

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

LONG-TERM RENEWAL CONTRACT BETWEEN THE UNITED STATES
AND
SACRAMENTO COUNTY WATER AGENCY
PROVIDING FOR PROJECT WATER SERVICE
FROM THE AMERICAN RIVER DIVISION

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7 AND
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11

12 THIS CONTRACT, made this _____ day of _____, 200_, in pursuance
13 generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or supplementary thereto,
14 including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844), as amended and
15 supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, June 21, 1963 (77 Stat.
16 68), October 12, 1982 (96 Stat. 1263), October 27, 1986 (100 Stat. 3050), as amended, November 5,
17 1990 (104 Stat. 2074) and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all
18 collectively hereinafter referred to as Federal Reclamation law, between THE UNITED STATES OF
19 AMERICA, hereinafter referred to as the United States, and SACRAMENTO COUNTY WATER
20 AGENCY, hereinafter referred to as the Contractor, a public agency of the State of California, duly
21 organized, existing, and acting pursuant to the laws thereof, with its principal place of business in
22 California;

23 WITNESSETH, That:

24 EXPLANATORY RECITALS

25 [1st] WHEREAS, the United States has constructed and is operating the Central Valley
26 Project, California, for diversion, storage, carriage, distribution and beneficial use, for flood control,

1 irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and restoration,
2 generation and distribution of electric energy, salinity control, navigation and other beneficial uses, of
3 waters of the Sacramento River, the American River, the Trinity River, and the San Joaquin River
4 and their tributaries; and

5 [2nd] WHEREAS, the United States constructed Folsom Dam and Reservoir, hereinafter
6 collectively referred to as the American River Division facilities, which will be used in part for the
7 furnishing of water to the Contractor pursuant to the terms of this Contract; and

8 [3rd] WHEREAS, the rights to Project Water were acquired by the United States pursuant to
9 California law for operation of the Project; and

10 [3.1] WHEREAS, Section 206(b) of P.L. 101-514 (104 Stat. 2074) authorized and directed
11 the Secretary of the Interior to enter into a municipal and industrial water supply contract with the
12 Contractor, not to exceed 22,000 acre-feet annually, to meet the immediate needs of Sacramento
13 County, and as a first phase of a contracting program to meet the long-term water supply of
14 Sacramento County; and

15 [4th] WHEREAS, the Contractor and the United States entered into Contract No. 6-07-20-
16 W1372, hereinafter referred to as the Existing Contract, which established terms for the delivery to
17 the Contractor of Central Valley Project Water from the American River Division from April 8, 1999
18 through a date determined pursuant to Article 2 therein; and

19 [5th] Omitted; and

20 [6th] WHEREAS, Section 3404(c) of the CVPIA provides for long-term renewal of interim
21 and existing long-term Central Valley Project Water service contracts following completion of
22 appropriate environmental documentation, including a programmatic environmental impact statement

1 (PEIS) pursuant to the National Environmental Policy Act analyzing the direct and indirect impacts
2 and benefits of implementing the CVPIA and the potential renewal of all existing contracts for
3 Project Water; and

4 [6.1] Omitted; and

5 [7th] WHEREAS, the United States has completed the PEIS and all other appropriate
6 environmental review necessary to provide for long-term renewal of the Existing Contract; and

7 [8th] WHEREAS, the Contractor has requested the long-term renewal of the Existing
8 Contract, pursuant to the terms of the Existing Contract, Federal Reclamation law, and the laws of the
9 State of California, for water service from the Central Valley Project; and

10 [9th] WHEREAS, the United States has determined that the Contractor has fulfilled all of
11 its obligations under the Existing Contract; and

12 [10th] WHEREAS, the Contractor has demonstrated to the satisfaction of the Contracting
13 Officer that the Contractor has utilized the Central Valley Project Water supplies available to it for
14 reasonable and beneficial use and/or has demonstrated projected future demand for water use such
15 that the Contractor has the capability and expects to utilize fully for reasonable and beneficial use the
16 quantity of Project Water to be made available to it pursuant to this Contract; and

17 [11th] WHEREAS, water obtained from the Central Valley Project has been relied upon by
18 urban areas within California for more than fifty years, and is considered by the Contractor as an
19 essential portion of its water supply; and

20 [12th] WHEREAS, the economies of regions within the Central Valley Project, including the
21 Contractor's, depend upon the continued availability of water, including water service from the
22 Central Valley Project; and

1 [13th] WHEREAS, the Secretary intends through coordination, cooperation, and partnerships
2 to pursue measures to improve water supply, water quality, and reliability of the Project for all Project
3 purposes; and

4 [13.1] WHEREAS, the Contractor and the water users in its Service Area have improved and
5 will continue to improve water use efficiency through water conservation, water reclamation, and
6 other Best Management Practices; however, implementing these measures ~~have~~ has reduced and will
7 continue to reduce the ability of the Contractor and the water users in its Service Area to withstand a
8 Condition of Shortage; and

9 [14th] WHEREAS, the mutual goals of the United States and the Contractor include: to
10 provide for reliable Central Valley Project Water supplies; to control costs of those supplies; to
11 achieve repayment of the Central Valley Project as required by law; to guard reasonably against
12 Central Valley Project Water shortages; to achieve a reasonable balance among competing demands
13 for use of Central Valley Project Water; and to comply with all applicable environmental statutes, all
14 consistent with the legal obligations of the United States relative to the Central Valley Project; and

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

17 [15.1] WHEREAS, the Contractor is a signatory to the Water Forum Agreement, dated April
18 24, 2000, which has the co-equal objectives to (1) provide a reliable and safe water supply for the
19 Sacramento region's economic health and planned development through the year 2030, and (2)
20 preserve the fishery, wildlife, recreational and aesthetic values of the lower American River; and

21 [15.2] WHEREAS, the Contracting Officer is in support of the co-equal objectives of the
22 Water Forum Agreement and intends to work cooperatively with the Contractor to investigate actions

1 that they could take to implement the objectives of the Water Forum Agreement, which, if agreed to,
2 would be the subject of a separate agreement between them; and

3 [15.3] WHEREAS, the Contractor has ~~requested authorization to enter~~ entered into a
4 subcontract with the City of Folsom, hereinafter referred to as “Subcontractor,” for the resale and
5 distribution of up to 7,000 acre-feet of Project Water made available under this Contract to be
6 diverted at Folsom Reservoir for delivery to the Subcontractor’s water treatment plant for use within
7 the Contractor’s Service Area, dated April 25, 2000; and

8 [15.4] WHEREAS, the Contractor’s Service Area provided in the Contract includes areas
9 that on the date of execution of this Contract receive water from a variety of sources, including, but
10 not limited to, ground water from private wells, surface supplies under privately held rights, public
11 utilities, public agencies other than the Contractor, water service from the Contractor provided
12 exclusively through wells operated by the Contractor, and water service from the Contractor provided
13 through a combination of wells and interim surface supplies; and

14 [15.5] WHEREAS, the Contractor’s Service Area provided in this Contract also includes
15 areas to which Project Water or other surface water may be provided by the Contractor in the future;
16 and

17 [15.6] WHEREAS, recognizing the physical, legal and jurisdictional circumstances that exist
18 within the Contractor’s Service Area, the parties have agreed to structure this Contract so that areas
19 within the Contractor’s Service Area will become subject to certain terms and conditions of this
20 Contract at such time as such areas receive water service from the Contractor consisting of Project
21 Water or other surface water; and

22 [16th] WHEREAS, the United States and the Contractor are willing to enter into this long-

1 term renewal contract pursuant to Federal Reclamation law on the terms and conditions set forth
2 below;

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

5 DEFINITIONS

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

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

10 (b) "Charges" shall mean the payments required by Federal Reclamation law in
11 addition to the Rates and Tiered Pricing Components specified in this Contract as determined
12 annually by the Contracting Officer pursuant to this Contract;

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

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

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

20 (f) "Contractor's Service Area" shall mean the area to which the Contractor is
21 permitted to provide Project Water under this Contract as described in Exhibit "A" attached hereto,
22 which may be modified from time to time in accordance with Article 35 of this Contract without

1 amendment of this Contract. As of the date of this Contract, the Contractor’s Service Area is the area
2 identified on Exhibit A as “Zone 40” and ~~“Zone 40 Expansion Area”~~ and the “City of Folsom East
3 Area”;

4 (g) “CVPIA” shall mean the Central Valley Project Improvement Act, Title
5 XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

6 (h-i) Omitted;

7 (j) “Full Cost Rate” shall mean an annual rate, as determined by the Contracting
8 Officer that shall amortizes the expenditures for construction properly allocable to the Project
9 Irrigation or M&I functions, as appropriate, of facilities in service including all operation and
10 maintenance deficits funded, less payments, over such periods as may be required under Federal
11 Reclamation law; or applicable contract provisions. Interest will accrue on both the construction
12 expenditures and funded O&M deficits from October 12, 1982, on costs outstanding at that date, or
13 from the date incurred in the case of costs arising subsequent to October 12, 1982, and shall be
14 calculated in accordance with subsections 202(3)(B) and (3)(C) of the RRA. The full-cost rate
15 includes actual operation, maintenance, and replacement costs consistent with Section 426.2 of the
16 Rules and Regulations for the RRA;

17 (k-l) Omitted;

18 (m) “Irrigation Water” shall mean water made available from the Project that is
19 used primarily in the production of agricultural crops or livestock, including domestic use incidental
20 thereto, and watering of livestock;

21 (n) Omitted;

22 (o) “Municipal and Industrial (M&I) Water” shall mean Project Water, other than

1 Irrigation Water, made available to the Contractor. M&I Water shall include water used for human
2 use and purposes such as the watering of landscaping or pasture for animals (e.g., horses) which are
3 kept for personal enjoyment or water delivered to land holdings operated in units of less than five
4 acres unless the Contractor establishes to the satisfaction of the Contracting Officer that the use of
5 water delivered to any such landholding is a use described in subdivision (m) of this Article;

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

8 (q) "Operation and Maintenance" or "O&M" shall mean normal and reasonable
9 care, control, operation, repair, replacement (other than Capital replacement), and maintenance of
10 Project facilities;

11 (r) Omitted;

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

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

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

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

22 (w) "Recent Historic Average" shall mean the most recent five-year average of the

1 final forecast of Water Made Available to the Contractor pursuant to this Contract or its preceding
2 contract(s);

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

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

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

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

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

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

18

19

TERM OF CONTRACT

20 2. (a) This Contract shall be effective March 1, 200_, through February 28 (29),
21 2027___. In the event the Contractor wishes to renew the Contract beyond February 28 (29), 20__, the
22 Contractor shall submit a request for renewal in writing to the Contracting Officer no later than two

1 years prior to the date this Contract expires.

2 (b) Omitted.

3 (c) This Contract shall be renewed for a period of ~~twenty five~~ _____ years¹ and
4 thereafter shall be renewed for successive periods of up to forty years each, which periods shall be
5 consistent with the then-existing Reclamation-wide policy, under terms and conditions mutually
6 agreeable to the parties and consistent with federal and state law. The Contractor shall be afforded
7 the opportunity to comment to the Contracting Officer on the proposed adoption and application of
8 any revised Reclamation-wide policy applicable to the delivery of Project M&I Water that would
9 limit the term of any subsequent renewal contract with the Contractor for the furnishing of M&I
10 Water to less than forty years.

11 (d) The Contracting Officer shall make a determination 10 years after the date of
12 execution of this Contract, and every 5 years thereafter during the term of this Contract, of whether a
13 conversion to a contract under subsection (c)(1) of Section 9 of the Reclamation Project Act of 1939
14 can be accomplished. The Contracting Officer anticipates that during the term of this contract, all
15 authorized Project construction expected to occur will have occurred, and on that basis the
16 Contracting Officer agrees upon such completion to allocate all costs that are properly assignable to
17 the Contractor, and agrees further that, at any time after such allocation is made, and subject to
18 satisfaction of the conditions set out in this subdivision of this Article, this Contract shall, at the
19 request of the Contractor, be converted to a contract under said subsection (c)(1) of Section 9, subject
20 to applicable Federal law and under stated terms and conditions mutually agreeable to the Contractor
21 and the Contracting Officer. A condition for such conversion to occur shall be a determination by the

¹ To be completed consistent with the term agreed upon with other CVP M&I Long-Term Renewal Contracts.

1 Contracting Officer that, account being taken of the amount credited to return by the Contractor as
2 provided for under Federal Reclamation law, the remaining amount of construction costs assignable
3 for ultimate return by the Contractor can probably be repaid to the United States within the term of a
4 contract under said subsection 9(c)(1) of Section 9. If the remaining amount of costs that are properly
5 assignable to the Contractor cannot be determined during the term of this Contract, the Contracting
6 Officer shall notify the Contractor, and provide the reason(s) why such a determination could not be
7 made. Further, the Contracting Officer shall make such a determination as soon thereafter as possible
8 so as to permit, upon request of the Contractor and satisfaction of the conditions set out above,
9 conversion to a contract under said subsection 9(c)(1) of Section 9. In the event such determination
10 of costs has not been made at a time which allows conversion of this Contract during the term of this
11 Contract or the Contractor has not requested conversion of this Contract within such term, the parties
12 shall incorporate in any subsequent renewal contract as described in subdivision (c) of this Article a
13 provision that carries forth in substantially identical terms the provisions of this subdivision (d).

14 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

15 3. (a) During each Year, consistent with all applicable State water rights, permits,
16 and licenses, Federal law, and subject to the provisions set forth in Articles 11 and 12 of this
17 Contract, the Contracting Officer shall make available for delivery to the Contractor 22,000 acre-feet
18 of M&I Water. The quantity of Water Delivered to the Contractor in accordance with this
19 subdivision shall be scheduled and paid for pursuant to the provisions of Articles 4 and 7 of this
20 Contract.

21 (b) Because the capacity of the Central Valley Project to deliver Project Water has
22 been constrained in recent years and may be constrained in the future due to many factors including

1 hydrologic conditions and implementation of Federal and State laws, the likelihood of the Contractor
2 actually receiving the amount of Water set out in subdivision (a) of this Article in any given Year is
3 uncertain. The Contracting Officer's most recent modeling referenced in the PEIS projected that the
4 Contract Total set forth in this Contract will not be available to the Contractor in many years. During
5 the most recent five years, the Recent Historic Average of Water Made Available to the Contractor
6 was 22,000 acre-feet. Nothing in subdivision (b) of this Article shall affect the rights and obligations
7 of the parties under any provision of this Contract.

8 (c) The Contractor shall utilize the Project Water in accordance with all applicable
9 legal requirements, including but not limited to:

10 (1) Notwithstanding the provisions of subdivision (a) of this Article, as
11 provided in Section 206(b)(1) of P.L. 101-514, the Contracting Officer shall determine, and
12 annual quantities of water delivered under this Contract shall be based upon, the quantity of
13 water actually needed within the Contractor's Service Area, after considering reasonable
14 efforts to: (i) promote full utilization of existing water entitlements within Sacramento
15 County; (ii) implement water conservation and metering programs within the area served by
16 the contract; and (iii) implement programs to maximize to the extent feasible conjunctive use
17 of surface water and ground water. The Contracting Officer has reviewed the Final Needs
18 Assessment Pertaining to the Sacramento County Water Agency EIS/EIR for Water Supply

1 Contracts under P.L. 101-514 Section 206 (Beak Consultants, Inc., January 1995) (Needs
 2 Analysis) and based on that analysis agrees (after considering reasonable efforts to: promote
 3 full utilization of existing entitlements within Sacramento County; implement water
 4 conservation and metering programs within the area served by the Contract; and implement
 5 programs to maximize to the extent feasible the conjunctive use of surface water and ground
 6 water) that the quantity of water actually needed by the Contractor within the ~~Contract Use~~
 7 Contractor's Service Area exceeds 22,000 acre-feet per annum, although scheduled deliveries
 8 may be less than this amount until facilities are completed. The Contractor shall, on or before
 9 November 1 of each Year or such other date as the Contractor and Contracting Officer may
 10 agree, notify the Contracting Officer of the quantity of water the Contractor believes will
 11 actually be needed in the Contractor's Service Area in the succeeding Year. Except as
 12 provided in subdivision ~~(b)~~(c)(2) of this Article, the notice shall be accompanied by an
 13 analysis sufficient to demonstrate the basis for the Contractor's notification. The Needs
 14 Analysis is sufficient to demonstrate the basis for notification with respect to at least 22,000
 15 acre-feet of water. The Contracting Officer shall review the analysis provided by the
 16 Contractor based on any lawful M&I water needs criteria that are then being applied to all
 17 CVP M&I contracts. The Contracting Officer shall notify the Contractor in writing of the
 18 Contracting Officer's determination of the quantity of water actually needed within the

1 Contractor's Service Area for the following Year. If the determination is that the quantity
2 actually needed is less than the amount identified in the Contractor's notice, the determination
3 shall explain in detail the basis for the Contracting Officer's determination. If the Contracting
4 Officer's written determination is not made within sixty (60) days after the receipt of the
5 notice, the Contractor may schedule the quantity of water specified in the notice subject to the
6 quantity of Project Water available pursuant to Articles 3(a), 4(a), 11, and 12.

7 (2) If the amount of water specified in the notice provided by the
8 Contractor under subdivision ~~(b)~~(c)(1) of this Article is less than or equal to the amount
9 determined by the Contracting Officer to have been actually needed for a Year prior to the
10 Year for which the notice is submitted, the Contracting Officer's determination shall be
11 deemed to equal the amount specified in the notice: Provided, That if within twenty (20) days
12 of the receipt of the said notice, the Contracting Officer notifies the Contractor in writing that
13 the Contracting Officer has determined that substantial changes in circumstances require the
14 submittal of additional information by the Contractor and explains in detail the basis for such
15 determination, the Contractor shall submit the additional information within thirty (30) days
16 or other agreed period, and the procedures in subdivision ~~(b)~~(c)(1) of this Article apply.

17 ~~(3) — The Contracting Officer shall separately determine the quantity~~
18 ~~of water actually needed in the Contract Use Area within the Subcontractor's Service Area in~~

1 ~~accordance with the procedures in subdivisions (c)(1) and (c)(2) of this Article, and the annual~~
2 ~~quantity of water delivered for use by the Subcontractor shall not exceed the amount so~~
3 ~~determined. Information related to Subcontractor's need shall be provided through the~~
4 ~~Contractor. The statements in subdivisions (c)(1) and (c)(2) of this Article regarding the~~
5 ~~Needs Analysis are based on Contractor's need exclusive of any need in the Contract Use Area~~
6 ~~that is within the Subcontractor's Service Area.~~

7 (d) The Contractor shall make reasonable and beneficial use of all Project Water or
8 other water furnished pursuant to this Contract. Groundwater recharge programs (direct, indirect, or
9 in lieu), groundwater banking programs, surface water storage programs, and other similar programs
10 utilizing Project Water or other water furnished pursuant to this Contract conducted within the
11 Contractor's Service Area which are consistent with applicable State law and result in use consistent
12 with Federal Reclamation law will be allowed; Provided, That any direct recharge program(s) is (are)
13 described in the Contractor's Water Conservation Plan submitted pursuant to Article 26 of this
14 Contract; Provided, further, That such Water Conservation Plan demonstrates sufficient lawful uses
15 exist in the Contractor's Service Area so that using a long-term average, the quantity of Delivered
16 Water is demonstrated to be reasonable for such uses and in compliance with Federal Reclamation
17 law. Groundwater recharge programs, groundwater banking programs, surface water storage
18 programs, and other similar programs utilizing Project Water or other water furnished pursuant to this
19 Contract conducted outside the Contractor's Service Area may be permitted upon written approval of
20 the Contracting Officer, which approval will be based upon environmental documentation, Project
21 Water rights, and Project operational concerns. The Contracting Officer will address such concerns

1 in regulations, policies, or guidelines.

2 (e) The Contractor shall comply with requirements applicable to the Contractor in
3 biological opinion(s) prepared as a result of a consultation regarding the execution of this Contract
4 undertaken pursuant to Section 7 of the Endangered Species Act of 1973, as amended, that are within
5 the Contractor's legal authority to implement. ~~The Existing Contract, which evidences in excess of~~
6 ~~— years of diversions for municipal and industrial purposes of the quantities of water provided in~~
7 ~~subdivision (a) of Article 3 of this Contract, will be considered in developing an appropriate baseline~~
8 ~~for the Biological Assessment prepared pursuant to the Endangered Species Act, and any other~~
9 ~~needed environmental review.~~ Nothing herein shall be construed to prevent the Contractor from
10 challenging or seeking judicial relief in a court of competent jurisdiction with respect to any
11 biological opinion or other environmental documentation referred to in this Article.

12 (f) Following the declaration of Water Made Available under Article 4 of this
13 Contract, the Contracting Officer will make a determination whether Project Water, or other water
14 available to the Project, can be made available to the Contractor in addition to the Contract Total
15 under Article 3 of this Contract during the Year without adversely impacting other Project
16 Contractors. At the request of the Contractor, the Contracting Officer will consult with the
17 Contractor prior to making such a determination. If the Contracting Officer determines that Project
18 Water, or other water available to the Project, can be made available to the Contractor, the
19 Contracting Officer will announce the availability of such water and shall so notify the Contractor as
20 soon as practical. The Contracting Officer will thereafter meet with the Contractor and other Project
21 Contractors capable of taking such water to determine the most equitable and efficient allocation of
22 such water. If the Contractor requests the delivery of any quantity of such water, the Contracting

1 Officer shall make such water available to the Contractor in accordance with applicable statutes,
2 regulations, guidelines, and policies.

3 (g) The Contractor may request permission to reschedule for use during the
4 subsequent Year some or all of the Water Made Available to the Contractor during the current Year
5 referred to as “carryover.” The Contractor may request permission to use during the current Year a
6 quantity of Project Water which may be made available by the United States to the Contractor during
7 the subsequent Year referred to as “preuse.” The Contracting Officer’s written approval may permit
8 such uses in accordance with applicable statutes, regulations, guidelines, and policies.

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

16 (i) Project Water furnished to the Contractor pursuant to this Contract may be
17 delivered for purposes other than those described in subdivision (o) of Article 1 of this Contract upon
18 written approval by the Contracting Officer in accordance with the terms and conditions of such
19 approval.

20 (j) Omitted.

21 (k) The Contracting Officer shall make reasonable efforts to protect the water
22 rights necessary for the Project and to provide the water available under this Contract. The

1 Contracting Officer shall not object to participation by the Contractor, in the capacity and to the
2 extent permitted by law, in administrative proceedings related to the Project Water rights; Provided,
3 however, That the Contracting Officer retains the right to object to the substance of the Contractor's
4 position in such a proceeding; Provided further, that in such proceedings the Contracting Officer shall
5 recognize the Contractor has a legal right under the terms of this Contract to use Project Water.

6 TIME FOR DELIVERY OF WATER

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

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

22 (c) The Contractor shall not schedule Project Water in excess of the quantity of

1 Project Water the Contractor intends to put to reasonable and beneficial use within the Contractor's
2 Service Area or to sell, transfer or exchange pursuant to Article 9 of this Contract during any Year.

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

8 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

9 5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this
10 Contract shall be delivered to the Contractor at the Contractor's option: (i) at the intake for the
11 Sacramento River Water Treatment Plant owned by the City of Sacramento; (ii) at an intake on the
12 Sacramento River at or near river mile 46.5; (iii) at an intake on the American River at ~~river mile 0.4,~~
13 ~~located on assessor's parcel 001-018-001-0000 owned by the Contractor~~ or near the confluence of the
14 American and Sacramento Rivers; (iv) for Subcontractor's use, directly from Folsom Reservoir via
15 the pipeline through Folsom Dam which terminates one hundred feet southeasterly from the easterly
16 right of way line of the Green Valley Road at Station 102+67.88 of the Natoma Canal Relocation; or
17 (v) and any additional point or points of delivery either on Project facilities or another location or
18 locations mutually agreed to in writing by the Contracting Officer and the Contractor.

19 (b) Omitted.

20 (c) The Contractor shall not deliver Project Water to land outside the Contractor's
21 Service Area unless approved in advance by the Contracting Officer.

22 (d) All Water Delivered to the Contractor pursuant to this Contract shall be

1 measured and recorded with equipment furnished, installed, operated, and maintained by the United
 2 States, or other appropriate entity as designated by the Contracting Officer (~~hereafter “other~~
 3 ~~appropriate entity”~~) at the point or points of delivery established pursuant to subdivision (a) of this
 4 Article; Provided, That if the Project Water delivered pursuant to this Contract is diverted at a
 5 location or in a manner so as to be commingled with water diverted by any other entity, the point of
 6 measurement for Project Water delivered to the Contractor shall be a location at which Project Water
 7 diverted for Contractor’s use can be measured separately from water diverted by any such entity or
 8 entities. Upon the request of either party to this Contract, the Contracting Officer shall investigate, or
 9 cause to be investigated, the accuracy of such measurements and shall take any necessary steps to
 10 adjust any errors appearing therein. For any period of time when accurate measurements have not
 11 been made, the Contracting Officer shall consult with the Contractor prior to making a final
 12 determination of the quantity delivered for that period of time.

13 (e) The Contracting Officer shall not be responsible for the control, carriage,
 14 handling, use, disposal, or distribution of Water Delivered to the Contractor pursuant to this Contract
 15 beyond the delivery points specified in subdivision (a) of this Article. The Contractor shall indemnify
 16 the United States, its officers, employees, agents, and assigns on account of damage or claim of
 17 damage of any nature whatsoever for which there is legal responsibility, including property damage,
 18 personal injury, or death arising out of or connected with the control, carriage, handling, use, disposal,
 19 or distribution of such Water Delivered beyond such delivery points, except for any damage or claim
 20 arising out of: (i) acts or omissions of the Contracting Officer or any of its officers, employees,
 21 agents, or assigns with the intent of creating the situation resulting in any damage or claim; (ii) willful
 22 misconduct of the Contracting Officer or any of its officers, employees, agents, or assigns; (iii)

1 negligence of the Contracting Officer or any of its officers, employees, agents, or assigns; or (iv)
2 damage or claims resulting from a malfunction of facilities owned and/or operated by the United
3 States.

4 MEASUREMENT OF WATER WITHIN THE SERVICE AREA

5 6. (a) Within three Years of the effective date of this Contract, the Contractor shall
6 ensure that, unless the Contractor establishes an alternative measurement program satisfactory to the
7 Contracting Officer, all surface water delivered by the Contractor within the Contractor's Service
8 Area for M&I purposes is measured at each M&I service connection. The water measuring devices or
9 water measuring methods of comparable effectiveness must be acceptable to the Contracting Officer.
10 The Contractor shall be responsible for installing, operating, and maintaining and repairing all such
11 measuring devices and implementing all such water measuring methods at no cost to the United
12 States. The Contractor shall use the information obtained from such water measuring devices or
13 water measuring methods to ensure its proper management of the water, to bill water users for water
14 delivered by the Contractor; and, if applicable, to record water delivered for M&I purposes by
15 customer class as defined in the Contractor's water conservation plan provided for in Article 26 of
16 this Contract. Nothing herein contained, however, shall preclude the Contractor from establishing
17 and collecting any charges, assessments, or other revenues authorized by California law. The
18 Contractor shall include a summary of all its annual surface water deliveries in the annual report
19 described in subdivision (c) of Article 26.

20 (b) To the extent the information has not otherwise been provided, upon execution
21 of this Contract, the Contractor shall provide to the Contracting Officer a written report describing the
22 measurement devices or water measuring methods being used or to be used to implement subdivision

1 (a) of this Article and identifying the M&I service connections or alternative measurement programs
2 approved by the Contracting Officer, at which such measurement devices or water measuring
3 methods are being used, and, if applicable, identifying the locations at which such devices and/or
4 methods are not yet being used including a time schedule for implementation at such locations. The
5 Contracting Officer shall advise the Contractor in writing within sixty days as to the adequacy of, and
6 necessary modifications, if any, of the measuring devices or water measuring methods identified in
7 the Contractor's report and if the Contracting Officer does not respond in such time, they shall be
8 deemed adequate. If the Contracting Officer notifies the Contractor that the measuring devices or
9 methods are inadequate, the parties shall within sixty days following the Contracting Officer's
10 response, commence to negotiate in good faith how, and the earliest practicable date by which, the
11 Contractor shall modify said measuring devices and/or measuring methods as required by the
12 Contracting Officer to ensure compliance with subdivision (a) of this Article.

13 (c) All new surface water delivery systems installed ~~for the delivery of water made~~
14 ~~available under this contract~~ within the Contractor's Service Area after the effective date of this
15 Contract shall also comply with the measurement provisions described in subdivision (a) of this
16 Article.

17 (d) The Contractor shall inform the Contracting Officer and the State of California
18 in writing by April 30 of each Year of the monthly volume of surface water delivered within the
19 Contractor's Service Area during the previous Year.

20 (e) The Contractor shall inform the Contracting Officer on or before the twentieth
21 calendar day of each month of the quantity of M&I Water taken during the preceding month.

22 RATES AND METHOD OF PAYMENT FOR WATER

1 7. (a) The Contractor shall pay the United States as provided in this Article for all
2 Delivered Water at Rates, Charges, and the Tiered Pricing Component established in accordance
3 with: (i) the Secretary's then-existing ratesetting policy for M&I Water. Such ratesetting policies
4 shall be amended, modified, or superseded only through a public notice and comment procedure; (ii)
5 applicable Federal Reclamation law and associated rules and regulations, or policies; and (iii) other
6 applicable provisions of this Contract. Payments shall be made by cash transaction, wire transfer, or
7 any other mechanism as may be agreed to in writing by the Contractor and the Contracting Officer.
8 The Rates, Charges, and Tiered Pricing Components applicable to the Contractor upon execution of
9 this Contract are set forth in Exhibit "B", as may be revised annually.

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

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

20 (2) Prior to October 1 of each Calendar Year, the Contracting Officer shall
21 make available to the Contractor an estimate of the Rates and Tiered Pricing Components for
22 Project Water for the following Year and the computations and cost allocations upon which

1 those Rates are based. The Contractor shall be allowed not less than two months to review
2 and comment on such computations and cost allocations. By December 31 of each Calendar
3 Year, the Contracting Officer shall provide the Contractor with the final Rates and Tiered
4 Pricing Components to be in effect for the upcoming Year, and such notification shall revise
5 Exhibit "B".

6 (c) At the time the Contractor submits the initial schedule for the delivery of
7 Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the Contractor
8 shall make an advance payment to the United States equal to the total amount payable pursuant to the
9 applicable Rate(s) set under subdivision (a) of this Article, for the Project Water scheduled to be
10 delivered pursuant to this Contract during the first two calendar months of the Year. Before the end
11 of the first month and before the end of each calendar month thereafter, the Contractor shall make an
12 advance payment to the United States, at the Rate(s) set under subdivision (a) of this Article, for the
13 Water Scheduled to be delivered pursuant to this Contract during the second month immediately
14 following. Adjustments between advance payments for Water Scheduled and payments at Rates due
15 for Water Delivered shall be made before the end of the following month; Provided, That any revised
16 schedule submitted by the Contractor pursuant to Article 4 of this Contract which increases the
17 amount of Water Delivered pursuant to this Contract during any month shall be accompanied with
18 appropriate advance payment, at the Rates then in effect, to assure that Project Water is not delivered
19 to the Contractor in advance of such payment. In any month in which the quantity of Water Delivered
20 to the Contractor pursuant to this Contract equals the quantity of Water Scheduled and paid for by the
21 Contractor, no additional Project Water shall be delivered to the Contractor unless and until an
22 advance payment at the Rates then in effect for such additional Project Water is made. Final

1 adjustment between the advance payments for the Water Scheduled and payments for the quantities
2 of Water Delivered during each Year pursuant to this Contract shall be made as soon as practicable
3 but no later than April 30th of the following Year, or sixty days after the delivery of Project Water
4 carried over under subdivision (g) of Article 3 of this Contract if such water is not delivered by the
5 last day of February.

6 (d) The Contractor shall also make a payment in addition to the Rate(s) in
7 subdivision (c) of this Article to the United States for Water Delivered, at the Charges and the
8 appropriate Tiered Pricing Component then in effect, before the end of the month following the
9 month of delivery. The payments shall be consistent with the quantities of M&I Water Delivered as
10 shown in the water delivery report for the subject month prepared by the Contracting Officer. The
11 water delivery report shall be deemed a bill for the payment of Charges and the applicable Tiered
12 Pricing Component for Water Delivered. Adjustment for overpayment or underpayment of Charges
13 shall be made through the adjustment of payments due to the United States for Charges for the next
14 month. Any amount to be paid for past due payment of Charges and the Tiered Pricing Component
15 shall be computed pursuant to Article 20 of this Contract.

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

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

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

5 (h) The Contracting Officer shall keep its accounts pertaining to the administration
6 of the financial terms and conditions of its long-term contracts, in accordance with applicable Federal
7 standards, so as to reflect the application of Project costs and revenues. The Contracting Officer
8 shall, each Year upon request of the Contractor, provide to the Contractor a detailed accounting of all
9 Project and Contractor expense allocations, the disposition of all Project and Contractor revenues,
10 and a summary of all water delivery information. The Contracting Officer and the Contractor shall
11 enter into good faith negotiations to resolve any discrepancies or disputes relating to accountings,
12 reports, or information.

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

20 (j) (1) Beginning at such time as deliveries of Project Water in a Year exceed
21 eighty percent of the Contract Total, then before the end of the month following the month of
22 delivery the Contractor shall make an additional payment to the United States equal to the

1 applicable Tiered Pricing Component. The Tiered Pricing Component for the amount of
2 Water Delivered in excess of eighty percent of the Contract Total, but less than or equal to
3 ninety percent of the Contract Total, shall equal one-half of the difference between the Rate
4 established under subdivision (a) of this Article and the M&I Full Cost Water Rate. The
5 Tiered Pricing Component for the amount of Water Delivered which exceeds ninety percent
6 of the Contract Total shall equal the difference between (i) the Rate established under
7 subdivision (a) of this Article and (ii) the M&I Full Cost Water Rate.

8 (2) Omitted.

9 (3) For purposes of determining the applicability of the Tiered Pricing
10 Components pursuant to this Article, Water Delivered shall include Project Water that the
11 Contractor transfers to others but shall not include Project Water transferred and delivered to
12 the Contractor.

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

20 (l) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the CVPIA,
21 the Rates for Project Water transferred by the Contractor shall be the Contractor's Rates adjusted
22 upward or downward in accordance with the then-applicable CVP Ratesetting Policy to reflect the

1 changed costs, if any, incurred by the Contracting Officer in the delivery of the transferred Project
2 Water to the transferee's point of delivery.

3 (m) Omitted.

4 (n) The Contractor asserts that it is not legally obligated to ~~repay~~ pay any Central
5 Valley Project deficits ~~or deficit related interest charges~~ claimed by the United States to have accrued
6 as of the date of this Contract or deficit related interest charges thereon. By entering into this
7 Contract, the Contractor does not waive any legal rights or remedies that it may have with respect to
8 such disputed issues. Notwithstanding the execution of this Contract, and payments made hereunder,
9 the Contractor may challenge in the appropriate administrative or judicial forums: (1) the existence,
10 the computation, or imposition of any deficit charges accruing during the term of the Existing
11 Contract; (2) interest accruing on any such deficits; (3) the inclusion of any such deficit charges or
12 interest in the Rates; (4) the application by the United States of payments made by the Contractor
13 under its Existing Contract; and (5) the application of such payments in the Rates. The Contracting
14 Officer agrees that the Contractor shall be entitled to the benefit of any administrative or judicial
15 ruling in favor of any other Central Valley Project M&I contractor on any of these issues, and credits
16 for payments heretofore made, provided that, the basis for such ruling is applicable to the Contractor.

17 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

18 8. Omitted.

19 SALES, TRANSFERS, OR EXCHANGES OF WATER

20 9. (a) The right to receive Project Water provided for in this Contract may be sold,
21 transferred, or exchanged to others for reasonable and beneficial uses within the County of
22 Sacramento, State of California if such sale, transfer, or exchange is authorized by applicable Federal

1 and State laws, and applicable guidelines or regulations then in effect. No sale, transfer, or exchange
2 of Project Water under this Contract may take place without the prior written approval of the
3 Contracting Officer, except as provided for in subdivision (b) of this Article, and no such sales,
4 transfers, or exchanges shall be approved absent all appropriate environmental documentation,
5 including but not limited to documents prepared pursuant to the National Environmental Policy Act
6 and the Endangered Species Act. Such environmental documentation should include, as appropriate,
7 an analysis of groundwater impacts and economic and social effects, including environmental justice,
8 of the proposed water transfers on both the transferor and transferee.

9 (b) In order to facilitate efficient water management, among Project Contractors
10 located within the same geographical area, by means of water transfers and to allow the Contractor to
11 participate in an accelerated water transfer program during the term of this Contract, the Contracting
12 Officer shall prepare, as appropriate, all necessary environmental documentation including, but not
13 limited to, documents prepared pursuant to the National Environmental Policy Act and the
14 Endangered Species Act analyzing annual transfers within such geographical areas and the
15 Contracting Officer shall determine whether such transfers comply with applicable law. Following
16 the completion of the environmental documentation, such transfers addressed in such documentation
17 shall be conducted with advance notice to the Contracting Officer, but shall not require prior written
18 approval by the Contracting Officer. Such environmental documentation and the Contracting
19 Officer's compliance determination shall be reviewed every five years and updated, as necessary,
20 prior to the expiration of the then-existing five year period. All subsequent environmental
21 documentation shall include an alternative to evaluate not less than the quantity of Project Water
22 historically transferred within the same geographical area.

1 (c) For a water transfer to qualify under subdivision (b) of this Article, such water
2 transfer must: (i) be for irrigation purposes for lands irrigated within the previous three years, or to be
3 delivered to established wildlife refuges, groundwater basins or for municipal and industrial use or for
4 fish and wildlife purposes; (ii) occur within a single Year; (iii) occur between a willing seller and a
5 willing buyer; (iv) convey water through existing Project facilities with no new construction or
6 modifications to Project facilities and be between existing Project Contractors and/or the Contractor
7 and the United States, Department of the Interior; and (v) comply with all applicable Federal, State,
8 and local or tribal laws and requirements imposed for protection of the environment and Indian Trust
9 Assets, as defined under Federal law. Such water transfers must not lead to land conversion.

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

15 APPLICATION OF PAYMENTS AND ADJUSTMENTS

16 10. (a) The amount of any overpayment by the Contractor of the Contractor's O&M,
17 Capital, and deficit (if any) obligations for the Year shall be applied first to any current liabilities of
18 the Contractor arising out of this Contract then due and payable. Overpayments of more than One
19 Thousand Dollars shall be refunded at the Contractor's request. In lieu of a refund, any amount of
20 such overpayment at the option of the Contractor, may be credited against amounts to become due to
21 the United States by the Contractor. With respect to overpayment, such refund or adjustment shall
22 constitute the sole remedy of the Contractor or anyone having or claiming to have the right to the use

1 of any of the Project Water supply provided for herein. All credits and refunds of overpayments shall
2 be made within thirty days of the Contracting Officer obtaining direction as to how to credit or refund
3 such overpayment in response to the notice to the Contractor that it has finalized the accounts for the
4 Year in which the overpayment was made.

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

10 TEMPORARY REDUCTIONS--RETURN FLOWS

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

16 (b) The Contracting Officer may temporarily discontinue or reduce the quantity of
17 Water Delivered to the Contractor as herein provided for the purposes of investigation, inspection,
18 maintenance, repair, or replacement of any of the Project facilities or any part thereof necessary for
19 the delivery of Project Water to the Contractor, but so far as feasible the Contracting Officer will give
20 the Contractor due notice in advance of such temporary discontinuance or reduction, except in case of
21 emergency, in which case no notice need be given; Provided, That the United States shall use its best
22 efforts to avoid any discontinuance or reduction in such service. Upon resumption of service after

1 such reduction or discontinuance, and if requested by the Contractor, the United States will, if
2 possible, deliver the quantity of Project Water which would have been delivered hereunder in the
3 absence of such discontinuance or reduction.

4 (c) The United States reserves the right to all seepage and return flow water
5 derived from Water Delivered to the Contractor hereunder which escapes or is discharged beyond the
6 Contractor's Service Area; Provided, That this shall not be construed as claiming for the United States
7 any right as seepage or return flow being put to reasonable and beneficial use pursuant to this
8 Contract within the Contractor's Service Area by the Contractor or those claiming by, through, or
9 under the Contractor.

10 CONSTRAINTS ON THE AVAILABILITY OF WATER

11 12. (a) In its operation of the Project, the Contracting Officer will use all reasonable
12 means to guard against a Condition of Shortage in the quantity of water to be made available to the
13 Contractor pursuant to this long-term renewal Contract. In the event the Contracting Officer
14 determines that a Condition of Shortage appears probable, the Contracting Officer will notify the
15 Contractor of said determination as soon as practicable.

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

21 (c) Omitted.

22 (d) Project Water furnished under this Contract will be allocated in accordance

1 with the then-existing Project M&I Water Shortage Policy. Such policy shall be amended, modified,
2 or superseded only through a public notice and comment procedure.

3 (e) By entering into this Contract, the Contractor does not waive any legal rights or
4 remedies it may have to file or participate in any administrative or judicial proceeding contesting (i)
5 the sufficiency of the manner in which any Project M&I Water Shortage Policy adopted after the
6 effective date of this Contract was promulgated; (ii) the substance of such a policy; or (iii) the
7 applicability of such a policy. By agreeing to the foregoing, the Contracting Officer does not waive
8 any legal defenses or remedies that it may then have to assert in such a proceeding.

9 UNAVOIDABLE GROUNDWATER PERCOLATION

10 13. Omitted.

11 RULES AND REGULATIONS

12
13 14. The parties agree that the delivery of M&I water or use of Federal facilities pursuant to
14 this Contract is subject to the applicable provisions of Federal Reclamation law, ~~as amended and~~
15 ~~supplemented,~~ and the any applicable rules and regulations promulgated by the Secretary of the
16 Interior under ~~Federal Reclamation~~ such law.

17
18 WATER AND AIR POLLUTION CONTROL

19
20 15. The Contractor, in carrying out this Contract, shall comply with all applicable water
21 and air pollution laws and regulations of the United States and the State of California, and shall
22 obtain all required permits or licenses from the appropriate Federal, State, or local authorities.

1 QUALITY OF WATER

2 16. (a) Project facilities used to deliver Project Water to the Contractor pursuant to
3 this Contract shall be operated and maintained to enable the United States to deliver Project Water to
4 the Contractor in accordance with the water quality standards specified in subsection 2(b) of the Act
5 of August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act of October 27, 1986 (100 Stat.
6 3050) or other existing Federal laws. The United States is under no obligation to construct or furnish
7 water treatment facilities to maintain or to improve the quality of Water Delivered to the Contractor
8 pursuant to this Contract. The United States does not warrant the quality of Water Delivered to the
9 Contractor pursuant to this Contract.

10 (b) The O&M of Project facilities shall be performed in such manner as is
11 practicable to maintain the quality of raw water made available through such facilities at the highest
12 level reasonably attainable as determined by the Contracting Officer. ~~The Contractor shall be~~
13 ~~responsible for compliance with all State and Federal water quality standards applicable to surface~~
14 ~~and subsurface agricultural drainage discharges, if any, generated through the use of Federal or~~
15 ~~Contractor facilities or Project Water provided by the Contractor within the Contractor's Service~~
16 ~~Area.~~

17 WATER ACQUIRED BY THE CONTRACTOR
18 OTHER THAN FROM THE UNITED STATES
19

20 17. (a) Omitted.

21 (b) Water or water rights now owned or hereafter acquired by the Contractor, other
22 than from the United States may be stored, conveyed and/or diverted through Project facilities,
23 subject to the completion of appropriate environmental documentation, with the approval of the

1 Contracting Officer and the execution of any contract determined by the Contracting Officer to be
2 necessary, consistent with the following provisions:

3 (1) The Contractor may introduce non-Project water into Project facilities
4 and deliver said water to lands within the Contractor's Service Area, subject to payment to the
5 United States of an appropriate rate as determined by the CVP Ratesetting Policy as amended,
6 modified or superceded from time to time. In addition, if electrical power is required to pump
7 non-Project water through the facilities, the Contractor shall be responsible for obtaining the
8 necessary power and paying the necessary charges therefor.

9 (2) Delivery of such non-Project water in and through Project facilities
10 shall only be allowed to the extent such deliveries do not: (i) interfere with other Project
11 purposes as determined by the Contracting Officer; (ii) reduce the quantity or quality of water
12 available to other Project water service contractors; (iii) interfere with the delivery of
13 contractual water entitlements to any other Project water service contractors; or (iv) interfere
14 with the physical maintenance of the Project facilities; Provided, that nothing in this Article is
15 intended to preclude the United States from passing the Contractor's water rights water
16 through Project storage facilities to the extent required to satisfy the Contractor's water rights
17 that are senior to those of the Project under the applicable provisions of California water law.

18 (3) The United States shall not be responsible for control, care or
19 distribution of the non-Project water before it is introduced into or after it is delivered from
20 the Project facilities. The Contractor hereby releases and agrees to defend and indemnify the
21 United States and their respective officers, agents, and employees, from any claim for damage
22 to persons or property, direct or indirect, arising out of or relating to the Contractor's or its

1 officers', employees', agents' or assigns', act of (i) extracting or diverting non-Project water
2 from any source, or (ii) diverting such non-Project water into Project facilities.

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

7 (5) After Project purposes are met, as determined by the Contracting
8 Officer, the United States and the Contractor shall share priority to utilize the remaining
9 capacity of the facilities declared to be available by the Contracting Officer for conveyance
10 and transportation of non-Project water prior to any such remaining capacity being made
11 available to non-Project Contractors.

12 OPINIONS AND DETERMINATIONS

13 18. (a) Where the terms of this Contract provide for actions to be based upon the
14 opinion or determination of either party to this Contract, said terms shall not be construed as
15 permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or
16 determinations. Both parties, notwithstanding any other provisions of this Contract, expressly reserve
17 the right to seek relief from and appropriate adjustment for any such arbitrary, capricious, or
18 unreasonable opinion or determination. Each opinion or determination by either party shall be
19 provided in a timely manner. Nothing in subdivision (a) of Article 18 of this Contract is intended to
20 or shall affect or alter the standard of judicial review applicable under federal law to any opinion or
21 determination implementing a specific provision of federal law embodied in statute or regulation.

22 (b) The Contracting Officer shall have the right to make determinations necessary

1 to administer this Contract that are consistent with the provisions of this Contract, the laws of the
2 United States and of the State of California, and the rules and regulations promulgated by the
3 Secretary of the Interior. Such determinations shall be made in consultation with the Contractor to
4 the extent reasonably practicable.

5 COORDINATION AND COOPERATION

6 19. (a) In order to further their mutual goals and objectives, the Contracting Officer
7 and the Contractor shall communicate, coordinate, and cooperate with each other, and with other
8 affected Project Contractors, in order to improve the operation and management of the Project. The
9 communication, coordination, and cooperation regarding operations and management shall include,
10 but not be limited to, any action which will or may materially affect the quantity or quality of Project
11 Water supply, the allocation of Project Water supply, and Project financial matters including, but not
12 limited to, budget issues. The communication, coordination, and cooperation provided for hereunder
13 shall extend to all provisions of this Contract. Each party shall retain exclusive decision making
14 authority for all actions, opinion, and determinations to be made by the respective party.

15 (b) Within one hundred twenty days following the effective date of this Contract,
16 the Contractor, other affected Project Contractors, and the Contracting Officer shall arrange to meet
17 with interested Project Contractors to develop a mutually agreeable, written Project-wide process,
18 which may be amended as necessary separate and apart from this Contract. The goal of this process
19 shall be to provide, to the extent practicable, the means of mutual communication and interaction
20 regarding significant decisions concerning Project operation and management on a real-time basis.

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

1 Contractor shall pay an interest charge for each day the payment is delinquent beyond the due date.
2 When a payment becomes sixty days delinquent, the Contractor shall pay an administrative charge to
3 cover additional costs of billing and processing the delinquent payment. When a payment is
4 delinquent ninety days or more, the Contractor shall pay an additional penalty charge of six (6%)
5 percent per year for each day the payment is delinquent beyond the due date. Further, the Contractor
6 shall pay any fees incurred for debt collection services associated with a delinquent payment.
7

8 (b) The interest charge rate shall be the greater of the rate prescribed quarterly in
9 the Federal Register by the Department of the Treasury for application to overdue payments, or the
10 interest rate of one-half of one percent per month prescribed by Section 6 of the Reclamation Project
11 Act of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date and
12 remain fixed for the duration of the delinquent period.
13

14 (c) When a partial payment on a delinquent account is received, the amount
15 received shall be applied, first to the penalty, second to the administrative charges, third to the
16 accrued interest, and finally to the overdue payment.
17

18 EQUAL OPPORTUNITY
19

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

22 (a) The Contractor will not discriminate against any employee or applicant for
23 employment because of race, color, religion, sex, or national origin. The Contractor will take
24 affirmative action to ensure that applicants are employed, and that employees are treated during
25 employment, without regard to their race, color, religion, sex, or national origin. Such action shall
26 include, but not be limited to, the following: Employment, upgrading, demotion, or transfer;
27 recruitment or recruitment advertising; layoff or termination, rates of payment or other forms of
28 compensation; and selection for training, including apprenticeship. The Contractor agrees to post in
29 conspicuous places, available to employees and applicants for employment, notices to be provided by
30 the Contracting Officer setting forth the provisions of this nondiscrimination clause.
31

32 (b) The Contractor will, in all solicitations or advertisements for employees placed
33 by or on behalf of the Contractor, state that all qualified applicants will receive consideration for
34 employment without discrimination because of race, color, religion, sex, or national origin.
35

36 (c) The Contractor will send to each labor union or representative of workers with
37 which it has a collective bargaining agreement or other contract or understanding, a notice, to be

1 provided by the Contracting Officer, advising the said labor union or workers' representative of the
2 Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and
3 shall post copies of the notice in conspicuous places available to employees and applicants for
4 employment.

5
6 (d) The Contractor will comply with all provisions of Executive Order No. 11246
7 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary
8 of Labor.

9
10 (e) The Contractor will furnish all information and reports required by said
11 amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or
12 pursuant thereto, and will permit access to its books, records, and accounts by the Contracting Officer
13 and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules,
14 regulations, and orders.

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

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

33
34 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

35
36 22. (a) The obligation of the Contractor to pay the United States as provided in this
37 Contract is a general obligation of the Contractor notwithstanding the manner in which the obligation

1 may be distributed among the Contractor's water users and notwithstanding the default of individual
2 water users in their obligations to the Contractor.

3
4 (b) The payment of charges becoming due hereunder is a condition precedent to
5 receiving benefits under this Contract. The United States shall not make water available to the
6 Contractor through Project facilities during any period in which the Contractor may be in arrears in
7 the advance payment of water rates due the United States. The Contractor shall not furnish water
8 made available pursuant to this Contract for lands or parties which are in arrears in the advance
9 payment of water rates levied or established by the Contractor.

10
11 (c) With respect to subdivision (b) of this Article, the Contractor shall have no
12 obligation to require advance payment for water rates which it levies.

13
14 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

15
16 23. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964 (42
17 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the Age
18 Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights laws, as
19 well as with their respective implementing regulations and guidelines imposed by the U.S.
20 Department of the Interior and/or Bureau of Reclamation.

21
22 (b) These statutes require that no person in the United States shall, on the grounds
23 of race, color, national origin, handicap, or age, be excluded from participation in, be denied the
24 benefits of, or be otherwise subjected to discrimination under any program or activity receiving
25 financial assistance from the Bureau of Reclamation. By executing this Contract, the Contractor
26 agrees to immediately take any measures necessary to implement this obligation, including permitting
27 officials of the United States to inspect premises, programs, and documents.

28
29 (c) The Contractor makes this agreement in consideration of and for the purpose of
30 obtaining any and all Federal grants, loans, contracts, property discounts, or other Federal financial
31 assistance extended after the date hereof to the Contractor by the Bureau of Reclamation, including
32 installment payments after such date on account of arrangements for Federal financial assistance
33 which were approved before such date. The Contractor recognizes and agrees that such Federal
34 assistance will be extended in reliance on the representations and agreements made in this Article,
35 and that the United States reserves the right to seek judicial enforcement thereof.

PRIVACY ACT COMPLIANCE

24. Omitted.

CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

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

WATER CONSERVATION

26. (a) Prior to the delivery of water provided from or conveyed through Federally constructed or Federally financed facilities pursuant to this Contract, the Contractor shall be implementing an effective water conservation and efficiency program based on the Contractor's water conservation plan that has been determined by the Contracting Officer to meet the conservation and efficiency criteria for evaluating water conservation plans established under Federal law. The water conservation and efficiency program shall contain definite water conservation objectives, appropriate economically feasible water conservation measures, and time schedules for meeting those objectives. Continued Project Water delivery pursuant to this Contract shall be contingent upon the Contractor's continued implementation of such water conservation program. In the event the Contractor's water conservation plan or any revised water conservation plan completed pursuant to subdivision (d) of

1 Article 26 of this Contract have not yet been determined by the Contracting Officer to meet such
2 criteria, due to circumstances which the Contracting Officer determines are beyond the control of the
3 Contractor, water deliveries shall be made under this Contract so long as the Contractor diligently
4 works with the Contracting Officer to obtain such determination at the earliest practicable date, and
5 thereafter the Contractor immediately begins implementing its water conservation and efficiency
6 program in accordance with the time schedules therein.

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

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

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

21 (e) If the Contractor is engaged indirect groundwater recharge, such activity shall
22 be described in the Contractor's water conservation plan. Such Water Conservation Plan shall

1 demonstrate sufficient lawful uses exist in the Contractor's Service Area so that using a long-term
2 average, the quantity of Delivered Water is demonstrated to be reasonable for such uses and in
3 compliance with Federal Reclamation Law.

4 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

5 27. Except as specifically provided in Article 17 of this Contract, the provisions of this
6 Contract shall not be applicable to or affect non-Project water or water rights now owned or hereafter
7 acquired by the Contractor or any user of such water within the Contractor's Service Area. Any such
8 water shall not be considered Project Water under this Contract. In addition, this Contract shall not
9 be construed as limiting or curtailing any rights which the Contractor or any water user within the
10 Contractor's Service Area acquires or has available under any other contract pursuant to Federal
11 Reclamation law.

12 OPERATION AND MAINTENANCE BY NON FEDERAL ENTITY

13 28. Omitted.

14 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

15
16 29. The expenditure or advance of any money or the performance of any obligation of the
17 United States under this Contract shall be contingent upon appropriation or allotment of funds.
18 Absence of appropriation or allotment of funds shall not relieve the Contractor from any obligations
19 under this Contract. No liability shall accrue to the United States in case funds are not appropriated
20 or allotted.

21
22 BOOKS, RECORDS, AND REPORTS

23
24 30. (a) The Contractor shall establish and maintain accounts and other books and
25 records pertaining to administration of the terms and conditions of this Contract, including: the
26 Contractor's financial transactions, water supply data, and Project land and right-of-way agreements;
27 water use data; and other matters that the Contracting Officer may require. Reports thereon shall be
28 furnished to the Contracting Officer in such form and on such date or dates as the Contracting Officer

1 may require. Subject to applicable Federal laws and regulations, each party to this Contract shall
2 have the right during office hours to examine and make copies of the other party's books and records
3 relating to matters covered by this Contract.
4

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

10 (c) Omitted.

11 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED
12

13 31. (a) The provisions of this Contract shall apply to and bind the successors and
14 assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest
15 therein shall be valid until approved in writing by the Contracting Officer.
16

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

20 (c) The Contracting Officer shall not unreasonably condition or withhold approval
21 of any proposed assignment.

22 SEVERABILITY

23 32. In the event that a person or entity who is neither (i) a party to a Project contract, nor
24 (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii) an
25 association or other form of organization whose primary function is to represent parties to Project
26 contracts, brings an action in a court of competent jurisdiction challenging the legality or

1 enforceability of a provision included in this Contract and said person, entity, association, or
 2 organization obtains a final court decision holding that such provision is legally invalid or
 3 unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s), the
 4 parties to this Contract shall use their best efforts to (i) within thirty days of the date of such final
 5 court decision identify by mutual agreement the provisions in this Contract which must be revised
 6 and (ii) within three months thereafter promptly agree on the appropriate revision(s). The time
 7 periods specified above may be extended by mutual agreement of the parties. Pending the completion
 8 of the actions designated above, to the extent it can do so without violating any applicable provisions
 9 of law, the United States shall continue to make the quantities of Project Water specified in this
 10 Contract available to the Contractor pursuant to the provisions of this Contract which were not found
 11 to be legally invalid or unenforceable in the final court decision.

12 RESOLUTION OF DISPUTES

13 33. Should any dispute arise concerning any provisions of this Contract, or the parties’
 14 rights and obligations thereunder, the parties shall meet and confer in an attempt to resolve the
 15 dispute. Prior to the Contractor commencing any legal action, or the Contracting Officer referring
 16 any matter to Department of Justice, the party shall provide to the other party thirty days’ written
 17 notice of the intent to take such action; Provided, That such notice shall not be required where a delay
 18 in commencing an action would prejudice the interests of the party that intends to file suit. During
 19 the thirty-day notice period, the Contractor and the Contracting Officer shall meet and confer in an
 20 attempt to resolve the dispute. Except as specifically provided, nothing herein is intended to waive or
 21 abridge any right or remedy that the Contractor or the United States may have.

22 OFFICIALS NOT TO BENEFIT

1 terms and conditions of this Contract unless and until relief from application of such Federal law or
2 regulation to the implementing provision of the Contract is granted by a court of competent
3 jurisdiction.

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NOTICES

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CONFIRMATION OF CONTRACT

37. Any notice, demand, or request authorized or required by this Contract shall be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered to the Area Manager, Bureau of Reclamation, 7794 Folsom Dam Road, Folsom, California 95630-1799, and on behalf of the United States, when mailed, postage prepaid, or delivered to Chief, Water Resources Division, County of Sacramento, 827 Seventh Street, Room 301, Sacramento, CA 95814. The designation of the addressee or the address may be changed by notice given in the same manner as provided in this Article for other notices.

SUBCONTRACT FOR RESALE OF WATER

39. The Contractor ~~may enter~~ has entered into a subcontract with the Subcontractor, dated April 25, 2000, for the resale and distribution of up to 7,000 acre-feet of water furnished pursuant to this Contract. The subcontract ~~shall be~~ is subject to the obligations and limitations imposed, and to the rights granted by this Contract ~~and shall so provide~~. ~~The terms and conditions of the subcontract~~

1 ~~shall be approved by the Contracting Officer prior to the execution of the subcontract, which approval~~
2 ~~shall be limited to a determination that the subcontract is consistent with the provisions of this~~
3 ~~Contract.~~ Nothing herein or therein contained shall be deemed in any way to release the Contractor
4 from its primary liability to the United States hereunder with respect to each and all of the obligations
5 undertaken by the Contractor in this Contract. To the maximum extent allowed by law, when any
6 breach of, or failure to perform, this Contract by the Contractor is due to the action or inaction solely
7 of the Subcontractor and such breach or failure to perform results in denial or discontinuation of the
8 delivery of Project Water, the Contractor shall still be entitled to the benefits of this Contract if, and
9 only if, the Contractor ceases deliveries of Project Water to the Subcontractor until such time as the
10 breach or failure to perform is cured.

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

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THE UNITED STATES OF AMERICA

By: _____
Regional Director, Mid-Pacific Region
Bureau of Reclamation

SACRAMENTO COUNTY WATER AGENCY

By: _____
President of the Board of Directors

Attest:

By: _____
Secretary of the Board of Directors

CCAO Draft 07/25-2001

R.O. Draft 08/25-2003

R.O. Draft 09/22-2003

Contract No. 6-07-20-W1372 - LTR1

EXHIBIT A

[Map or Description of Service Area]

EXHIBIT B
2003 Water Rates and Charges
CONTRACT NUMBER: 6-07-20-W1372 – LTR1
SACRAMENTO COUNTY WATER AGENCY

	2003 Rates Per Acre-Foot <u>M&I</u>
COST-OF-SERVICE (COS) RATE (1 st Tier - ≤80% of Contract Total)	\$17.20
2ND TIER [>80% <90% of Contract Total] (M&I Full Cost Rate + COS rate/ 2)	\$20.77
3RD TIER [> 90% of Contract Total] (M&I Full Cost Rate)	\$24.33
M&I FULL COST RATE: Interest rates used in the calculation of the M&I Full Cost Rate shall comply with the Interest Rate methodology contained in Section 202 (3) (B) and (C) of the Reclamation Reform Act of October 12, 1982 (96 Stat. 1263), as amended:	\$24.33
SURCHARGES UNDER P.L. 102-575 TO RESTORATION FUND* Restoration Payments [3407(d)(2)(A)]	\$15.38

* The surcharges are payments in addition to the water rates and are determined pursuant to Title XXXIV of P.L. 102-575. Restoration Fund surcharges under P.L. 102-575 are on a fiscal year basis (10/1 -9/30).