

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

AMENDED AND RESTATED CONTRACT BETWEEN THE UNITED STATES
AND
SAN BENITO COUNTY WATER DISTRICT
FOR WATER SERVICE, FACILITIES REPAYMENT, AND FOR OPERATION AND
MAINTENANCE OF CERTAIN WORKS OF THE SAN FELIPE DIVISION

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MAINTENANCE OF CERTAIN WORKS OF THE SAN FELIPE DIVISION

1 THIS CONTRACT, made this 22 day of JAN., 20 21 in pursuance generally of the
2 Act of June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto,
3 including but not limited to, the Acts of August 26, 1937 (50 Stat. 844), as amended and
4 supplemented; August 4, 1939 (53 Stat. 1187), as amended and supplemented; July 2, 1956 (70
5 Stat. 483), June 21, 1963 (77 Stat. 68), August 27, 1967 (81 Stat. 173), October 12, 1982 (96
6 Stat. 1263), October 27, 1986 (100 Stat. 3050), as amended, Title XXXIV of the Act of October
7 30, 1992, (106 Stat 4706), and the Water Infrastructure Improvements for the Nation Act (Public
8 Law 114-322, 130 Stat. 1628), Section 4011 (a-d) and (f) ("WIIN Act"), all collectively
9 hereinafter referred to as the Federal reclamation laws, between THE UNITED STATES OF
10 AMERICA, hereinafter referred to as the United States, and SAN BENITO COUNTY WATER
11 DISTRICT, hereinafter referred to as the Contractor, a public agency of the State of California,
12 duly organized, existing, and acting pursuant to the laws thereof, with its principal place of
13 business in Hollister, California,

14 WITNESSETH, That:

EXPLANATORY RECITALS

[1st] WHEREAS, the United States has constructed and is operating the Central Valley Project (Project), California, 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 water of the Sacramento River, the American River, the Trinity River, and the San Joaquin River and their tributaries; and

[2nd] WHEREAS, the groundwater basins in the Contractor's Service Area have been overdrawn and the lands of the Contractor's Service Area and its inhabitants are in need of additional water for beneficial uses and purposes; and

[3rd] WHEREAS, the United States has constructed the San Felipe Division as a feature of the Project for the diversion, carriage, distribution, regulation, and beneficial use of waters of the Project; and

[4th] WHEREAS, the water supply developed by the Project has been made available to the Contractor for beneficial uses and purposes; and

[5th] WHEREAS, the Contractor and the United States entered into a contract titled "*Contract Between the United States and San Benito County Water District for Water Service and for Operation and Maintenance of Certain Works of the San Felipe Division*", Contract No. 8-07-20-W0130, dated April 15, 1978, which established terms and conditions for the delivery to the Contractor of Project Water from June 1, 1987 through February 29, 2028, hereinafter referred to as the "1978 Contract"; and

[6th] WHEREAS, the Contractor and the United States entered into a contract titled "*Amendatory Water Service Contract Between the United States and San Benito County Water*

District", Contract No. 8-07-20-W0130, dated February 28, 1992, which modified terms and conditions for the delivery to the Contractor of Project Water from June 1, 1987 through February 29, 2028, hereinafter referred to as the "First Amendment"; and

[7th] WHEREAS, in 1992, Congress enacted the Central Valley Project Improvement Act (CVPIA) (106 Stat 4706), which addressed the renewal of existing long-term water service contracts and established that certain terms should be included in contracts renewed or amended after January 1, 1988; and

[8th] WHEREAS, to promote compliance with the CVPIA, consistent with the goal of ensuring a reliable long-term water supply for the Contractor, the parties agreed to amend the 1978 Contract; and

[9th] WHEREAS, the Contractor executed a "Binding Agreement for Early Renewal Between the United States and San Benito County Water District", dated September 30, 1997, Contract No. 8-07-20-W0130-BA; and

[10th] WHEREAS, the Contractor and the United States entered into an amendment to the 1978 Contract dated March 28, 2007, titled "*Second Amendment to Contract between the United States and San Benito County Water District for Water Service and Operation and Maintenance of Certain Works of the San Felipe Division*", Contract No. 8-07-20-W0130A, which among other things established the terms and conditions for the repayment of the San Felipe Division facilities and implementation of certain Central Valley Project Improvement Act activities, hereinafter referred to as "Second Amendment"; and

[11th] WHEREAS under 4011, subsections (a)(2) and (a)(3) of the WIIN Act, except for those repayment contracts under which the Contractor has previously negotiated for prepayment, all repayment contracts under Section 9(d) and 9(c)(1) of the Act (53 Stat. 1195) in effect as of

the date of the WIIN Act, at the request of the contractor, and all contracts converted pursuant to paragraph (1)(A) and (1)(B) of the WIIN Act shall provide for repayment either in lump sum or an accelerated prepayment; and

[12th] WHEREAS, the repayment obligations of the San Felipe Division Facilities set forth in the Second Amendment were negotiated for repayment prior to the enactment of the WIIN Act and are not subject to accelerated prepayment under the WIIN Act, and will continue to be paid in accordance with the payment schedule set forth in Exhibit D; and

[13th] WHEREAS, the 1978 Contract as amended by the First Amendment and the Second Amendment is hereinafter referred to as "Existing Contract"; and

[14th] WHEREAS, this Contract is intended to represent a continuation of the 1978 Contract, including its First Amendment and Second Amendment, as amended and restated in entirety by the terms and conditions contained in this Contract; and

[15th] WHEREAS, the Santa Clara Valley Water District and the United States entered into a contract titled "*Contract for the Transfer of the Operation and Maintenance of Certain San Felipe Division*", Contract No. 6-07-20-X0290, dated September 8, 1986, which established terms and conditions for the transfer of Operation and Maintenance of San Felipe Division facilities jointly used by the Contractor and Santa Clara Valley Water District; and

[16th] WHEREAS, the Contractor was notified via the transfer notice of the transfer of Operation and Maintenance of Certain San Felipe Division Facilities to the Contractor, dated September 17, 1987, October 30, 1987, and January 12, 1988; and

[17th] WHEREAS, the initial delivery of Project Water to the Contractor commenced on January 1, 1988; and

[18th] WHEREAS, on December 16, 2016, the 114th Congress of the United States of America enacted the WIIN Act; and

[19th] 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

[20th] 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

[21st] WHEREAS, the conversion of the Contractor’s water service Contract No. 8-07-20-W0130A to a repayment contract as described in Section 4011(a)(1) of the WIIN Act is intended to continue water service to the Contractor under substantially similar terms and conditions to its Existing Contract, as amended to implement only those modifications specifically proscribed in the WIIN Act ; and

[22nd] 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

[23rd] 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

[24th] 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

[25th] WHEREAS, the Contracting Officer and the Contractor agree that this Contract complies with Section 4011 of the WIIN Act; and

[26th] 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 hereof, the term:

- 128 (a) “Additional Capital Obligation” shall mean construction costs or other
129 capitalized costs incurred after the Effective Date or not reflected in the Existing Capital
130 Obligation as defined herein and in accordance with Section 4011, subsection (a)(2)(B) and
131 (a)(3)(B) of the Water Infrastructure Improvements for the Nation Act (Public Law 114-322, 130
132 Stat. 1628) (“WIIN Act”);
- 133 (b) “Agricultural Water” or “Irrigation Water” shall mean the use of Project
134 Water to irrigate lands primarily for the production of commercial, agricultural crops or
135 livestock, and domestic and other uses that are incidental thereto;
- 136 (c) “Calendar Year” shall mean the period January 1 through December 31,
137 both dates inclusive;
- 138 (d) “Charges” shall mean the payments required by Federal Reclamation law
139 in addition to the Rates and Tiered Pricing Component specified in this Contract as determined
140 annually by the Contracting Officer pursuant to this Contract;
- 141 (e) “Condition of Shortage” shall mean a condition respecting the Project
142 during any Year such that the Contracting Officer is unable to deliver sufficient water to meet the
143 Contract Total;
- 144 (f) “Contract” shall mean this Contract titled “*Amended and Restated*
145 *Contract between the United States and San Benito County Water District for Water Service,*
146 *Facilities Repayment, and for Operation and Maintenance of Certain San Felipe Division*
147 *Facilities*”, Contract No. 8-07-20-W0130A-P;
- 148 (g) “Contract Total” shall mean the maximum amount of water to which the
149 Contractor is entitled under subdivision (a) of Article 3 of this Contract;
- 150 (h) “Contracting Officer” shall mean the duly authorized representative of the
151 Secretary of the Interior;

(i) "Contractor's Service Area" shall mean the area to which the Contractor is permitted to provide Project Water under this Contract, as set forth on Exhibit "A" attached hereto which may be modified from time to time without amendment to this Contract;

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

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

(l) "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 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;

(m) "Division" shall mean the San Felipe Division of the Project;

(n) "Existing Capital Obligation" shall mean the remaining amount of construction costs or other capitalized costs allocable to the Contractor, exclusive of the construction costs identified as the San Felipe Division Repayment Obligation as described in Exhibit C and Exhibit D, and 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, 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 E, which is incorporated herein by reference;

175 (o) “Full Cost Rate” shall mean an annual rate, as determined by the
176 Contracting Officer, that shall amortize the expenditures for construction properly allocable to
177 the Project irrigation or M&I functions, as appropriate, or facilities in service including all O&M
178 deficits funded, less payments, over such periods as may be required under Federal Reclamation
179 law or applicable contract provisions. Interest will accrue on both the construction expenditures
180 and funded O&M deficits from October 12, 1982, on costs outstanding at that date, or from the
181 date included in the case of costs arising subsequent to October 12, 1982, and shall be calculated
182 in accordance with subsections 202(3)(b) and (3)(C) of the RRA. The Full Cost Rate includes
183 actual operation, maintenance, and replacement costs consistent with Section 426.2 of the Rules
184 and Regulations of the RRA;

185 (p) “Initial Delivery Date” shall mean the day that water from the Division
186 Facilities is first available for deliver to the Contractor under this Contract and facilities for
187 distribution of water are available for substantially all of the irrigable land proposed to be
188 irrigated with surface supplies within Zone 6 of the District;

189 (q) “Municipal and Industrial Water” or “M&I Water” shall mean the use of
190 Project Water for municipal, industrial, and miscellaneous other purposes not falling under the
191 definition of Agricultural Water or within another category of water use under an applicable
192 Federal authority;

193 (r) “M&I Full Cost Water Rate” shall mean the Full Cost Rate applicable to
194 the delivery of M&I Water;

195 (s) “Operating Non-Federal Entity” shall mean the Operating Non-Federal
196 Entity(ies) and their successors or assigns, which have the obligation to operate and maintain all
197 or a portion of the Project facilities including the Division Facilities pursuant to written
198 agreements with the United States. As of the effective date of this Contract, the Operating Non-
199 Federal Entity(ies) were the San Luis & Delta-Mendota Water Authority with respect to certain

200 Delta Division Facilities, Santa Clara Valley Water District with respect to certain Division
201 Facilities, and the San Benito County Water District with respect to certain Division Facilities;

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

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

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

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

213 (x) "Rates" shall mean the payments determined annually by the Contracting
214 Officer in accordance with the then current applicable ratesetting policies for the Project, as
215 described in Article 8 of this Contract;

216 (y) "Reclaimed Water" shall mean wastewater that has been treated to the
217 extent necessary to be suitable for groundwater recharge, agricultural, municipal or industrial
218 uses;

219 (z) "Restoration Fund Charges" shall mean those charges required pursuant
220 to Section 3407(d) of Public Law 102-575;

(aa) "San Felipe Division Facilities" shall mean those existing and future Project facilities generally west of San Luis Reservoir used to divert, store and convey water to the Contractor(s). San Felipe Facilities are divided into reaches, as defined as follows:

(1) "Reach 1" or "Reach 1 Facilities" shall mean the facilities from the Pacheco Tunnel to and including the Pacheco Bifurcation Structure, including but not limited to, the Pacheco Pumping Plant Substation, Pacheco Pumping Plant Substation 70 kV Line, Pacheco Tunnel (including the inlet works in and under San Luis Reservoir), Pacheco Conduit and Pacheco Bifurcation Structure;

(2) "Reach 2" or "Reach 2 Facilities" shall mean the facilities from, but not including, the Pacheco Bifurcation Structure to and including the Watsonville Turnout facility, and Santa Clara Tunnel and a portion of the Santa Clara Conduit;

(3) "Reach 3" or "Reach 3 Facilities" shall mean the facilities from, but not including, the Watsonville Turnout facility to and including the Coyote Pumping Plant, including but not limited to, a portion of the Santa Clara Conduit, Coyote Pumping Plant, Coyote Pumping Plant Substation and Coyote Pumping Plant 115 kV Line;

(4) "San Benito Facilities" shall mean San Felipe Division Facilities used to deliver water to the San Benito Water District exclusively, including the Hollister Conduit and the San Justo Dam and Reservoir;

(bb) "San Felipe Division Repayment Obligation" shall mean those San Felipe Division reimbursable capital costs that are payable by the Contractor as described in Exhibit C and Exhibit D;

(cc) "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;

(dd) "State" shall mean the State of California;

(ee) "Substantial Change" shall mean a modification in, or addition to, a project facility which involves changes in the original design intent, function, and/or operational parameters of the facility, or changes in project benefits, including non-routine maintenance activities that involve construction or reconstruction of a portion of the facility. These modifications may be capitalized or non-capitalized. A substantial change is not a characterization of the proposed action in terms of being a major or minor action as defined in the National Environmental Policy Act.

(ff) "Tiered Pricing Component" shall be the incremental amount to be paid for each acre-foot of Water Delivered as described in subdivision (k) of Article 8 of this Contract;

(gg) "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 3 of this Contract;

(hh) "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 Article 4 of this Contract;

(ii) "WIIN Repayment Obligation" for Water Delivered as Irrigation Water shall mean the Existing Capital Obligation discounted by $\frac{1}{2}$ 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 the Section 4011(a)(3)(A) of the WIIN Act;

(jj) "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 February 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 Contractor, 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 San Felipe Division Repayment Obligation and the WIIN 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, 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) The United States shall make available to the Contractor the quantities of Agricultural Water and M&I Water specified in the schedule submitted by the Contractor in accordance with Article 4, and the Contractor shall pay for said water in accordance with the provisions of Article 8: Provided, That the United States shall make available Agricultural Water and M&I Water and the Contractor shall pay for as a minimum the quantities set forth in the following table. The total quantity the United States shall make available annually during the term of this Contract shall be 43,800 acre-feet, of which 8,250 acre-feet shall be M&I Water. Provided, however, That at any time or times after the Contractor's requirement for M&I Water exceeds 8,250 acre-feet per year, any or all of the Project Water to be furnished for agricultural use may be converted and shall be added to said 8,250 acre-feet and shall become the minimum quantity the Contractor shall pay for as M&I Water each Year thereafter during the term of this

Contract. Years shown in the table refer to the Years beginning with the Year of initial delivery (1988).

TABLE OF MINIMUM DELIVERIES
(Acre-Feet)

		<u>M&I Water</u>		
	<u>Year</u>	<u>Annual Deliveries</u>	<u>Year</u>	<u>Annual Deliveries</u>
320	1	1,020	21	5,500
321	2	1,120	22	5,600
322	3	1,220	23	5,700
323	4	1,320	24	5,800
324	5	1,420	25	5,900
325	6	1,520	26	7,200
326	7	1,620	27	7,300
327	8	1,720	28	7,400
328	9	1,820	29	7,500
329	10	1,920	30	7,600
330	11	3,000	31	7,700
331	12	3,100	32	7,800
332	13	3,200	33	7,900
333	14	3,300	34	8,000
334	15	3,400	35	8,150
335	16	4,000	36	8,250
336	17	4,100	37	8,250
337	18	4,200	38	8,250
338	19	4,300	39	8,250
339	20	4,400	40	8,250

(b) Each Year, the United States shall use all reasonable diligence to deliver and the Contractor shall make all reasonable efforts to schedule and accept the amounts of water necessary to satisfy the annual total minimum acre-feet set forth in the Table of Minimum Deliveries: Provided, That if the Contractor is unable in any Year to accept quantities sufficient to satisfy the total minimum for that Year, the amount of payments for water not used may be applied to meet the payment for water taken in excess of the minimum requirement in any of the subsequent 5 Years but not thereafter: Provided, further, That payments for water received in

excess of the total annual minimum may be used to satisfy minimum payments due during any of the subsequent 5 Years but not thereafter.

(c) In no event shall the United States be obligated to furnish more than 43,800 acre-feet of water during any Year of the term of this Contract: Provided, That this quantity may be increased pursuant to subdivisions (f) and (g) of this Article: And Provided, further, That this quantity may be decreased by agreement of the parties for the remainder of the term of this Contract.

(d) In the event the United States is unable to deliver the scheduled quantity of water due to water shortage or other disruption of service and part or all of the undelivered water was required to meet the contract minimum then the minimum amount which the Contractor shall be required to pay for in such Year will be reduced to the amount delivered.

(e) The United States will provide the electrical capacity and energy, hereinafter referred to as Project power, necessary to deliver Project Water to and through the Division Facilities without any charge over and above the Rates and any adjustments thereof set forth in Article 8 of this Contract.

(f) If the Contractor in any Year requires a quantity of water in addition to the maximum quantity of 43,800 acre-feet per annum which the United States is obligated to deliver to the Contractor, additional water, if water and capacity are available as determined by the Contracting Officer, may be delivered upon receipt from the Contractor of a written request together with a schedule indicating the desired times, uses, and quantities of water and payment at the applicable Rates specified in Article 8 of this Contract. The delivery by the United States and acceptance by the Contractor of such additional water shall neither entitle nor obligate the Contractor to receive such quantities in subsequent Years.

(g) If from time to time the Contracting Officer determines that other potential contractors within the Division have not obligated themselves to purchase the maximum quantity of water the Division is capable of supplying, the Contracting Officer will notify all contractors within the Division of such unobligated supply and will make the same available on a prorated basis to such contractors who request additional water and demonstrate a need therefor to the satisfaction of the Contracting Officer. Any such additional quantities made available to the Contractor shall be delivered and paid for as shall be agreed upon in writing by the parties hereto.

(h) If at any time during the term of this Contract the Contractor determines there is Reclaimed Water available which the Contractor desires to use, as demonstrated to the satisfaction of the Contracting Officer, the United States will renegotiate appropriate amendments to decrease the required amounts in this Article.

(i) The Contractor's right pursuant to Federal Reclamation law and applicable State law to the reasonable and beneficial use of the Water Delivered pursuant to this Contract shall not be disturbed, and this Contract 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. Nothing in the preceding sentence shall affect the Contracting Officer's ability to impose shortages under Article 5 or subdivision (b) of Article 6 of this Contract.

DELIVERY SCHEDULES

4. The Contractor will submit for each Year a schedule satisfactory to the Contracting Officer showing the quantities of water required each month during such Year. Schedules will be submitted not later than March 1st and at such other times as is necessary to assure coordination of Project operation. The United States shall notify the Contractor of

concurrence with or changes to said schedule prior to February 15th and shall attempt to deliver water in accordance with said schedules or any revision thereof satisfactory to the Contracting Officer which are submitted to the Contracting Officer within a reasonable time before the desired time for delivery. The inability, failure, or refusal of the Contractor to submit a schedule shall not relieve it of its payment obligations.

MAINTENANCE OF FLOWS – TEMPORARY REDUCTIONS

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

(b) 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 investigation, inspection, maintenance, repair, or replacement of any of the facilities necessary for the furnishing of water to the Contractor, 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: *Provided, however, That* the United States shall use its best efforts to avoid any discontinuance or reduction in service for a period longer than 3 days. Upon resumption of service after such reduction and if requested by the Contractor, the United States will attempt to deliver the quantity of water which would have been furnished hereunder in the absence of such contingency.

CONSTRAINTS ON THE AVAILABILITY OF WATER

6. (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, 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, except as provided in Article 32 of this Contract, no liability shall accrue against the United States or any of its officers, agents, or employees for any damage, direct or indirect, arising therefrom.

(c) In any Year that the Contracting Officer determines there is a shortage in the quantity of water available to Project Contractors, the Contracting Officer will apportion available water among the water users capable of receiving water from the same Project facilities by reducing deliveries to all such water users by the same percentage, unless the Contracting Officer is prohibited by existing contracts, Project authorizations, or the Contracting Officer determines that some other method of apportionment is required to prevent undue hardship. In the event reduced deliveries within the Division are necessary, Project Water furnished under this Contract for M&I purposes will be allocated in accordance with the CVP M&I Water Shortage Policy. Such Policy shall be amended, modified, or superseded only through public notice and comment procedure.

(d) If operation of the Project to meet legally required Delta water quality control standards, including Federally adopted water quality standards, results in a shortage in water supply and requires a reduction in deliveries of water to the Contractor under this Contract, such reductions will be made in accordance with subdivision (c) of this Article and shall not be deemed a breach hereof.

POINT OF DELIVERY – MEASUREMENT – RESPONSIBILITY FOR DISTRIBUTION

7. (a) The Water to be furnished to the Contractor pursuant to this Contract will be made available to the Contractor at the headworks of the San Benito Facilities, hereinafter referred to as the point of delivery. Turnouts will be constructed by the United States at its

expense at such points within the San Benito Facilities as may be agreed upon in writing by the Contracting Officer and the Contractor: Provided, That future additional turnouts shall be provided at the Contractor's expense.

(b) The Contractor shall construct and install, without cost or expense to the United States, suitable connection facilities required by the Contractor to take and convey the water from the turnouts. The Contractor will furnish for approval of the Contracting Officer drawings showing the construction to be performed by the Contractor within the United States right-of-way 3 months before issuance of the invitations for bids. The facilities may be installed, operated, and maintained on or across the United States right-of-way subject to such restrictions and regulations as to type, location, method of installation, operation, and maintenance as may be prescribed by the Contracting Officer.

(c) All Water Delivered to the Contractor shall be measured by the Contractor or the Contracting Officer's designee at the first measuring device installed on the San Benito Facilities at or downstream from the point of delivery and at other point or points satisfactory to the Contracting Officer with equipment furnished and installed by the Contractor, Contracting Officer's designee, or the United States. The measuring equipment shall be operated and maintained in proper condition for accurate measurement by the Contractor at its expense. The United States shall have access to the measuring equipment it furnished at all reasonable times.

(1) Water Delivered to the Contractor through Non-Project Facilities shall be measured by the Contractor or the Contracting Officer's designee at a measuring point or points agreed to in writing by the Contracting Officer. Measuring equipment, subject to approval of the Contracting Officer, will be purchased, installed, operated and maintained in

proper condition for accurate measurement at the Contractor's expense. The United States shall have reasonable access to the measuring equipment.

(d) The quantity of Agricultural and M&I Water furnished to the Contractor shall be determined as follows:

(1) (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 to the Contractor's customers within the Contractor's Service Area is measured at each agricultural turnout and such water delivered for M&I purposes to the Contractor's customers 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 ensuring that its retail customers are installing, operating, and maintaining and repairing all measuring devices and implementing all 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 43 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. The Contractor shall include a summary of all its annual surface water deliveries in the annual report described in subdivision (c) of Article 43 of this Contract.

(B) To the extent the information has not otherwise been provided, upon the effective date 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 (d)(1)(i) 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 (d)(1)(i) 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 (d)(1)(i) 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 on or before the 20th calendar day of each month of the quantity of Agricultural Water and M&I Water taken during the preceding month.

(2) Project Water may be used by the Contractor for recharge into the groundwater basins in San Benito County. The amount of Project Water delivered by the United States in any Year which is used for recharge shall be measured by the Contractor as near to the recharge facility as practicable. The Contractor will cause determinations of groundwater extractions and use to be made and recorded and will cause the water surface elevations in the groundwater basins to be recorded, all in a manner satisfactory to the Contracting Officer. The installation, operation, and maintenance of all measuring devices and all computations of amounts of water re-charged and extracted shall be made without cost or expense to the United States. The United States shall have the same rights with respect to the investigations and testing of said measuring devices and records as are set forth in subdivision (d)(1) of this Article. Prior to January 31 of each Year, the Contractor will submit to the Contracting Officer a report setting forth the amount of Project Water recharged by the Contractor and the quantities of water that were pumped from the basins and put to M&I and agricultural use respectively during the preceding Year. The quantities of Project Water recharged in each basin shall be computed annually by prorating between M&I Water and Agricultural Water in the same proportion that the water pumped from the basin and used for each of said purposes bears to the total water pumped from the basin in that Year: Provided, That the Contractor shall not divide the Contractor's Service Area into more than three basins for accounting purposes:

(3) The difference in any Year between the total amount delivered to the Contractor and the sum of the totals determined in accordance with subsections (d)(1) and (d)(2) of this Article shall be deemed to be Agricultural Water.

(e) The Contractor shall maintain, in a manner satisfactory to the Contracting Officer, monthly records of the quantities of water determined pursuant to section (c) of this Article and will submit a report to the Contracting Officer before the 7th day of the following month.

(f) The United States shall not be responsible for the control, carriage, handling, use, disposal, or distribution of water beyond the point of delivery, and the Contractor shall hold the United States harmless on account of damage or claim of damage of any nature whatsoever for which there is legal responsibility, including property damage, personal injury or death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such water beyond said points of delivery.

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

8. (a) Notwithstanding the Contractor's full prepayment of the WIIN Repayment Obligation pursuant to Section 4011, subsection (a)(2)(A) and subsection (a)(3)(A) of the WIIN Act, as set forth in Exhibit "E", 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, subdivision (b), the Contractor's Project construction and other cost 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 WIIN Repayment Obligation. The WIIN 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 "E". The WIIN Repayment Obligation is due in lump sum by April 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 April 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 February 1, 2024. If the installment payment option is elected by the Contractor, the Contractor may pre-pay the remaining portion of the WIIN 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 "E". Notwithstanding any Additional Capital Obligation that may later be established, receipt of the Contractor's payment of the WIIN Repayment Obligation to the United States shall fully and permanently satisfy the Existing Capital Obligation.

(B) Additional Capital Obligations that are not reflected in Exhibit "E", which addresses the WIIN Repayment Obligation, and are 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 Public Law 102-575.

(c) The Contracting Officer shall notify the Contractor of the Rates, Charges, and Tiered Pricing Component as follows:

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

(2) Prior to October 1 of each Calendar Year, the Contracting Officer shall make available to the Contractor an estimate of the Rates and Tiered Pricing Component for Project Water for the following Year and the computations and cost allocations upon which those Rates are based. The Contractor shall be allowed not less than two months to review and comment on such computations and cost allocations. By December 31 of each Calendar Year, the Contracting Officer shall provide the Contractor with the final Rates and Tiered Pricing Component to be in effect for the upcoming Year, and such notification shall revise Exhibit "B."

(d) At the time the Contractor submits the initial schedule for the delivery of Project Water for each Year pursuant to Article 4 of this Contract, the Contractor shall make an advance payment to the United States equal to the total amount payable pursuant to the applicable Rate(s) set under subdivision (a) of this Article, for the Project Water scheduled to be delivered pursuant to this Contract during the first two calendar months of the Year. Before the end of the first month and before the end of each calendar month thereafter, the Contractor shall make an advance payment to the United States, at the Rate(s) set under subdivision (a) of this Article, for the water scheduled to be delivered pursuant to this Contract during the second

month immediately following. Adjustments between advance payments for water scheduled and payments at Rates due for Water Delivered shall be made before the end of the following month; Provided, That any revised schedule submitted by the Contractor pursuant to Article 4 of this Contract which increases the amount of Water Delivered pursuant to this Contract during any month shall be accompanied with appropriate advance payment, at the Rates then in effect, to assure that Project Water is not delivered to the Contractor in advance of such payment. In any month in which the quantity of Water Delivered to the Contractor pursuant to this Contract equals the quantity of water scheduled and paid for by the Contractor, no additional Project Water shall be delivered to the Contractor unless and an advance payment at the Rates then in effect for such additional Project Water is made. Final adjustment between the advance payments for the water scheduled and payments for the quantities of Water Delivered during each Year pursuant to this Contract shall be made as soon as practicable but no later than April 30th of the following Year.

(e) The Contractor shall also make a payment in addition to the Rate(s) in subdivision (c) 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 (k)(2) of this Article. The payments shall be consistent with the quantities of Agricultural 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, 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 the Tiered Pricing Component shall be computed pursuant to Article 11 of this Contract.

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

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

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

(i) The Contracting Officer shall keep its accounts pertaining to the administration of the financial terms and conditions of its long-term contracts, in accordance with applicable Federal standards, so as to reflect the application of Project costs and revenues. The Contracting Officer shall, each Year upon request of the Contractor, provide to the Contractor a detailed accounting of all Project and Contractor expense allocations, the disposition of all Project and Contractor revenues, and a summary of all water delivery

information. The Contracting Officer and the Contractor shall enter into good faith negotiations to resolve any discrepancies or disputes relating to accountings, reports, or information.

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

(k) (1) Beginning at such time as deliveries of Project Water in a Year exceed 80 percent of the total available pursuant to this Contract, 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 total available pursuant to this Contract, but less than or equal to 90 percent of that total, shall equal one-half of the difference between the Rate established under subdivision (a) of this Article and the Full Cost Rate for Agricultural Water or Full Cost Rate for M&I Water, whichever is applicable. The Tiered Pricing Component for the amount of Water Delivered which exceeds 90 percent of the total available pursuant to this Contract shall equal the difference between (i) the Rate established under subdivision (a) of this Article and (ii) the Full Cost Rate for Agricultural Water or Full Cost Rate for M&I Water, whichever is applicable.

(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 Agricultural 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 and Project Water provided to the Contractor pursuant to subdivision (g) of Article 3 of this Contract, but shall not include Project Water transferred to the Contractor.

(l) 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.

(m) 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 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 in

accordance with the then applicable Project ratesetting policy. 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.

(n) 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.

SAN FELIPE DIVISION REPAYMENT OBLIGATION

The Contractor's repayment obligation is described below:

9. (a) Repayment of San Felipe Division Facilities. The Contractor and Santa Clara Valley Water District entered into contracts with the United States committing to repay their separate, individual share of the total reimbursable capital costs for the San Felipe Division Facilities. These contracts collectively provide for repayment of the unpaid reimbursable capital costs as of September 30, 2006. Until the final accounting of such costs is available, the Contractor's and Santa Clara Valley Water District's interim repayment terms will be based on the September 30, 2004, reimbursable capital costs for the San Felipe Division Facilities, which totaled \$319,417,648, as shown on Exhibit C, which exhibit may be revised by mutual agreement of the parties and Santa Clara Valley Water District without amending this Contract. These reimbursable capital costs for the San Felipe Division Facilities are summarized below:

(1) Reach 1 Facilities. The total reimbursable capital cost of Reach 1 Facilities including allocated interest during construction as of September 30, 2004, is \$154,767,564.

(2) Reach 2 Facilities and Reach 3 Facilities. The total reimbursable capital cost of Reach 2 Facilities and Reach 3 Facilities including allocated interest during construction, as of September 30, 2004, is \$102,546,257.

(3) San Benito Facilities. The total reimbursable capital costs of the San Benito Facilities including allocated interest during construction as of September 30, 2004, is \$62,103,817.

(4) Interest During Construction. The reimbursable San Felipe Division interest during construction, as of September 30, 2004, is \$32,227,149.

(b) Final Accounting for San Felipe Division Facilities. In the event that the September 30, 2006, final accounting of the unpaid reimbursable capital costs for the San Felipe Division Facilities is not available by December 31, 2007, the Contractor's and Santa Clara Valley Water District's repayment obligations will be based on the most recent total reimbursable capital costs available, and include all payments through December 31, 2007.

(c) San Felipe Division Facilities Interest Rates. The interest rate for the Pacheco Tunnel Inlet used for M&I purposes is 3.137 percent per annum. The interest rate for the San Felipe Division Facilities, not including the Pacheco Tunnel Inlet, used for M&I purposes is 3.50 percent per annum. Any calculation or recalculation of the semi-annual payment schedule shown in Exhibit D in this Contract, or in any subsequent renewed or amended contract during the remainder of the 50-year repayment period, shall be based on these interest rates.

(d) Repayment of Unpaid Capital Interest. The Contractor shall pay for unpaid capital interest, consistent with the "Agreement Among the United States, City of Fresno, City of Coalinga, Contra Costa Water District, Keswick County Service Area #25, Mountain Gate Community Services District, Sacramento Municipal Utility District, San Juan Water District, Santa Clara Valley Water District, Shasta County Water Agency, and City of Tracy for Settlement of the CVP M&I Ratesetting Lawsuit" entered into in 2005 to resolve City of Fresno

v. United States, Civ. No. F-03-5350 (E.D.Cal). As specified in the settlement agreement, the interest rate for the unpaid balance shall be 3.50 percent per annum.

(e) San Felipe Division Repayment Obligation and Annual Payment Schedule.

(1) Interim San Felipe Division Repayment Obligation. The Contractor's interim repayment obligation will be computed by totaling its separate, individual share of reimbursable capital costs for Reach 1 Facilities, and San Benito Facilities, as of September 30, 2004, shown on Exhibit C, plus its unpaid capital interest, minus its accumulated repayment as of September 30, 2004. The Contractor's semiannual payment schedule shown on Exhibit D reflects a stepped repayment structure. Reach 1 Facilities costs are allocated 18.98% to the Contractor, and Reach 1 Facilities interest during construction (IDC) costs are allocated 5.184% to the Contractor.

(2) Final San Felipe Division Repayment Obligation. Using the same allocation of Reach 1 Facilities cost to the Contractor and the same stepped repayment structure as in subparagraph (e)(1), the Contractor's final San Felipe Division Repayment Obligation will be computed by totaling its separate, individual share of reimbursable capital costs for Reach 1 Facilities and San Benito Facilities, as of September 30, 2006, plus its final balance of unpaid capital interest, minus its final accumulated repayment. The reimbursable San Felipe Division capital costs shown on Exhibit C, and the Contractor's semi-annual payment schedule on Exhibit D will be revised in a manner consistent with the above, without amending this Contract.

(f) Supplemental Payments and Relief from Payment Schedule.

(1) The Contractor may, at any time prior to the expiration of this Contract, make supplemental payment(s) of all or part of the unpaid balance for any or part of the Contractor's share of Reach I Facilities or San Benito Facilities, or its unpaid capital interest, in which case the repayment schedule in Exhibit D will be shortened and will maintain the same stepped repayment structure over the remaining repayment period. Exhibit D may be revised by mutual agreement of the Parties without amending this Contract.

(2) If circumstances arise that compromise the Contractor's ability to make payments according to Exhibit D, the Contractor may request a deferment of said payments consistent with Reclamation law, and if approved, Exhibit D shall be revised accordingly by mutual agreement without amending this Contract.

(g) Upon repayment of the amounts required under this Article, the Contractor shall have no further repayment obligations associated with the capital costs of the San Felipe Division Facilities or unpaid capital interest.

ADJUSTMENTS

10. The amount of any payment by the Contractor during any Year over the amount the Contractor otherwise under the provisions of this Contract would have been required to pay, as conclusively determined by the Contracting Officer, 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, at the option of the Contractor, shall be refunded to the Contractor or credited upon amounts to become due to the United States from the Contractor in the ensuing Year under the provisions hereof.

CHARGES FOR DELINQUENT PAYMENTS

11. (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.

EXCHANGES OF WATER

12. The Contractor may from time to time, with the prior written approval of the Contracting Officer, enter into contracts, transfers, or exchanges with other contractors for a water supply from the Project which would have the effect of providing additional Project Water to the Contractor, or which would have the effect of transferring water furnished or delivered hereunder to other parties having contracts with the United States for water from the Project.

CONVEYANCE OF NON-PROJECT WATER

13. The Contractor shall have the right to use Division Facilities to convey non-Project water, subject, however, to each of the following conditions:

(a) The Contractor and the Contracting Officer shall agree upon the charge to be paid by the Contractor prior to the use of the Facilities;

(b) Such conveyance shall not interfere with deliveries of Project Water to the Contractor or to any other user of the Facilities;

(c) Arrangements for power necessary to convey such water shall be the responsibility of the Contractor;

(d) The United States shall not incur any liability

or unreimbursed cost or expense thereby; and

(e) To the extent that non-Project water conveyed through Division Facilities is directly applied to land for agricultural use, such water shall be subject to subdivision (b) of Article 31 of this Contract.

OPERATION AND MAINTENANCE BY OPERATING NON-FEDERAL ENTITY

14. (a) The Operation and Maintenance of a portion of the Project facilities which serve the Contractor, and responsibility for funding a portion of the costs of such O&M, have been transferred to the San Luis & Delta-Mendota Water Authority, an Operating Non-Federal Entity by separate agreement (8-07-20-X0354-X) between the United States and the Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority. That separate agreement shall not interfere with or affect the rights or obligations of the Contractor or the United States hereunder.

(b) The Contracting Officer has previously notified the Contractor in writing that the Operation and Maintenance of a portion of the Project facilities which serve the Contractor has been transferred to the Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority, and therefore, the Contractor shall pay directly to the Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority, or to any successor approved by the Contracting Officer under the terms and conditions of the separate agreement between the United States and the Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority described in subdivision (a) of this Article, all rates, charges, or assessments of any kind, including any assessment for reserve funds, which the Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority or such successor determines, sets, or establishes for the O&M of the portion of the Project facilities operated and maintained by the Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority or such successor. Such direct payments to

the Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority or such successor shall not relieve the Contractor of its obligation to pay directly to the United States the Contractor's share of the Project Rates, Charges, and Tiered Pricing Component except to the extent the Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority collects payments on behalf of the United States in accordance with the separate agreement identified in subdivision (a) of this Article.

(c) For so long as the O&M of any portion of the Project facilities serving the Contractor is performed by the Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority, or any successor thereto, the Contracting Officer shall adjust those components of the Rates for Water Delivered under this Contract representing the cost associated with the activity being performed by the Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority or its successor

(d) In the event the O&M of the Project facilities operated and maintained by the Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority is re-assumed by the United States during the term of this Contract, the Contracting Officer shall so notify the Contractor, in writing, and present to the Contractor a revised Exhibit "B" which shall include the portion of the Rates to be paid by the Contractor for Project Water under this Contract representing the O&M costs of the portion of such Project facilities which have been re-assumed. The Contractor shall, thereafter, in the absence of written notification from the Contracting Officer to the contrary, pay the Rates, Charges, and Tiered Pricing Component specified in the revised Exhibit "B" directly to the United States in compliance with Article 8 of this Contract.

OPERATION AND MAINTENANCE OF TRANSFERRED WORKS

15. (a) Upon substantial completion of the San Benito Facilities, or as otherwise determined by the Contracting Officer, and following written notification, the care, operation, and maintenance of any or all of those San Benito Facilities may be transferred to the Contractor.

915 Title to the transferred works will remain in the name of the United States, unless otherwise
916 provided by the Congress of the United States.

917 (1) The United States shall be responsible for major repair or
918 replacement of transferred works and other Division works required as a result of disaster or
919 obsolescence, as determined by the Contracting Officer.

920 (b) The Contractor, without expense to the United States, will care for,
921 operate, and maintain the transferred works in full compliance with the terms of this Contract
922 and in such a manner that the transferred works remain in good and efficient condition.

923 (c) Necessary repairs of the transferred works shall be made promptly by the
924 Contractor. In case of unusual conditions or serious deficiencies in the care, operation, and
925 maintenance of the transferred works threatening or causing interruption of water service, the
926 Contracting Officer may issue to the Contractor a special written notice of those necessary
927 repairs. Except in the case of an emergency, the Contractor will be given 60 days to either: 1)
928 make the necessary repairs; or 2) submit a plan for accomplishing the repairs acceptable to the
929 Contracting Officer that contains a timeframe for completing the necessary repairs. In the case
930 of an emergency the written notice of necessary repairs will include a timeframe for completion
931 of the repairs. If the Contractor fails to either: 1) make the necessary repairs within the identified
932 timeframe; or 2) submit a plan for accomplishing the repairs acceptable to the Contracting
933 Officer within 60 days of receipt of the notice and accomplish the repairs within the timeframe
934 identified therein, the Contracting Officer may cause the repairs to be made, and the cost of those
935 repairs shall be paid by the Contractor as directed by the Contracting Officer.

936 (d) The Contractor shall not make any Substantial Changes in the transferred
937 works without first obtaining written consent of the Contracting Officer. The Contractor will
938 take all reasonable measures to prevent any unauthorized encroachment on Project land and
939 rights-of-way and address any such encroachment as soon as the Contractor becomes aware of its
940 existence.

941 (1) The Contracting Officer shall use its best efforts to promptly
942 review proposals for work to be undertaken by the Contractor pursuant to this Contract, and to
943 promptly coordinate and facilitate such work. To the extent that the approval or determination of
944 the Contracting Officer is required in connection with any such activities, such approval or
945 determination shall not be unreasonably withheld.

946 (e) The Contractor agrees to indemnify the United States for, and hold the
947 United States and all of its representatives harmless from, all damages resulting from suits,
948 actions, or claims of any character, except for intentional torts committed by employees of the
949 United States, brought on account of any injury to any person or property arising out of any act,

omission, neglect, or misconduct in the manner or method of performing any construction, care, operation, maintenance, supervision, examination, inspection, or other duties of the Contractor or the United States on transferred works required under this Contract, regardless of who performs those duties;

Provided, That for the purposes of this Article 3(e), the term “intentional torts” includes acts or omissions under California law that constitute gross or willful misconduct, gross or willful negligence, and sole negligence; and, provided further, that the term “employees of the United States,” includes agents and independent contractors who are directly responsible to the United States.

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

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

(1) If such advances payments are inadequate to properly care for, operate, and maintain the transferred works to the end of any Year, the Contracting Officer may give written notice of a supplemental Operation and Maintenance charge and the Contractor shall pay its share of such amount on or before the date specified in said notice. The Contractor shall provide for the collection of sufficient Operation and Maintenance or toll charges to pay all such bills to the United States within the time stated herein in addition to providing the necessary

983 funds to meet the other obligations of the Contractor. Any amount of such advances remaining
984 unexpended or unobligated shall, at the option of the Contractor, either be refunded or credited
985 upon amounts to become due to the United States from the Contractor under the provisions of
986 this Contract in subsequent Years.

987 (h) In addition to all other payments to be made by the Contractor under this
988 Contract, the Contractor will reimburse to the United States, following the receipt of a statement
989 from the Contracting Officer, all miscellaneous costs incurred by the United States for any work
990 involved in the administration and supervision of this Contract.

991 (i) Nothing in this Article will be deemed to waive the sovereign immunity of
992 the United States.

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

995 16. (a) The Contracting Officer may, from time to time, examine the following:
996 the Contractor's books, records, and reports; the project works being operated by the Contractor;
997 the adequacy of the Operation and Maintenance program[s]; the reserve fund; and the water
998 conservation program including the water conservation fund, if applicable. Notwithstanding title
999 ownership, where the United States retains a financial, physical, or liability interest in facilities
1000 either constructed by the United States or with funds provided by the United States, the
1001 Contracting Officer may examine any or all of the project works providing such interest to the
1002 United States.

1003 (b) The Contracting Officer may, or the Contractor may ask the Contracting
1004 Officer to, conduct special inspections of any project works being operated by the Contractor and
1005 special audits of the Contractor's books and records to ascertain the extent of any Operation and
1006 Maintenance deficiencies to determine the remedial measures required for their correction and to
1007 assist the Contractor in solving specific problems. Except in an emergency, any special
1008 inspection or audit shall be made only after written notice thereof has been delivered to the
1009 Contractor by the Contracting Officer.

1010 (c) The Contractor shall provide access to the project works, operate any
1011 mechanical or electrical equipment, and be available to assist in the examination, inspection, or
1012 audit.

1013 (d) The Contracting Officer shall prepare reports based on the examinations,
1014 inspections, or audits and furnish copies of such reports and any recommendations to the
1015 Contractor.

1016 (e) The costs incurred by the United States in conducting Operation and
1017 Maintenance examinations, inspections, and audits and preparing associated reports and

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

(f) Expenses incurred by the Contractor, as applicable, in participating in the Operation and Maintenance site examination will be borne by the Contractor.

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

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

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

ADMINISTRATION OF FEDERAL PROJECT LANDS

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

(b) The United States retains responsibility for compliance with the National Historic Preservation Act of 1966 (NHPA), and the Native American Graves Protection and Repatriation Act of 1990 (NAGPRA). The Contractor will notify the Contracting Officer and, only when on tribal land, also notify the appropriate tribal official, immediately upon the discovery of any potential historic properties or Native American human remains, funerary objects, sacred objects, or objects of cultural patrimony.

(c) The Contractor, upon the effective date of the transfer, shall assume all obligations of the United States under any contract or contracts related to the crossing of the

1057 transferred works in, over, along, or across land or rights-of-way of public utilities, the State of
1058 California, or agencies thereof.

1059 (d) For the purposes of this Contract, definition of the following terms are:

1060 (1) An easement is an instrument which grants an estate in the land
1061 which is not revocable except as may be provided in the instrument. Rights of way for roads,
1062 transmission lines, pipelines, and like uses, are granted by an easement.

1063 (2) A lease is an instrument by which lands and tenements are
1064 conveyed for a number of years or at will. Leases may be used to convey lands for grazing,
1065 agricultural, commercial and other uses.

1066 (3) A license is an instrument granting authority to do an act or acts on
1067 lands without conveying an interest therein. It may be used to allow such uses as surveying,
1068 temporary crossings, bank travel, or installation of temporary pumps. It is an instrument giving a
1069 personal privilege which is temporary and revocable.

1070 (e) When the Contracting Officer receives a request for use of the right-of-
1071 way transferred to the Contractor for Operation and Maintenance, he shall forward the request,
1072 together with any comments which may be pertinent, to the Contractor. Notice of referral shall
1073 be sent to the applicant without comment. The applicant also should be told that further
1074 information regarding the application will emanate from the Contractor and all subsequent
1075 inquiries concerning the application should be sent direct to the Contractor.

1076 (f) Subject to the provisions of (h) below, the Contractor may grant or deny
1077 licenses to use the right-of-way. The Contractor will send the Contracting Officer a copy of each
1078 license granted. The Contractor will obtain the prior written approval of the Contracting Officer

1079 for any license that involves a major installation of construction of structures in the right-of-way,
1080 such flumes, siphons, culverts, drains, and permanent turnouts.

1081 (g) The following rights to use the right-of-way shall be granted only by the
1082 Contracting Officer:

1083 (1) All leases and grants of easement.

1084 (2) Licenses, consents, and other forms of agreement requested by
1085 Pacific Gas and Electric Company or any other entity which has a master contract with the
1086 United States.

1087 (3) Licenses for removal of sand, gravel, or spoil.

1088 (4) Licenses for transmission lines with voltage in excess of 33 kV If
1089 the application is one which can only be granted by the Contracting Officer, then the Contractor
1090 shall furnish a copy of the application and comments thereon to the Contracting Officer. If the
1091 request is compatible with the Operation and Maintenance of the transferred works and if the
1092 Contractor has indicated approval, the Contracting Officer will send the appropriate executed
1093 documents to the Contractor for transmittal to the applicant.

1094 (h) In granting permission to use the right-of-way care shall be exercised to
1095 assure that:

1096 (1) The encroachment is held to the minimum practical,

1097 (2) There is no interference with water supply operations on the right
1098 of way,

1099 (3) A license is not issued as a substitute for an easement or lease, and

1100 (4) Disposal of land by the United States is not being contemplated.

1101 When there is doubt on any of these matters, the application shall be sent to the Contracting
1102 Officer.

1103 (i) Charges will normally be made for easements, leases, and licenses to use
1104 the right of way.

1105 (1) The charge shall be based on the fair value of the right granted
1106 with a minimum sufficient to cover the administration expenses involved. The Contractor may
1107 establish uniform charges for servicing licenses.

1108 (2) No charge will be made by the United States for rights granted to
1109 governmental entities or to such quasi-governmental agencies or nonprofit organizations as the
1110 parties shall agree upon. However, if a governmental entity requests a right for the specific
1111 benefit of a private entity, charges will be imposed and will be paid to the Contractor direct as
1112 though the grant were to the private entity.

1113 (j) The parties agree that the procedures set forth in subdivisions (c) through
1114 (i) appear desirable and feasible at this time. However, the effectiveness of these procedures is
1115 subject to review during operations. Necessary or desirable changes will be made by agreement
1116 of the parties when the need therefor becomes evident.

1117 CONTAMINATION OR POLLUTION OF FEDERAL PROPERTY

1118 18. (a) The Contractor shall not allow contamination or pollution of Federal
1119 project lands, Project Waters, or project works of the United States or administered by the United
1120 States and for which the Contractor has the responsibility for care, operation, and maintenance
1121 by its employees or agents. The Contractor shall also take reasonable precautions to prevent
1122 such contamination or pollution by third parties.

1123 (b) The Contractor shall comply with all applicable Federal, State, and local
1124 laws and regulations and Bureau of Reclamation policies and instructions existing, or hereafter
1125 enacted or promulgated, concerning any hazardous material that will be used, produced,
1126 transported, stored, released, or disposed of on or in Federal Project lands, Project Waters, or
1127 project works.

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

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

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

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

(g) The Contractor shall defend, indemnify, protect and save the United States harmless from and against any costs, expenses, claims, damages, demands, or other liability arising from or relating to Contractor's violation of this Article.

(h) The Bureau of Reclamation agrees to provide information necessary for the Contractor, using reasonable diligence, to comply with the provisions of this Article.

CLEAN AIR AND WATER

19. (a) The Contractor agrees as follows:

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

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

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

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

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

(1) The term "Clean Air Act" means the Act enacted by Pub. L. 88-206 of Dec. 17, 1963, and amendments thereto, as codified at 42 U.S.C. § 7401, et seq.

(2) The term "Clean Water Act" means the Act enacted by Pub. L. 92-500 of Oct. 18, 1972, and amendments thereto, as codified at 33 U.S.C. § 1251, et seq.

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

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

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

(6) The term "facility" means any building, plant, installation, structure, mine, vessel or other floating craft, location, or site of operations owned, leased, or supervised by a contractor or subcontractor to be utilized in the performance of a contract or subcontract. Where a location or site of operations contains or includes more than one building, plant, installation, or structure, the entire location or site shall be deemed to be a facility except

where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are collocated in one geographical area.

RIGHT TO RECOVER COSTS INCURRED BY SAN BENITO COUNTY WATER DISTRICT

20. (a) In addition to operation and maintenance charges, the Contractor, as the Operating Non-Federal Entity for the San Benito Facilities, has the right to impose upon any entity a charge to recover costs incurred by the Contractor in accordance with this Contract, provided such charges are just and reasonable.

(b) In any contract with an entity or individual to deliver Project water or non-Project water through the San Benito Facilities, the Contracting Officer shall require that such entity or individual enter into an agreement with the Contractor to pay such charges as are just and reasonable for use of the San Benito Facilities.

RIGHT TO RECOVER COSTS INCURRED BY SANTA CLARA VALLEY WATER DISTRICT

21. (a) Santa Clara Valley Water District, as the Operating Non-Federal Entity has the right to require any entity to pay Santa Clara Valley Water District an amount(s) to recover costs incurred by Santa Clara Valley Water District for Reach 1 Facilities, Reach 2 Facilities and Reach 3 Facilities, in addition to O&M costs, provided that such amount(s) are just and reasonable. In any contract or approval by the Contracting Officer to deliver water through such Facilities, the Contracting Officer shall require the entity or individual to pay such amount(s) to the Contractor, upon presentation of Santa Clara Valley Water District's invoice therefore.

(b) Unless otherwise agreed, the Santa Clara Valley Water District's right to recover capital costs from the Contractor is limited to such capital costs for its share of Reach 1 Facilities that are not paid directly to the United States by the Contractor under the terms of this

1230 Contract as may be further amended. The Contractor's share of Reach 1 Facilities shall be based
1231 on Article 3(b) of Contract No. 6-07-20-X0290 entitled Contract for the Operation and
1232 Maintenance of Certain San Felipe Facilities between the United States and Santa Clara Valley
1233 Water District dated September 8, 1986, or as otherwise mutually agreed upon by the Contractor
1234 and Santa Clara Valley Water District in a separate contract.

1235 PEST MANAGEMENT

1236 22. (a) The Contractor is responsible for complying with applicable Federal,
1237 State, and local laws, rules, and regulations related to pest management in performing its
1238 responsibilities under this Contract.

1239 (b) The Contractor is responsible for effectively avoiding the introduction and
1240 spread of, and for otherwise controlling, undesirable plants and animals, as defined by the
1241 Contracting Officer, on or in Federal Project lands, Federal Project Waters, and Federal project
1242 works for which and to the extent that the Contractor has Operation and Maintenance
1243 responsibility. The Contractor is responsible for exercising the level of precaution necessary in
1244 meeting this responsibility, including inspecting its vehicles, watercraft, and equipment for
1245 reproductive and vegetative parts, foreign soil, mud, or other debris that may cause the spread of
1246 weeds, invasive species and other pests, and removing such materials before moving its vehicles,
1247 watercraft, and equipment onto any Federal land, into any Federal Project facility waters, or out
1248 of any area on Federal Project land where work is performed.

1249 (c) Where decontamination of the Contractor's vehicles, watercraft, or
1250 equipment is required prior to entering Federal Project land or waters, the decontamination shall
1251 be performed by the Contractor at the point of prior use, or at an approved offsite facility able to
1252 process generated cleaning wastes, pursuant to applicable laws, rules, and regulations. Upon the
1253 completion of work, the Contractor will perform any required decontamination within the work
1254 area before moving the vehicles, watercraft, and equipment from Federal Project lands and
1255 waters.

1256 (d) Programs for the control of undesirable plants and animals on Federal
1257 Project lands, and in Federal Project Waters and Federal project works for which the Contractor
1258 has Operation and Maintenance responsibility will incorporate Integrated Pest Management
1259 (IPM) concepts and practices. IPM refers to a systematic and environmentally compatible
1260 program to maintain pest populations within economically and environmentally tolerable levels.
1261 In implementing an IPM program, the Contractor will adhere to applicable Federal and State
1262 laws and regulations and Department of the Interior and Bureau of Reclamation policies,
1263 directives, guidelines, and manuals, including but not limited to, the Department of the Interior
1264 Manual, Part 517 Integrated Pest Management Policy and Part 609 Weed Control Program, the
1265 Plant Protection Act of June 20, 2000 (Pub. L. 106 224), and Executive Order 13112 of February
1266 3, 1999.

CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS RELATING TO
TRANSFERRED WORKS

23. During the time the transferred works are operated and maintained by the Contractor, in addition to all other payments to be made by the Contractor under this Contract, the Contractor shall pay to the United States within 60 days following the receipt of a detailed cost statement such specific items of direct cost incurred by the United States for work associated with this Contract as are normally charged by the United States to water users and properly and equitably chargeable to the Contractor plus a percentage of direct costs for administrative and general overhead in accordance with the procedures approved by the Contracting Officer, *Provided, That* costs incurred by the United States as a result of disaster or obsolescence in accordance with subdivision (b) of Article 15 are not considered to be costs within the meaning of this Article.

EMERGENCY RESERVE FUND

24. (a) Commencing with the year following the transfer of Operation and Maintenance of the transferred works to the Contractor, the Contractor shall accumulate and maintain a reserve fund or demonstrate to the satisfaction of the Contracting Officer that other funds are available for use as an emergency reserve fund. The Contractor shall establish and maintain that emergency reserve fund to meet costs incurred during periods of special stress caused by damaging droughts, storms, earthquakes, floods, or other emergencies threatening or causing interruption of water service.

(b) The Contractor shall accumulate the reserve fund with annual deposits or investments of not less than \$50,000 to a Federally insured, interest- or dividend-bearing account or in securities guaranteed by the Federal Government: *Provided, That* money in the reserve fund, including accrued interest, shall be available within a reasonable time to meet expenses for such purposes as those identified in paragraph (d) herein. Such annual deposits and the accumulation of interest to the reserve fund shall continue until the basic amount of \$250,000 is accumulated. Following an emergency expenditure from the fund, the annual deposits shall continue from the year following the emergency expenditure until the previous balance is restored. After the initial amount is accumulated or after the previous balance is restored, the annual deposits may be discontinued, and the interest earnings shall continue to accumulate and be retained as part of the reserve fund.

(c) Upon mutual written agreement between the Contractor and the Contracting Officer, the basic reserve fund or the accumulated reserve fund may be adjusted to

account for risk and uncertainty stemming from the size and complexity of the Project; the size of the annual Operation and Maintenance budget; additions to, deletions from, or changes in project works; and Operation and Maintenance costs not contemplated when this Contract was executed.

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

(e) During any period in which any of the project works are operated and maintained by the United States, the Contractor agrees the reserve fund shall be available for like use by the United States.

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

PROTECTION OF WATER AND AIR QUALITY

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

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

DRAINAGE STUDIES AND FACILITIES

26. To aid in determining the source and solution of future potential drainage problems, the Contractor shall initiate and maintain, in a manner satisfactory to the Contracting Officer, a program of groundwater observation in order to delineate shallow water-table areas and furnish annually to the Contracting Officer, during the term of this Contract and any renewal thereof, records, and analyses of such observations as they relate to potential drainage problems.

RIGHT TO RETURN FLOWS

27. The United States reserves the right to all waste, seepage, and return-flow waters derived from water furnished to the Contractor which escapes or is discharged beyond the Contractor's Service Area. Nothing herein shall 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 Service Area by the Contractor, or those claiming by or through the Contractor.

REPEAL OF AMENDMENT OF FEDERAL RECLAMATION LAWS

28. In the event that the Congress of the United States amends the excess land provisions or other provisions of the Federal reclamation laws, the United States agrees, at the option of the Contractor, to negotiate amendments of appropriate Articles of this Contract, all consistent with the provisions of such amendment.

GENERAL OBLIGATION – BENEFITS CONDITIONED UPON PAYMENT

29. (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.

(c) The Contractor shall cause to be levied and collected all necessary taxes, tolls, assessments, or other charges against properties in Zone 6 and shall use all of the authority and resources of the District within the said zone necessary to meet these obligations hereunder.

CHANGES IN THE CONTRACTOR'S ORGANIZATION OR SERVICE AREA

30. 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.

BOOKS, RECORDS, AND REPORTS

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

(b) Nothing in this Article 31 shall be construed to limit or constrain the ability of the Bureau of Reclamation to conduct contract compliance reviews of this Contract in accordance with Reclamation Manual Directives and Standards PEC 05-08, last revised October 11, 2019, as may be further revised, amended, modified, or superseded.

RULES, REGULATIONS, AND DETERMINATIONS

32. (a) The parties agree that the delivery of water or the use of Federal facilities pursuant to this Contract is subject to Federal Reclamation law, as amended and supplemented, and the rules and regulations promulgated by the Secretary of the Interior under Federal Reclamation law.

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

(c) Except as provided by the San Felipe Division Act of August 28, 1967 (81 Stat. 173), the parties agree that the delivery of Agricultural 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.

DETERMINATION OF FINDINGS OF FACTS

33. Where the terms of this Contract provide for action to be based upon the opinion or determination of either party to this Contract, said terms shall not be construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or determination, whether or not stated to be conclusive. If the Contractor questions any determination made by the Contracting Officer, the findings of facts shall be made by the Secretary of Interior after consultation with the Contractor and shall be binding upon the parties.

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

34. (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.

EQUAL EMPLOYMENT OPPORTUNITY

35. 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 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

1471 (e) The Contractor will comply with all provisions of Executive Order No.
1472 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary
1473 of Labor.

1474 (f) The Contractor will furnish all information and reports required by
1475 Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the
1476 Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and
1477 accounts by the Contracting Agency and the Secretary of Labor for purposes of investigation to
1478 ascertain compliance with such rules, regulations, and orders.

1479 (g) In the event of the Contractor's noncompliance with the nondiscrimination
1480 clauses of this Contract or with any of such rules, regulations, or orders, this Contract may be
1481 canceled, terminated or suspended in whole or in part and the Contractor may be declared
1482 ineligible for further Government Contracts in accordance with procedures authorized in
1483 Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and
1484 remedies invoked as provided in Executive Order 11246 of September 24, 1965 or by rule,
1485 regulation, or order of the Secretary of Labor, or as otherwise provided by law.

1486 (h) The Contractor will include the provisions of paragraphs (a) through (g) in
1487 every subcontract or purchase order unless exempted by the rules, regulations, or orders of the
1488 Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24,
1489 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor
1490 will take such action with respect to any subcontract or purchase order as may be directed by the
1491 Secretary of Labor as a means of enforcing such provisions, including sanctions for
1492 noncompliance: *Provided, however, That* in the event the Contractor becomes involved in, or is
1493 threatened with, litigation with a subcontractor or vendor as a result of such direction, the
1494 Contractor may request the United States to enter into such litigation to protect the interests of
1495 the United States."

1496 CONTRACTOR'S RIGHTS TO WATER

1497 36. (a) The right to the beneficial use of water furnished to the Contractor
1498 pursuant to this Contract shall not be disturbed so long as the Contractor fulfills all of its
1499 obligations under this Contract.

1500 (b) Except as provided by Section 14 of the Reclamation Project Act of 1939,
1501 or as otherwise provided by law, the Contracting Officer shall not furnish water to other
1502 contractors or water users for use within the County of San Benito without the prior written
1503 approval of the Contractor unless the Contractor determines that it is unable or unwilling to
1504 furnish such water.

1505 (c) The provisions of this Contract shall not be applicable to or affect water or
1506 water rights now owned or hereafter acquired by the Contractor or any landowner therein other
1507 than from the United States.

RENEGOTIATION

1509 37. If hereafter the United States enters into, renews, or amends any contract for
1510 water from the Project which, because of a change in general Reclamation law or generally
1511 applicable policy, contains terms and conditions which would be substantially more favorable to
1512 the Contractor with respect to matters similar to those contained in this Contract, the United
1513 States upon the Contractor's request, will renegotiate this Contract for the purpose of providing
1514 comparable terms in accordance with the new law or policy.

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

1516 38. The expenditure or advance of any money or the performance of any obligation of
1517 the United States under this Contract shall be contingent upon appropriation or allotment of
1518 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any
1519 obligations under this Contract. No liability shall accrue to the United States in case funds are
1520 not appropriated or allotted.

OFFICIALS NOT TO BENEFIT

1522 39. (a) No Member of or Delegate to the Congress, Resident Commissioner, or
1523 official of the Contractor shall benefit from this Contract other than as a water user or landowner
1524 in the same manner as other water users or landowners.

(b) No official of the Contractor shall receive any benefit that may arise by reason of this Contract other than as a landowner within the Project and in the same manner as other landowners within the Contractor's Service Area.

ASSIGNMENT LIMITED – SUCCESSORS AND ASSIGNS OBLIGATED

1529 40. The provisions of this Contract shall apply to and bind the successors and assigns
1530 of the parties hereto, but no assignment or transfer of this Contract or any right or interest therein
1531 by either party shall be valid until approved in writing by the other party.

NOTICES

41. Any notice, demand, or request authorized or required by this Contract shall be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered to the Area Manager, South-Central California Area Office, 1243 N Street, Fresno, California 93721, and on behalf of the United States, when mailed, postage prepaid, or delivered to San Benito County Water District, P.O. Box 899, Hollister, California 95024. 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.

CONFIRMATION OF CONTRACT

42. Promptly after the execution of this Contract, the Contractor will provide evidence to the Contracting Officer that, pursuant to the laws of the State of California, the Contractor is a legally constituted entity and the Contract is lawful, valid, and binding on the Contractor. This Contract will not be binding on the United States until the Contractor provides evidence to the Contracting Officer's satisfaction. In addition to other forms of evidence to meet the requirements of this Article, the Contractor may provide or the Contracting Officer may require 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 Contract.

WATER CONSERVATION

43. (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. The water conservation and efficiency program shall contain definite water conservation objectives, appropriate economically feasible water conservation measures, and time schedules for meeting those objectives. Continued Project Water delivery pursuant to this Contract shall be contingent upon the Contractor's continued implementation of such water conservation program. In the event the Contractor's water conservation plan or any revised water conservation plan completed pursuant to this Contract have not yet been determined by the

1564 Contracting Officer to meet such criteria, due to circumstances which the Contracting Officer
1565 determines are beyond the control of the Contractor, water deliveries shall be made under this
1566 Contract so long as the Contractor diligently works with the Contracting Officer to obtain such
1567 determination at the earliest practicable date, and thereafter the Contractor immediately begins
1568 implementing its water conservation and efficiency program in accordance with the time
1569 schedules therein.

1570 (b) Should the amount of M&I Water delivered pursuant to subdivision (a) of
1571 Article 3 of this Contract equal or exceed 2,000 acre-feet per Year, the Contractor shall
1572 implement the Best Management Practices identified by the time frames issued by the California
1573 Urban Water Conservation Council for such M&I Water unless any such practice is determined
1574 by the Contracting Officer to be inappropriate for the Contractor.

1575 (c) The Contractor shall submit to the Contracting Officer a report on the
1576 status of its implementation of the water conservation plan on the reporting dates specified in the
1577 then existing conservation and efficiency criteria established under Federal law.

1578 (d) At 5-year intervals, the Contractor shall revise its water conservation plan
1579 to reflect the then current conservation and efficiency criteria for evaluating water conservation
1580 plans established under Federal law and submit such revised water management plan to the
1581 Contracting Officer for review and evaluation. The Contracting Officer will then determine if
1582 the water conservation plan meets Reclamation's then current conservation and efficiency criteria
1583 for evaluating water conservation plans established under Federal law.

1584 (e) If the Contractor is engaged in direct groundwater recharge, such activity
1585 shall be described in the Contractor's water conservation plan.

RECLAMATION REFORM ACT OF 1982

44. (a) Upon a Contractor's compliance with and discharge of the San Felipe Division Repayment Obligation and the WIIN 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.

PRIVACY ACT COMPLIANCE

45. (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

1619 System Manager with information and records necessary to prepare an appropriate response to
1620 the requester. These requirements do not apply to individuals seeking access to their own
1621 certification and reporting forms filed with the Contractor pursuant to 43 C.F.R. § 426.18 unless
1622 the requester elects to cite the Privacy Act as authority for the request.

1623 MEDIUM FOR TRANSMITTING PAYMENTS

1624 46. (a) All payments from the Contractor to the United States under this Contract
1625 shall be by the medium requested by the United States on or before the date payment is due. The
1626 required method of payment may include checks, wire transfers, or other types of payment
1627 specified by the United States.

1628 (b) Upon execution of the Contract, the Contractor shall furnish the
1629 Contracting Officer with the Contractor's taxpayer's identification number (TIN). The purpose
1630 for requiring the Contractor's TIN is for collecting and reporting any delinquent amounts arising
1631 out of the Contractor's relationship with the United States.

1632 CONTRACT DRAFTING CONSIDERATIONS

1633 47. This Contract has been, negotiated and reviewed by the parties hereto, each of
1634 whom is sophisticated in the matters to which this Contract pertains. The double spaced Articles
1635 of this Contract have been drafted, negotiated, and reviewed by the parties, and no one party
1636 shall be considered to have drafted the stated Articles. Single-spaced Articles are standard
1637 Articles pursuant to Bureau of Reclamation policy.

1638 IN WITNESS WHEREOF, the parties hereto have executed this Contract No. 8-07-20-
1639 W0130A-P on the day and year first above written.

1640 THE UNITED STATES OF AMERICA

1641 By: 
1642 Regional Director
1643 Interior Region 10: California-Great Basin
1644 Bureau of Reclamation

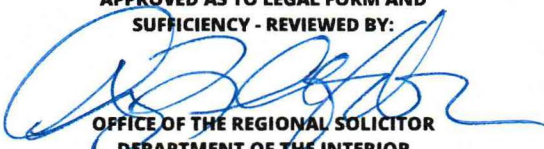
1645 SAN BENITO COUNTY WATER DISTRICT

1646 By: 
1647 President, Board of Directors

1648 ATTEST:

1649 By: 
1650 Board Secretary

1638 IN WITNESS WHEREOF, the parties hereto have executed this Contract No. 8-07-20-
1639 W0130A-P on the day and year first above written.

1640 **APPROVED AS TO LEGAL FORM AND
SUFFICIENCY - REVIEWED BY:**

**OFFICE OF THE REGIONAL SOLICITOR
DEPARTMENT OF THE INTERIOR**
TIME STAMP: 1:07 pm, May 14-2020

THE UNITED STATES OF AMERICA

1641 By: _____
1642 Regional Director
1643 Interior Region 10: California-Great Basin
1644 Bureau of Reclamation

1645 SAN BENITO COUNTY WATER DISTRICT

1646 By: _____
1647 President, Board of Directors

1648 ATTEST:

1649 By: _____
1650 Board Secretary



San Benito County Water District

30 Mansfield Road • P.O. Box 899 • Hollister, CA 95024-0899 • (831) 637-8218 • Fax (831) 637-7267

January 13, 2020

Attention: Mr Stanley Data
Bureau of Reclamation
2800 Cottage Way (CGB-440)
Sacramento, CA 95825

Subject: Contract No.8-07-20-W0130A-P (Contract) Between the United States and San Benito County Water District

Dear Mr. Data:

Enclosed please find 3 blue bound (2 stapled, 1 unstapled) copies of the Contract. Our Board President and Board Secretary have signed the three copies of the contract.

The correct version of Exhibit B, as provided by Erma Leal of the USBR, was substituted in the unstapled copy. Per Erma's request, we did not substitute the correct version of Exhibit B in the stapled copies but have provided the correct version in this package for you to substitute on your end.

Please contact Erma Leal or me if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "S. Singleton", is written over a light blue horizontal line.

Sara C. Singleton
Assistant Manager

RESOLUTION NO. 2020-17

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN BENITO COUNTY WATER DISTRICT
AUTHORIZING THE FILING OF A NOTICE OF EXEMPTION
FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT
FOR APPROVAL OF AND AUTHORIZATION TO EXECUTE
THE AMENDED AND RESTATED CONTRACT
BETWEEN THE UNITED STATES AND
SAN BENITO COUNTY WATER DISTRICT
FOR WATER SERVICE, FACILITIES REPAYMENT, AND
FOR OPERATION AND MAINTENANCE OF CERTAIN WORKS
OF THE SAN FELIPE DIVISION**

WHEREAS, the San Benito County Water District ("District" or "Contractor") and the United States entered into a contract for water service with the United States on or about April 15, 1978, Contract No. 8-07-20-W0130 ("1978 Contract"), which provided for the delivery of Central Valley Project ("Project") water to the District from June 1, 1978 through February 29, 2028; and

WHEREAS, the District and the United States entered into an amendatory water service contract on or about February 28, 1992, Contract No. 8-07-20-W0130 ("First Amendment"), which modified the terms and conditions for the delivery of Project water to the District from June 1, 1987 through February 29, 2028; and

WHEREAS, on September 30, 1997, the District and the United States entered into the Binding Agreement for Early Renewal Between the United States and San Benito County Water District, Contract No. 8-07-20-W0130A, which provide the terms and conditions for the renewal of the 1978 Contract; and

WHEREAS, the District and the United States entered into a second amendatory water service contract on or about March 28, 2007, Contract No. 8-07-20-W0130A ("Second Amendment"), which among other things established the terms and conditions for the repayment of the San Felipe Division facilities and implementation of certain Central Valley Project Improvement Act activities; and

WHEREAS, the 1978 Contract, as amended by the First Amendment and the Second Amendment, is hereinafter referred to herein as the "Existing Contract"; and

WHEREAS, the Santa Clara Valley Water District and the United States entered into a contract titled "Contract for the Transfer of the Operation and Maintenance of Certain San Felipe Division", Contract No. 6-07-20-X0290, dated September 8, 1986, which established terms and conditions for the transfer of Operation and Maintenance of San Felipe Division facilities jointly used by the District and Santa Clara Valley Water District; and

WHEREAS, the District was notified via the transfer notice of the transfer of Operation and Maintenance of Certain San Felipe Division Facilities to the District, dated September 17, 1987, October 30, 1987, and January 12, 1988; 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) ("WIIN Act"); and

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

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

WHEREAS, Sections 4011(d)(3) and (4) further provide 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, upon the request of a Project contractor, the WIIN Act directs the Secretary of the Interior to convert Project water service contracts into repayment contracts, amend existing repayment contracts and also allow contractors to prepay their construction cost obligations pursuant to applicable federal reclamation law; and

WHEREAS, pursuant to and consistent with the WIIN Act, the United States and the District negotiated terms and conditions that convert the Existing Contract to a repayment contract, and those terms and conditions are reflected, in the "Amended and Restated Contract Between the United States and San Benito County Water District for Water Service, Facilities Repayment, and for Operation and Maintenance of Certain Works of the San Felipe Division" ("Repayment Contract"); and

WHEREAS, a true and correct copy of the Repayment Contract is attached hereto at Exhibit A and is incorporated herein; and

WHEREAS, the Repayment Contract also reflects the current standard terms and conditions required by the Reclamation Manual: and

WHEREAS, the Repayment Contract continues water service to the District within established parameters, in the same scope and nature of the ongoing Project and its existing facilities; and

WHEREAS, water obtained from the Project has been relied upon by urban and agricultural areas within California for more than 50 years, and is considered by the District as an essential portion of its water supply; and

WHEREAS, the economies of regions within the Project, including the District's, depend upon the continued availability of water, including water service from the Project; and

WHEREAS, it is imperative to the District and its landowners that the District continue water service to lands within the District for beneficial use, and the District therefore proposes to enter into the Repayment Contract; and

WHEREAS, under the Repayment Contract, ongoing receipt and delivery of water will continue with no expansion of service and no new facilities constructed because the District will deliver the water received under the Repayment Contract: (1) to lands within the District's boundaries for beneficial use and that have been in production; and (2) through existing facilities; and

WHEREAS, the District has reviewed the terms and conditions of the Repayment Contract and finds the form and content thereof to be acceptable to the District and appropriate for execution.

NOW, THEREFORE, IT IS HEREBY RESOLVED as follows:

1. The facts set forth in the recitals above and in the documents referenced therein are true and correct, and the Board so finds and determines.
2. Execution of the Repayment Contract is exempt from the California Environmental Quality Act based on its record of proceedings showing that the Repayment Contract continues water service to the District within established parameters, in the same scope and nature of the ongoing Project 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 charge in the source of water to be delivered, or the uses to which such supplies will be put.
3. Execution of the Repayment Contract is categorically exempt from compliance with the California Environmental Quality Act as provided in Title 14 of the California Code of Regulations, Section 15300 through 15333, with particular reference to Section 15301, because it merely provides for continued operation of existing facilities.

4. The District shall prepare and file a Notice of Exemption with the Clerk of San Benito County and the Office of Planning and Research (State Clearinghouse) as provided for in Title 14 of the California Code of Regulations, Section 15062, in substantially the form attached hereto as Exhibit B.
5. The Repayment Contract, in substantially the form presented to the Board and on file with the United States, is hereby approved.
6. The President of the District is hereby authorized to execute and deliver the Repayment Contract in substantially the form attached hereto, with such additional changes and/or modifications as are approved by the President of the District, its General Manager, and its General Counsel.
7. The District's officers, staff, and consultants are authorized and directed to take all additional actions they deem necessary or appropriate in order to carry out the intent of this Resolution.
8. A certified copy of this Resolution shall be prepared and transmitted by the District's Secretary to the United States Bureau of Reclamation.


Adopted at a regular meeting of the Board of Directors, at Hollister, California, this 28th day of October 2020.

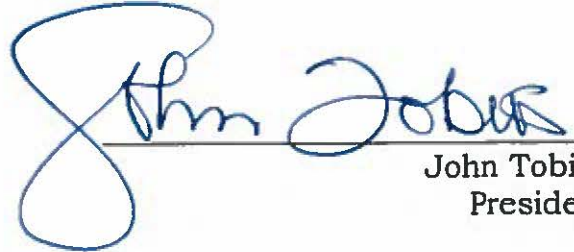
AYES: Tobias, Bettencourt, Flores, Tonascia and Williams

NOES: None

ABSENT: None

ABSTAIN: None




John Tobias
President

ATTEST:


Sara Singleton
Assistant Manager/Board Secretary

CERTIFIED RESOLUTION

I, Sara Singleton, board secretary of the San Benito County Water District, do hereby certify that the following is a true and correct copy of a resolution duly adopted at the regular meeting of the Board of Directors, duly held on October 28, 2020 . This resolution has not been modified, rescinded or revoked and is at present in full force and effect.

In Witness whereof, the undersigned has affixed her signature and the corporate seal.



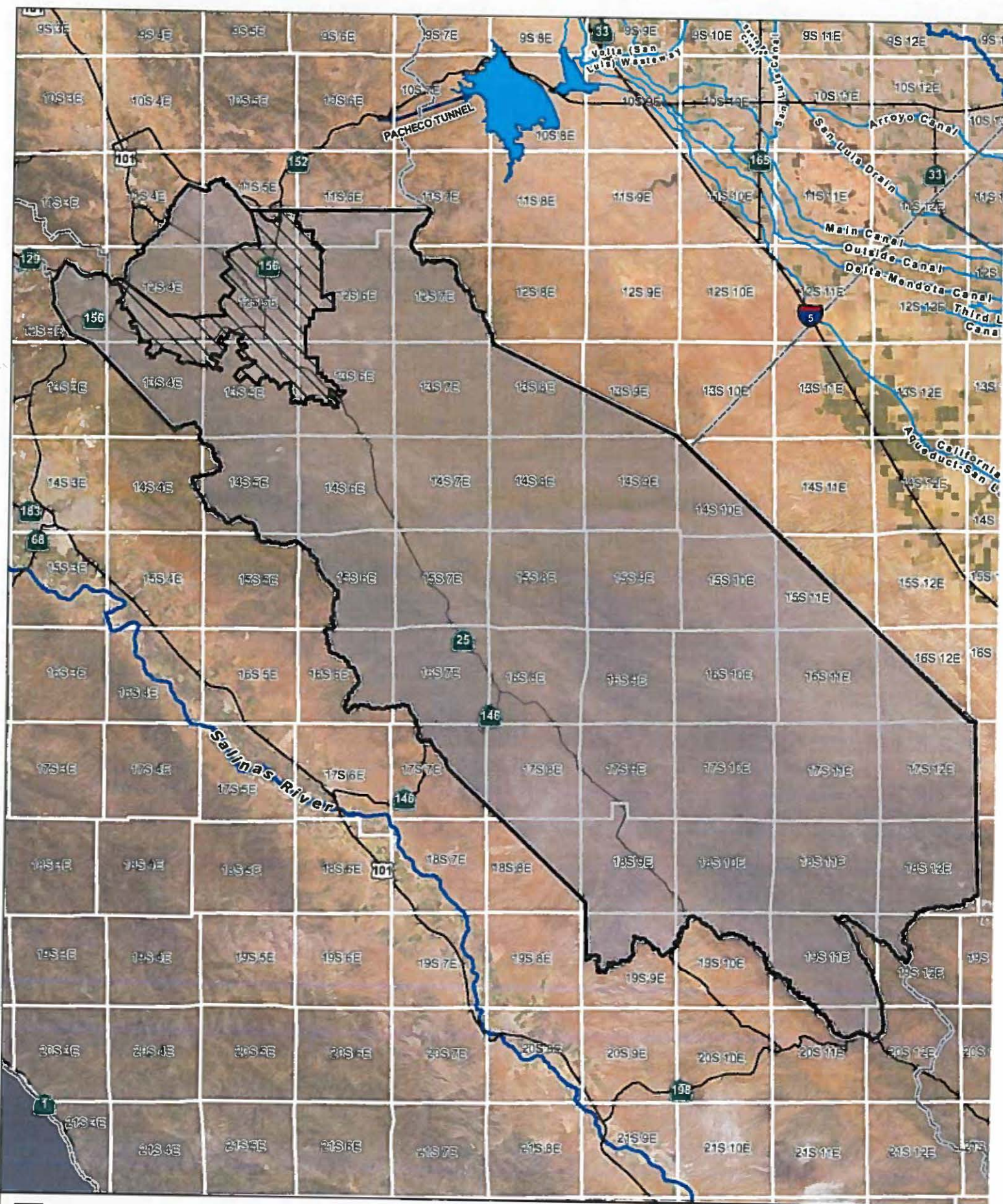
Sara Singleton

Assistant Manager/Board Secretary



1/12/21

Date of signature



- District Boundary
- Contractor's Service Area

San Benito County Water District

Contract No. 8-07-20-W0130A-P
Exhibit A



BUREAU OF
RECLAMATION

Date: 7/7/2020
File Name: N:\Districts\Contracts\san_benito\san_benito_20200708.mxd

0 5 10 Miles



805-202-13

**EXHIBIT B
SAN BENITO COUNTY WATER DISTRICT
2020 Rates and Charges
(Per Acre-Foot)**

	Irrigation Water	M&I Water
COST-OF-SERVICE (COS) RATE		
Construction Costs	\$28.10	\$0.00
DMC Aqueduct Intertie	\$1.08	
O&M Components		
Water Marketing	\$8.97	\$6.12
Storage	\$17.87	\$14.84
Credit for other PUE Remittance ¹	(\$3.26)	(\$3.09)
Conveyance Pumping		
Direct Pumping		
Deficit Cost Component (American Recovery and Reinvestment Act (ARRA) included)		\$0.00
TOTAL COS RATE (Tier 1 Rate)	\$52.76	\$17.87
Project Use Energy Payment²		
Direct Pumping	\$16.22	\$16.22
Other PUE Remittance	\$3.26	\$3.09
IRRIGATION FULL COST RATE (RRA)		
Section 202(3) Rate is applicable to a Qualified Recipient or to a Limited Recipient receiving irrigation water on or before October 1, 1981	85.67	
Section 205(a)(3) Rate is applicable to a Limited Recipient that did not receive irrigation water on or before October 1, 1981.	105.22	
M&I FULL COST RATE		\$17.87
TIERED PRICING COMPONENTS (In Addition to Total COS Rate Above)		
Irrigation		
[Section 202(3) Irrigation Full Cost Rate - Irrigation COS Rate]/2 (Amount to be added to Tier 1 Rate)	\$16.46	
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)	\$32.91	
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)		\$0.00
Tier 3 Rate - >90% of Contract Total [M&I Full Cost Rate - M&I COS Rate] (Amount to be Added to Tier 1 Rate)		\$0.00
CHARGES AND ASSESSMENTS (Payments in addition to Rates)		
P.L. 102-575 Surcharge (Restoration Fund Payment) [Section 3407(d)(2)(A)]	\$10.91	\$21.82
P.L. 106-377 Assessment (Trinity Public Utilities District) [Appendix B, Section 203]	\$0.12	\$0.12

EXPLANATORY NOTES

¹ Project Use Energy payment is being remitted to Western Area Power Authority for storage and direct pumping based on the deliveries of a select few contractors. The rates for the select few contractors are reduced as a credit in the O&M rates. All contractors will ultimately pay for the storage and direct pumping service but as an offset to the amount paid by the select few. Refer to schedule A-11 and A-9 for calculation details.

² Project Use Energy cost and Cost of Service Rate are paid in advance. Please refer to the water rate books for more information.

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: 2011 = 8,250 AF, 2017 = 8,250 AF, 2019 = 8,250 AF, which equals a M&I Historic use average quantity of 8,250 AF.

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

EXHIBIT C
SAN FELIPE DIVISION REIMBURSABLE CAPITAL COSTS

	Total	Reach 1 Facilities	Reach 2 Facilities	Reach 3 Facilities	SBCWD Facilities
Reclamation Facilities					
Pacheco Pumping Plant	\$30,220,448	\$30,220,448			
Pacheco Substation 70 kv Line	\$239,745	\$239,745			
Pacheco Substation 70-kv IDC	\$5,044	\$5,044			
Pacheco Tunnel	\$75,352,668	\$75,352,668			
Pacheco Conduit	\$29,764,210	\$29,764,210			
Santa Clara Tunnel and Conduit	\$67,877,286		\$23,186,694	\$44,690,592	
Coyote Pumping Plant	\$16,493,415			\$16,493,415	
Coyote Pumping Plant - 115 kv Line	\$1,923,559			\$1,923,559	
Coyote Pumping Plant - 115 kv Line IDC	\$18,082			\$18,082	
Hollister Canal and Conduit	\$26,032,191				\$26,032,191
San Justo Dam & Reservoir	\$35,286,142				\$35,286,142
San Felipe Division IDC	\$32,227,149	\$17,075,058	\$4,907,593	\$9,459,014	\$785,484
San Felipe Division Permanent Operating Facilities	\$234,222	\$234,222			
San Felipe Division Wildlife Mitigation Lands	\$301,445	\$301,445			
Power System					
Pacheco Pumping Plant Substation	\$1,203,910	\$1,203,910			
Pacheco Pumping Plant IDC	\$370,824	\$370,824			
Coyote Pumping Plant Substation	\$1,649,124			\$1,649,124	
Coyote Pumping Plant IDC	\$218,184			\$218,184	
	<u>\$319,417,648</u>	<u>\$154,767,574</u>	<u>\$28,094,287</u>	<u>\$74,451,970</u>	<u>\$62,103,817</u>

Amounts listed for each facility include interest during construction.
Amounts reflected are as of September 30, 2004

EXHIBIT D
SAN BENITO COUNTY WATER DISTRICT
REPAYMENT SCHEDULE

										Remaining Balance			
		Payment	Current Year Interest Charges		Total Current					Unpd Cap Int	M&I Cap*	Int Cap	
Payment Due Date	Pmnt #	Total	M&I	Unpd Cap Int	Year Interest	1. CY Interest	2. Unpd Cap Int	3. M&I Cap	4. Irrigation	3.5000%	3.4874%	0.0000%	
										2,036,398.00	19,471,642.00	68,924,535.00	
2007										2,036,398.00	19,471,642.00	68,924,535.00	
July 1	1&2	1,392,151.54	679,054.04	71,273.93	750,327.97	750,327.97	841,823.57	-	-	1,394,574.43	19,471,642.00	68,924,535.00	
2008	January 1	696,075.77	339,527.02	24,405.05	363,932.07	363,932.07	332,143.70	-	-	1,062,430.74	19,471,642.00	68,924,535.00	
July 1	4	696,075.77	339,527.02	18,592.54	358,119.56	358,119.56	337,956.21	-	-	724,474.53	19,471,642.00	68,924,535.00	
2009	January 1	696,075.77	339,527.02	12,678.30	352,205.33	352,205.33	343,870.44	-	-	380,604.08	19,471,642.00	68,924,535.00	
July 1	6	696,075.77	339,527.02	6,660.57	346,187.59	346,187.59	349,888.18	-	-	30,715.91	19,471,642.00	68,924,535.00	
2010	January 1	696,075.77	339,527.02	537.53	340,064.55	340,064.55	30,715.91	325,295.31	-	-	19,146,346.69	68,924,535.00	
July 1	8	696,075.77	333,854.85	-	333,854.85	333,854.85	-	362,220.92	-	-	18,784,125.78	68,924,535.00	
2011	January 1	696,075.77	327,538.80	-	327,538.80	327,538.80	-	368,536.97	-	-	18,416,588.79	68,924,535.00	
July 1	10	696,075.77	321,112.62	-	321,112.62	321,112.62	-	374,963.15	-	-	18,040,625.65	68,924,535.00	
2012	January 1	696,075.77	314,574.39	-	314,574.39	314,574.39	-	381,501.38	-	-	17,659,124.28	68,924,535.00	
July 1	12	696,075.77	307,922.15	-	307,922.15	307,922.15	-	388,153.62	-	-	17,270,970.64	68,924,535.00	
2013	January 1	696,075.77	301,153.92	-	301,153.92	301,153.92	-	394,921.85	-	-	16,876,048.79	68,924,535.00	
July 1	14	696,075.77	294,267.66	-	294,267.66	294,267.66	-	401,808.11	-	-	16,474,240.88	68,924,535.00	
2014	January 1	696,075.77	287,261.33	-	287,261.33	287,261.33	-	408,814.44	-	-	16,065,426.25	68,924,535.00	
July 1	16	696,075.77	280,132.84	-	280,132.84	280,132.84	-	415,942.93	-	-	15,649,483.31	68,924,535.00	
2015	January 1	696,075.77	272,880.04	-	272,880.04	272,880.04	-	423,195.73	-	-	15,226,287.59	68,924,535.00	
July 1	18	696,075.77	265,500.78	-	265,500.78	265,500.78	-	430,574.99	-	-	14,795,712.58	68,924,535.00	
2016	January 1	696,075.77	257,992.84	-	257,992.84	257,992.84	-	438,082.93	-	-	14,357,628.66	68,924,535.00	
July 1	20	696,075.77	250,353.99	-	250,353.99	250,353.99	-	445,721.78	-	-	13,911,907.88	68,924,535.00	
2017	January 1	971,075.77	242,581.94	-	242,581.94	242,581.94	-	452,493.83	-	-	13,463,414.05	68,924,535.00	
July 1	22	971,075.77	229,879.19	-	229,879.19	229,879.19	-	459,265.88	-	-	12,995,919.17	68,924,535.00	
2018	January 1	971,075.77	216,954.95	-	216,954.95	216,954.95	-	466,037.93	-	-	11,888,096.65	68,924,535.00	
July 1	24	971,075.77	203,805.34	-	203,805.34	203,805.34	-	472,809.98	-	-	10,920,826.22	68,924,535.00	
2019	January 1	971,075.77	190,426.45	-	190,426.45	190,426.45	-	479,582.03	-	-	10,140,176.89	68,924,535.00	
July 1	26	971,075.77	176,814.26	-	176,814.26	176,814.26	-	486,354.08	-	-	9,345,915.39	68,924,535.00	
2020	January 1	971,075.77	162,964.73	-	162,964.73	162,964.73	-	493,126.13	-	-	8,537,804.34	68,924,535.00	
July 1	28	971,075.77	148,873.69	-	148,873.69	148,873.69	-	500,000.00	-	-	7,715,602.27	68,924,535.00	
2021	January 1	971,075.77	134,536.96	-	134,536.96	134,536.96	-	506,977.95	-	-	6,879,063.46	68,924,535.00	
July 1	30	971,075.77	119,950.23	-	119,950.23	119,950.23	-	514,060.90	-	-	6,027,937.91	68,924,535.00	
2022	January 1	971,075.77	105,109.15	-	105,109.15	105,109.15	-	521,250.85	-	-	5,161,971.30	68,924,535.00	
July 1	32	971,075.77	90,009.29	-	90,009.29	90,009.29	-	528,545.80	-	-	4,280,904.82	68,924,535.00	
2023	January 1	971,075.77	74,646.14	-	74,646.14	74,646.14	-	535,945.75	-	-	3,384,475.19	68,924,535.00	
July 1	34	971,075.77	59,015.09	-	59,015.09	59,015.09	-	543,450.70	-	-	2,472,414.51	68,924,535.00	
2024	January 1	971,075.77	43,111.49	-	43,111.49	43,111.49	-	551,055.65	-	-	1,544,450.23	68,924,535.00	
July 1	36	971,075.77	26,930.58	-	26,930.58	26,930.58	-	558,760.60	-	-	600,305.04	68,924,535.00	
2025	January 1	971,075.77	10,467.52	-	10,467.52	10,467.52	-	566,565.55	360,303.21	-	-	68,564,231.79	
July 1	38	971,075.77	-	-	-	-	-	574,460.50	971,075.77	-	-	67,593,156.02	
2026	January 1	971,075.77	-	-	-	-	-	582,355.45	971,075.77	-	-	66,622,080.25	
July 1	40	971,075.77	-	-	-	-	-	590,250.40	971,075.77	-	-	65,651,004.48	
2027	January 1	3,492,302.52	-	-	-	-	-	598,145.35	-	3,492,302.52	-	62,158,701.96	
July 1	42	3,492,302.52	-	-	-	-	-	606,040.30	-	3,492,302.52	-	58,666,399.44	
2028	January 1	3,492,302.52	-	-	-	-	-	613,935.25	-	3,492,302.52	-	55,174,096.92	
July 1	44	3,492,302.52	-	-	-	-	-	621,830.20	-	3,492,302.52	-	51,681,794.40	
2029	January 1	3,492,302.52	-	-	-	-	-	629,725.15	-	3,492,302.52	-	48,189,491.88	
July 1	46	3,492,302.52	-	-	-	-	-	637,620.10	-	3,492,302.52	-	44,697,189.36	
2030	January 1	3,492,302.52	-	-	-	-	-	645,515.05	-	3,492,302.52	-	41,204,886.84	
July 1	48	3,492,302.52	-	-	-	-	-	653,410.00	-	3,492,302.52	-	37,712,584.32	
2031	January 1	3,492,302.52	-	-	-	-	-	661,304.95	-	3,492,302.52	-	34,220,281.80	
July 1	50	3,492,302.52	-	-	-	-	-	669,199.90	-	3,492,302.52	-	30,727,979.28	
2032	January 1	3,492,302.52	-	-	-	-	-	677,094.85	-	3,492,302.52	-	27,235,676.76	
July 1	52	3,492,302.52	-	-	-	-	-	684,989.80	-	3,492,302.52	-	23,743,374.24	
2033	January 1	3,492,302.52	-	-	-	-	-	692,884.75	-	3,492,302.52	-	20,251,071.72	
July 1	54	3,492,302.52	-	-	-	-	-	700,779.70	-	3,492,302.52	-	16,758,769.20	
2034	January 1	3,492,302.52	-	-	-	-	-	708,674.65	-	3,492,302.52	-	13,266,466.68	
July 1	56	3,492,302.52	-	-	-	-	-	716,569.60	-	3,492,302.52	-	9,774,164.16	
2035	January 1	3,492,302.52	-	-	-	-	-	724,464.55	-	3,492,302.52	-	6,281,861.64	
July 1	58	3,492,302.52	-	-	-	-	-	732,359.50	-	3,492,302.52	-	2,789,559.12	
2036	January 1	2,789,559.12	-	-	-	-	-	740,254.45	-	2,789,559.12	-	0.00	
July 1	60	-	-	-	-	-	-	748,149.40	-	-	-	0.00	
Total		98,994,035.28	8,427,312.36	134,147.92	8,561,460.28	8,561,460.28	2,036,398.00	19,471,642.00	68,924,535.00				

* Weighted composite rate (Pacheco Inlet (\$8,327,528) at 3.137%; all other facilities at 3.500%)

Exhibit E^a

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

Unpaid Construction Cost from the 2020 Water Rate Books^a

Contractor: San Benito County Water District
Facility: San Felipe Unit
Contract: 8-07-20-W0130A-P

Irrigation Construction Cost (2020 Irrigation Ratebook, Schedule A-2Ba)			
	Unpaid Cost	Discount	
Construction Cost	\$ 3,052,896		
2019 Repayment **	\$ 267,495		
2020 Repayment (Estimate) **	\$ 225,007		
Adjusted Construction Cost	\$ 2,560,394	\$ 2,458,636	
Intertie Construction Cost (N/A):	\$ 468,821	\$ 400,658	
Total	\$ 3,029,215	\$ 2,859,294	
If Paid in Installments (Used 20 yr CMT)			
Due****			
Payment 1	2/1/2021	\$ 728,007	
Payment 2	2/1/2022	\$ 728,007	
Payment 3	2/1/2023	\$ 728,007	
Payment 4	2/1/2024	\$ 728,007	
Total Installment Payments		\$ 2,912,026	
20 yr CMT Rates - 12/29/2020 (to be adjusted to effective date of contract) [®]			
Discount Rate (1/2 of the Treasury Rate per the WIIN Act, Section 4011(a)(2)(A))			
		1.470%	
		0.735%	

M&I Construction Cost (2020 M&I Ratebook, Sch A-2Ba)	
	Unpaid Cost
Construction Cost:	\$ (424,011)
2019 Repayment **	\$ -
2020 Repayment (Estimate) **	\$ -
Adjusted Construction Cost***:	\$ (424,011)

Calculation Support: Irrigation Lump Sum or First Payment**** 2/1/2021
 Days Until the End of the Fiscal Year 241

Fiscal Yr	Unpaid Allocated Construction Cost			Unpaid Intertie Construction Cost			Total
	Beginning Balance	Straight Line Repayment	Present Value	Beginning Balance	Straight Line Repayment	Present Value	Present Values
2021	\$ 2,560,394	\$ 256,039	\$ 252,945	\$ 468,821	\$ 10,903	\$ 10,771	\$ 263,716
2022	\$ 2,304,355	\$ 256,039	\$ 252,317	\$ 457,918	\$ 10,903	\$ 10,744	\$ 263,061
2023	\$ 2,048,316	\$ 256,039	\$ 250,476	\$ 447,015	\$ 10,903	\$ 10,666	\$ 261,142
2024	\$ 1,792,276	\$ 256,039	\$ 248,648	\$ 436,113	\$ 10,903	\$ 10,588	\$ 259,236
2025	\$ 1,536,237	\$ 256,039	\$ 246,834	\$ 425,210	\$ 10,903	\$ 10,511	\$ 257,345
2026	\$ 1,280,197	\$ 256,039	\$ 245,033	\$ 414,307	\$ 10,903	\$ 10,434	\$ 255,467
2027	\$ 1,024,158	\$ 256,039	\$ 243,245	\$ 403,404	\$ 10,903	\$ 10,358	\$ 253,603
2028	\$ 768,118	\$ 256,039	\$ 241,470	\$ 392,501	\$ 10,903	\$ 10,282	\$ 251,753
2029	\$ 512,079	\$ 256,039	\$ 239,708	\$ 381,598	\$ 10,903	\$ 10,207	\$ 249,916
2030	\$ 256,039	\$ 256,039	\$ 237,959	\$ 370,696	\$ 10,903	\$ 10,133	\$ 248,092
2031-63				\$ 359,793	\$ 359,793	\$ 295,963	\$ 295,963
Total, Lump Sum Payment		\$ 2,458,636				\$ 400,658	\$ 2,859,294

Amount of Reduction, Lump Sum \$ 101,758 \$ 68,163 \$ 169,921

- * 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 F
LIST OF TRANSFERRED PROJECT FACILITIES

1) San Justo Dam and Reservoir

2) Hollister Conduit