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

CONTRACT BETWEEN THE UNITED STATES AND PACHECO WATER DISTRICT PROVIDING FOR PROJECT WATER SERVICE SAN LUIS UNIT AND DELTA DIVISION AND FACILITIES REPAYMENT

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CONTRACT BETWEEN THE UNITED STATES
AND
PACHECO WATER DISTRICT
PROVIDING FOR PROJECT WATER SERVICE
SAN LUIS UNIT AND DELTA DIVISION AND FACILITIES REPAYMENT

THIS CONTRACT, made this 28 day of DECEMBER, 20 20, in pursuance generally of the Act of June 17, 1902, (32 Stat. 388), and acts amendatory thereof or supplementary thereto, including but not limited to, the Acts of August 26, 1937 (50 Stat. 844), as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, July 2, 1956 (70 Stat. 483), June 3 1960 (74 Stat. 156), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1263), October 27, 1986 (100 Stat. 3050), as amended, Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), as amended, and the Water Infrastructure Improvements for the Nation Act (Public Law (Pub. L.) 114-322, 130 Stat. 1628), Section 4011 (a-d) and (f) ("WIIN Act"), all collectively hereinafter referred to as Federal Reclamation law, between the UNITED STATES OF AMERICA, hereinafter referred to as the United States, represented by the officer executing this Contract, hereinafter referred to as the Contracting Officer, and PACHECO WATER DISTRICT, hereinafter referred to as the Contractor, a public agency of the State of California, duly organized, existing, and acting pursuant to the laws thereof;

WITNESSETH, That:

EXPLANATORY RECITALS

[1st] WHEREAS, the United States has constructed and is operating the California Central Valley Project (Project), for diversion, storage, carriage, distribution, and beneficial use, for flood control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and restoration, generation and distribution of electric energy, salinity control, navigation, and other beneficial uses, of waters of the Sacramento River, the Trinity River, the American River, and the San Joaquin River and their tributaries; and

[2nd] WHEREAS, investigation of the Contractor's lands and present water supply indicated that irrigated and irrigable lands within the boundaries of the Contractor were in need of additional water for irrigation; and

[3rd] WHEREAS, investigation of the streamflow in the Sacramento River, the Trinity River, the American River, and the San Joaquin River and their tributaries indicated that there was available for furnishing to the Contractor from the Delta-Mendota Canal and the San Luis Canal an additional water supply for surface diversion and direct application for irrigation and municipal, industrial, and domestic use; and

[4th] WHEREAS, the United States constructed the Delta Division Facilities, including the Delta-Mendota Canal and the San Luis Unit facilities (which include the San Luis Canal, the Coalinga Canal, the Pleasant Valley Pumping Plant, and the Dos Amigos Pumping Plant), which will be used in part for the furnishing of water to the Contractor pursuant to the terms of this Contract; and

[5th] WHEREAS, the rights to Project Water were acquired by the United States pursuant to California law for operation of the Project; and

[6th] WHEREAS, the United States and the Contractor entered into Contract No. 7-07-20-W0005, as amended, which provided the Contractor, Project Water from the Project facilities from March 24, 1977 to February 2, 1986; and

[7th] WHEREAS, the United States and the Contractor entered into Delta Division and San Luis Unit Contract Number 06-07-20-W0469 as amended, which is hereinafter referred to as the "Existing Contract", which established terms for the delivery of Project Water to the Contractor from the Delta Division and San Luis Unit, and which was in effect the date the WIIN Act was enacted; and

[8th] WHEREAS, on December 16, 2016, the 114th Congress of the United States of America enacted the WIIN Act; and

[9th] WHEREAS, Section 4011(a)(1) provides that "upon request of the contractor, the Secretary of the Interior shall convert any water service contract in effect on the date of enactment of this subtitle and between the United States and a water users' association [Contractor] to allow for prepayment of the repayment contract pursuant to paragraph (2) under mutually agreeable terms and conditions."; and

[10th] WHEREAS, Section 4011(a)(1) further provides that "the manner of conversion under this paragraph shall be as follows: (A) Water service contracts that were entered into under Section (e) of the Act of August 4, 1939 (53 Stat. 1196), to be converted under this section shall be converted to repayment contracts under Section 9(d) of that Act (53 Stat. 1195)"; and "(B) Water service contracts that were entered under subsection (c)(2) of Section 9 of the Act of August 4, 1939 (53 Stat. 1194), to be converted under this section shall be converted to a contract under subsection (c)(1) of Section 9 of that Act (53 Stat. 1195)."; and

[11th] WHEREAS, Section 4011(a)(4)(C) further provides all contracts entered into pursuant to Section 4011(a)(1), (2), and (3) shall "not modify other water service, repayment, exchange and transfer contractual rights between the water users' association [Contractor], and the Bureau of Reclamation, or any rights, obligations, or relationships of the water users' association [Contractor] and their landowners as provided under State law."; and

[12th] WHEREAS, Section 4011(d)(3) and (4) of the WIIN Act provides that "implementation of the provisions of this subtitle shall not alter…(3) the priority of a water service or repayment contractor to receive water; or (4) except as expressly provided in this section, any obligations under the Federal Reclamation law, including the continuation of Restoration Fund charges pursuant to Section 3407(d) (Pub. L. 102-575), of the water service and repayment contractors making prepayments pursuant to this section."; and

[13th] WHEREAS, upon the request of the Contractor, the WIIN Act directs the Secretary to convert irrigation water service contracts and municipal and industrial (M&I) water service contracts into repayment contracts, amend existing repayment contracts, and allow contractors to prepay their construction cost obligations pursuant to applicable Federal Reclamation law; and

[14th] WHEREAS, water obtained from the Project has been relied upon by urban and agricultural areas within California for more than 40 years, and is considered by the Contractor as an essential portion of its water supply; and

[15th] WHEREAS, the economies of regions within the Project, including the Contractor's, depend upon the continued availability of water, including water service from the Project; and

[16th] WHEREAS, the Contractor has utilized or may utilize transfers, contract assignments, rescheduling, and conveyance of Project Water and non-Project water under this Contract as tools to minimize the impacts of a Condition of Shortage and to maximize the beneficial use of water; and

[17th] WHEREAS, the Contracting Officer and the Contractor agree that this Contract complies with Section 4011 of the WIIN Act; and

[18th] WHEREAS, the Contracting Officer and the Contractor agree to amend and convert the Existing Contract pursuant to Section 4011 of the WIIN Act and other Federal Reclamation law on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the mutual and dependent covenants herein contained, it is hereby mutually agreed by the parties hereto 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) "Additional Capital Obligation" shall mean construction costs or other capitalized costs incurred after the Effective Date or not reflected in the Existing Capital Obligation as defined herein and in accordance with Section 4011, subsection (a)(2)(B) and (a)(3)(B) of the Water Infrastructure Improvements for the Nation Act (Pub. L. 114-322, 130 Stat. 1628) ("WIIN Act");

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

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

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

(e) "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;

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

(g) "Contractor's Service Area" shall mean the area to which the Contractor is permitted to provide Project Water under this Contract as described in Exhibit "A" attached hereto, which may be modified from time to time in accordance with Article 27 of this Contract without amendment of this Contract;

(h) "CVPIA" shall mean the Central Valley Project Improvement Act, Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

(i) "Delta Division Facilities" shall mean those existing and future Project facilities in and south of the Sacramento-San Joaquin Rivers Delta, including, but not limited to, the C.W. "Bill" Jones Pumping Plant, the O'Neill Forebay, the O'Neill Pumping/Generating Plant, and the San Luis Reservoir, used to divert, store, and convey water to those Project Contractors entitled to receive water conveyed through the Delta-Mendota Canal;

(j) "Eligible Lands" shall mean all lands to which Irrigation Water may be delivered in accordance with Section 204 of the Reclamation Reform Act of 1982 (96 Stat. 1263), as amended;

(k) "Excess Lands" shall mean all lands in excess of the limitations contained in Section 204 of the Reclamation Reform Act of 1982, other than those lands exempt from acreage limitation under Federal Reclamation law;

(l) "Existing Capital Obligation" shall mean the remaining amount of construction costs or other capitalized costs allocable to the Contractor as described in Section 4011, subsections (a)(2)(A) and (a)(3)(A) of the WIIN Act, and as identified in the Central Valley Project Irrigation Water Rates and/or Municipal and Industrial Water Rates, respectively, in the Final 2020 Ratebooks, as adjusted to reflect payments not reflected in such schedule. The Contracting Officer has computed the Existing Capital Obligation and such amount is set forth in Exhibit "C", which is incorporated herein by reference;

(m) "Full Cost Rate", pursuant to CVPIA Section 3405(d), shall mean an annual rate, as determined by the Contracting Officer that shall amortize the expenditures for construction properly allocable to the Project irrigation or M&I functions, as appropriate, of facilities in service including all O&M deficits funded, less payments, over such periods as may be required under Federal Reclamation law, or applicable contract provisions. Interest will accrue on both the construction expenditures and funded O&M deficits from October 12, 1982, on costs outstanding at that date, or from the date incurred in the case of costs arising subsequent to October 12 1982, and shall be calculated in accordance with subsections 202(3)(B) and (3)(C) of the Reclamation Reform Act of 1982. The Full Cost Rate includes actual operation,

maintenance, and replacement costs consistent with Section 426.2 of the Rules and Regulations for the Reclamation Reform Act of 1982;

(n) "Ineligible Lands" shall mean all lands to which Irrigation Water may not be delivered in accordance with Section 204 of the Reclamation Reform Act of 1982;

(o) "Irrigation Full Cost Water Rate", pursuant to CVPIA Section 3405(d), shall mean the Full Cost Rate applicable to the delivery of Irrigation Water;

(p) "Irrigation Water or Agricultural Water" shall mean the use of Project Water to irrigate lands primarily for the production of commercial agricultural crops or livestock, and domestic and other uses that are incidental thereto;

(q) "Landholder" shall mean a party that directly or indirectly owns or leases nonexempt land, as provided in 43 CFR 426.2;

(r) "Municipal and Industrial (M&I) Water" shall mean the use of Project Water for municipal, industrial, and miscellaneous other purposes not falling under the definition of "Irrigation Water" or within another category of water use under an applicable Federal authority;

(s) "M&I Full Cost Water Rate", pursuant to CVPIA Section 3405(d), shall mean the Full Cost Rate applicable to the delivery of M&I Water;

(t) "Operation and Maintenance" or "O&M" shall mean normal and reasonable care, control, operation, repair, replacement (other than capital replacement), and maintenance of Project facilities;

(u) "Operating Non-Federal Entity" shall mean the entity(ies), its (their) successors or assigns, which has (have) the obligation to operate and maintain all or a portion of the Delta Division Facilities pursuant to written agreement(s) with the United States. When this Contract was entered into, the Operating Non-Federal Entities were the San Luis & Delta-Mendota Water Authority and, with respect to San Luis Unit facilities, the California Department of Water Resources, and the Contractor;

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

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

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

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

(z) "Repayment Obligation" for Water Delivered as Irrigation Water shall mean the Existing Capital Obligation discounted by ½ of the Treasury rate, which shall be the amount due and payable to the United States, pursuant to Section 4011(a)(2)(A) of the WIIN Act; and for Water Delivered as M&I Water shall mean the amount due and payable to the United States, pursuant to Section 4011(a)(3)(A) of the WIIN Act;

(aa) "San Luis Unit" shall mean the Project facilities constructed pursuant to the Act of June 3, 1960 (74 Stat. 156), including the San Luis Canal;

(bb) "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;

(cc) "Tiered Pricing Component" shall be the incremental amount to be paid for each acre-foot of Water Delivered as described in Article 7 of this Contract and as provided for in Exhibit "B";

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

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

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

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

TERM OF CONTRACT – RIGHT TO USE OF WATER

2. (a) This Contract shall be effective January 1, 2021, hereinafter known as the "Effective Date", and shall continue so long as the Contractor pays applicable Rates and Charges under this Contract, consistent with Section 9(d) or 9(c)(1) of the Act of August 4, 1939 (53 Stat. 1195) as applicable, and applicable law;

(1) *Provided, That* the Contracting Officer shall not seek to terminate this Contract for failure to fully or timely pay applicable Rates and Charges by the Contactor, unless the Contracting Officer has first provided at least sixty (60) calendar days written notice to the Contractor of such failure to pay and the Contractor has failed to cure such failure to pay,

or to diligently commence and maintain full curative payments satisfactory to the Contracting Officer within the sixty (60) calendar days' notice period;

(2) *Provided, further, That* the Contracting Officer shall not seek to suspend making water available or declaring Water Made Available pursuant to this Contract for non-compliance by the Contractor with the terms of this Contract or Federal law, unless the Contracting Officer has first provided at least thirty (30) calendar days written notice to the Contractor and the Contractor has failed to cure such non-compliance, or to diligently commence curative actions satisfactory to the Contracting Officer for a non-compliance that cannot be fully cured within the thirty (30) calendar days' notice period. If the Contracting Officer has suspended making water available pursuant to this paragraph, upon cure of such non-compliance satisfactory to the to the Contracting Officer, the Contracting Officer shall resume making water available and declaring Water Made Available pursuant to this Contract;

(3) *Provided, further, That* this Contract may be terminated at any time by mutual consent of the parties hereto.

(b) Upon complete payment of the Repayment Obligation by the Contractor, and notwithstanding any Additional Capital Obligation that may later be established, the acreage limitations, reporting, and full cost pricing provisions of the Reclamation Reform Act of 1982, and subdivisions (j) Eligible Lands, (k) Excess Lands, and (n) Ineligible Lands of Article 1 of this Contract shall no longer be applicable.

(c) Notwithstanding any provision of this Contract, the Contractor reserves and shall have all rights and benefits under the Act of July 2, 1956 (70 Stat. 483), to the extent allowed by law.

(d) Notwithstanding any provision of this Contract, the Contractor reserves and shall have all rights and benefits under the Act of June 21, 1963 (77 Stat. 68), to the extent allowed by law.

WATER TO BE FURNISHED TO THE CONTRACTOR

3. (a) In the Year commencing with March 1 following execution of this Contract and each Year thereafter during the remainder of the term of this Contract, the United States shall furnish to the Contractor and the Contractor shall accept and pay for, as provided in Article 7 hereof, 10,080 acre-feet of water from the Delta-Mendota Canal: *Provided, That* at the option of the Contractor any or all of the water made available under this Contract may be delivered from the San Luis Canal and paid for at the rate per acre-foot applicable for deliveries from the San Luis Unit pursuant to Article 7: *Provided further, That* by written notice furnished to the Contracting Officer before November 1 of any Year the Contractor may decrease the quantity of water required thereafter to be furnished each Year to the Contractor by the United States during the remainder of the term of this Contract.

(b) In the event the Contractor in any year requires a quantity of water in addition to the quantity it is obligated to accept and pay for pursuant to Article 3, such additional water, if available as determined by the Contracting Officer, shall be furnished by the United States in accordance with a revised schedule submitted pursuant to Article 4. The furnishing by the United States and acceptance by the Contractor of such additional quantity of water shall neither entitle nor obligate the Contractor to receive such quantities in subsequent years.

(c) The Contractor shall comply with requirements applicable to the Contractor in biological opinion(s) prepared as a result of a consultation regarding the execution of any water service contract between the Contracting Officer and the Contractor in effect

immediately prior to the Effective Date undertaken pursuant to Section 7 of the Endangered Species Act of 1973 (ESA), as amended, that are within the Contractor's legal authority to implement. The Existing Contract, which evidences diversions for irrigation and/or M&I purposes since 1977 of the quantities of Project Water provided in subdivision (a) of Article 3 of this Contract, will be considered in developing an appropriate baseline for any required biological assessment(s) prepared pursuant to the ESA, and any other needed environmental review. Nothing herein shall be construed to prevent the Contractor from challenging or seeking judicial relief in a court of competent jurisdiction with respect to any biological opinion or other environmental documentation referred to in this Article.

SCHEDULES FOR DELIVERY OF WATER

4. (a) Before March 1 of each year the Contractor shall submit a schedule in writing to the Contracting Officer subject to the provisions of Article 3 hereof and this Article, in a form and from an operational standpoint satisfactory to the Contracting Officer, indicating the desired times and quantities for the delivery of all water pursuant to this Contract during such Year. Within the provisions hereof the United States shall attempt to deliver said water in accordance with said schedule or any revision thereof satisfactory to the Contracting Officer submitted by the Contractor within a reasonable time before the desired change of times or quantities, or both, for delivery: *Provided, That* the United States shall not be obligated to deliver water from the Delta-Mendota Canal to the Contractor during the months of December and January.

(b) If in any Year after the Contracting Officer has approved a schedule or any revision thereof submitted by the Contractor pursuant to subdivision (a) of this Article, the United States is unable to furnish any portion of the water in the quantities and at the times requested in

the schedule and the Contractor does not elect to receive and does not receive such water at other times during such Year, the Contractor shall be entitled to an adjustment as provided in Article 9 of this Contract.

(c) If the Contractor during any month is furnished a quantity of water in addition to that which it has requested for such month in its schedule and accepts such water, the Contractor shall be deemed to have revised its schedule and ordered such additional water and the United States shall be deemed to have accepted such revision as satisfactory. As soon thereafter as possible, the Contractor shall submit a revised schedule to the United States for the remaining quantity to be delivered during that Year.

(d) The Contractor will use all proper methods to secure the economical and beneficial use of water furnished pursuant to this Contract.

POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

5. (a) The water to be furnished to the Contractor from the Delta-Mendota Canal will be delivered through permanent facilities as constructed by the United States at Mileposts 90.52 Right and 90.53 Right, and from the San Luis Canal at Milepost 89.67 Left and 89.66 Left, or at such other point or points as may be agreed upon between the Contracting Officer and the Contractor.

(b) The Contractor shall construct and install, without cost or expense to the United States, temporary facilities required by the Contractor to take and convey the water from the point or points of delivery along the San Luis Canal. The Contractor will furnish for approval of the Contracting Officer drawings showing the construction to be performed by the Contractor at least 6 months before starting construction on property of the United States. The Contractor will not commence construction of any facilities on the property of the United States

without the Contracting Officer's written approval of the drawings submitted by the Contractor. It is specifically recognized and agreed that this Contract does not grant to the Contractor any right of access to Project water or to lands of the United States for any purpose except as provided herein for installation, operation, and maintenance of the Contractor's facilities to take Project water.

(c) The Contracting Officer shall make all reasonable efforts, consistent with the most efficient overall operation of the Project, to maintain sufficient flows and levels of water in the Delta-Mendota Canal and San Luis Canal to furnish water to the Contractor at the full designed capacity of the turnouts established as delivery points pursuant to subdivision (a) of this article.

(d) The Contractor shall deliver Irrigation Water in accordance with any applicable land classification provisions of Federal Reclamation law and the associated regulations. Water furnished to the Contractor pursuant to this Contract shall not be sold or otherwise disposed of for use outside the Contractor's service area without the written consent of the Contracting Officer.

(e) All Water Delivered pursuant to this Contract at the points of delivery established pursuant to subdivision (a) of this Article shall be measured by the United States with equipment installed, operated, and maintained by the Contracting Officer. Upon the request of the Contractor, the accuracy of such measurements will be investigated by the Contracting Officer and any errors appearing therein adjusted.

(f) The Contracting Officer shall not be responsible for the control, carriage, handling, use, disposal, or distribution of water which may be furnished at the delivery points established pursuant to subdivision (a) of this Article, nor for claim of damage of any nature

whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such water beyond such delivery point.

MEASUREMENT OF WATER WITHIN THE CONTRACTOR'S SERVICE AREA

6. (a) The Contractor has established a measuring program satisfactory to the Contracting Officer. The Contractor shall ensure that all surface water delivered for irrigation purposes within the Contractor's Service Area is measured at each agricultural turnout and such water delivered for M&I purposes is measured at each M&I service connection. The water measuring devices or water measuring methods of comparable effectiveness must be acceptable to the Contracting Officer. The Contractor shall be responsible for installing, operating, maintaining, and repairing all such measuring devices and implementing all such water measuring methods at no cost to the United States. The Contractor shall use the information obtained from such water measuring devices or water measuring methods to ensure its proper management of the water; to bill water users for water delivered by the Contractor; and, if applicable, to record water delivered for M&I purposes by customer class as defined in the Contractor's water conservation plan provided for in Article 21 of this Contract. Nothing herein contained, however, shall preclude the Contractor from establishing and collecting any charges, assessments, or other revenues authorized by California law.

(b) To the extent the information has not otherwise been provided, upon execution of this Contract, the Contractor shall provide to the Contracting Officer a written report describing the measurement devices or water measuring methods being used or to be used to implement subdivision (a) of this Article and identifying the agricultural turnouts and the M&I service connections or alternative measurement programs approved by the Contracting Officer,

at which such measurement devices or water measuring methods are being used, and, if applicable, identifying the locations at which such devices and/or methods are not yet being used including a time schedule for implementation at such locations. The Contracting Officer shall advise the Contractor in writing within 60 days as to the adequacy and necessary modifications, if any, of the measuring devices or water measuring methods identified in the Contractor's report and if the Contracting Officer does not respond in such time, they shall be deemed adequate. If the Contracting Officer notifies the Contractor that the measuring devices or methods are inadequate, the parties shall within 60 days following the Contracting Officer's response, negotiate in good faith the earliest practicable date by which the Contractor shall modify said measuring devices and/or measuring methods as required by the Contracting Officer to ensure compliance with subdivision (a) of this Article.

(c) All new surface water delivery systems installed within the Contractor's Service Area after the Effective Date of this Contract shall also comply with the measurement provisions described in subdivision (a) of this Article.

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

(e) The Contractor shall inform the Contracting Officer and the Operating Non-Federal Entity(ies) on or before the 20th calendar day of each month of the quantity of Irrigation Water and M&I Water taken during the preceding month.

RATES, METHOD OF PAYMENT FOR WATER AND ACCELERATED REPAYMENT OF FACILITIES

7. (a) Notwithstanding the Contractor's full prepayment of the Repayment Obligation pursuant to Section 4011, subsection (a)(2)(A) and subsection (a)(3)(A) of the WIIN

Act, as set forth in Exhibit "C", and any payments required pursuant to Section 4011, subsection (b) of the WIIN Act, to reflect the adjustment for the final cost allocation as described in this Article, subsection (b), the Contractor's Project construction and other obligations shall be determined in accordance with: (i) the Secretary's ratesetting policy for Irrigation Water adopted in 1988 and the Secretary's then-existing ratesetting policy for M&I Water, consistent with the WIIN Act; and such ratesetting policies shall be amended, modified, or superseded only through a public notice and comment procedure; (ii) applicable Federal Reclamation law and associated rules and regulations, or policies, and (iii) other applicable provisions of this Contract. Payments shall be made by cash transaction, electronic funds transfers, or any other mechanism as may be agreed to in writing by the Contractor and the Contracting Officer. The Rates, Charges, and Tiered Pricing Component applicable to the Contractor upon execution of this Contract are set forth in Exhibit "B", as may be revised annually.

(1) The Contractor shall pay the United States as provided for in this Article of this Contract for all Delivered Water at Rates, Charges, and Tiered Pricing Component in accordance with policies for Irrigation Water and M&I Water. The Contractor's Rates shall be established to recover its estimated reimbursable costs included in the Operation and Maintenance component of the Rate and amounts established to recover deficits and other charges, if any, including construction costs as identified in the following subdivisions.

(2) In accordance with the WIIN Act, the Contractor's allocable share of Project construction costs will be repaid pursuant to the provisions of this Contract.

(A) The amount due and payable to the United States, pursuant to the WIIN Act, shall be the Repayment Obligation. The Repayment Obligation has been computed by the Contracting Officer in a manner consistent with the WIIN Act and is set forth

as a lump sum payment (M&I and Irrigation) and as four (4) approximately equal annual installments (Irrigation Only) to be repaid no later than three (3) years after the Effective Date of this Contract as set forth in Exhibit "C". The Repayment Obligation is due in lump sum by March 1, 2021 as provided by the WIIN Act. The Contractor must provide appropriate notice to the Contracting Officer in writing no later than thirty (30) days prior to the Effective Date, if electing to repay the amount due using the lump sum alternative. If such notice is not provided by such date, the Contractor shall be deemed to have elected the installment payment alternative, in which case, the first such payment shall be made no later than March 1, 2021 The second payment shall be made no later than the first anniversary of the first payment date. The third payment shall be made no later than the second anniversary of the first payment date. The final payment shall be made no later than January 1, 2024 If the installment payment option is elected by the Contractor, the Contractor may pre-pay the remaining portion of the Repayment Obligation by giving the Contracting Officer sixty (60) days written notice, in which case, the Contracting Officer shall re-compute the remaining amount due to reflect the pre-payment using the same methodology as was used to compute the initial annual installment payment amount, which is illustrated in Exhibit "C". Notwithstanding any Additional Capital Obligation that may later be established, receipt of the Contractor's payment of the Repayment Obligation to the United States shall fully and permanently satisfy the Existing Capital Obligation.

(B) Additional Capital Obligations that are not reflected in, the schedules referenced in Exhibit "C" and properly assignable to the Contractor, shall be repaid as prescribed by the WIIN Act without interest except as required by law. Consistent with Federal Reclamation law, interest shall continue to accrue on the M&I portion of the Additional Capital Obligation assigned to the Contractor until such costs are paid. Increases or decreases in the

Additional Capital Obligation assigned to the Contractor caused solely by annual adjustment of the Additional Capital Obligation assigned to each Project contractor by the Secretary shall not be considered in determining the amounts to be paid pursuant to this subdivision (a)(2)(B), however, will be considered under subdivision (b) of this Article. A separate agreement shall be established by the Contractor and the Contracting Officer to accomplish repayment of the Additional Capital Obligation assigned to the Contractor within the timeframe prescribed by the WIIN Act, subject to the following:

(1) If the collective Additional Capital Obligation properly assignable to the contractors exercising conversion under Section 4011 of the WIIN Act is less than five million dollars ($5,000,000), then the portion of such costs properly assignable to the Contractor shall be repaid not more than five (5)-years after the Contracting Officer notifies the Contractor of the Additional Capital Obligation; *Provided, That* the reference to the amount of five million dollars ($5,000,000) shall not be a precedent in any other context.

(2) If the collective Additional Capital Obligation properly assignable to the contractors exercising conversion under Section 4011 of the WIIN Act is equal to or greater than five million dollars ($5,000,000), then the portion of such costs properly assignable to the Contractor shall be repaid as provided by applicable Federal Reclamation law and Project ratesetting policy; *Provided, That* the reference to the amount of five million dollars ($5,000,000) shall not be a precedent in any other context.

(b) In the event that the final cost allocation referenced in Section 4011(b) of the WIIN Act determines that the costs properly assignable to the Contractor are greater than what has been paid by the Contractor, the Contractor shall be obligated to pay the remaining allocated costs. The term of such additional repayment contract shall be not less than one (1)

year and not more than ten (10) years, however, mutually agreeable provisions regarding the rate of repayment of such amount may be developed by the Contractor and Contracting Officer. In the event that the final cost allocation indicates that the costs properly assignable to the Contractor are less than what the Contractor has paid, the Contracting Officer shall credit such overpayment as an offset against any outstanding or future obligations of the Contractor, with the exception of Restoration Fund charges pursuant to Section 3407(d) of Pub. L. 102-575.

(c) Effective the March 1, following the Effective Date and each March 1 thereafter, the Contracting Officer shall adjust the Rates, Charges, and Tiered Pricing Component set forth in subdivision (a) of this Article in accordance with the then current water ratesetting policies of the Project.

(d) The Contractor shall make payments to the United States each Year at the Rates provided in subdivision (a) of this Article for the quantity of water which the Contractor is required to pay for during such Year pursuant to the provisions of Article 3. Before January 1 of the Year following execution of this Contract the Contractor shall pay the amount payable pursuant to the approved schedule for the months of January and February immediately following. Before the end of said month of January and before the end of each month thereafter the Contractor shall pay the amount payable pursuant to the latest approved schedule, during the second month immediately following. Adjustments between the payment for the scheduled quantities of water and the payment for quantities actually made available each month shall be made during the following month: ***Provided, That*** any revised schedule which increases the Contractor's water deliveries shall be accompanied with appropriate payment to assure water is not delivered in advance of payment. By February 1 of each Calendar Year, the Contractor shall make any additional payment it is obligated to make for that Year pursuant to Article 3.

(e) The Contractor shall also make a payment in addition to the Rate(s) in subdivision (d) of this Article to the United States for Water Delivered, at the Charges and the appropriate Tiered Pricing Component then in effect, before the end of the month following the month of delivery; *Provided, That* the Contractor may be granted an exception from the Tiered Pricing Component pursuant to subdivision (f)(2) of this Article. The payments shall be consistent with the quantities of Irrigation Water and M&I Water Delivered as shown in the water delivery report for the subject month prepared by the Operating Non-Federal Entity(ies) or, if there is no Operating Non-Federal Entity(ies), by the Contracting Officer. The water delivery report shall be deemed a bill for the payment of Charges and the applicable Tiered Pricing Component for Water Delivered. Adjustment for overpayment or underpayment of Charges shall be made through the adjustment of payments due to the United States for Charges for the next month. Any amount to be paid for past due payment of Charges and Tiered Pricing Component shall be computed pursuant to Article 15 of this Contract.

(f) (1) Beginning at such time as deliveries of Project Water in a Year exceed 80 percent of the Contract Total, then before the end of the month following the month of delivery the Contractor shall make an additional payment to the United States equal to the applicable Tiered Pricing Component. The Tiered Pricing Component for the amount of Water Delivered in excess of 80 percent of the Contract Total, but less than or equal to 90 percent of the Contract Total, shall equal one-half of the difference between the Rate established under subdivision (a) of this Article and the Irrigation Full Cost Water Rate or M&I Full Cost Water Rate, whichever is applicable. The Tiered Pricing Component for the amount of Water Delivered which exceeds 90 percent of the Contract Total shall equal the difference between (i) the Rate established under subdivision (a) of this Article and (ii) the Irrigation Full Cost Water

Rate or M&I Full Cost Water Rate, whichever is applicable. For all Water Delivered pursuant to subdivision (a) of Article 3 of this Contract which is in excess of 80 percent of the Contract Total, this increment shall be deemed to be divided between Irrigation Water and M&I Water in the same proportion as actual deliveries of each bear to the cumulative total Water Delivered.

(2) Subject to the Contracting Officer's written approval, the Contractor may request and receive an exemption from such Tiered Pricing Component for Project Water delivered to produce a crop which the Contracting Officer determines will provide significant and quantifiable habitat values for waterfowl in fields where the water is used and the crops are produced; *Provided, That* the exemption from the Tiered Pricing Component for Irrigation Water shall apply only if such habitat values can be assured consistent with the purposes of the CVPIA through binding agreements executed with or approved by the Contracting Officer prior to use of such water.

(3) For purposes of determining the applicability of the Tiered Pricing Component pursuant to this Article, Water Delivered shall include Project Water that the Contractor transfers to others but shall not include Project Water transferred to the Contractor, nor shall it include the additional water provided to the Contractor under the provisions of subdivision (b) of Article 3 of this Contract.

(g) For the term of this Contract, Rates applied under the respective ratesetting policies will be established to recover only reimbursable O&M (including any deficits) and capital costs of the Project, as those terms are used in the then-current Project ratesetting policies, and interest, where appropriate, except in instances where a minimum Rate is applicable in accordance with the relevant Project ratesetting policy. Changes of significance in practices which implement the Contracting Officer's ratesetting policies will not be implemented

until the Contracting Officer has provided the Contractor an opportunity to discuss the nature, need, and impact of the proposed change.

(h) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the CVPIA, the Rates for Project Water transferred by the Contractor shall be the Contractor's Rates, in accordance with the applicable Project ratesetting policy, adjusted upward or downward to reflect the changed costs, if any, incurred by the Contracting Officer in the delivery of the transferred Project Water to the transferee's point of delivery. If the Contractor is receiving lower Rates and Charges because of inability to pay and is transferring Project Water to another entity whose Rates and Charges are not adjusted due to inability to pay, the Rates and Charges for transferred Project Water shall not be adjusted to reflect the Contractor's inability to pay.

(i) Pursuant to the Act of October 27, 1986 (100 Stat. 3050), the Contracting Officer is authorized to adjust determinations of ability to pay every five years.

(j) In the event the Contractor in any year is unable, fails, or refuses to accept delivery of the quantities of water scheduled and made available for delivery and for which payment is required pursuant to this Contract or if the Contractor in any year fails to submit a schedule under subdivision (a) of Article 4, said inability, failure, or refusal shall not relieve the Contractor of the obligation to pay for said water and the Contractor agrees to make payment therefor in the same manner as if said water had been delivered to and accepted by the Contractor in accordance with this Contract.

NON-INTEREST BEARING O&M DEFICITS

8. The Contractor and the Contracting Officer concur that, as of the Effective Date the Contractor has no non-interest bearing O&M deficits and shall have no further liability therefore.

APPLICATION OF PAYMENTS AND ADJUSTMENTS

9. The amount of any overpayment by the Contractor by reason of the quantity of water actually available for the Contractor during any year, as conclusively determined by the Contracting Officer, having been less than the quantity of such water which the Contractor otherwise under the provisions of this Contract would have been required to receive and pay for, shall be applied first to any accrued indebtedness arising out of this Contract then due and owing to the United States by the Contractor and any amount of such overpayment then remaining shall, at the option of the Contractor be refunded to the Contractor or credited upon amounts to become due to the United States from the Contractor under the provisions hereof in the ensuing year.

TEMPORARY REDUCTIONS – RETURN FLOWS

10. (a) The United States may temporarily discontinue or reduce the quantity of water to be furnished to the Contractor as herein provided for the purposes of such investigation, inspection, maintenance, repair, or replacement as may be necessary of any of the Project facilities necessary for the furnishing of water to the Contractor, or any part thereof, but so far as feasible the United States will give the Contractor due notice in advance of such temporary discontinuance or reduction, except in case of emergency, in which case no notice need be given, In the event of any such discontinuance or reduction, the United States, upon resumption of service, will attempt to deliver the quantity of water which would have been furnished to the Contractor in the absence of such contingency.

(b) The United States reserves the right to all waste, seepage and return-flow water derived from water furnished to the Contractor hereunder and which escapes or is discharged beyond the Contractor's boundaries and nothing herein shall be construed as an

abandonment or a relinquishment by the United States of any such water, but this shall not be construed as claiming for the United States any right, as waste, seepage, or return flow, to water being used pursuant to this Contract for surface irrigation or underground storage within the Contractor's boundaries by the Contractor or those claiming by, through, or under the Contractor's Service Area.

CONSTRAINTS ON THE AVAILABILITY OF WATER

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

(b) If there is a Condition of Shortage because of inaccurate runoff forecasting or other similar operational errors affecting the Project; drought and other physical or natural causes beyond the control of the Contracting Officer; or actions taken by the Contracting Officer to meet current and future legal obligations, then, no liability shall accrue against the United States or any of its officers, agents, or employees for any damage, direct or indirect, arising therefrom.

COMPLIANCE WITH FEDERAL RECLAMATION LAWS

12. The parties agree that the delivery of Irrigation Water or use of Federal facilities pursuant to this Contract is subject to Federal Reclamation law, including but not limited to, the Reclamation Reform Act of 1982 (43 U.S.C. 390aa *et seq.*), as amended and supplemented, and the rules and regulations promulgated by the Secretary of the Interior under Federal Reclamation law.

PROTECTION OF WATER AND AIR QUALITY

13. (a) The Contractor, without expense to the United States, will care for, operate and maintain transferred works in a manner that preserves the quality of the water at the highest feasible level as determined by the Contracting Officer.

(b) The United States will care for, operate and maintain reserved works in a manner that preserves the quality of the water at the highest level possible as determined by the Contracting Officer. 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.

(c) The Contractor will comply with all applicable water and air pollution laws and regulations of the United States and the State of California; and will 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 its Service Area.

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

WATER ACQUIRED BY THE CONTRACTOR OTHER THAN FROM THE UNITED STATES

14. (a) Water or water rights now owned or hereafter acquired by the Contractor other than from the United States and Project water furnished pursuant to the terms of this contract may be transported through distribution facilities of the Contractor if the Contracting Officer determines that such mingling is necessary to avoid a duplication of facilities: *Provided, That* such water is not transported through the Contractor's facilities constructed or financed by the United States. Notwithstanding such mingling, the provisions of this Contract shall apply only to the quantity of water furnished to the Contractor pursuant to the terms hereof and the quantity of water acquired by or available to the Contractor other than from the United States shall not in any manner be subject to the provisions of this Contract.

(b) With respect to the distribution works or portions thereof in which mingling is permitted as provided in subdivision (a) of this Article, the Contractor:

(l) At the request of the Contracting Officer, the Contractor will be responsible for the installation, operation, and maintenance of water measuring equipment at delivery points to excess lands and, further, will be responsible for the installation, operation, and maintenance of similar equipment for measuring the water available to the Contractor or landowners within the Contractor's Service Area other than from the Project, and the Contracting Officer may check and inspect said equipment at any time; and

(2) Agrees that the quantity of water furnished to it by the United States during each 24-hour period will be delivered by the Contractor through the aforesaid outlets to Eligible Lands only. The Contractor shall be deemed to be in breach of this Article and Article 14 of this Contract if at any time there is furnished to all Excess Lands not covered by recordable contracts and served by the distribution works or portions thereof in which mingling is permitted, quantity of water which is greater than that which the Contractor or landowners within the Contractor's service area have introduced into said system from the supply available other than pursuant to this Contract.

(c) The Contractor may request transportation of water available to it from sources other than the United States through facilities of the United States. The terms and conditions of such service shall be agreed upon prior to initial transportation of water.

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.

EQUAL EMPLOYMENT OPPORTUNITY

16. 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, 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, 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, or national origin.

(c) The Contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the Contractor's legal duty to furnish information.

(d) 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 No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(e) The Contractor will comply with all provisions of Executive Order No. 11246 of Sept. 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(f) The Contractor will furnish all information and reports required by Executive Order No. 11246 of Sept. 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Contracting Agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(g) 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 Executive Order No. 11246 of Sept. 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of Sept. 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(h) The Contractor will include the provisions of paragraphs (a) through (g) 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 Executive Order No. 11246 of Sept. 24, 1965, 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 the United States to enter into such litigation to protect the interests of the United States.

GENERAL OBLIGATION – BENEFITS CONDITIONED UPON PAYMENT

17. (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 obligation 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 Project facilities during any period in which the Contractor is in arrears in the advance payment of water rates 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 water rates as levied or established by the Contractor.

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

18. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352; 42 U.S.C. § 2000d), the Rehabilitation Act of 1973 (Pub. L. 93-112, Title V, as amended; 29 U.S.C. § 791, et seq.), the Age Discrimination Act of 1975 (Pub. L. 94-135, Title III; 42 U.S.C. 6101, et seq.), Title II of the Americans with Disabilities Act of 1990 (Pub. L. 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 Contract 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.

(d) Complaints of discrimination against the Contractor shall be investigated by the Contracting Officer's Office of Civil Rights.

PRIVACY ACT COMPLIANCE

19. (a) The Contractor shall comply with the Privacy Act of 1974 (Privacy Act) (5 U.S.C. § 552a) and the Department of the Interior rules and regulations under the Privacy Act (43 C.F.R. § 2.45, et seq.) in maintaining Landholder certification and reporting records required to be submitted to the Contractor for compliance with Sections 206, 224(c), and 228 of the Reclamation Reform Act of 1982 (43 U.S.C. §§ 390ff, 390ww, and 390zz), and pursuant to 43 C.F.R. § 426.18.

(b) With respect to the application and administration of the criminal penalty provisions of the Privacy Act (5 U.S.C. § 552a(i)), the Contractor and the Contractor's employees who are responsible for maintaining the certification and reporting records referenced in paragraph (a) above are considered to be employees of the Department of the Interior. See 5 U.S.C. § 552a(m).

(c) The Contracting Officer or a designated representative shall provide the Contractor with current copies of the Department of the Interior Privacy Act regulations and the Bureau of Reclamation Federal Register Privacy Act System of Records Notice (Interior/WBR-31, Acreage Limitation) which govern the maintenance, safeguarding, and disclosure of information contained in the Landholders' certification and reporting records.

(d) The Contracting Officer shall designate a full-time employee of the Bureau of Reclamation to be the System Manager responsible for making decisions on denials pursuant to 43 C.F.R. §§ 2.61 and 2.64 and amendment requests pursuant to 43 C.F.R. § 2.72. The Contractor is authorized to grant requests by individuals for access to their own records.

(e) The Contractor shall forward promptly to the System Manager each proposed denial of access under 43 C.F.R. § 2.64 and each request for amendment of records filed under 43 C.F.R. § 2.71; notify the requester accordingly of such referral; and provide the System Manager with information and records necessary to prepare an appropriate response to the requester. These requirements do not apply to individuals seeking access to their own

certification and reporting forms filed with the Contractor pursuant to 43 C.F.R. § 426.18 unless the requester elects to cite the Privacy Act as an authority for the request.

(f) Upon complete payment of the Repayment Obligation by the Contractor, this Article 19 will no longer be applicable.

CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

20. 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 60 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

21. (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 develop a water conservation plan, as required by subsection 210(b) of the Reclamation Reform Act of 1982 and 43 C.F.R. 427.1 (Water Conservation Rules and Regulations). Additionally, an effective water conservation and efficiency program shall be 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. While the contents and standards of a given water conservation program are primarily matters of State and local determination, there is a strong Federal interest in developing an effective water conservation program because of this Contract. The Contractor shall develop and implement an effective water conservation program for all uses of water which is provided

from, or conveyed through, Federally constructed or Federally financed facilities for the Contractor's use. The original water conservation program shall specify definite objectives, appropriate existing and proposed water conservation measures including, but not limited to, changes in water uses and modifications in the design or operation of existing or proposed distribution systems, and time schedules for meeting the water conservation objectives.

(b) The original water conservation program shall be submitted to and approved by the Contracting Officer prior to one or all of the following: (l) service of Federally stored/conveyed water; (2) transfer of Operation and Maintenance of the Project facilities to the Contractor; or (3) transfer of the Project to an Operation and Maintenance status. The distribution and use of Federally stored/conveyed water and/or the operation of Project facilities transferred to the Contractor shall be consistent with the approved water conservation program. Following date of execution of this Contract, and at subsequent 5-year intervals, the Contractor and Contracting Officer shall review the original water conservation plan to determine if the objectives set forth therein are being met. If it is determined that the water conservation measures set forth therein require codification to further the established objectives, the Contractor and the Contracting Officer shall work together to formulate the modifications which the Contractor shall then be required to implement.

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

22. 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.

BOOKS, RECORDS, AND REPORTS

23. 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 operations, 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.

ASSIGNMENT LIMITED – SUCCESSORS AND ASSIGNS OBLIGATED

24. 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.

SEVERABILITY

25. In the event that a person or entity who is neither (i) a party to a Project contract, nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii) an association or other form of organization whose primary function is to represent parties to Project contracts, brings an action in a court of competent jurisdiction challenging the legality or enforceability of a provision included in this Contract and said person, entity, association, or organization obtains a final court decision holding that such provision is legally invalid or unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s), the parties to this Contract shall use their best efforts to (i) within 30 days of the date of such final court decision identify by mutual agreement the provisions in this Contract which must be revised and (ii) within three months thereafter promptly agree on the appropriate revision(s). The time periods specified above may be extended by mutual agreement of the parties. Pending the completion of the actions designated above, to the extent it can do so without violating any applicable provisions of law, the United States shall continue to make the quantities of Project Water specified in this Contract available to the Contractor pursuant to the provisions of this Contract which were not found to be legally invalid or unenforceable in the final court decision.

OFFICIALS NOT TO BENEFIT

26. 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.

CHANGES IN CONTRACTOR'S ORGANIZATION AND/OR SERVICE AREA

27. While this Contract is in effect, no change may be made in the Contractor's Service Area or 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.

NOTICES

28. 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, Bureau of Reclamation, and on behalf of the United States, when mailed, postage prepaid, or delivered to the Board of Directors of the Pacheco Water District, P. O. Box 2657, Los Banos, CA 93635. 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.

RECLAMATION REFORM ACT OF 1982

29. (a) Upon a Contractor's compliance with and discharge of the Repayment Obligation pursuant to this Contract, subsections (a) and (b) of Section 213 of the Reclamation Reform Act of 1982 (96 Stat. 1269) shall apply to affected lands.

(b) The obligation of a Contractor to pay the Additional Capital Obligation shall not affect the Contractor's status as having repaid all of the construction costs assignable to the Contractor or the applicability of subsections (a) and (b) of Section 213 of the Reclamation Reform Act of 1982 (96 Stat. 1269) once the Repayment Obligation is paid.

CERTIFICATION OF NONSEGREGATED FACILITIES

30. 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 Employment 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 Employment 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 time 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.

MEDIUM FOR TRANSMITTING PAYMENT

31. (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 this 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.

CONTRACT DRAFTING CONSIDERATIONS

32. This amended Contract has been negotiated and reviewed by the parties hereto, each of whom is sophisticated in the matters to which this amended Contract pertains. The double-spaced Articles of this amended Contract have been drafted, negotiated, and reviewed by

the parties, and no one party shall be considered to have drafted the stated Articles. Single-spaced Articles are standard Articles pursuant to Bureau of Reclamation policy.

CONFIRMATION OF CONTRACT

33. Promptly after the execution of this amended Contract, the Contractor will provide to the Contracting Officer a certified copy of a final decree of a court of competent jurisdiction in the State of California, confirming the proceedings on the part of the Contractor for the authorization of the execution of this amended Contract. This amended Contract shall not be binding on the United States until the Contractor secures a final decree.

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

UNITED STATES OF AMERICA

By: _____
Regional Director
Interior Region 10: California-Great Basin
Bureau of Reclamation

PACHECO WATER DISTRICT

(SEAL)

By: _____
President of the Board of Directors

Attest:

By: _____
Secretary of the Board of Directors

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

UNITED STATES OF AMERICA

APPROVED AS TO LEGAL FORM AND SUFFICIENCY - REVIEWED BY:
OFFICE OF THE REGIONAL SOLICITOR
DEPARTMENT OF THE INTERIOR
TIME STAMP:

By: _____
Regional Director
Interior Region 10: California-Great Basin
Bureau of Reclamation

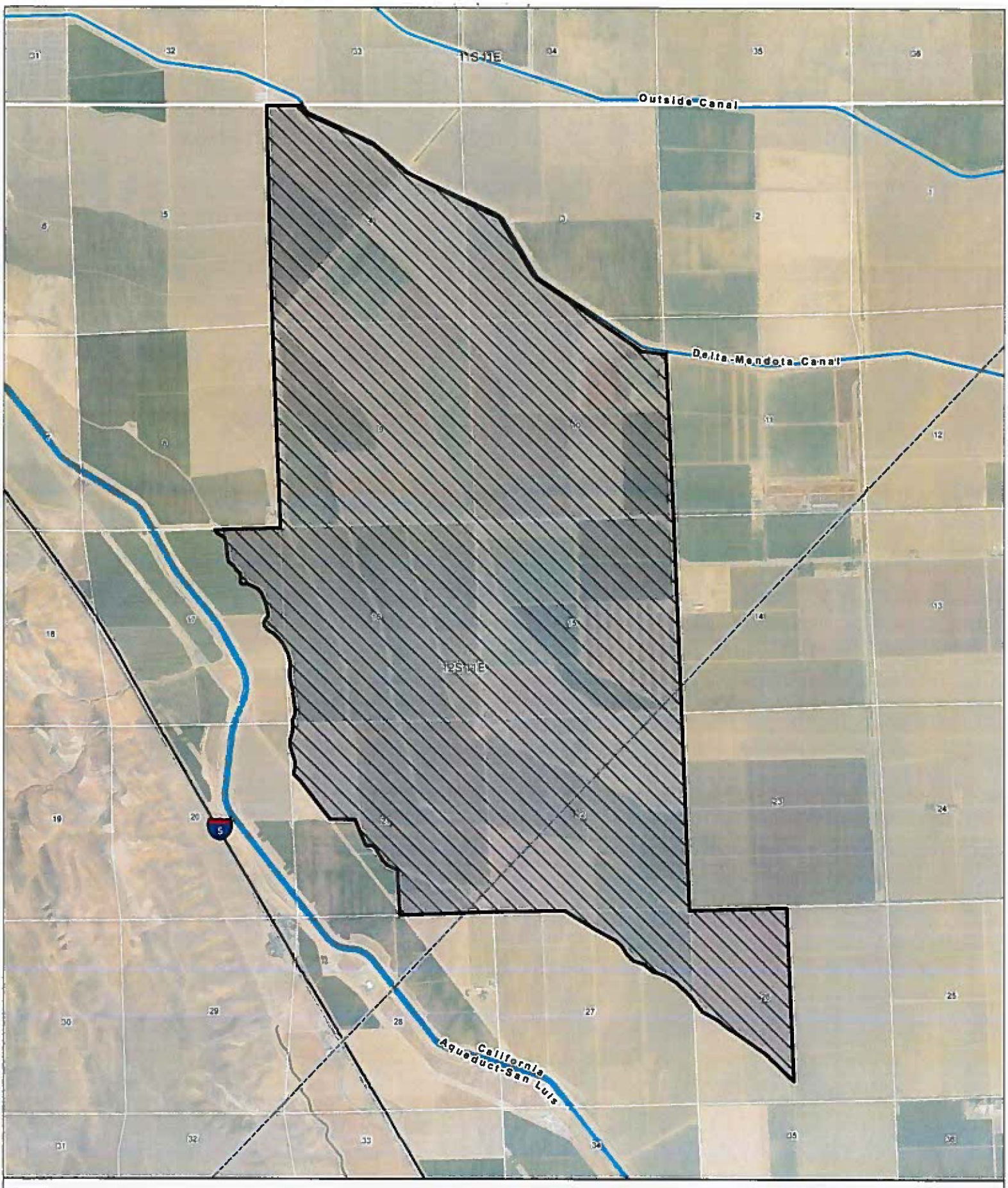
PACHECO WATER DISTRICT

(SEAL)

By: _____
President of the Board of Directors

Attest:

By: _____
Secretary of the Board of Directors



District Boundary
Contractor's Service Area

Pacheco Water District

Contract No. 6-07-20-W0469-BA-P
Exhibit A

Miles
0 0.5 1

— BUREAU OF —
RECLAMATION

N

805-202-128

Date: 7/7/2020
File Name: N:\Districts\Contracts\pacheco\pacheco_20200706.mxd

EXHIBIT B
PACHECO WATER DISTRICT
2020 Rates and Charges
(Per Acre-Foot)

	Delta-Mendota Canal[1]		San Luis Canal - Tracy	
	CVP AG Water	CVP M&I Water	CVP AG Water	CVP M&I Water
COST-OF-SERVICE (COS) RATE				
Construction Costs	$0.00		$0.00	$0.00
DMC Aqueduct Intertie	$0.00		$0.00	
O&M Components				
Water Marketing	$8.97		$8.97	$6.12
Storage	$18.01		$18.01	$14.99
Conveyance				
Conveyance Pumping				
Direct Pumping				
Deficit Cost Component (American Recovery and Reinvestment Act (ARRA) include	$0.02		$0.00	$9.80
TOTAL COS RATE	$27.00		$26.98	$30.91
IRRIGATION FULL-COST RATE				
Section 202(3) Rate is applicable to a Qualified Recipient or to a Limited Recipient	TBD		TBD	
Section 205(a)(3) Rate is applicable to a Limited Recipient that did not receive irrigation water on or before October 1, 1981.	TBD		TBD	
M&I FULL COST RATE				TBD
TIERED PRICING COMPONENTS *(In Addition to Total COS Rate Above)*				
IRRIGATION				
Tier 2 Rate : >80% <=90% of Contract Total [Section 202(3) Irrigation Full Cost Rate - Irrigation COS Rate]/2 *(Amount to be added to Tier 1 Rate)*	TBD		TBD	
Tier 3 Rate : >90% of Contract Total [Section 202(3) Irrigation Full Cost Rate - Irrigation COS Rate] *(Amount to be added to Tier 1 Rate)*	TBD		TBD	
M&I				
Tier 2 Rate : >80% <=90% of Contract Total [M&I Full Cost Rate - M&I COS Rate]/2 *(Amount to be Added to Tier 1 Rate)*				TBD
Tier 3 Rate : >90% of Contract Total [M&I Full Cost Rate - M&I COS Rate] *(Amount to Be Added to Tier 1 Rate)*				TBD
CHARGES AND ASSESSMENTS *(Payments in addition to Rates)*				
P.L. 102-575 Surcharge (Restoration Fund Payment) [Section 3407(d)(2)(A)]	$10.91		$10.91	$21.82
P.L. 106-377 Assessment (Trinity Public Utilities District) [Appendix B, Section 203]	$0.12		$0.12	$0.12

EXPLANATORY NOTES

[1] Contractor does not take water from the Delta-Mendota Canal.

The CVP M&I Water Shortage Policy per EIS/EIR dated August 2015 and Record of Decision dated November 2015 defines the M&I Historic Use as the average quantity of CVP water put to beneficial use during the last three years of water deliveries, unconstrained (100% allocation) by the availability of CVP water for South of the Delta. Contractor's last three years in acre feet (AF) are revised as follows: 2006 = 12 AF; 2011 = 11 AF; 2017 = 0 AF; which equals a M&I Historic use average quantity of 8 AF.

Additional detail of rate components is available on the Internet at:
http://www.usbr.gov/mp/cvpwaterrates/ratebooks/index.html

Exhibit C@

Repayment Obligation - Current Calculation under the WIIN Act, Section 4011 (a) (2)

Unpaid Construction Cost from the 2020 Water Rate Books*

Contractor: Pacheco Water District
Facility: Delta-Mendota Canal (San Luis Canal - Tracy provided separate)
Contract: 6-07-20-W0469-BA-P

Irrigation Construction Cost (2020 Irrigation Ratebook, Schedule A-2Ba)			
		Unpaid Cost	Discount
Construction Cost	~	$ 321,632	
2019 Repayment **		$ -	
2020 Repayment (Estimate) **		$ -	
Adjusted Construction Cost		$ 321,632	$ 309,168
Intertie Construction Cost (N/A):		$ 7,600	$ 6,522
Total		$ 329,232	$ 315,690
If Paid In Installments (Used 20 yr CMT)			
	Due****		
Payment 1	1/1/2021		$ 80,338
Payment 2	1/1/2022		$ 80,338
Payment 3	1/1/2023		$ 80,338
Payment 4	1/1/2024		$ 80,338
Total Installment Payments			$ 321,353
20 yr CMT Rates - 12/14/2020 (to be adjusted to effective date of contract)●			1.430%
Discount Rate (1/2 of the Treasury Rate per the WIIN Act, Section 4011(a)(2)(A))			0.715%

M&I Construction Cost (2020 M&I Ratebook, Sch A-2Ba)		
		Unpaid Cost
Construction Cost:	~	$ -
2019 Repayment **		$ -
2020 Repayment (Estimate) **		$ -
Adjusted Construction Cost***:		$ -

Calculation Support:

Irrigation Lump Sum or First Payment****		1/1/2021
Days Until the End of the Fiscal Year		272

	Unpaid Allocated Construction Cost			Unpaid Intertie Construction Cost			Total
Fiscal Yr	Beginning Balance	Straight Line Repayment	Present Value	Beginning Balance	Straight Line Repayment	Present Value	Present Values
2021	$ 321,632	$ 32,163	$ 31,766	$ 7,600	$ 177	$ 175	$ 31,940
2022	$ 289,469	$ 32,163	$ 31,708	$ 7,423	$ 177	$ 174	$ 31,882
2023	$ 257,306	$ 32,163	$ 31,483	$ 7,247	$ 177	$ 173	$ 31,656
2024	$ 225,142	$ 32,163	$ 31,260	$ 7,070	$ 177	$ 172	$ 31,431
2025	$ 192,979	$ 32,163	$ 31,038	$ 6,893	$ 177	$ 171	$ 31,208
2026	$ 160,816	$ 32,163	$ 30,817	$ 6,716	$ 177	$ 169	$ 30,987
2027	$ 128,653	$ 32,163	$ 30,599	$ 6,540	$ 177	$ 168	$ 30,767
2028	$ 96,490	$ 32,163	$ 30,381	$ 6,363	$ 177	$ 167	$ 30,548
2029	$ 64,326	$ 32,163	$ 30,166	$ 6,186	$ 177	$ 166	$ 30,331
2030	$ 32,163	$ 32,163	$ 29,951	$ 6,009	$ 177	$ 165	$ 30,116
2031-63				$ 5,833	$ 5,833	$ 4,823	$ 4,823
Total, Lump Sum Payment			$ 309,168			$ 6,522	$ 315,690
Amount of Reduction, Lump Sum			$ 12,464			$ 1,078	$ 13,542

* Costs are assumed to be paid and all charges are assumed to be accurate. If at a later date charges are determined to need update, they are still required. Also, unpaid charges are still a requirement under contract.

** 2019 Repayment is based on the Annual Accounting Analysis for the District.
2020 Repayment is based on a conservative estimate. If not sufficient, the remainder will be billed.

*** Excludes interest to payment date as interest will be computed as an annual expense as usual.

****Contractor has 60 days from the effective date of the contract or installment dates to make payment.

~ M&I Credit from Schedule A-2Ba has been applied to Irrigation Unpaid Amount.

●To be updated. The WIIN Act requires us to have a Constant Maturity Treasury rate based on the effective date of the contract.

Exhibit C@

Repayment Obligation - Current Calculation under the WIIN Act, Section 4011 (a) (2)

Unpaid Construction Cost from the 2020 Water Rate Books*

Contractor: Pacheco Water District
Facility: San Luis Canal - Tracy (Delta-Mendota Canal provided separately)
Contract: 6-07-20-W0469-BA-P

Irrigation Construction Cost (2020 Irrigation Ratebook, Schedule A-2Ba)			
		Unpaid Cost	Discount
Construction Cost	~	$ 882,364	
2019 Repayment **		$ 216,986	
2020 Repayment (Estimate) **		$ 46,175	
Adjusted Construction Cost		$ 619,203	$ 595,208
Intertie Construction Cost (N/A):		$ 139,905	$ 120,059
Total		$ 759,108	$ 715,268
If Paid in Installments (Used 20 yr CMT)			
	Due****		
Payment 1	1/1/2021		$ 182,025
Payment 2	1/1/2022		$ 182,025
Payment 3	1/1/2023		$ 182,025
Payment 4	1/1/2024		$ 182,025
Total Installment Payments			$ 728,099
20 yr CMT Rates - 12/14/2020 (to be adjusted to effective date of contract)#			1.430%
Discount Rate (1/2 of the Treasury Rate per the WIIN Act, Section 4011(a)(2)(A))			0.715%

M&I Construction Cost (2020 M&I Ratebook, Sch A-2Ba)		
		Unpaid Cost
Construction Cost:	~	$ 1,550
2019 Repayment **		$ -
2020 Repayment (Estimate) **		$ -
Adjusted Construction Cost***		$ 1,550

Calculation Support: Irrigation Lump Sum or First Payment**** 1/1/2021
Days Until the End of the Fiscal Year 272

	Unpaid Allocated Construction Cost			Unpaid Intertie Construction Cost			Total
Fiscal Yr	Beginning Balance	Straight Line Repayment	Present Value	Beginning Balance	Straight Line Repayment	Present Value	Present Values
2021	$ 619,203	$ 61,920	$ 61,155	$ 139,905	$ 3,254	$ 3,213	$ 64,369
2022	$ 557,283	$ 61,920	$ 61,044	$ 136,651	$ 3,254	$ 3,208	$ 64,252
2023	$ 495,363	$ 61,920	$ 60,611	$ 133,398	$ 3,254	$ 3,185	$ 63,796
2024	$ 433,442	$ 61,920	$ 60,181	$ 130,144	$ 3,254	$ 3,162	$ 63,343
2025	$ 371,522	$ 61,920	$ 59,753	$ 126,891	$ 3,254	$ 3,140	$ 62,893
2026	$ 309,602	$ 61,920	$ 59,329	$ 123,637	$ 3,254	$ 3,117	$ 62,447
2027	$ 247,681	$ 61,920	$ 58,908	$ 120,383	$ 3,254	$ 3,095	$ 62,003
2028	$ 185,761	$ 61,920	$ 58,490	$ 117,130	$ 3,254	$ 3,073	$ 61,563
2029	$ 123,841	$ 61,920	$ 58,075	$ 113,876	$ 3,254	$ 3,052	$ 61,126
2030	$ 61,920	$ 61,920	$ 57,662	$ 110,623	$ 3,254	$ 3,030	$ 60,692
2031-63				$ 107,369	$ 107,369	$ 88,784	$ 88,784
Total, Lump Sum Payment			$ 595,208			$ 120,059	$ 715,268
Amount of Reduction, Lump Sum			$ 23,995			$ 19,846	$ 43,841

* Costs are assumed to be paid and all charges are assumed to be accurate. If at a later date charges are determined to need update, they are still required. Also, unpaid charges are still a requirement under contract.
** 2019 Repayment is based on the Annual Accounting Analysis for the District.
2020 Repayment is based on a conservative estimate. If not sufficient, the remainder will be billed.
*** Excludes Interest to payment date as Interest will be computed as an annual expense as usual.
****Contractor has 60 days from the effective date of the contract or installment dates to make payment.
~ M&I Credit from Schedule A-2Ba has been applied to Irrigation Unpaid Amount.
#To be updated. The WIIN Act requires us to have a Constant Maturity Treasury rate based on the effective date of the contract.

RESOLUTION NO. 96-20

BEFORE THE BOARD OF DIRECTORS OF THE PACHECO WATER DISTRICT

A RESOLUTION TO

AUTHORIZE THE APPROVAL, EXECUTION AND DELIVERY OF THE CONTRACT BETWEEN THE UNITED STATES AND PACHECO WATER DISTRICT PROVIDING FOR PROJECT WATER SERVICE SAN LUIS UNIT AND DELTA DIVISION AND FACILITIES REPAYMENT AND FILING OF A NOTICE OF STATUTORY EXEMPTION AND CATEGORICAL EXEMPTIONS FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT FOR SAID CONTRACT

WHEREAS, the Pacheco Water District ("District") entered into Contract No. 7-07-20-W0005, as amended ("Original Contract") with the United States which provided the District with water from the federal Central Valley Project ("CVP") and more particularly from the Delta Division and San Luis Unit of the CVP ("Project Water") from March 24, 1977 to February 2, 1986; and

WHEREAS, the United States and the District entered into a long-term contract identified as Contract No. 06-07-20-W0469, as amended, which provided for continued Project Water service to the District following expiration of the Original Contract and which is still in place currently (the "Existing Contract"); and

WHEREAS, on December 16, 2016, the 114th Congress of the United States of America enacted the Water Infrastructure Improvements for the Nation Act (Pub. L. 114-322, 130 Stat. 1628) (the "WIIN Act"); and

WHEREAS, Section 4011(a)(1) of the WIIN Act provides that "upon request of the contractor, the Secretary of the Interior shall convert any water service contract in effect on the date of enactment of this subtitle and between the United States and a water users' association [such as the District] to allow for prepayment of the repayment contract pursuant to paragraph (2) under mutually agreeable terms and conditions"; and

WHEREAS, Section 4011(a)(1) further provides that "the manner of conversion under this paragraph shall be as follows: (A) Water service contracts that were entered into under section (e) of the Act of August 4, 1939 (53 Stat. 1196) ("1939 Act"), to be converted under this section shall be converted to repayment contracts under section 9(d) of that [1939] Act"; and

WHEREAS, Section 4011(a)(4)(C) provides all contracts entered into pursuant to Section 4011(a)(1), (2), and (3) shall "not modify other water service, repayment, exchange and transfer contractual rights between the water users' association [such as the District], and the Bureau of Reclamation, or any rights, obligations, or relationships of the water users' association and their landowners as provided under State law"; and

WHEREAS, Section 4011(d)(3) and (4) of the WIIN Act provides that "implementation of the provisions of this subtitle shall not alter...(3) the priority of a water service or repayment contractor to receive water; or (4) except as expressly provided in this section, any obligations under the Federal Reclamation law, including the continuation of Restoration Fund charges pursuant to section 3407(d) (Pub. L. 102-575), of the water service and repayment contractors making prepayments pursuant to this section"; and

WHEREAS, on or about May 29, 2019, pursuant to Section 4011(a)(1) of the WIIN Act, the District requested that the United States, through the United States Bureau of Reclamation ("Reclamation"), initiate the process to convert its Existing Contract, which was executed under Section 9(e) of the 1939 Act, to a repayment contract under Section 9(d) of the 1939 Act; and

WHEREAS, pursuant to and consistent with the WIIN Act, Reclamation and the District negotiated terms and conditions that amend and convert the Existing Contract to a repayment contract, and those terms and conditions are reflected in the attached water service contract between the United States and Pacheco Water District Providing for Project Water Service San Luis Unit and Delta Division and Facilities Repayment, Contract No. 6-07-20-W0469-P (the "Conversion Contract"), a copy of which is incorporated herein by this reference as Exhibit "A"; and

WHEREAS, the Conversion Contract also reflects the current standard terms and conditions required by the Reclamation Manual; and

WHEREAS, the Conversion Contract continues Project Water service to the District in the same amounts as the Existing Contract, and within certain established parameters, in the same scope and nature as ongoing CVP operations and its existing facilities; and

WHEREAS, Project Water made available under the Conversion Contract will be diverted through the same CVP San Luis Unit and Delta Division facilities as the water provided under the Original Contract and the Existing Contract; and

WHEREAS, the District has fully utilized, for reasonable and beneficial use, all water provided under the Existing Contract by receiving and delivering such water to lands within the District's boundaries for irrigation purposes, or putting such water to beneficial use through conservation and transfer in accordance with California law and expects to fully utilize, for reasonable and beneficial use, the quantity of Project Water to be made available to it pursuant to the Conversion Contract; and

WHEREAS, the District has relied on water obtained from the CVP for more than 40 years; therefore, it is imperative to the District and its landowners that the District continue to deliver the same quantity of water service to its lands through a contract with the United States pursuant to Reclamation Law and more particularly the Act of Congress of July 2, 1956 (70 Stat. 483) and the Act of Congress of October 30, 1992 (96 Stat. 1262); and

WHEREAS, the District maintains in its records copies of contracts, water delivery reports, crop information and other data supporting these factual findings; and

WHEREAS, Reclamation initiated a public comment period for the Conversion Contract, which period ended on October 6, 2020, during which two comments were received for the District's Conversion Contract; and

WHEREAS, Reclamation has reviewed all public comments and has approved the Conversion Contract for execution by the District; and

WHEREAS, the District has reviewed the terms and conditions of the Conversion Contract and finds the form and content thereof to be acceptable to the District and appropriate for execution, and therefore proposes to enter into the Conversion Contract; and

WHEREAS, pursuant to the Ralph M. Brown Act (Gov. Code §§ 54950, et seq.), the District timely posted its agenda packet for this special meeting held telephonically on December 23, 2020, pursuant to Executive Order N-29-20, at least 24 hours prior to said meeting on the District's website, indicating that the District's Board of Directors would be considering approval of and authorization for execution of the Conversion Contract.

NOW, THEREFORE, it is hereby resolved by the Board of Directors of the Pacheco Water District that:

1. The above Recitals are true and correct, and this Board so finds and determines.

2. To the extent that the Conversion Contract may involve a change in rates, tolls, fares, or other charges necessary to repay the capital costs for the CVP facilities, the Conversion Contract is statutorily exempt from CEQA pursuant to Title 14 of the California Code of Regulations Section 15273 and Public Resources Code Section 21080, subdivision (b)(8).

3. Execution of the Conversion Contract is categorically exempt from compliance with CEQA as provided in Title 14 of the California Code of Regulations, Section 15300 through 15333, with particular reference to Section 15301, because it provides for the continued operation of existing facilities with no expansion of the District's current water use or infrastructure.

4. Executing the Conversion Contract is also subject to the "common sense" categorical exemption from CEQA as provided in Title 14 of the California Code of Regulations Section 15061, subd. (b)(3) because it merely contemplates water delivery in the same nature and scope as prior contracts, which have been in place for over 40 years, and therefore will not result in any further significant effects on the environment.

5. The Conversion Contract will not create any effects or impacts specified in Title 14 of the California Code of Regulations, Section 15300.2.

6. Execution of the Conversion Contract is exempt from CEQA based on its record of proceedings showing that the Conversion Contract continues water service to the District in the

same amounts as the Existing Contract, within established parameters, in the same scope and nature as ongoing CVP operations and its existing facilities; it involves no increase in existing service; and no new construction, expansion, or any modification to the existing distribution system; nor any change in the source of water to be delivered, or the uses to which such supplies will be put.

7. The District shall prepare and file a Notice of Exemption with the Fresno and Merced County Clerks and the California Office of Planning and Research as provided for in Title 14 of the California Code of Regulations, Sections §§ 15062(c)(2) and (e), in substantially the form attached hereto as Exhibit "B".

8. The Conversion Contract, as finalized by Reclamation, presented to the Board and on file with the Secretary hereof, is hereby approved. The District's Board President is hereby authorized to execute and deliver the Conversion Contract in the form attached hereto as Exhibit "A."

9. The District's officers, staff, and consultants are hereby authorized and directed to take all additional actions they deem necessary or appropriate to carry out the intent of this resolution and to ensure continued water service to the District and its water users.

10. A certified copy of this resolution shall be prepared and transmitted by the District's Secretary to the United States Bureau of Reclamation.

PASSED AND ADOPTED this 28th day of December, 2020, by the following vote to wit:

AYES: 5 Barcellos, Parreira, LeVake, Delgado, Smith

NOES: 0

ABSENT: 0

ABSTAIN: 0

CERTIFICATE OF SECRETARY
OF
Pacheco WATER DISTRICT,
A California Water District

I, Chase Hurley, do hereby certify that I am the duly authorized and appointed Secretary of the Pacheco Water District, a California Water District (the "District"); that the following is a true and correct copy of that certain resolution duly and unanimously adopted and approved by the Board of Directors of the District on the 28th day of December, 2020; and that said resolution has not been modified or rescinded and remains in full force and effect as the date hereof:

IN WITNESS WHEREOF, I have executed this Certificate on this 28th day of December, 2020.

Chase Hurley
Secretary of Pacheco Water District

NOTICE OF EXEMPTION

To: Office of Planning and Research
Post Office Box 3044, Room 212
Sacramento, CA 95812-3044

Fresno County Clerk
2221 Kern Street
Fresno, CA 93721

From: Pacheco Water District
Post Office Box 2657
Los Banos, CA 93635

Merced County Clerk
2222 M. Street
Merced, CA 95340

Project Title: WIIN Act Conversion Contract

Project Location – Specific: Pacheco Water District

Project Location – City: N/A **Project Location – County:** Fresno & Merced

Description of Nature, Purpose and Beneficiaries of Project:

This project is for the execution of a contract ("Conversion Contract") to amend and convert Pacheco Water District's ("District") existing contract with the United States, by and through the United States Bureau of Reclamation, for the delivery of Central Valley Project ("CVP") water ("Project Water"). Authorized by the Water Infrastructure Improvements for the Nation Act (Pub. L. 114-322, 130 Stat. 1628) (the "WIIN Act"), the Conversion Contract continues water service to the District in the same amounts as the District's original CVP contract dating back to 1977, and is in the same scope and nature as ongoing CVP operations. The Conversion Contract allows the District to repay in one lump sum the capital construction costs incurred by the United States Bureau of Reclamation ("Reclamation") for the existing CVP facilities. The purpose of this Conversion Contract is to continue long-term and reliable delivery of Project Water to the District.

The beneficiaries of this project are the landowners and water rights holders within the District. By converting its existing contract, the District will ensure continued water delivery that allows the District to continue to make available irrigation water to the landowners and water rights holders in the District. The District, on behalf of its landowners, owns, operates, and maintains the facilities that supply Project Water from and deliver it to landowners in the District. Without the District, the landowners now receiving water would have a difficult time diverting and receiving surface water.

Name of Public Agency Approving Project: Pacheco Water District

Name of Person or Agency Carrying Out Project: Pacheco Water District

Exempt Status: (check one)

- ☐ **Ministerial (Sec. 21080(b)(1); 15268);**
- ☐ **Declared Emergency (Sec. 21080(b)(3); 15269(a));**
- ☐ **Emergency Project (Sec. 21080(b)(4); 15269(b)(c));**

■ **Categorical Exemption. State type and section number:** Existing Facilities – Cal. Code Regs., tit. 14, § 15301; and Common Sense Exemption – Cal. Code Regs., tit. 14, § 15061, subd. (b)(3)

■ **Statutory Exemption. State code number:** Rates, Tolls, Fares, Charges – Pub. Res. Code § 21080, subd. (b)(8), Cal. Code Regs., tit. 14, § 15273.

Reasons why project is exempt:

Rates, Tolls, Fares & Charges – Pub. Res. Code § 21080(b)(8); CEQA Guidelines § 15273 – This statutory exemption applies because part of the purpose of the Conversion Contract is to provide for the lump sum repayment of construction costs for the development of existing CVP facilities that provide water to the District. Since the passage of the Reclamation Act of 1902, federal water contractors have been required to repay an allocated portion of the construction costs for those water projects. The District first entered into Contract No. 7-07-20-W0005 to provide for water from the CVP ("Project Water") beginning in March 24, 1977 ("Original Contract"). The District entered into its existing contract for Project Water, Contract No. 06-07-20-W0469 in or around 1986 ("Existing Contract"), which provides for CVP water to this day through the San Luis Unit of the Delta Division of CVP facilities.

Converting the District's Existing Contract to a repayment contract allows the District to repay the capital construction costs allocated to the District in one lump sum, which would normally be repaid annually. Thus, the District is "modifying" or "restructuring" the capital construction charges it would annually be charging to its irrigation customers. This restructuring is necessary to maintain water services throughout the District. However, the District will not be charging its landowners any more for the payout costs, as those funds are already held within the District's prudent reserves. Therefore, to the extent that this project may involve a change in rates, tolls, fares, or other charges necessary to repay the capital costs for the CVP facilities, this categorical exemption applies.

Existing Facilities – CEQA Guidelines, § 15301 – A Class 1 exemption "consists of the operation, repair, maintenance, permitting, leasing, licensing or minor alternation of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination . . . . The key consideration is whether the project involves negligible or no expansion of existing use." (CEQA Guidelines, § 15301.) This categorical exemption applies because the Project Water the District receives pursuant to the Conversion Contract will be through existing San Luis Unit of the Delta Division facilities and involves no expansion of use beyond that already existing.

Moreover, this is a single contract conversion which will not result in successive similar projects. Entering into the Conversion Contract will merely ensure continued reliable delivery of Project Water to the District in the same amounts and through the same facilities as the District's Existing Contract.

Common Sense Exemption – The "Common Sense Exemption" applies to this project. As described above, the Conversion Contract contemplates delivery in the same nature and scope as prior contracts which have been in place for over forty years. The District's landowners and water rights holders have relied on this water for the same amount of time and in similar amounts. While the Project Water actually delivered will, as always, depend on seasonal and annual availability, the

Conversion Contract does not change the contracted quantity, purpose of use, timing, or facilities used. Therefore, there is no possibility the Conversion Contract may have a significant effect on the environment within the District's service area or in neighboring areas.

Lead Agency
Contact Person: Chase Hurley **Area Code/Telephone/Ext:** 209/704/5105

If filed by applicant:

1. **Attach certified document of exemption finding.**
2. **Has a Notice of Exemption been filed by the public agency approving the project?** ☐ **Yes** ☐ **No**

Signature: _____ **Date:** 12/28/2020 **Title:** Board President Pacheco Water District

■ **Signed by Lead Agency**
☐ **Signed by Applicant**