

Concession Contractor shall maintain auditable records including invoices, billings, canceled checks, and other documentation satisfactory to Reclamation. Failure to expend RAFI funds when directed and as scheduled by Reclamation shall be considered as a material breach of this Concession Contract which may result in contract termination.

The Concession Contractor should maintain the value of the improvement with RAFI funds.

RAFI funds are intended to provide a dependable source of funds to help assure that the Concession Contractor and any applicable Reclamation Improvements are maintained at a satisfactory level. Since the RAFI fund itself and improvements made with the fund protect the Concession Contractors Improvements value, the Concession Contractor will, to the extent that RAFI funds are not adequate for all the necessary RAFI projects, utilize its own funds for such necessary projects as determined by Reclamation.

Any RAFI funds not duly expended by the Concession Contractor by the end of this Concession Contract shall be the property of the Concession Contractor unless there are approved or otherwise Reclamation required RAFI projects previously identified for completion in advance of contract expiration that have not been accomplished. In this case the projects estimated costs will be transferred from the remaining RAFI account to the next Concession Contractor for application to those projects. If the Concession Contractor is also the succeeding Concession Contractor then the RAFI funds that are unexpended during the term of this Concession Contract will apply to the initial RAFI funding established in the next contract less the estimated costs of uncompleted but required projects.

In the event of termination of this concession contact, any unexpended RAFI funds shall become the property of the Concession Contractor.

## **J. SUPPLEMENTAL SURCHARGE**

Reclamation anticipates that during the term of this Concession Contract, the Concession Contractor will find it necessary to pay additional costs for ongoing and additional services to be provided or required by Napa County and/or other state or local government entity or agency that are necessitated by the use, rights and privileges granted under this Concession Contract, which are not presently identifiable, and the Concession Contractor agrees to pay such costs deemed appropriate and approved by Reclamation. Such fees, charges, and assessments, (“charges”) and required actions may include, but are not limited to, charges for the installation, modification, and or expansion of water and sewer systems, emergency and fire services, law enforcement services, road improvements, environmental and water quality compliance actions, and other activities.

Reclamation has determined that such costs are a necessary expense of this concession contract and as such, the Concession Contractor *may* collect additional revenues during the term of this concession contract to offset such costs. The Concession Contractor *will determine whether it finds it necessary to collect this supplemental surcharge and if so it shall notify Reclamation and begin to collect a supplemental 5% surcharge within 90 days of the effective date of this concession contract* on all goods it sells (excluding gasoline and diesel fuel) and on all services it

provides for which it is not required to pay a Transient Occupancy Tax as defined by applicable county ordinance.

The Concession Contractor shall deposit all Supplemental Surcharge funds it collects in a separate, interest bearing, federally insured, Supplemental Surcharge Account (Account) as part of its gross revenue to be maintained by the Concession Contractor. Surcharge funds will not be commingled with other accounts established under this Concession Contract or with any other Concession Contractor funds. The Concession Contractor will directly pay the applicable government entity or agency for any services provided to or charges or required actions levied on the Concession Contractor deemed appropriate and approved by Reclamation in consultation with the authorized government or agency representative.

The amount of the Supplemental Surcharge shall be reviewed every 3 years to determine whether it should be increased or decreased to enable the Concession Contractor to collect the appropriate amount of funds needed to pay for the services or charges or required actions as defined above. At each 3-year review, the Concession Contractor shall provide a 3-year projection for all sales for which the surcharge applies, and any known or proposed required payments for charges and ongoing and additional services or required actions. The Concession Contractor will propose to Reclamation for approval the appropriate rate for the surcharge necessary to cover such expenses. After the 3-year review, any funds over \$50,000 left in the account in excess of known or expected services or charges or required actions shall be deposited in the RAFI account established in section 4.I. and treated as RAFI.

Any Supplemental Surcharge funds not duly expended by the Concession Contractor by the end of this Concession Contract shall be the property of the Concession Contractor. If the Concession Contractor is also the succeeding Concession Contractor then the surcharge funds that are unexpended during the term of this Concession Contract will apply to the initial surcharge funding established in the next contract less the estimated costs of any required payments.

In the event of termination or expiration of this Concession Contract, any unexpended surcharge funds shall be deposited into the RAFI account.

The financial reporting for the Account will be performed in accordance with Section 8 and Exhibit J of this Concession Contract.

## **K. ANIMALS**

Livestock breeding or grazing, farm animals, domestic fowl, or feral animals or fowl are prohibited within the concession area. In the event that certain animals are necessary for the operation of the concession, the Contracting Officer will be informed in writing of the purpose, type, and number of species before requesting approval by Reclamation. All feral or abandoned animals are prohibited and shall be the responsibility of the Concession Contractor to properly remove such animals.

The Concession Contractor is required to accommodate visitors with service animals, and is permitted to accommodate visitors with domestic pets or livestock provided that