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

CONTRACT BETWEEN THE UNITED STATES
AND
CITY OF FOLSOM
PROVIDING FOR PROJECT WATER SERVICE
AND FACILITIES REPAYMENT

Table of Contents

<table>
<thead>
<tr>
<th>Article No.</th>
<th>Title</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Preamble</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Explanatory Recitals</td>
<td>1</td>
</tr>
<tr>
<td>1</td>
<td>Definitions</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>Term of Contract—Right to Use Water</td>
<td>9</td>
</tr>
<tr>
<td>3</td>
<td>Water to be Made Available and Delivered to the Contractor</td>
<td>11</td>
</tr>
<tr>
<td>4</td>
<td>Time for Delivery of Water</td>
<td>14</td>
</tr>
<tr>
<td>5</td>
<td>Point of Diversion and Responsibility for Distribution of Water</td>
<td>15</td>
</tr>
<tr>
<td>6</td>
<td>Measurement of Water</td>
<td>17</td>
</tr>
<tr>
<td>7</td>
<td>Rates and Method of Payment for Water and Accelerated Repayment of Facilities</td>
<td>19</td>
</tr>
<tr>
<td>8</td>
<td>Non-Interest Bearing Operation and Maintenance Deficits</td>
<td>25</td>
</tr>
<tr>
<td>9</td>
<td>Transfers or Exchanges of Water</td>
<td>26</td>
</tr>
<tr>
<td>10</td>
<td>Application of Payments and Adjustments</td>
<td>26</td>
</tr>
<tr>
<td>11</td>
<td>Temporary Reductions—Return Flows</td>
<td>27</td>
</tr>
<tr>
<td>12</td>
<td>Water Shortage and Apportionment</td>
<td>28</td>
</tr>
<tr>
<td>13</td>
<td>Unavoidable Groundwater Percolation</td>
<td>28</td>
</tr>
<tr>
<td>14</td>
<td>Rules, Regulations, and Determinations</td>
<td>28</td>
</tr>
<tr>
<td>15</td>
<td>Protection of Water and Air Quality</td>
<td>29</td>
</tr>
<tr>
<td>16</td>
<td>Water Acquired by the Contractor Other Than From the United States</td>
<td>29</td>
</tr>
<tr>
<td>17</td>
<td>Opinions and Determinations</td>
<td>29</td>
</tr>
<tr>
<td>18</td>
<td>Charges for Delinquent Payments</td>
<td>29</td>
</tr>
</tbody>
</table>
# Table of Contents - continued

<table>
<thead>
<tr>
<th>Article No.</th>
<th>Title</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>Equal Employment Opportunity</td>
<td>30</td>
</tr>
<tr>
<td>20</td>
<td>Obligation to Pay – Benefits Conditioned Upon Payment</td>
<td>31</td>
</tr>
<tr>
<td>21</td>
<td>Compliance With Civil Rights Laws and Regulations</td>
<td>32</td>
</tr>
<tr>
<td>22</td>
<td>Contractor to Pay Certain Miscellaneous Costs</td>
<td>32</td>
</tr>
<tr>
<td>23</td>
<td>Water Conservation</td>
<td>33</td>
</tr>
<tr>
<td>24</td>
<td>Existing or Acquired Water or Water Rights</td>
<td>34</td>
</tr>
<tr>
<td>25</td>
<td>Operation and Maintenance by the Operating Non-Federal Entity</td>
<td>34</td>
</tr>
<tr>
<td>26</td>
<td>Contingent on Appropriation or Allotment of Funds</td>
<td>35</td>
</tr>
<tr>
<td>27</td>
<td>Books, Records, and Reports</td>
<td>35</td>
</tr>
<tr>
<td>28</td>
<td>Assignment Limited--Successors and Assigns Obligated</td>
<td>35</td>
</tr>
<tr>
<td>29</td>
<td>Severability</td>
<td>36</td>
</tr>
<tr>
<td>30</td>
<td>Officials Not to Benefit</td>
<td>36</td>
</tr>
<tr>
<td>31</td>
<td>Changes in Contractor's Service Area or Organization</td>
<td>36</td>
</tr>
<tr>
<td>32</td>
<td>Notices</td>
<td>37</td>
</tr>
<tr>
<td>33</td>
<td>Certification of Nonsegregated Facilities</td>
<td>37</td>
</tr>
<tr>
<td>34</td>
<td>Medium for Transmitting Payments</td>
<td>37</td>
</tr>
<tr>
<td>35</td>
<td>Contract Drafting Considerations</td>
<td>37</td>
</tr>
<tr>
<td>36</td>
<td>Confirmation of Contract</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>Signature Page</td>
<td>38</td>
</tr>
</tbody>
</table>

Exhibit A - Rates and Charges
Exhibit B - Map of Contractor's Service Area
Exhibit C – Existing Capital Obligation
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
American River Division, Central Valley Project, California

CONTRACT BETWEEN THE UNITED STATES
AND
CITY OF FOLSOM
PROVIDING FOR PROJECT WATER SERVICE
AND FACILITIES REPAYMENT

THIS CONTRACT, made this 28th day of FEBRUARY, 2020, in pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or supplementary thereto, including, but not limited to, the acts of August 26, 1937 (50 Stat. 844), as amended and supplemented; August 4, 1939 (53 Stat. 1187), as amended and supplemented; June 21, 1963 (77 Stat. 68); October 12, 1982 (96 Stat. 1262), as amended; November 5, 1990 (104 Stat. 2074), Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), and the Water Infrastructure Improvements for the Nation Act (Public Law 114-322,130 Stat. 1628), Section 4011 (a-d) and (f) ("WIIN Act"), all collectively hereinafter referred to as the Federal Reclamation law, between THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, represented by the officer executing this Contract, hereinafter referred to as the Contracting Officer, and the CITY OF FOLSOM, hereinafter referred to as the Contractor, a public agency of the State of California, duly organized, existing, and acting pursuant to the laws thereof, with its principal place of business in Folsom, California;

WITNESSETH, That:

EXPLANATORY RECITALS

WHEREAS, the United States has constructed and is operating the Central Valley Project, California, for diversion, storage, carriage, and distribution of waters of the Sacramento, American, Trinity, and San Joaquin Rivers and their tributaries 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; and

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

[3rd] WHEREAS, Section 206(b) of P.L. 101-514 (104 Stat. 2074) authorized and
directed the Secretary of the Interior to enter into a municipal and industrial (M&I) water supply
contract with Sacramento County Water Agency, not to exceed a total amount of 22,000 acre-
feet annually, to meet the immediate needs of Sacramento County, and as the first phase of a
contracting program to meet the long-term water supply needs of Sacramento County; and

[3.1] WHEREAS, Section 206(b) of P.L. 101-514 provides that annual quantities
delivered under that contract will be determined by the Contracting Officer based upon the
quantity of water actually needed in the Sacramento County Water Agency service area, after
considering factors specified in the statute; and

[3.2] WHEREAS, Section 203 of P.L. 108-137 subsequently deleted the requirement
imposed by Section 206(b) of P.L. 101-514, and eliminated the need for the Contracting Officer
to determine the water needs in the Sacramento County Water Agency service area and
quantities of water to be delivered on an annual basis; and

[4th] WHEREAS, Section 206(b) of P.L. 101-514 specified that the contracts entered
into pursuant to that section were exempt from the general prohibition on new Central Valley
Project contracts contained in Section 3404 of the Central Valley Project Improvement Act (CVPIA); and

WHEREAS, Sacramento County Water Agency requested that the United States enter into a contract for water service from the Central Valley Project pursuant to Section 206(b) of P.L. 101-514, Federal Reclamation law and the laws of the State of California, and on April 8, 1999, Sacramento County Water Agency and the United States did enter into Contract No. 6-07-20-W1372 (the "Master Contract"); and

WHEREAS, Pursuant to the Master Contract, the United States agreed to furnish up to 22,000 acre-feet of water annually from Project facilities to Sacramento County Water Agency, subject to the terms and conditions of the Master Contract; and

WHEREAS, The Contractor is a municipality within the boundaries of Sacramento County Water Agency; and

WHEREAS, investigations indicated that there was a need for water in the amount of 7,000 acre-feet annually for municipal and industrial use by the Contractor within the Contractor’s Service Area as described in the Master Contract; and

WHEREAS, Sacramento County Water Agency requested authorization under the Master Contract to enter into a subcontract with the City of Folsom for the resale and distribution of up to 7,000 acre-feet of Project Water made available under the Master Contract to be diverted at Folsom Reservoir for delivery to the Contractor’s water treatment plant for use within the Master Contract Use Area; and

WHEREAS, The Contracting Officer, as that term is defined in the Master Contract, gave consent to and approval of the form, terms and conditions of the Subcontract between Sacramento County Water Agency and the Contractor; and
WHEREAS, with the approval of the Contracting Officer, Sacramento County Water Agency later agreed to assign a portion of the Master Contract to the Contractor and to terminate the P. L. 101-514 Project Subcontract effective upon the partial assignment of the Master Contract, and the partial assignment Contract No. 6-07-20-W1372B is referred to herein as the Existing Contract; and

WHEREAS, the Contracting Officer has determined that the Contractor has the capability to fully utilize for reasonable and beneficial use, or shown projected future reasonable and beneficial use for, the quantity of Project Water to be made available to it pursuant to this Contract; and

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

WHEREAS, WIIN Act, 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, WIIN Act, 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
WHEREAS, WIIN Act, Section 4011(a)(4)(C) further provides all contracts entered into pursuant to WIIN Act, 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, WIIN Act, Section 4011(d)(3) and (4) 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 reclamation law, including the continuation of Restoration Fund charges pursuant to section 3407(d) (Public Law 102-575), of the water service and repayment contractors making prepayments pursuant to this section.”; and

WHEREAS, upon the request of the Contractor, the WIIN Act directs the Secretary to convert 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

WHEREAS, the Contractor requested that its Existing Contract be converted under the WIIN Act, and the United States and the Contractor have agreed to convert the Existing Contract into this repayment contract, consistent with the Federal Reclamation law; and

WHEREAS, consistent with the WIIN Act, in entering into this Contract, the parties do not intend to change or delete any terms or provisions of the Existing Contract except as expressly set forth in this Contract; and

WHEREAS, the United States has determined that the Contractor has fulfilled all of its obligations under the Existing Contract; and
[22\textsuperscript{nd}] WHEREAS, the United States and the Contractor agree that this Contract complies with WIIN Act, Section 4011.

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:

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

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

   (c) "Contract Use Area" shall mean the area to which the Contractor is permitted, subject to Article 5(c), to provide Project Water obtained under this Contract. As of the date of this Contract, the Contract Use Area is the "City of Folsom". The Contract Use Area may be revised by the Contractor without amending this Contract if such revisions are approved in writing by the Contracting Officer;

   (d) "Contractor's Service Area" shall mean all areas or locations within the Contract Use Area that receive surface water service or commingled ground water and surface water service from the Contractor. For the purposes of subdivisions (b)(1) and (b)(2) of Article 3, the Contractor's Service Area shall include any area or location at which the Contractor intends to provide surface water service or commingled ground water and surface water service in a Year for which a determination under subdivisions (b)(1) or (b)(2) of Article 3 is made;
"CVPIA" shall mean the Central Valley Project Improvement Act, Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706);
"Delivered Water" shall mean Project Water made available to the Contractor and diverted at the point(s) of delivery approved by the Contracting Officer;
"Irrigation Water" shall mean the use of Project Water to irrigate land primarily for the production of commercial agricultural crops or livestock, and domestic and other uses that are incidental thereto;
"M&I Water" ("M&I Water") shall mean the use of Project Water for municipal, industrial and miscellaneous other purposes not falling under the definition of Irrigation Water or within another category of water use under an applicable Federal authority.
Water uses established before March 1, 2020 and known to the Contracting Officer and the Contractor are deemed to be authorized uses of M&I Water;
"M&I Full Cost Rate" shall mean the annual rate, which as determined by the Secretary, shall amortize the expenditures for construction allocable to Project M&I facilities in service, including all operation and maintenance (O&M), O&M deficits funded, less payments, over such periods as may be required under Federal Reclamation law or applicable contract provisions, with interest on both accruing from the dates such costs were first incurred plus the applicable rate for the O&M of such Project facilities;
"O&M" shall mean normal and reasonable care, control, operation, repair, replacement, and maintenance of Project facilities;
"Operating Non-Federal Entity" shall mean a Non-Federal entity which has the obligation to operate and maintain all or that portion of the American River Division facilities utilized for delivery of Project Water to the Contractor pursuant to an agreement with the United States;
"Project" shall mean the Central Valley Project owned by the United States and operated by the Department of the Interior, Bureau of Reclamation;

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

"Project Water" shall mean all water that is developed, diverted, stored, or delivered by the United States in accordance with the statutes authorizing the Project and in accordance with the terms and conditions of applicable water rights' permits and licenses acquired by and/or issued to the United States pursuant to California law;

"Rates" shall mean the payments determined annually by the Contracting Officer in accordance with the then current applicable water rate setting policies for the Project;

"Secretary" or "Contracting Officer" shall mean the Secretary of the United States Department of the Interior or his duly authorized representative;

Omitted;

"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;

“Additional Capital Obligation” shall mean construction costs or other capitalized costs incurred after March 1, 2020 or not reflected in the Existing Capital Obligation as defined herein and in accordance with WIIN Act, Section 4011, subsection (a)(3)(B);

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

(v) "Repayment Obligation" shall mean the amount due and payable to the United States, pursuant to Section 4011(a)(3)(A) of the WIIN Act;

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

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

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

TERM OF CONTRACT – RIGHT TO USE WATER

2. (a) This Contract shall be effective March 1, 2020 ("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 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;
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 noncompliance satisfactory to the Contracting Officer, the Contracting Officer shall resume making water available and declaring Water Made Available pursuant to this Contract;

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

Upon complete payment of the Repayment Obligation by the Contractor, and notwithstanding any Additional Capital Obligation that may later be established, the acreage limitations, reporting, and the Full Cost pricing provisions of the Reclamation Reform Act of 1982 shall no longer be applicable to the Contractor pursuant to this Contract.

Omitted.

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 MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

3. (a) Subject to the provisions set forth in Articles 3(b), 11, and 12 hereof, and consistent with applicable State water rights, permits, and licenses, the Contractor is entitled to, and the Contracting Officer shall be obligated to make available to the Contractor up to 7,000 acre-feet of Project Water during any Year for municipal and industrial uses in the Contract Use Area. The quantity of Project Water delivered to the Contractor in accordance with subdivision (a) of this Article in any Year shall be scheduled and paid for pursuant to the provisions of Articles 4 and 7 hereof, and shall not exceed the quantity of Project Water the Contractor intends to put to reasonable beneficial use within the Contract Use Area, or sold, transferred, or exchanged, subject to Article 9, during any Year.

(b) (1) Notwithstanding the provisions of subdivision (a) of this Article, as provided in Section 206(b)(1) of P. L. 101-514, the Contracting Officer shall determine, and annual quantities of water delivered under this Contract shall be based upon, the quantity of water actually needed within the Contractor's Service Area, after considering reasonable efforts to: (i) promote full utilization of existing water entitlements within Sacramento County; (ii) implement water conservation and metering programs within the area served by the Contract; and (iii) implement programs to maximize to the extent feasible conjunctive use of surface water and ground water. The Contracting Officer has reviewed the Final Needs Assessment Pertaining to the Sacramento County Water Agency EIS/EIR for Water Supply Contracts under P. L. 101-514 Section 206 (Beak Consultants, Inc., January 1995) (Needs Analysis) and based on that analysis agrees (after considering reasonable efforts to: promote full utilization of existing entitlements within Sacramento County; implement water conservation and metering programs within the area served by the Contract; and implement programs to maximize to the extent feasible conjunctive use of surface water and ground water.
feasible the conjunctive use of surface water and ground water) that the quantity of water
actually needed by the Contractor within the Contract Use Area exceeds 7,000 acre-feet per
annum, although scheduled deliveries may be less than this amount until facilities are completed.
The Contractor shall, on or before November 1 of each Year or such other date as the Contractor
and Contracting Officer may agree, notify the Contracting Officer of the quantity of water the
Contractor believes will actually be needed in the Contractor's Service Area in the succeeding
Year. Except as provided in subdivision (b)(2) of this Article, the notice shall be accompanied by
an analysis sufficient to demonstrate the basis for the Contractor's notification. The Needs
Analysis is sufficient to demonstrate the basis for notification with respect to at least 7,000 acre-
feet of water. The Contracting Officer shall review the analysis provided by the Contractor
based on any lawful M&I water needs criteria that are then being applied to all CVP M&I
contracts. The Contracting Officer shall notify the Contractor in writing of the Contracting
Officer's determination of the quantity of water actually needed within the Contractor's Service
Area for the following Year. If the determination is that the quantity actually needed is less than
the amount identified in the Contractor's notice, the notice of determination from the Contracting
Officer shall explain in detail the basis for the Contracting Officer's determination. If the
Contracting Officers written determination is not made within sixty (60) days after the receipt of
the notice, the Contractor may schedule the quantity of water specified in the notice subject to
the quantity of Project Water available pursuant to Articles 3(a), 4(a), 11, and 12.

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

(3) Omitted

(c) Contractor's compliance with Articles 6 and 23 shall be deemed
conclusively to constitute reasonable efforts to implement metering and conservation programs,
respectively, within the Contractor's Service Area.

(d) The Contractor shall utilize the Project Water made available to it
pursuant to this Contract in accordance with all applicable requirements of any Biological
Opinion addressing the Master Contract developed pursuant to Section 7 of the Endangered
Species Act of 1973 as amended, and in accordance with environmental documentation as may
be required for specific activities.

(e) The Contractor shall make reasonable and beneficial use of Project Water
or other water furnished pursuant to this Contract. Use of Project Water in a ground-water
recharge program shall be permitted under this Contract to the extent that it is recognized as a
reasonable and beneficial use of water under California law and is otherwise carried out in
accordance with California law.

(f) If the Contracting Officer determines that Project Water, or other water
available to the Project, can be made available to the Contractor in addition to the quantity of
Project Water made available to the Contractor pursuant to subdivision (a) of this Article, the
Contracting Officer shall so notify the Contractor. If the Contractor requests the delivery of any quantity of such water, the Contracting Officer shall make such water available to the Contractor in accordance with applicable statutes, regulations, guidelines, and policies.

(g) If the Contractor requests permission to reschedule for use during the subsequent Year some or all of the Project Water made available to the Contractor during the current Year or to use, during the current Year, that quantity of Project Water the United States has agreed to make available to the Contractor during the subsequent Year, the Contracting Officer may permit such uses in accordance with applicable statutes, regulations, guidelines, and policies.

(h) The Contractor's right pursuant to Federal Reclamation law and applicable State law to the beneficial use of water furnished 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), and P.L. 101-514, as applicable, and applicable law. Nothing in the preceding sentence shall affect the Contracting Officer's ability to impose shortages under Article 11 and subdivision (b) of Article 12 of this Contract.

(i) Notwithstanding subdivision (a) of this Article, Project Water furnished to the Contractor pursuant to this Contract may be delivered for purposes other than for municipal and industrial purposes upon written approval by the Contracting Officer in accordance with the terms and conditions of such approval.

TIME FOR DELIVERY OF WATER

4. (a) On or about February 15, of each Calendar Year, the Contracting Officer shall declare the amount of Project Water estimated to be made available to the Contractor
pursuant to this Contract for the upcoming Year. The declaration will be updated monthly, as
necessary, based on current hydrologic conditions. The Contracting Officer shall make available
the forecast of Project operations, with relevant supporting information, upon the written request
of the Contractor or its representatives. Upon written request of the Contractor, the Contracting
Officer shall provide the basis of the estimate, which shall include, but not be limited to, the
projected carryover of Project reservoirs, projected CVPIA impacts, projected Endangered
Species Act impacts, and all other regulatory impacts.

(b) On or before each March 1, the Contractor shall submit to the Contracting
Officer and at such other times as necessary, a written schedule, satisfactory to the Contracting
Officer, showing the times and the estimated quantities of Project Water to be delivered by the
United States to the Contractor.

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

POINT OF DELIVERY AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

5. (a) Project Water shall be made available to the Contractor, directly from
Folsom Reservoir via the pipeline through Folsom Dam. The point of delivery will be the
Folsom Valve Pit located at 38°42'09.43" N, 121°09'15.86" W, or other points of delivery
requested in writing by the City and approved in writing by the Contracting Officer, without an
amendment to this Contract.
(b) The Contracting Officer shall make all reasonable efforts to maintain sufficient flows to the authorized points of delivery to allow the Contractor to meet the demands of the Contractor's customers.

(c) Omitted

(d) Project Water delivered to the Contractor pursuant to this Contract, and other water to which the Contractor is entitled that is diverted at the same point of delivery, shall be measured and recorded with equipment furnished, installed, operated, and maintained by the Contractor at the point or points of delivery established pursuant to subdivision (a) of this Article. Provided, That if the Project Water delivered pursuant to this Contract is diverted at a location or in a manner so as to be commingled with water diverted by any other entity, the point of measurement for Project Water delivered to the Contractor shall be a location at which Project Water diverted for Contractor's use can be measured separately from water diverted by any such entity or entities. Upon the request of the Contracting Officer or the responsible Operating Non-Federal Entity, the Contractor shall investigate the accuracy of such measurements and shall take any necessary steps to adjust any errors appearing therein.

(e) The Contractor shall advise the Contracting Officer on or before the tenth calendar day of each month of the daily quantities of Delivered Water taken during the preceding month measured and recorded in accordance with subdivision (d) of this Article.

(f) Neither the United States nor any Operating Non-Federal Entity shall be responsible for the control, carriage, handling, use, disposal, or distribution of Project Water made available to the Contractor pursuant to this Contract beyond the delivery points specified in subdivision (a) of this Article. The Contractor shall indemnify the United States its officers, employees, agents, and assigns 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 Project Water beyond such delivery points, except for any damage or claim
arising out of acts performed by the United States or any of its officers, employees, agents, or
assigns, including any responsible Operating Non-Federal Entity, with the intent of creating the
situation resulting in any damage or claim; (ii) willful misconduct of the United States or any of
its officers, employees, agents, or assigns, including any responsible Operating Non-Federal
Entity; or (iii) negligence of the United States or any of its officers, employees, agents, or
assigns, including any responsible Operating Non-Federal Entity.

MEASUREMENT OF WATER

6. (a) Within five (5) Years of the effective date of this Contract, the Contractor shall ensure that, unless the Contractor establishes an alternative measurement program satisfactory to the Contracting Officer, all surface water delivered for municipal and industrial purposes within the Contractor's Service Area is measured at each municipal and industrial service connection. All water measuring devices or water measuring methods of comparable effectiveness must be acceptable to the Contracting Officer. The Contractor shall be responsible for installing, operating, and maintaining and repairing all such measuring devices and implementing all such water measuring methods at no cost to the United States. The Contractor shall use the information obtained from such water measuring devices or water measuring methods to ensure proper management of the water; to bill water users for water delivered by the Contractor; and, if applicable, to record water delivered for municipal and industrial purposes by customer class as defined in its water conservation plan. 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 its annual
surface water deliveries in the annual report described in subdivision (c) of Article 23.

(b) To the extent the information has not otherwise been provided, upon
execution of this Contract, the Contractor shall provide to the Contracting Officer a written
report describing the measurement devices or water measuring methods used or to be used to
implement subdivision (a) of this Article and identifying the municipal and industrial 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 ninety (90) days as to the adequacy of, 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.

Within six (6) months following the Contracting Officer's response, the parties shall negotiate in
good faith the earliest practicable date by which the Contractor shall modify said measuring
devices and/or measuring methods as required by the Contracting Officer to ensure compliance
with subdivision (a) of this Article.

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

(d) The Contractor shall inform the Contracting Officer and the State of
California in writing by April 30 of each Year of the monthly volume of surface water delivered
within the Contractor's Service Area during the previous Year.
7. (a) Notwithstanding the Contractor's full prepayment of the Repayment Obligation pursuant to Section 4011, subsection (a)(3)(A) of the WIIN Act, as set forth in Exhibit C, and any payments required pursuant to Section 4011, subsection (b) of the WIIN Act, to reflect the adjustment for the final cost allocation as described in this Article, subsection (b), the Contractor’s Project construction and other 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 transfer, 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 "A," 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 M&I Water. The Contractor’s Rates shall be established to recover its estimated reimbursable costs included in the operation & 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.
The amount due and payable to the United States, pursuant to the WIIN Act, shall be the Repayment Obligation. The Repayment Obligation has been computed by the Contracting Officer in a manner consistent with the WIIN Act and is set forth as a lump sum payment as set forth in Exhibit C. The Repayment Obligation is due in lump sum within 60 days of the effective date of this Amendment as provided by the WIIN Act.

Notwithstanding any Additional Capital Obligation that may later be established, receipt of the Contractor’s payment of the Repayment Obligation to the United States shall fully and permanently satisfy the Existing Capital Obligation.

Additional Capital Obligations that are not reflected in the schedules referenced in Exhibit C 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, such increases or decreases 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:

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) If the amount of Delivered Water is less than or equal to eighty (80%) percent of the Contractor's maximum contractual entitlement to Project Water pursuant to subdivision (a) of Article 3, then payment for all Delivered Water shall be at the applicable Rates specified in Exhibit A. If the amount of Delivered Water exceeds eighty (80%) percent of the
Contractor’s maximum contractual entitlement to Project Water pursuant to subdivision (a) of Article 3, then payment for that amount of Delivered Water, which equals eighty (80%) percent of the maximum contractual entitlement shall be at the applicable Rates specified in Exhibit A, but the payment for the increment of Delivered Water, which is in excess of eighty (80%) percent of the maximum contractual entitlement, shall be at the applicable Tiered Pricing Component as follows:

(1) When the total amount of Delivered Water exceeds eighty (80%) percent of the maximum contractual entitlement, then the increment in excess of eighty (80%) percent, but less than or equal to ninety (90%) percent, shall be paid for by the Contractor at a rate equal to the average of the applicable Rate and the M&I Full Cost Rate; and

(2) When the total amount of Delivered Water exceeds ninety (90%) percent of the maximum contractual entitlement, then the increment in excess of ninety (90%) percent shall be paid for by the Contractor at the M&I Full Cost Rate.

(d) 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 the preliminary calculation of the Charges that will be applied for the period October 1, of the current Calendar Year, through September 30, of the following Calendar Year, and identify the statutes, regulations, and guidelines used as the basis for such calculations.

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 "A"; and
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 of payment 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 (2) 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 "A".

At the time the Contractor submits the initial schedule for the delivery of Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the Contractor shall pay the United States the total amount payable pursuant to the applicable Rate(s) for all Project Water scheduled to be delivered pursuant to this Contract during the first two (2) calendar months of the Year. Before the end of the first month or part thereof of the Year, and before the end of each calendar month thereafter, the Contractor shall pay pursuant to the applicable Rate(s) for all Project Water scheduled to be delivered pursuant to this Contract during the second month immediately following. Adjustments between the payments for the scheduled amount of Project Water and the appropriate payments for quantities of Delivered Water furnished pursuant to this Contract each month shall be made before the end of the following month and may be reflected in the payments made during the following month:

Provided, That any revised schedule submitted by the Contractor pursuant to Article 4 that increases the amount of Project Water to be delivered pursuant to this Contract during any month shall be accompanied with appropriate payment for Rates to assure that Project Water is not furnished to the Contractor in advance of such payment. In any month in which the quantity of
Delivered Water furnished to the Contractor pursuant to this Contract equals the quantity of Project Water scheduled and paid for by the Contractor, no additional Project Water shall be made available to the Contractor unless and until payment of Rates for such additional Project Water is made. Final adjustment between the payments of Rates for the Project Water scheduled and the quantities of Delivered Water furnished during each Year pursuant to this Contract shall be made as soon as possible, but no later than April 30 of the following Year.

The Contractor shall pay all Charges and the appropriate Tiered Pricing Component owing for Delivered Water before the end of the month following the month of delivery. Such amounts shall be consistent with the quantities of M&I Water shown in the United States’ water delivery report for the subject month. The water delivery report shall be regarded by the Contractor as a bill for the payment of appropriate Charges and the applicable Tiered Pricing Component for Delivered Water. Any monthly adjustment for overpayment or underpayment of Charges shall be accomplished through the adjustment of Charges due to the United States in the next month. By March 31 of each Year, the Contractor shall make any additional payment of Charges and the Tiered Pricing Component it is obligated to make for Delivered Water furnished to the Contractor pursuant to this Contract for the previous Year. The amount to be paid for past due payment of Charges and the Tiered Pricing Component shall be computed pursuant to Article 18 of this Contract.

The Contractor shall pay for any Project Water provided under subdivision (f) of Article 3 as determined by the Contracting Officer pursuant to applicable statutes, regulations, guidelines, and policies.

Payments to be made by the Contractor to the United States under this Contract may be paid from any revenues available to the Contractor.
(i) Revenues received by the United States pursuant to this Contract shall be
allocated and applied in accordance with the Federal Reclamation law, including but not limited
to subsection (f) of Section 3405 and subsection (d)(2)(A) of Section 3407 of the CVPIA, and
the associated regulations, including but not limited to, the Project M&I ratesetting policy
promulgated pursuant to the Administrative Procedure Act.

(j) At the Contractor's request, the Contracting Officer shall provide to the
Contractor an accounting of all of the expenses allocated and the disposition of all revenues
received pursuant to this Contract in sufficient detail to allow the Contractor to determine that
the allocation of expenses and disposition of all revenues received was accomplished in
conformance with Federal Reclamation law and the associated regulations. The Contracting
Officer and the Contractor shall enter into good faith negotiations to resolve any discrepancies or
disputes arising out of said accounting of the Contractor's review thereof.

(k) 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 would 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.

NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICIT

8. The Contractor and the Contracting Officer concur that, at the time of the
execution of this Contract, the Contractor has no non-interest bearing operation and maintenance
deficit or other deficit of any kind.
TRANSFERS OR EXCHANGES OF WATER

9. (a) Project Water made available under this Contract shall not be sold, transferred, or exchanged to others outside the County of Sacramento.

(b) The parties agree that the lack of acknowledgment in this Contract by the Contracting Officer as to which county, watershed, or other area of origin, as those terms are utilized under California law, the Contractor lies within, if any, does not constitute, and shall not be construed as constituting: (i) a determination by the Contracting Officer as to the applicability or non-applicability of Section 3405(a)(l)(M) of the CVPIA to the Contractor as a transferor or transferee of Project Water; (ii) an agreement or admission by the Contractor that the said section does not apply to it; or (iii) an agreement or admission by the Contractor that it does or does not lie within any given county, watershed, or area of origin, as those terms are utilized under California law.

APPLICATION OF PAYMENTS AND ADJUSTMENTS

10. (a) The amount of any overpayment by the Contractor shall be applied first to any accrued indebtedness arising out of this Contract then due and payable by the Contractor. Any amount of such overpayment then remaining shall, at the option of the Contractor, be refunded to the Contractor or credited upon amounts to become due to the United States from the Contractor under the provisions hereof in the following months. With respect to overpayment, such adjustment shall constitute the sole remedy of the Contractor or anyone having or claiming to have the right to the use of any of the water supply provided for herein.

(b) All advances for miscellaneous costs incurred for work requested by the Contractor pursuant to Article 22 shall be adjusted to reflect the actual costs when the work has been completed. If the advances exceed the actual costs incurred, the difference will be refunded
to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be billed for the additional costs pursuant to Article 22.

TEMPORARY REDUCTIONS-RETURN FLOWS

11. (a) Subject to: (i) the authorized purposes and priorities of the Project; 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 Project Water to be delivered to the Contractor as herein provided for the purposes of investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or any part thereof necessary for the delivery of Project Water to the Contractor, but so far as feasible the Contracting Officer 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, That the United States shall use its best efforts to avoid any discontinuance or reduction in such service. Upon resumption of service after such reduction or discontinuance, and if requested by the Contractor, the United States will, if possible, deliver the quantity of Project Water that would have been delivered hereunder in the absence of such discontinuance or reduction: Provided further, That with respect to any quantity of Project Water not delivered after a discontinuance or reduction the Contractor shall be relieved of its scheduling and payment obligations for such quantity of Project Water.

(c) The United States reserves the right to all seepage and return flow water derived from water delivered to the Contractor hereunder that escapes or is discharged beyond the Contractor's boundaries: Provided, That this shall not be construed as claiming for the United
States any right to seepage or return flow being put to reasonable and beneficial use pursuant to this Contract within the Contractor's boundaries by the Contractor or those claiming by, through, or under the Contractor.

**WATER SHORTAGE AND APPORTIONMENT**

12. (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 water to be made available to the Contractor pursuant to this Contract. In the event the Contracting Officer determines that a Condition of Shortage appears probable, the Contracting Officer will notify the Contractor of said determination as soon as practicable.

(b) If there is a Condition of Shortage because of inaccurate runoff forecasting or other similar operational errors affecting the Project, drought and other physical or natural causes beyond the control of the Contracting Officer, or actions taken by the Contracting Officer to meet current and future legal obligations, then, except as provided in subdivision (a) of Article 17 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 in which there may occur a shortage for any of the reasons specified in subdivision (b) of this Article, the Contracting Officer shall apportion the available Project Water supply among the Contractor and others entitled, under existing contracts and future contracts (to the extent such future contracts are permitted under subsections (a) and (b) of Section 3404 of the CVPIA) and renewals thereof, to receive Project Water consistent with the contractual obligations of the United States.

**UNAVOIDABLE GROUNDWATER PERCOLATION**


**RULES, REGULATIONS, AND DETERMINATIONS**

14. (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 expressed and implied 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.
PROTECTION OF WATER AND AIR QUALITY

15. (a) The United States will care for, operate and maintain reserved works in a manner that preserves the quality of the water at the highest level possible as determined by the Contracting Officer. The United States does not warrant the quality of the water delivered to the Contractor and is under no obligation to furnish or construct water treatment facilities to maintain or improve the quality of water delivered to the Contractor.

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

WATER ACQUIRED BY THE CONTRACTOR OTHER THAN FROM THE UNITED STATES

16. Water or water rights now owned, or hereafter acquired by the Contractor or Subcontractor, other than from the United States, may be simultaneously transported through the same distribution facilities of the Contractor.

OPINIONS AND DETERMINATIONS

17. (a) Where the terms of this Contract provide for actions to be based upon the opinion or determination of either party to this Contract, said terms shall not be construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or determinations. Both parties, notwithstanding any other provisions of this Contract, expressly reserve the right to seek relief from and appropriate adjustment, including monetary damages, for any such arbitrary, capricious, or unreasonable opinion or determination. Each opinion or determination by either party shall be provided in a timely manner.

CHARGES FOR DELINQUENT PAYMENTS

18. (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 charge rate shall be the greater of 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 amount received shall be
applied, first to the penalty charges, second to the administrative charges, third to the accrued
interest, and finally to the overdue payment.

EQUAL EMPLOYMENT OPPORTUNITY

19. 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 discrimination because of 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 applicant 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.
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.

The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

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

In the event of the Contractor's noncompliance with the nondiscrimination clauses of this Contract or with any of the said rules, regulations, or orders, this Contract may be canceled, terminated, or suspended, in whole or in part, and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in amended Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

The Contractor will include the provisions of paragraphs (a) through (h) in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of amended Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

OBLIGATION TO PAY—BENEFITS CONDITIONED UPON PAYMENT

The obligation of the Contractor to pay the United States as provided in this Contract is an obligation of the Contractor notwithstanding the manner in which the obligation may be distributed among the Contractor's water users and notwithstanding the default of individual water users in their obligations to the Contractor.

The payment of charges becoming due hereunder 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 may be 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 which are in arrears in the advance payment of water rates as levied or established by the Contractor.

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS


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

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

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

CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

22. In addition to all other payments to be made by the Contractor pursuant to this Contract, the Contractor shall pay to the United States, within sixty (60) days after receipt of a bill and detailed statement submitted by the Contracting Officer to the Contractor for such specific items of direct cost incurred by the United States for work requested by the Contractor associated with this Contract plus a percentage of such direct costs for administrative and general overhead in accordance with applicable Bureau of Reclamation policy and procedures. All such
amounts referred to in this Article shall not exceed the amount agreed to in writing in advance by
the Contractor. This Article shall not apply to costs for routine contract administration.

**WATER CONSERVATION**

23. (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

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. In the event the Contractor's water conservation plan has not yet been determined
by the Contracting Officer to meet such criteria, due to circumstances that the Contracting
Officer determines are beyond the control of the Contractor, Project Water deliveries shall be
made under this Contract so long as the Contractor diligently works with the Contracting Officer
to obtain such determination at the earliest practicable date, and thereafter the Contractor
immediately begins implementing its water conservation program in accordance with the time
schedules therein. The water conservation program shall contain definite water conservation
objectives, appropriate economically feasible water conservation measures, and time schedules
for meeting those objectives.

(b) Should the amount of M&I water delivered pursuant to subdivision (a) of
Article 3 of this Contract equal or exceed two thousand (2,000) acre-feet per Year, the
Contractor shall implement the Best Management Practices identified by and the time frames
issued by the Mid-Pacific Region’s then-existing conservation and efficiency criteria for such
M&I Water, unless any such practice is determined by the Contracting Officer to be
inappropriate for the Contractor.
The Contractor shall submit to the Contracting Officer, by December 31 of each Calendar Year, an annual report on the status of its implementation of the water conservation program.

Prior to the expiration of the Contractor's currently approved water conservation plan, and thereafter at five-year intervals, the Contractor shall revise its water conservation plan to reflect the then-existing conservation and efficiency criteria for evaluating water conservation plans established under Federal law and submit such revised water conservation plan to the Contracting Officer for review and evaluation. The Contracting Officer will then determine if the water conservation plan meets the Bureau of Reclamation's then-existing conservation and efficiency criteria for evaluating water conservation plans established under Federal law.

24. (a) Except as specifically provided in Articles 5 and 16 of this Contract, the provisions of this Contract shall not be applicable to or affect water or water rights now owned or hereafter acquired by the Contractor or any user of such water within the Contract Use Area from other than the United States. Any such water shall not be considered Project Water under this Contract. In addition, this Contract shall not be construed as limiting or curtailing any rights that the Contractor or any water user within the Contract Use Area acquires or has available under any other contract pursuant to Federal Reclamation law.

25. (a) The operation and/or maintenance of all or any portion or portions of the Project facilities may be transferred to the Operating-Non-Federal Entity by separate agreement between the United States and the Operating Non-Federal Entity. Any such separate agreements
shall not interfere with the rights or obligations of the Contractor or the United States hereunder.

(b) If so notified in writing by the Contracting Officer, the Contractor shall pay directly to such Operating Non-Federal Entity in accordance with such notice its allocated share of all charges for the operation and maintenance of the American River Division facilities operated and/or maintained by the Operating Non-Federal Entity, all in compliance with all provisions of Article 7 hereof: Provided, That this shall not relieve the Contractor of its obligation to pay directly to the United States for its allocated share of the Project construction costs and its allocated share of the remaining operation and maintenance costs for the Project.

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

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

BOOKS, RECORDS, AND REPORTS

27. 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, and 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.

ASSIGNMENT LIMITED—SUCCESSORS AND ASSIGNS OBLIGATED

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

(b) The assignment of any right or interest in this Contract by either party shall not interfere with the rights or obligations of the other party to this Contract absent the written concurrence of said other party.
29. In the event that an action is brought in a court of competent jurisdiction by a person or entity other than the Contractor challenging the legality or enforceability of a provision included in this Contract and a final court decision is issued holding that such provision is legally invalid or unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiffs), the parties to this Contract shall use their best efforts to (i) within thirty (30) days of the date of such final court decision identify by mutual agreement the provisions in this Contract that must be revised; and (ii) within three (3) months thereafter promptly agree on the appropriate revision(s). The time periods specified above may be extended by mutual agreement of the parties. Pending the completion of the actions designated above, to the extent it can do so without violating any applicable provisions of law, the United States shall continue to make the quantities of Project Water specified in this Contract available to the Contractor pursuant to the provisions of this Contract that were not found to be legally invalid or unenforceable in the final court decision.

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

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

32. Any notice, demand, or request authorized or required by this Contract shall be deemed to have been given, to the United States, when mailed, postage prepaid, or delivered to Area Manager, Bureau of Reclamation, 7794 Folsom Dam Road, Folsom CA 95630-1799, and to the Contractor, when mailed, postage prepaid, or delivered to the City Manager, City of Folsom, 50 Natoma Street, Folsom, California 95630. 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.

CERTIFICATION OF NONSEGREGATED FACILITIES

33. Omitted

MEDIUM FOR TRANSMITTING PAYMENTS

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

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

CONTRACT DRAFTING CONSIDERATIONS

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

CONFIRMATION OF CONTRACT

36. 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.
IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the day and year first above written.

THE UNITED STATES OF AMERICA

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

CITY OF FOLSOM

By: ____________________________
City Manager, City of Folsom
A California municipal corporation

Approved as to content:

By: ____________________________
Director of Environmental and Water Resources,
City of Folsom

Approved as to form:

By: ____________________________
City Attorney,
City of Folsom

Attest:

By: ____________________________
City Clerk,
City of Folsom

Folsom File No. 174-21 20-012 / 37317
Exhibit A
CITY OF FOLSOM
2020 Rates and Charges
Folsom Dam and Reservoir (Per Acre-Foot)

<table>
<thead>
<tr>
<th>COST-OF-SERVICE (COS) RATE</th>
<th>M&amp;I Water</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Component</td>
<td>$0.00</td>
</tr>
<tr>
<td>O&amp;M Component</td>
<td></td>
</tr>
<tr>
<td>Water Marketing</td>
<td>$6.12</td>
</tr>
<tr>
<td>Storage</td>
<td>$14.99</td>
</tr>
<tr>
<td>Deficit Cost Component</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>TOTAL COS RATE (Tier 1 Rate)</strong></td>
<td>$21.11</td>
</tr>
<tr>
<td><strong>M&amp;I FULL COST RATE</strong></td>
<td>$0.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TIERED PRICING COMPONENTS (In Addition to Total COS Rate Above)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>M&amp;I</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Tier 2 Rate</strong>: &gt;80% &lt;=90% of Contract Total</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>(Amount to be Added to Tier 1 Rate)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Tier 3 Rate</strong>: &gt;90% of Contract Total</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>(Amount to be Added to Tier 1 Rate)</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHARGES AND ASSESSMENTS (Payments in Addition to Rates)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>P.L. 102-575 Surcharges (Restoration Fund Payments) (^1)</td>
<td>$21.82</td>
</tr>
<tr>
<td>[Section 3407(d)(2)(A)]</td>
<td></td>
</tr>
<tr>
<td>P.L. 106-377 Assessment (Trinity Public Utilities District) (^2)</td>
<td>$0.12</td>
</tr>
<tr>
<td>[Appendix B, Section 203]</td>
<td></td>
</tr>
</tbody>
</table>

**EXPLANATORY NOTES**

1. The surcharges were determined pursuant to Title XXXIV of P.L. 102-575. Restoration Fund surcharges under P.L. 102-575 are determined on a fiscal year basis (10/1-9/30).

2. The Trinity Public Utilities District Assessment is applicable to each acre-foot of water delivered from 3/1/2020-2/28/2021 and is adjusted annually.

The Historical Use, as defined in the CVP M&I Water Shortage Policy, is TBD acre-feet.

Additional detail of rate components is available on the Internet at [www.usbr.gov/mp/cvpwaterrates/](http://www.usbr.gov/mp/cvpwaterrates/).
Exhibit C

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

<table>
<thead>
<tr>
<th>Irrigation Construction Cost (2020 Irrigation Ratebook, Schedule A-2Ba and A-2Bc)</th>
<th>Unpaid Cost</th>
<th>Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Cost (Excludes Interm):</td>
<td>$</td>
<td>-</td>
</tr>
<tr>
<td>2019 Repayment (Estimated)**</td>
<td>$</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted Construction Cost (Excludes Interm):</td>
<td>$</td>
<td>-</td>
</tr>
<tr>
<td>Interm Construction Cost:</td>
<td>$</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>If Paid in Installments (Used 20 yr CMT)</th>
<th>Due</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment 1</td>
<td>N/A</td>
<td>$</td>
</tr>
<tr>
<td>Payment 2</td>
<td>N/A</td>
<td>$</td>
</tr>
<tr>
<td>Payment 3</td>
<td>N/A</td>
<td>$</td>
</tr>
<tr>
<td>Payment 4</td>
<td>N/A</td>
<td>$</td>
</tr>
<tr>
<td>Total Installment Payments</td>
<td>$</td>
<td>-</td>
</tr>
</tbody>
</table>

| 20 yr CMT Rates | Discount Rate (1/2 of the Treasury Rate per the WIIN Act, Section 4011(a)(2)(A)) | N/A |

<table>
<thead>
<tr>
<th>M&amp;I Construction Cost (2020 M&amp;I Ratebook, Sch A-2Ba)</th>
<th>Unpaid Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Cost:</td>
<td>$198,951</td>
</tr>
<tr>
<td>2019 Repayment (Estimate)**</td>
<td>$18,823</td>
</tr>
<tr>
<td>Adjusted Construction Cost**</td>
<td>$180,128</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Calculation Support</th>
<th>Irrigation Lump Sum or First Payment Due Date</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days Until the End of the Fiscal Year</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Yr</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2026</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2027</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2028</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2029</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2030</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2031-63</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Lump Sum Payment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amount of Reduction, Lump Sum</th>
<th></th>
<th></th>
</tr>
</thead>
</table>

* 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 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.