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MEMO

Date: December 10, 2025
To: Board of Directors
From: General Manager – Dale Mancino

Re: Immediate Action Item – First Amendment to Water Treatment Plant Dedicated-Capacity Contract (Discussion/Action)

Summary of Request:

Staff is requesting that the Board determine there is a need to take immediate action and vote to add an item to today's agenda pursuant to Government Code §54954.2(b)(2). The item concerns approval of the First Amendment to the Water Treatment Plant Dedicated Capacity Contract, specifically modifying Section 10 ("Term of Contract") to change the written notice of termination requirement from one year to six months.

Background:

The existing Dedicated Capacity Contract requires that any party intending to terminate the agreement provide one-year prior written notice. Under this provision, the termination notice would fall on February 11, 2026.

Centerville and Clear Creek must enter into a new contract to replace the existing agreement. Reducing the termination notice period to six months will provide both agencies sufficient time to develop, review, and adopt the new contract in coordination with the revised timeline. The proposed First Amendment accomplishes this by amending Section 10 to shorten the notice period to six months.

Reason for Immediate Action:

The agenda for this meeting was posted prior to staff's realization that Board approval of the First Amendment needed occur this month. Centerville placed the item on their Board agenda for approval on December 17. Timely approval would avoid delay or jeopardize the coordinated development of the new agreement.

Because the realization for Board action arose after the agenda was posted, and because a delay would adversely affect the contracting timeline for all participating agencies, staff finds that the criteria under Government Code §54954.2(b)(2) are met.

Recommended Action:

- Determine that there is a need to take immediate action on the First Amendment to the Water Treatment Plant Dedicated Capacity Contract and that the need for action came to the District's attention after the agenda was posted.
- By a two-thirds vote, or by unanimous vote if fewer than two-thirds of Board members are present, add the item to today's agenda.
- Upon successful addition of the item, approve the First Amendment modifying Section 10 to change the termination notice requirement from one year to six months.

FIRST AMENDMENT TO WATER TREATMENT PLANT DEDICATED-CAPACITY CONTRACT

This First Amendment ("First Amendment") to the Water Treatment Plant Dedicated-Capacity Contract ("Contract") is entered into by and between the Clear Creek Community Services District ("Clear Creek") and the Centerville Community Services District ("Centerville") on November 3, 2025. Clear Creek and Centerville may be referred to herein individually as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, on October 20, 1994, the Parties entered into the Contract which set forth the respective rights and obligations of the parties in connection with the Clear Creek Water Treatment Plant (the "Plant"); and

WHEREAS, Clear Creek leases the Plant from the Bureau of Reclamation, and manages the operations, but provides Centerville with dedicated-capacity pursuant to the Contract, in exchange for a contribution of the costs; and

WHEREAS, the term of the Contract was 30-years from the date of completion of the expansion of the Plant, which the Parties agree occurred on February 11, 1997, resulting in a term end date of February 11, 2027; and

WHEREAS, any termination of the Contract, per section 10, must occur at least one year in advance of the term end date, requiring written notice of termination to be provided on or before February 11, 2026; and

WHEREAS, the Parties would like to shorten the written notice period from 1-year to 6-months to allow the Parties additional time to negotiate further amendments to the Contract before the notice deadline. This would change the written notice of termination deadline from February 11, 2026 to August 11, 2026; and

NOW, THEREFORE, for sufficient consideration acknowledged by the Parties, Clear Creek and Centerville agree to amend the Contract as follows:

- 1) Section 10. Section 10 of the Contract, entitled "Term of Contract and Renewal" is amended to read as follows:

"10. **Term of Contract and Renewal**. The term of this contract is for 30 years from February 11, 1997. Upon expiration of the initial term the contract shall be automatically renewed, and the term extended an additional 20 years, unless either party provides to the other party written notice of termination at least 6-months prior to the expiration of the initial term."

- 2) All the other terms, conditions, attachments and exhibits of the Contract not modified by this First Amendment shall remain in full force and effect.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the Parties have executed this Contract on November 3, 2025, at Redding, California.

Clear Creek Community Services District

By: _____

Chair, Scott McVay

ATTEST:

By: _____

Clerk of the Board

Centerville Community Services District

By: _____

Chair, Larry Hopson

ATTEST:

By: _____

Clerk of the Board