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Exhibit A – Description of Transferred Project Works
Exhibit B – Map of Transferred Project Works
Exhibit C – Operations and Maintenance Standards for the Transferred Project Works
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THIS CONTRACT, made this ____ day of ______________, 2017, pursuant to
the Act of June 17, 1902 (32 Stat. 388), and acts amendatory and supplementary thereto,
including but not limited to Section 5 of the Act of August 13, 1914 (38 Stat. 686), all
collectively referred to as Federal Reclamation law, between the UNITED STATES OF
AMERICA, hereinafter referred to as the United States, and the FRESNO COUNTY
WATERWORKS DISTRICT NO. 18, hereinafter referred to as Contractor, a public agency of
the State of California duly organized, existing, and acting pursuant to the laws thereof, with its
principal place of business in Fresno County, California;

EXPLANATORY RECITALS

[1st] WHEREAS, the United States has constructed and is operating the Friant
Division, Central Valley Project, California, for diversion, storage, carriage, distribution and
beneficial use, for flood control, irrigation, municipal, domestic, industrial, and other beneficial
uses, of waters of the San Joaquin River and its tributaries; and

[2nd] WHEREAS, the United States and the Contractor entered into Contract Number
14-06-200-5904, as amended, which established terms for the delivery to the Contractor of
Project Water from the Friant Division from August 17, 1956 through February 28, 1997; and
WHEREAS, the Contractor and the United States have, pursuant to subsection 3404(c)(1) of the Central Valley Project Improvement Act, subsequently entered into interim renewal contract(s), identified as Contract Number(s) 14-06-200-5904-IR1, IR2, IR3, and IR4, which provided for the continued water service to Contractor from March 1, 1997 through February 28, 2001, and subsequently entered into a long-term renewal contract identified as Contract Number 14-06-200-5904-LTR1 dated January 20, 2001, which provided for continued water service to Contractor through February 28, 2026 and was amended January 18, 2007; and

WHEREAS, on December 29, 2010, the United States and the Contractor entered into Repayment Contract Number 14-06-200-5904D in perpetuity, which replaced Contract No. 14-06-200-5904-LTR1 and established terms for the delivery to the Contractor of Project Water from the Friant Division and for facilities repayment, and is herein referred to as the “Existing Contract”; and

WHEREAS, the Contractor has requested to Operate and Maintain the Transferred Project Works and to modify the 24 inch pipeline; and

WHEREAS, it is deemed to be in the best interest of the United States and the Contractor that Operation and Maintenance of the Transferred Project Works is transferred to the Contractor; and

WHEREAS, the Environmental compliance requirements for the execution of this Contract have been met by the issuance of a Finding of No Significant Impact, FONSI 11-097 dated August 27, 2013, titled “Fresno County Waterworks District No. 18 and Lower Tule River Irrigation District Request for Approvals Pursuant to the Friant Ranch Specific Plan”;
WHEREAS, License No. 17-LC-20-2124 was issued to Fresno County Waterworks District No. 18, dated mm/dd/year for certain actions associated with the Transfer of Project Works as delineated in Exhibit D of this Contract.

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

DEFINITIONS

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

(a) “Contracting Officer” shall mean the Secretary of the Interior’s duly authorized representative acting pursuant to this Contract or applicable Federal Reclamation law or regulation;

(b) "Friant Division" shall mean those existing and future Federal facilities, including, but not limited to, the Friant-Kern Canal, Madera Canal, and Millerton Lake, and appurtenances thereto, used to divert, store, and convey Project Water;

(c) “Operation and Maintenance” or “Operate and Maintain” or “Operated and Maintained” or “O&M” shall mean normal and reasonable care, control, operation, and maintenance of the Transferred Project Works, including such repairs and replacements as are normally considered part of annual operation and maintenance functions and not considered capital costs of the Project;

(d) “Project” shall mean the Central Valley Project owned by the United States and managed by the Department of the Interior, Bureau of Reclamation;
(e) “Project Water(s)” shall mean all water that is developed, diverted, stored, or delivered by the Secretary in accordance with the statutes authorizing the Project with the United States pursuant to Federal Reclamation law;

(f) “Secretary” shall mean the Secretary of the Interior, a duly appointed successor, or an authorized representative acting pursuant to any authority of the Secretary and through any agency of the Department of the Interior;

(g) “Transferred Project Works” shall mean those Federal facilities, including the 18” and 24” pipelines, extending from the downstream side of the 18” butterfly valve near the Friant-Kern Canal outlet works to the Contractor’s existing water treatment facilities; related in-line control facilities, measuring devices, associated water control devices, and recording instruments and appurtenant structures, as further described in Exhibits A and B.

**TERM OF CONTRACT**

2. (a) This Contract shall become effective on the date first hereinabove written and shall remain in effect through September 30, 2042, so long as the O&M of the Transferred Project Works by the Contractor is in full compliance with the terms of this Contract, and in such manner that said Transferred Project Works remain in good and efficient condition, unless it is terminated by the Contracting Officer by reason of a material uncured breach by the Contractor;

Provided, That the Contracting Officer shall not seek to terminate this Contract by reason of an asserted material uncured breach by the Contractor unless it has first provided at least sixty (60) days written notice of the asserted breach to the Contractor and the Contractor has failed to cure such breach, or to diligently commence curative actions satisfactory to the Contracting Officer.
for a breach that cannot be fully cured within sixty (60) days, within the sixty (60)-day notice period; Provided further, That this Contract may be terminated at any time by mutual consent of the parties hereto.

(b) The Contractor may at any time, upon giving twelve (12) months written notice, terminate this Contract; Provided, that such termination shall not relieve the Contractor of any of its duties, liabilities or obligations accruing from the effective date of this Contract to the effective date of such termination.

(c) The Contractor shall have the option to renew this Contract under terms and conditions mutually agreed to by the United States and the Contractor for successive periods not to exceed twenty-five (25) years each by providing written notice of such to the Contracting Officer not more than one year, but not less than six (6) months, prior to the end of the then-current term.

TRANSFER OF OPERATION AND MAINTENANCE

3. (a) On the effective date of this Contract as described in subdivision (a) of Article 2, the Transferred Project Works will be transferred to the Contractor and the Contractor shall be responsible for the O&M of such Transferred Project Works in accordance with the terms and conditions of this Contract. The Contractor shall provide the O&M for the Transferred Project Works in accordance with: (i) the manufacturer’s technical manuals, in accordance with standards of the industry as have been or may be developed, (ii) the Operation and Maintenance Standards for the Transferred Project Works attached to this Contract as Exhibit C, and, (iii) applicable Federal, State, and local laws. Deviations from or changes to these standards shall be
requested in writing by the Contractor and will require the written approval of the Contracting Officer in advance of such deviations. Any future transfer of additional Federal facilities shall be done only at the request of the Contractor and as approved by the Contracting Officer.

OPERATION AND MAINTENANCE OF TRANSFERRED PROJECT WORKS

4. (a) Upon substantial completion of the Transferred Project Works, or as otherwise determined by the Contracting Officer, and following written notification, the care, operation, and maintenance of any or all of the Transferred Project Works may be transferred to the Contractor. Title to the Transferred Project Works will remain in the name of the United States, unless otherwise provided by the Congress of the United States.

(b) The Contractor, without expense to the United States, shall care for, Operate, and Maintain the Transferred Project Works in full compliance with the terms of this Contract and in such a manner that the Transferred Project Works remain in good and efficient condition.

(c) Necessary repairs of the Transferred Project Works shall be made promptly by the Contractor. In case of unusual conditions or serious deficiencies in the care, Operation, and Maintenance of the Transferred Project Works threatening or causing interruption of water service, the Contracting Officer may issue to the Contractor a special written notice of those necessary repairs. Except in the case of an emergency, the Contractor will be given 60 days to either make the necessary repairs or submit a plan for accomplishing the repairs acceptable to the Contracting Officer. In the case of an emergency, or if the Contractor fails to either make the necessary repairs or submit a plan for accomplishing the repairs acceptable to the Contracting Officer within 60 days of receipt of the notice, the Contracting Officer may cause the repairs to be made, and the cost of those repairs shall be paid by the Contractor as directed by the Contracting Officer.

(d) The Contractor shall not make any substantial changes in the Transferred Project Works without first obtaining written consent of the Contracting Officer. The Contractor shall ensure that no unauthorized encroachment occurs on project land and rights-of-way.

(e) The Contractor agrees to indemnify the United States for, and hold the United States and all of its representatives harmless from, all damages resulting from suits, actions, or claims of any character brought on account of any injury to any person or property arising out of any act, omission, neglect, or misconduct in the manner or method of performing any construction, care, operation, maintenance, supervision, examination, inspection, or other duties of the Contractor or the United States on Transferred Project Works required under this Contract, regardless of who performs those duties. The Contractor does not agree to indemnify
the United States for any damages arising from intentional torts or malicious actions committed
by employees of the United States.

(e.1) Within thirty (30) days of receipt by either party of any claim for liability
arising from actions within the scope of this Contract, the party receiving the claim shall notify the
other party of such claim and provide a copy of the claim to the other party, if it is in written form.

Nothing in this Article shall be construed to limit the right of either party to assert such affirmative
defenses and file such cross complaints as may be appropriate in relation to any claim affecting
the liability of such party and in accordance with this Contract.

(f) In the event the Contractor is found to be operating the Transferred Project
Works or any part thereof in violation of this Contract or the Contractor is found to be failing any
financial commitments or other commitments to the United States under the terms and conditions
of this Contract, then upon the election of the Contracting Officer, the United States may take
over from the Contractor the care, Operation, and Maintenance of the Transferred Project Works
by giving written notice to the Contractor of such election and the effective date thereof.
Thereafter, during the period of operation by the United States, upon notification by the
Contracting Officer the Contractor shall pay to the United States, annually in advance, the cost of
O&M of the works as determined by the Contracting Officer. Following written notification
from the Contracting Officer the care, Operation, and Maintenance of the works may be
transferred back to the Contractor.

(g) The Contractor shall cooperate with the Contracting Officer in
implementing an effective dam safety program. The United States agrees to provide the
Contractor and the appropriate agency of the State of California in which the project facilities are
located with design data, designs, and an operating plan for the dam(s) and related facilities
consistent with the current memorandum of understanding between the United States and the
State of California relating to the coordination of planning, design, construction, operation, and
maintenance processes for dams and related facilities.

(h) In addition to all other payments to be made by the Contractor under this
Contract, the Contractor shall reimburse to the United States, following the receipt of a statement
from the Contracting Officer, all miscellaneous costs incurred by the United States for any work
involved in the administration and supervision of this Contract.
5. The terms and conditions of the Existing Contract will remain in full force and effect and this Contract will be administered in a manner consistent with the Existing Contract.

6. (a) The lands and interests in lands acquired, withdrawn, or reserved and needed by the United States for the purposes of care, operation, and maintenance of Transferred Project Works may be used by the Contractor for such purposes. The Contractor shall ensure that no unauthorized encroachment occurs on Federal project lands and rights-of-way. The Contractor does not have the authority to issue any land-use agreement or grant that conveys an interest in Federal real property, nor to lease or dispose of any interest of the United States.

(b) The Contractor’s obligation to ensure that no unauthorized encroachment occurs on federal Project lands and rights-of-way as provided in subdivision (a) of Article 6 of this Contract and subdivision (d) of Article 4 of this Contract extends to any such encroachment that is under the Contractor’s jurisdiction or control or that can reasonably be prevented by the Contractor through its O&M of the Transferred Project Works. In addition, the Contractor shall notify the Contracting Officer of any unauthorized encroachment known to the Contractor.

7. (a) The Contractor shall, when operating and maintaining the Transferred Project Works or any part thereof, perform all water delivery obligations of the United States pertaining to the transportation and delivery of water from, through, or by such Transferred Project Works.

(b) Prior to the Contracting Officer entering into, renewing, amending, or consenting to the assignment of, any water service, repayment, or conveyance contract, including
contracts which requires or permits the conveyance of water through the Transferred Project Works, the Contracting Officer shall provide the Contractor the opportunity to review and comment upon the draft of such contract and shall include in any such contract or consent to the assignment the appropriate provisions requiring such other contractor to pay to the Contractor an appropriate share of the costs of O&M of the Transferred Project Works.

OVERSIGHT AND PARTICIPATION

8. The Contractor shall be afforded the opportunity by the Contracting Officer to review and comment on preliminary and final development plans, environmental documents, and other documents which affect the O&M of the Transferred Project Works and shall provide a copy of such comments to the Contracting Officer.

EXAMINATION, INSPECTION, AND AUDIT OF TRANSFERRED PROJECT WORKS, RECORDS, AND REPORTS FOR DETERMINING ADEQUACY OF OPERATION AND MAINTENANCE

9. (a) The Contracting Officer may, from time to time, examine the following: the Contractor's books, records, and reports; the Transferred Project Works being operated by the Contractor; the adequacy of the O&M program; the reserve fund; and the water conservation program including the water conservation fund, if applicable. Notwithstanding title ownership, where the United States retains a financial, physical, or liability interest in facilities either constructed by the United States or with funds provided by the United States, the Contracting Officer may examine any or all of the Transferred Project Works providing such interest to the United States.

(b) The Contracting Officer may, or the Contractor may ask the Contracting Officer to, conduct special inspections of any Transferred Project Works being operated by the Contractor and special audits of the Contractor's books and records to ascertain the extent of any O&M deficiencies to determine the remedial measures required for their correction and to assist the Contractor in solving specific problems. Except in an emergency, any special inspection or audit shall be made only after written notice thereof has been delivered to the Contractor by the Contracting Officer.
(c) The Contractor shall provide access to the Transferred Project Works, operate any mechanical or electrical equipment, and be available to assist in the examination, inspection, or audit.

(d) The Contracting Officer shall prepare reports based on the examinations, inspections, or audits and furnish copies of such reports and any recommendations to the Contractor.

(e) The costs incurred by the United States in conducting O&M examinations, inspections, and audits and preparing associated reports and recommendations related to high- and significant-hazard dams and associated facilities shall be non-reimbursable. Associated facilities include carriage, distribution, and drainage systems; pumping and pump-generating plants; powerplant structures; tunnels/pipelines; diversion and storage dams (low-hazard); Type 2 bridges which are Reclamation-owned bridges not located on a public road; regulating reservoirs (low-hazard); fish passage and protective facilities, including hatcheries; river channelization features; rural/municipal water systems; desalting and other water treatment plants; maintenance buildings and service yards; facilities constructed under Federal loan programs (until paid out); and recreation facilities (reserved works only); and any other facilities as determined by the Contracting Officer.

(f) Expenses incurred by the Contractor, as applicable, in participating in the O&M site examination will be borne by the Contractor.

(g) Requests by the Contractor for consultations, design services, or modification reviews, and the completion of any O&M activities identified in the formal recommendations resulting from the examination (unless otherwise noted) are to be funded as project O&M and are reimbursable by the Contractor to the extent of current project O&M allocations.

(h) Site visit special inspections that are beyond the regularly scheduled O&M examinations conducted to evaluate particular concerns or problems and provide assistance relative to any corrective action (either as a follow up to an O&M examination or when requested by the Contractor) shall be non-reimbursable.

(i) The Contracting Officer may provide the State of California an opportunity to observe and participate in, at its (their) own expense, the examinations and inspections. The State of California may be provided copies of reports and any recommendations relating to such examinations and inspections.
BOOKS, RECORDS, AND REPORTS

10. (a) The Contractor shall establish and maintain accounts and other books and records pertaining to administration of the terms and conditions of this Contract, including the Contractor's financial transactions; water supply data; project operation, maintenance, and replacement logs; project land and rights-of-way use agreements; the water users’ land-use (crop census), land-ownership, land-leasing, and water-use data; and other matters that the Contracting Officer may require. Reports shall be furnished to the Contracting Officer in such form and on such date or dates as the Contracting Officer may require. Subject to applicable Federal laws and regulations, each party to this Contract shall have the right during office hours to examine and make copies of the other party’s books and records relating to matters covered by this Contract.

(b) Nothing in this Article 10 shall be construed to limit or constrain the ability of the Bureau of Reclamation to conduct Contract Compliance Reviews of this Contract in accordance with Reclamation Manual, Program Economics, Revenues, and Contracts as may be revised, amended, modified, or superseded. The Contract Compliance Review is a process for the primary internal control of Reclamation’s water-related contracting program needed to ensure compliance with applicable contractual and legal provisions.

OPINIONS AND DETERMINATIONS

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

(b) The Contracting Officer shall have the right to make determinations necessary to administer this Contract that are consistent with the provisions of this Contract, the laws of the United States and the State of California, and the rules and regulations promulgated by the Secretary. Such determinations shall be made in consultation with the Contractor to the extent reasonably practicable.

CERTIFICATION OF NONSEGREGATED FACILITIES

12. The Contractor hereby certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments and that it does not permit its employees to perform their services at any location under its control where segregated facilities are maintained. It certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments and that it will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. The Contractor agrees that a breach of this certification is a violation of the Equal Opportunity clause in this Contract. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, rest rooms, and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, creed, color, or national origin, because of habit, local custom, disability, or otherwise. The Contractor further agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity clause; that it will retain such certifications in its files; and that it will forward the following notice to such proposed subcontractors (except where the proposed subcontractors have submitted identical certifications for specific periods):
NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT FOR CERTIFICATIONS OF NONSEGREGATED FACILITIES

A Certification of Nonsegregated Facilities must be submitted prior to the award of a subcontract exceeding $10,000 which is not exempt from the provisions of the Equal Employment Opportunity clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (i.e., quarterly, semiannually, or annually). Note: The penalty for making false statements in offers is prescribed in 18 U.S.C. § 1001.

CHANGES IN CONTRACTOR'S ORGANIZATION

While this Contract is in effect, no change may be made in the Contractor's organization, by inclusion or exclusion of lands or by any other changes which may affect the respective rights, obligations, privileges, and duties of either the United States or the Contractor under this Contract including, but not limited to, dissolution, consolidation, or merger, except upon the Contracting Officer's written consent.

CLEAN AIR AND WATER

(a) The Contractor agrees as follows:

(1) To comply with all the requirements of section 114 of the Clean Air Act, as amended (42 U.S.C. § 7414), and section 308 of the Clean Water Act (33 U.S.C. § 1318), relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in those sections, and all applicable regulations and guidelines issued thereunder.

(2) That no portion of the work required by this Contract will be performed in a facility listed on the Environmental Protection Agency List of Violating Facilities on the date when this Contract was executed unless and until the Environmental Protection Agency eliminates the name of such facility or facilities from such listing.

(3) To use its best efforts to comply with clean air standards and clean water standards at the facility where the contract work is being performed.

(4) To insert the substance of the provisions of this article into any nonexempt subcontract, including this subparagraph (a)(4).

(b) The following definitions apply for purposes of this Article:


(3) The term “clean air standards” refers to all enforceable rules, regulations, guidelines, standards, limitations, orders, controls, prohibitions, and other requirements which are contained in, issued under, or otherwise adopted pursuant to the Clean Air Act or Executive Order 11738, an applicable implementation plan as described in section 110 of the Clean Air Act (42 U.S.C. § 7410), an approved implementation procedure or plan under subsection 111(c) or subsection 111(d) of the Clean Air Act (42 U.S.C. § 7411(c) or (d)), or an approved implementation procedure under subsection 112(d) of the Clean Air Act (42 U.S.C. § 7412(d)).

(4) The term “clean water standards” refers to all enforceable limitations, controls, conditions, prohibitions, standards, and other requirements which are promulgated pursuant to the Clean Water Act or contained in a permit issued to a discharger by the Environmental Protection Agency or by a state under an approved program, as authorized by section 402 of the Clean Water Act (33 U.S.C. § 1342), or by local government to ensure compliance with pretreatment regulations as required by section 307 of the Clean Water Act (33 U.S.C. § 1317).

(5) The term “comply” refers to compliance with clean air or water standards. It also refers to compliance with a schedule or plan ordered or approved by a court of competent jurisdiction, the Environmental Protection Agency, or an air or water pollution control agency in accordance with the requirements of the Clean Air Act or Clean Water Act and regulations issued pursuant thereto.

(6) The term “facility” means any building, plant, installation, structure, mine, vessel or other floating craft, location, or site of operations owned, leased, or supervised by a contractor or subcontractor to be utilized in the performance of a contract or subcontract. Where a location or site of operations contains or includes more than one building, plant, installation, or structure, the entire location or site shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are collocated in one geographical area.

CHARGES FOR DELINQUENT PAYMENTS

15. (a) The Contractor shall be subject to interest, administrative, and penalty charges on delinquent payments. If a payment is not received by the due date, the Contractor shall pay an interest charge on the delinquent payment for each day the payment is delinquent.
beyond the due date. If a payment becomes 60 days delinquent, the Contractor shall pay, in
addition to the interest charge, an administrative charge to cover additional costs of billing and
processing the delinquent payment. If a payment is delinquent 90 days or more, the Contractor
shall pay, in addition to the interest and administrative charges, a penalty charge for each day the
payment is delinquent beyond the due date, based on the remaining balance of the payment due
at the rate of 6 percent per year. The Contractor shall also pay any fees incurred for debt
collection services associated with a delinquent payment.

(b) The interest rate charged shall be the greater of either the rate prescribed
quarterly in the Federal Register by the Department of the Treasury for application to overdue
payments, or the interest rate of 0.5 percent per month. The interest rate charged will be
determined as of the due date and remain fixed for the duration of the delinquent period.

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

GENERAL OBLIGATION—BENEFITS CONDITIONED UPON PAYMENT

16. (a) The obligation of the Contractor to pay the United States as provided in
this Contract is a general obligation of the Contractor notwithstanding the manner in which the
obligation may be distributed among the Contractor’s water users and notwithstanding the default
of individual water users in their obligations to the Contractor.

(b) The payment of charges becoming due pursuant to this Contract is a
condition precedent to receiving benefits under this Contract. The United States shall not make
water available to the Contractor through Friant Division project facilities during any period in
which the Contractor is in arrears in the advance payment of any O&M charges due the United
States. The Contractor shall not deliver water under the terms and conditions of this Contract for
lands or parties that are in arrears in the advance payment of O&M charges as levied or
established by the Contractor.

ASSIGNMENT LIMITED—SUCCESSORS AND ASSIGNS OBLIGATED

17. The provisions of this Contract shall apply to and bind the successors and assigns
of the parties hereto, but no assignment or transfer of this Contract or any right or interest therein
by either party shall be valid until approved in writing by the other party.
CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

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

OFFICIALS NOT TO BENEFIT

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

PROTECTION OF WATER AND AIR QUALITY

20. (a) Project facilities used to make available and deliver water to the Contractor shall be Operated and Maintained in the most practical manner to maintain the quality of the water at the highest level possible as determined by the Contracting Officer. Provided, That the United States does not warrant the quality of the water delivered to the Contractor and is under no obligation to furnish or construct water treatment facilities to maintain or improve the quality of water delivered to the Contractor.

(b) The Contractor shall comply with all applicable water and air pollution laws and regulations of the United States and the State of California; and shall obtain all required permits or licenses from the appropriate Federal, State, or local authorities necessary for the delivery of water by the Contractor; and shall be responsible for compliance with all Federal, State, and local water quality standards applicable to surface and subsurface drainage and/or discharges generated through the use of Federal or Contractor facilities or Project Water provided by the Contractor within the Contractor’s Project Water Service Area.

(c) This article shall not affect or alter any legal obligations of the Secretary to provide drainage or other discharge services.

CONTAMINATION OR POLLUTION OF FEDERAL PROPERTY

21. (a) The Contractor shall not allow contamination or pollution of Federal project lands, Project Waters, or Transferred Project Works of the United States or administered by the United States and for which the Contractor has the responsibility for care, Operation and Maintenance by its employees or agents. The Contractor shall also take reasonable precautions to prevent such contamination or pollution by third parties.
(b) The Contractor shall comply with all applicable Federal, State, and local laws and regulations and Reclamation policies and instructions existing, or hereafter enacted or promulgated, concerning any hazardous material that will be used, produced, transported, stored, released, or disposed of on or in Federal project lands, Project Waters, or Transferred Project Works.

(c) “Hazardous material” means (1) any substance falling within the definition of “hazardous substance,” “pollutant or contaminant,” or “hazardous waste” under the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601(14), (29), and (33)); (2) oil, as defined by the Clean Water Act (33 U.S.C. § 1321(a)) and the Oil Pollution Act (33 U.S.C. § 2701(23)); (3) thermal pollution, refuse, garbage, sewage effluent, industrial waste, mine or mill tailings, mineral salts, pesticides, and other solid waste, and (4) any other substance regulated as hazardous or toxic under Federal, State, local or Tribal law.

(d) Upon discovery of any event which may or does result in contamination or pollution of Federal project lands, Project Water, or Transferred Project Works, the Contractor shall immediately undertake all measures necessary to protect public health and the environment, including measures necessary to contain or abate any such contamination or pollution, and shall report such discovery with full details of the actions taken to the Contracting Officer. Reporting shall be within a reasonable time period but shall not exceed 24 hours from the time of discovery if it is an emergency and the first working day following discovery in the event of a non-emergency.

(e) If violation of the provisions of this Article occurs and the Contractor does not take immediate corrective action, as determined by the Contracting Officer, the Contractor may be subject to remedies imposed by the Contracting Officer, which may include termination of this Contract.

(f) The Contractor shall be liable for any response action or corrective measure necessary to protect public health and the environment or to restore Federal project lands, Project Waters, or Transferred Project Works that are adversely affected as a result of such violation, and for all costs, penalties or other sanctions that are imposed for violation of any Federal, State, local or Tribal laws and regulations concerning hazardous material. At the discretion of the Contracting Officer, the United States may also terminate this Contract as a result of such violation.

(g) The Contractor shall defend, indemnify, protect and save the United States harmless from and against any costs, expenses, claims, damages, demands, or other liability arising from or relating to Contractor’s violation of this Article.
(h) Reclamation agrees to provide information necessary for the Contractor, using reasonable diligence, to comply with the provisions of this Article.

EQUAL EMPLOYMENT OPPORTUNITY

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

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

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, disability, or national origin.

(c) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Contracting Officer, advising the labor union or workers’ representative of the Contractor’s commitments under section 202 of Executive Order 11246 of September 24, 1965 (EO 11246), and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of EO 11246, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(e) The Contractor will furnish all information and reports required by EO 11246, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the Contracting Agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the Contractor’s noncompliance with the nondiscrimination clauses of this Contract or with any of such rules, regulations, or orders, this Contract may be...
canceled, terminated or suspended in whole or in part and the Contractor may be declared
ineligible for further Government contracts in accordance with procedures authorized in EO
11246, and such other sanctions may be imposed and remedies invoked as provided in EO 11246
or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Contractor will include the provisions of paragraphs (1) through (7) in
every subcontract or purchase order unless exempted by the rules, regulations, or orders of the
Secretary of Labor issued pursuant to section 204 of EO 11246, so that such provisions will be
binding upon each subcontractor or vendor. The Contractor will take such action with respect to
any subcontract or purchase order as may be directed by the Secretary of Labor as a means of
enforcing such provisions, including sanctions for noncompliance: Provided, however, that in
the event the Contractor becomes involved in, or is threatened with, litigation with a
subcontractor or vendor as a result of such direction, the Contractor may request that the United
States enter into such litigation to protect the interests of the United States.

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

23. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964
101-336; 42 U.S.C. § 12131, et seq.), and any other applicable civil rights laws, and with the
applicable implementing regulations and any guidelines imposed by the U.S. Department of the
Interior and/or Bureau of Reclamation.

(b) These statutes prohibit any person in the United States from being
excluded from participation in, being denied the benefits of, or being otherwise subjected to
discrimination under any program or activity receiving financial assistance from the Bureau of
Reclamation on the grounds of race, color, national origin, disability, or age. By executing this
Contract, the Contractor agrees to immediately take any measures necessary to implement this
obligation, including permitting officials of the United States to inspect premises, programs, and
documents.

(c) The Contractor makes this agreement in consideration of and for the
purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other
Federal financial assistance extended after the date hereof to the Contractor by the Bureau of
Reclamation, including installment payments after such date on account of arrangements for
Federal financial assistance which were approved before such date. The Contractor recognizes
and agrees that such Federal assistance will be extended in reliance on the representations and
agreements made in this article and that the United States reserves the right to seek judicial
enforcement thereof.
Complaints of discrimination against the Contractor shall be investigated by the Contracting Officer’s Office of Civil Rights.

PEST MANAGEMENT

The Contractor is responsible for complying with applicable Federal, State, and local laws, rules, and regulations related to pest management in performing its responsibilities under this Contract.

The Contractor is responsible for effectively avoiding the introduction and spread of, and for otherwise controlling, undesirable plants and animals, as defined by the Contracting Officer, on or in Federal project lands, Federal Project Waters, and Federal Transferred Project Works for which and to the extent that the Contractor has O&M responsibility. The Contractor is responsible for exercising the level of precaution necessary in meeting this responsibility, including inspecting its vehicles and equipment for reproductive and vegetative parts, foreign soil, mud or other debris that may cause the spread of weeds, invasive species and other pests, and removing such materials before moving its vehicles and equipment onto any Federal land, into any Federal project facility waters or out of any area on Federal project land where work is performed.

Where decontamination of the Contractor’s vehicles, watercraft, or equipment is required prior to entering Federal project land or waters, the decontamination shall be performed at the point of prior use, or at an approved offsite facility able to process generated cleaning wastes, pursuant to applicable laws, rules and regulations. Upon the completion of work, the Contractor will perform any required decontamination within the work area before moving the vehicles, watercraft, and equipment from Federal project lands and waters.

Programs for the control of undesirable plants and animals on Federal project lands, and in Federal Project Waters and Federal Transferred Project Works for which the Contractor has O&M responsibility will incorporate Integrated Pest Management (IPM) concepts and practices. IPM refers to a systematic and environmentally compatible program to maintain pest populations within economically and environmentally tolerable levels. In implementing an IPM program, the Contractor will adhere to applicable Federal and State laws and regulations and Department of the Interior policies, directives, guidelines, and manuals, including but not limited to, the Department of the Interior Manual, Part 517 Integrated Pest Management Policy and Part 609 Weed Control Program, the Plant Protection Act of June 20, 2000 (Pub. L. 106-224), and Executive Order 13112 of February 3, 1999.
NOTICES

25. 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, South-Central California Area Office, 1243 “N” Street, Fresno, California 93721, and on behalf of the United States, when mailed, postage prepaid, or delivered to the Board of Directors, Fresno County Waterworks No. 18, Post Office Box 92, Friant, California 93626. 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.

MEDIUM FOR TRANSMITTING PAYMENTS

26. (a) All payments from the Contractor to the United States under this Contract shall be by the medium requested by the United States on or before the date payment is due. The required method of payment may include checks, wire transfers, or other types of payment specified by the United States.

(b) Upon execution of the Contract, the Contractor shall furnish the Contracting Officer with the Contractor’s taxpayer’s identification number (TIN). The purpose for requiring the Contractor’s TIN is for collecting and reporting any delinquent amounts arising out of the Contractor’s relationship with the United States.

EMERGENCY RESERVE FUND

27. (a) Commencing on the effective date of this Contract, the Contractor shall accumulate and maintain a reserve fund or demonstrate to the satisfaction of the Contracting Officer that other funds are available for use as an emergency reserve fund. The Contractor shall establish and maintain that emergency reserve fund to meet costs incurred during periods of special stress caused by damaging droughts, storms, earthquakes, floods, or other emergencies threatening or causing interruption of water service.

(b) The Contractor shall accumulate the reserve fund with annual deposits or investments of not less than $20,000 to a Federally insured, interest- or dividend-bearing account or in securities guaranteed by the Federal Government: Provided, That money in the reserve fund, including accrued interest, shall be available within a reasonable time to meet expenses for such purposes as those identified in subdivision (d) herein. Such annual deposits and the accumulation of interest to the reserve fund shall continue until the basic amount of $100,000 is accumulated. Following an emergency expenditure from the fund, the annual deposits shall continue from the year following the emergency expenditure until the previous balance is restored. After the initial amount is accumulated or after the previous balance is restored, the
annual deposits may be discontinued, and the interest earnings shall continue to accumulate and
be retained as part of the reserve fund.

(c) Upon mutual written agreement between the Contractor and the Contracting Officer, the basic reserve fund or the accumulated reserve fund may be adjusted to account for risk and uncertainty stemming from the size and complexity of the project; the size of the annual O&M budget; additions to, deletions from, or changes in Transferred Project Works; and O&M costs not contemplated when this Contract was executed.

(d) The Contractor may make expenditures from the reserve fund only for meeting routine or recurring O&M costs incurred during periods of special stress, as described in subdivision (a) herein; or for meeting unforeseen extraordinary O&M costs; or for meeting unusual or extraordinary repair or replacement costs; or for meeting betterment costs (in situations where recurrence of severe problems can be eliminated) during periods of special stress. Proposed expenditures from the fund shall be submitted to the Contracting Officer in writing for review and written approval prior to disbursement. Whenever the reserve fund is reduced below the current balance by expenditures therefrom, the Contractor shall restore that balance by the accumulation of annual deposits as specified in subdivision (b) herein.

(e) During any period in which any of the Transferred Project Works are Operated and Maintained by the United States, the Contractor agrees the reserve fund shall be available for like use by the United States.

(f) On or before September 1st of each year, the Contractor shall provide a current statement of the principal and accumulated interest of the reserve fund account to the Contracting Officer.

EMERGENCY ACTION PLANS AND NOTIFICATIONS

28. (a) The Contractor shall prepare emergency action plans for the Transferred Project Works if and to the extent required by the Contracting Officer and shall furnish copies of such plans to the Contracting Officer.

(b) The Contractor shall notify the Contracting Officer as soon as reasonably practicable after initial observation by the Contractor of any event or situation which threatens (1) the safety or integrity of the Transferred Project Works, or (2) the well-being of humans or
property located adjacent to the Transferred Project Works. Notwithstanding Article 25 of this Contract, such notification shall be made telephonically or electronically such as; by email, text messaging, or facsimile transmission, and followed up by mail.

CONTRACT DRAFTING CONSIDERATIONS

29. This Contract has been negotiated and reviewed by the parties hereto, each of whom is sophisticated in the matters to which this Contract pertains. The double-spaced articles in this Contract have been drafted, negotiated, and reviewed by the parties, and no one party shall be considered to have drafted the stated articles.
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

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

(SEAL)

FRESNO COUNTY WATERWORKS DISTRICT NO.18

By: ______________________________
President of the Board of Directors

Attest:

By: ______________________________
Secretary of the Board of Directors
EXHIBIT A
DESCRIPTION OF TRANSFERRED PROJECT WORKS

The following facilities will be transferred for operation and maintenance to Fresno County Waterworks District No. 18 (FCWD#18) by Reclamation (see also Exhibit B):

- **18-inch Pipeline** – From immediately downstream of the gate valve and control box at the F4 Penstock of the Friant-Kern Canal outlet works to and including the mixing vault and valving, including the valving coming from the River outlet works (approximately 290 linear feet). This includes the pipe supports and saddles providing structural support of the pipeline.

- **24-inch Pipeline** – Currently abandoned (see below), from immediately downstream of the mixing vault to the boundaries of water treatment plant FCWD#18 property (approximately 1,980 linear feet).

Reclamation will issue to FCWD#18 a License for installation/alterations of the Reclamation-owned 24-inch Pipeline, including construction and the construction design for the modifications. FCWD#18 will slip-line the abandoned 24-inch Pipeline with approximately 1,980 linear feet of 18-inch high-pressure plastic pipe between the existing mixing vault and the existing FCWD#18 treatment plant (see Exhibit B).

Transfer and additional Pipeline modifications to related facilities include:

- **Mixing Vault** – The existing 18-inch gate valve is retained and included in the Transferred Works. Pipeline improvements will include the removal of a small section of the 24-inch pipe so the new 18-inch pipe can be connected with an expansion fitting.

- **Venturi Meter and Totalizer Vault** – The Venturi Meter and Totalizer Vault will be replaced with a segment of 24-inch casing pipe for the housing of the 18-inch slip-lined pipe. Improvements include removal of piping, valves, meter, metal grating, and the two-foot high metal railing surrounding the area.

Note: Fresno County Waterworks District No. 18 (FCWD#18) property is the Underlying Fee Owner with Minarets & Western Railway Co. (Now Southern Pacific) holding certain mineral rights under certain associated properties and the U.S. Government was granted an Easement within the same property by Southern Pacific as defined within the legend as FCWD No. 18 on Exhibit B of this contract.
Exhibit C

Operation and Maintenance Standards for the Transferred Project Works

Friant Dam 18-inch and 24-inch Pipelines as described in Exhibit A

General Standard - The Transferred Project Works will be operated and maintained by the Contractor to water industry standards and good practice consistent with that expected of a California drinking water supplier the size and capability of that needed to serve 2,500 connections as will be FCWD#18 and consistent with this Agreement, in addition to the below “Specific Standards.”

Specific Standards - The following are standards consistent with the above General Standard:

- Operations – Most operational flow changes will be made by FCWD#18 at their surface water treatment plant. However, if a change in source water from the Friant-Kern Canal Outlet to the River Outlet is needed, such change will be coordinated with Reclamation prior to being carried out. Likewise any change back to the Friant-Kern Outlet as the source, will also be coordinated with Reclamation prior to being carried out. All other operations shall be coordinated in advance with Reclamation prior to initiating the action, except in an emergency, in which FCWD#18 shall notify Reclamation of any such operation as soon as possible, but in no event later than 24 hours.

- Inspections - The Transferred Project Works will be jointly inspected annually by Reclamation and FCWD#18. A report following the inspection will be issued by Reclamation. This does not preclude any additional inspections at any time by either party.

- Valve Exercising – FCWD#18 will exercise all gate valves associated with the Transferred Project Works at least annually and make any repairs or adjustments to the valves as needed to maintain them in good operating condition.

- Exposed Surfaces – All exposed surfaces of the Transferred Project Works will be periodically, or as needed will be coated for protection from oxidation or deterioration due to exposure to outside elements.

- Cathodic Protection - Sacrificial anodes will be replaced and the system of cathodic protection for the Transferred Project Works maintained so as to be functioning at all times.

- Safety and Emergency Planning – Reclamation and FCWD#18 will share their safety and emergency planning information and any updates and insure that updated contact information is always provided to the other party.

- Entry to Reclamation Property – FCWD#18 personnel will alert Reclamation personnel as soon as practicable as to their intentions to enter Reclamation property and coordinate all entry and operation and/or maintenance activity on Reclamation lands with Reclamation staff.
Contract No. 13-WC-20-4507

Exhibit D

PLACEHOLDER FOR THE LICENSE NO. 17-LC-20-2124