RESOLUTION APPROVING THE REPAYMENT CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND THE CITY OF BLOOMFIELD, NEW MEXICO FOR PARTICIPATION IN THE ANIMAS-LA PLATA PROJECT, COLORADO RIVER PROJECT.

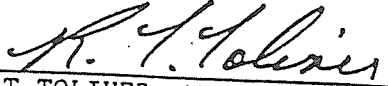
WHEREAS, the City of Bloomfield is a member of the San Juan Water Commission under the terms of the Joint Powers Agreement entered into March 5, 1986 (JPA) and support the construction of the Animas-La Plata Project (Project); and

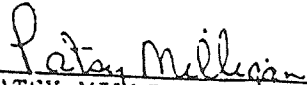
WHEREAS, the United States of America and the City of Bloomfield have negotiated a repayment contract for participation of the City of Bloomfield in the project, which has been unanimously recommended for approval by the members of the City of Bloomfield; and

WHEREAS, the City of Bloomfield wishes to approve the repayment contract between the United States and the City of Bloomfield, and to pledge its support;

NOW, THEREFORE, BE IT RESOLVED, by the City of Bloomfield that the repayment contract between the United States and the City of Bloomfield for participation by the City of Bloomfield in the Animas-La Plata Project is hereby approved and the Mayor of the City of Bloomfield is hereby directed to sign such repayment contract.

Passed, Approved, and Adopted the 30th day of November 1989.


R.T. TOLIVER, MAYOR


PATSY MILLIGAN, CITY CLERK

RESOLUTION NO. 89-592

A RESOLUTION APPROVING THE REPAYMENT CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND THE SAN JUAN WATER COMMISSION FOR PARTICIPATION IN THE ANIMAS-LA PLATA PROJECT, COLORADO RIVER STORAGE PROJECT

WHEREAS, the City of Farmington is a member of the San Juan Water Commission under the terms of the Joint Powers Agreement entered into March 5, 1986 (JPA) and supports the construction of the Animas-La Plata Project (Project); and,

WHEREAS, the United States of America and the San Juan Water Commission have negotiated a Repayment Contract for participation of the San Juan Water Commission in the Project which has been unanimously approved agreed upon by the members of the San Juan Water Commission and which is approved by the City of Farmington; and,

WHEREAS, the City Council of the City of Farmington wishes to approve the Repayment Contract between the United States and the San Juan Water Commission for construction of the Animas-La Plata Project and to pledge its support of the JPA;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF FARMINGTON, NEW MEXICO:

That the Repayment Contract between the United States and the San Juan Water Commission for participation by the San Juan Water Commission in the Animas-La Plata Project is hereby approved and the Mayor of the City of Farmington is hereby authorized to sign such Repayment Contract on behalf of the City of Farmington as a member of the San Juan Water Commission, subject to final review by legal counsel; and,

That the City of Farmington does hereby pledge and renew its support of the Animas-La Plata Project.

PASSED, SIGNED, APPROVED AND ADOPTED this 28th day of March, 1989.

CITY OF FARMINGTON
By [Signature]
MAYOR

ATTEST:
[Signature]
MARY L. BANKS, CITY CLERK

ADL JJJ