

CCAO 11-15-2019
CCAO 11-19-2019
CCAO 12-02-2019
CCAO 12-11-2019
CCAO 12-16-2019
CCAO 01-09-2020
CCAO 02-06-2020

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

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1 THIS CONTRACT, made this 28TH day of FEBRUARY, 20 20, in pursuance
2 generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or supplementary
3 thereto, 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; June 21, 1963 (77
5 Stat. 68); October 12, 1982 (96 Stat. 1262), as amended; November 5, 1990 (104 Stat. 2074),
6 Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), and the Water Infrastructure
7 Improvements for the Nation Act (Public Law 114-322, 130 Stat. 1628), Section 4011 (a-d) and
8 (f) ("WIIN Act"), all collectively hereinafter referred to as the Federal Reclamation law, between
9 THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, represented
10 by the officer executing this Contract, hereinafter referred to as the Contracting Officer, and the
11 CITY OF FOLSOM, hereinafter referred to as the Contractor, a public agency of the State of
12 California, duly organized, existing, and acting pursuant to the laws thereof, with its principal
13 place of business in Folsom, California;

14 WITNESSETH, That:

15 EXPLANATORY RECITALS

16 [1st] WHEREAS, the United States has constructed and is operating the Central Valley
17 Project, California, for diversion, storage, carriage, and distribution of waters of the Sacramento,
18 American, Trinity, and San Joaquin Rivers and their tributaries for flood control, irrigation,

19 municipal, domestic, industrial, fish and wildlife mitigation, protection and restoration,
20 generation and distribution of electric energy, salinity control, navigation and other beneficial
21 uses; and

22 [2nd] WHEREAS, the United States constructed Folsom Dam and Reservoir and
23 appurtenant facilities, hereinafter collectively referred to as the Project facilities, which will be
24 used in part for the furnishing of water to the Contractor pursuant to the terms of this Contract;
25 and

26 [3rd] WHEREAS, Section 206(b) of P. L. 101-514 (104 Stat. 2074) authorized and
27 directed the Secretary of the Interior to enter into a municipal and industrial (M&I) water supply
28 contract with Sacramento County Water Agency, not to exceed a total amount of 22,000 acre-
29 feet annually, to meet the immediate needs of Sacramento County, and as the first phase of a
30 contracting program to meet the long-term water supply needs of Sacramento County; and

31 [3.1] WHEREAS, Section 206(b) of P. L. 101-514 provides that annual quantities
32 delivered under that contract will be determined by the Contracting Officer based upon the
33 quantity of water actually needed in the Sacramento County Water Agency service area, after
34 considering factors specified in the statute; and

35 [3.2] WHEREAS, Section 203 of P. L. 108-137 subsequently deleted the requirement
36 imposed by Section 206(b) of P. L. 101-514, and eliminated the need for the Contracting Officer
37 to determine the water needs in the Sacramento County Water Agency service area and
38 quantities of water to be delivered on an annual basis; and

39 [4th] WHEREAS, Section 206(b) of P.L. 101-514 specified that the contracts entered
40 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

[5th] 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

[6th] 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

[7th] WHEREAS, The Contractor is a municipality within the boundaries of Sacramento County Water Agency; and

[8th] 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

[9th] 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

[10th] 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

64 [11th] WHEREAS, with the approval of the Contracting Officer, Sacramento County
65 Water Agency later agreed to assign a portion of the Master Contract to the Contractor and to
66 terminate the P. L. 101-514 Project Subcontract effective upon the partial assignment of the
67 Master Contract, and the partial assignment Contract No. 6-07-20-W1372B is referred to herein
68 as the Existing Contract; and

69 [12th] WHEREAS, the Contracting Officer has determined that the Contractor has the
70 capability to fully utilize for reasonable and beneficial use, or shown projected future reasonable
71 and beneficial use for, the quantity of Project Water to be made available to it pursuant to this
72 Contract; and

73 [13th] WHEREAS, on December 16, 2016, the 114th Congress of the United States of
74 America enacted the WIIN Act; and

75 [14th] WHEREAS, WIIN Act, Section 4011(a)(1) provides that “upon request of the
76 contractor, the Secretary of the Interior shall convert any water service contract in effect on the
77 date of enactment of this subtitle and between the United States and a water users’ association
78 [Contractor] to allow for prepayment of the repayment contract pursuant to paragraph (2) under
79 mutually agreeable terms and conditions.”; and

80 [15th] WHEREAS, WIIN Act, Section 4011(a)(1) further provides that “the manner of
81 conversion under this paragraph shall be as follows: (A) Water service contracts that were
82 entered into under section (e) of the Act of August 4, 1939 (53 Stat. 1196), to be converted under
83 this section shall be converted to repayment contracts under section 9(d) of that Act (53 Stat.
84 1195)”; and “(B) Water service contracts that were entered under subsection (c)(2) of section 9
85 of the Act of August 4, 1939 (53 Stat. 1194), to be converted under this section shall be
86 converted to a contract under subsection (c)(1) of section 9 of that Act (53 Stat. 1195).”; and

[16th] 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

[17th] 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

[18th] 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

[19th] 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

[20th] 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

[21st] WHEREAS, the United States has determined that the Contractor has fulfilled all of its obligations under the Existing Contract; and

[22nd] 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;

- 133 (e) "CVPIA" shall mean the Central Valley Project Improvement Act, Title
134 XXXIV of the Act of October 30, 1992 (106 Stat. 4706);
- 135 (f) Omitted;
- 136 (g) "Delivered Water" shall mean Project Water made available to the
137 Contractor and diverted at the point(s) of delivery approved by the Contracting Officer;
- 138 (h) "Irrigation Water" shall mean the use of Project Water to irrigate land
139 primarily for the production of commercial agricultural crops or livestock, and domestic and
140 other uses that are incidental thereto;
- 141 (i) "M&I Water" ("M&I Water") shall mean the use of Project Water for
142 municipal, industrial and miscellaneous other purposes not falling under the definition of
143 Irrigation Water or within another category of water use under an applicable Federal authority.
144 Water uses established before March 1, 2020 and known to the Contracting Officer and the
145 Contractor are deemed to be authorized uses of M&I Water;
- 146 (j) "M&I Full Cost Rate" shall mean the annual rate, which as determined by
147 the Secretary, shall amortize the expenditures for construction allocable to Project M&I facilities
148 in service, including all operation and maintenance (O&M), O&M deficits funded, less
149 payments, over such periods as may be required under Federal Reclamation law or applicable
150 contract provisions, with interest on both accruing from the dates such costs were first incurred
151 plus the applicable rate for the O&M of such Project facilities;
- 152 (k) "O&M" shall mean normal and reasonable care, control, operation, repair,
153 replacement, and maintenance of Project facilities;
- 154 (l) "Operating Non-Federal Entity" shall mean a Non-Federal entity which
155 has the obligation to operate and maintain all or that portion of the American River Division
156 facilities utilized for delivery of Project Water to the Contractor pursuant to an agreement with
157 the United States;

158 (m) "Project" shall mean the Central Valley Project owned by the United
159 States and operated by the Department of the Interior, Bureau of Reclamation;

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

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

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

169 (q) "Secretary" or "Contracting Officer" shall mean the Secretary of the
170 United States Department of the Interior or his duly authorized representative;

171 (r) Omitted;

172 (s) "Year" shall mean the period from and including March 1 of each
173 Calendar Year through the last day of February of the following Calendar Year;

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

177 (u) "Existing Capital Obligation" shall mean the remaining amount of
178 construction costs or other capitalized costs allocable to the Contractor as described in Section
179 4011, subsection (a)(3)(A) of the WIIN Act, and as identified in the Central Valley Project
180 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;

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

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

216 (b) Upon complete payment of the Repayment Obligation by the Contractor,
217 and notwithstanding any Additional Capital Obligation that may later be established, the acreage
218 limitations, reporting, and the Full Cost pricing provisions of the Reclamation Reform Act of
219 1982 shall no longer be applicable to the Contractor pursuant to this Contract.

220 (c) Omitted.

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

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

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

431 (A) The amount due and payable to the United States, pursuant
432 to the WIIN Act, shall be the Repayment Obligation. The Repayment Obligation has been
433 computed by the Contracting Officer in a manner consistent with the WIIN Act and is set forth
434 as a lump sum payment as set forth in Exhibit C. The Repayment Obligation is due in lump sum
435 within 60 days of the effective date of this Amendment as provided by the WIIN Act.

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

439 (B) Additional Capital Obligations that are not reflected in the
440 schedules referenced in Exhibit C and are properly assignable to the Contractor shall be repaid as
441 prescribed by the WIIN Act without interest except as required by law. Consistent with Federal
442 Reclamation law, interest shall continue to accrue on the M&I portion of the Additional Capital
443 Obligation assigned to the Contractor until such costs are paid. Increases or decreases in the
444 Additional Capital Obligation assigned to the Contractor caused solely by annual adjustment of
445 the Additional Capital Obligation assigned to each Project Contractor by the Secretary shall not
446 be considered in determining the amounts to be paid pursuant to this subdivision (a)(2)(B),
447 however, such increases or decreases will be considered under subdivision (b) of this Article. A
448 separate agreement shall be established by the Contractor and the Contracting Officer to
449 accomplish repayment of the Additional Capital Obligation assigned to the Contractor within the
450 timeframe prescribed by the WIIN Act, subject to the following:

451 (1) If the collective Additional Capital Obligation
452 properly assignable to the contractors exercising conversion under Section 4011 of the WIIN Act
453 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

477 Contractor's maximum contractual entitlement to Project Water pursuant to subdivision (a) of
478 Article 3, then payment for that amount of Delivered Water, which equals eighty (80%) percent
479 of the maximum contractual entitlement shall be at the applicable Rates specified in Exhibit A,
480 but the payment for the increment of Delivered Water, which is in excess of eighty (80%)
481 percent of the maximum contractual entitlement, shall be at the applicable Tiered Pricing
482 Component as follows:

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

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

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

492 (1) Prior to July 1 of each Calendar Year, the Contracting Officer shall
493 provide the Contractor the preliminary calculation of the Charges that will be applied for the
494 period October 1, of the current Calendar Year, through September 30, of the following Calendar
495 Year, and identify the statutes, regulations, and guidelines used as the basis for such calculations.
496 On or before September 15, of each Calendar Year, the Contracting Officer shall notify the
497 Contractor in writing of the Charges to be in effect during the period October 1, of the current
498 Calendar Year, through September 30, of the following Calendar Year, and such notification
499 shall revise Exhibit "A"; and

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

508 (e) At the time the Contractor submits the initial schedule for the delivery of
509 Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the
510 Contractor shall pay the United States the total amount payable pursuant to the applicable Rate(s)
511 for all Project Water scheduled to be delivered pursuant to this Contract during the first two (2)
512 calendar months of the Year. Before the end of the first month or part thereof of the Year, and
513 before the end of each calendar month thereafter, the Contractor shall pay pursuant to the
514 applicable Rate(s) for all Project Water scheduled to be delivered pursuant to this Contract
515 during the second month immediately following. Adjustments between the payments for the
516 scheduled amount of Project Water and the appropriate payments for quantities of Delivered
517 Water furnished pursuant to this Contract each month shall be made before the end of the
518 following month and may be reflected in the payments made during the following month:
519 Provided, That any revised schedule submitted by the Contractor pursuant to Article 4 that
520 increases the amount of Project Water to be delivered pursuant to this Contract during any month
521 shall be accompanied with appropriate payment for Rates to assure that Project Water is not
522 furnished to the Contractor in advance of such payment. In any month in which the quantity of

523 Delivered Water furnished to the Contractor pursuant to this Contract equals the quantity of
524 Project Water scheduled and paid for by the Contractor, no additional Project Water shall be
525 made available to the Contractor unless and until payment of Rates for such additional Project
526 Water is made. Final adjustment between the payments of Rates for the Project Water scheduled
527 and the quantities of Delivered Water furnished during each Year pursuant to this Contract shall
528 be made as soon as possible, but no later than April 30 of the following Year.

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

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

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

546 (i) Revenues received by the United States pursuant to this Contract shall be
547 allocated and applied in accordance with the Federal Reclamation law, including but not limited
548 to subsection (f) of Section 3405 and subsection (d)(2)(A) of Section 3407 of the CVPIA, and
549 the associated regulations, including but not limited to, the Project M&I ratesetting policy
550 promulgated pursuant to the Administrative Procedure Act.

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

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

565 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICIT

566 8. The Contractor and the Contracting Officer concur that, at the time of the
567 execution of this Contract, the Contractor has no non-interest bearing operation and maintenance
568 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)(1)(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

615 States any right to seepage or return flow being put to reasonable and beneficial use pursuant to
616 this Contract within the Contractor's boundaries by the Contractor or those claiming by, through,
617 or under the Contractor.

618 WATER SHORTAGE AND APPORTIONMENT

619 12. (a) In its operation of the Project, the Contracting Officer will use all
620 reasonable means to guard against a condition of shortage in the quantity of water to be made
621 available to the Contractor pursuant to this Contract. In the event the Contracting Officer
622 determines that a Condition of Shortage appears probable, the Contracting Officer will notify the
623 Contractor of said determination as soon as practicable.

624 (b) If there is a Condition of Shortage because of inaccurate runoff forecasting
625 or other similar operational errors affecting the Project, drought and other physical or natural
626 causes beyond the control of the Contracting Officer, or actions taken by the Contracting Officer
627 to meet current and future legal obligations, then, except as provided in subdivision (a) of Article
628 17 of this Contract, no liability shall accrue against the United States or any of its officers,
629 agents, or employees for any damage, direct or indirect, arising therefrom.

630 (c) In any Year in which there may occur a shortage for any of the reasons
631 specified in subdivision (b) of this Article, the Contracting Officer shall apportion the available
632 Project Water supply among the Contractor and others entitled, under existing contracts and
633 future contracts (to the extent such future contracts are permitted under subsections (a) and (b) of
634 Section 3404 of the CVPIA) and renewals thereof, to receive Project Water consistent with the
635 contractual obligations of the United States.

636 UNAVOIDABLE GROUNDWATER PERCOLATION

637 13. Omitted.

638 RULES, REGULATIONS, AND DETERMINATIONS

639 14. (a) The parties agree that the delivery of water or the use of Federal facilities
640 pursuant to this contract is subject to Federal reclamation law, as amended and supplemented,
641 and the rules and regulations promulgated by the Secretary of the Interior under Federal
642 reclamation law.

643 (b) The Contracting Officer shall have the right to make determinations
644 necessary to administer this contract that are consistent with its expressed and implied
645 provisions, the laws of the United States and the State of California, and the rules and regulations
646 promulgated by the Secretary of the Interior. Such determinations shall be made in consultation
647 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.

(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.

(e) 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.

(f) 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.

(g) 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.

(h) 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

20. (a) 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.

(b) 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

21. (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 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 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. 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.

(c) 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.

(d) 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.

EXISTING OR ACQUIRED WATER OR WATER RIGHTS

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.

OPERATION AND MAINTENANCE BY NON-FEDERAL ENTITY

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.

871 SEVERABILITY

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

885 OFFICIALS NOT TO BENEFIT

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

889 CHANGES IN CONTRACTOR'S SERVICE AREA OR ORGANIZATION

890 31. While this Contract is in effect, no change may be made in the Contractor's
891 Service Area or organization, by inclusion or exclusion of lands or by any other changes which
892 may affect the respective rights, obligations, privileges, and duties of either the United States or
893 the Contractor under this Contract, including, but not limited to, dissolution, consolidation, or
894 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.


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

931 THE UNITED STATES OF AMERICA


932 
933 **APPROVED AS TO LEGAL**
934 **FORM AND SUFFICIENCY**
935 **OFFICE OF REGIONAL SOLICITOR**
DEPARTMENT OF THE INTERIOR

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

936 CITY OF FOLSOM

937 
938 By: _____
939 City Manager, City of Folsom
A California municipal corporation

940 Approved as to content:

941 By:  2/25/2020
942 Director of Environmental and
943 Water Resources,
944 City of Folsom

945 Approved as to form:

946 By:  2/25/2020
947 City Attorney,
948 City of Folsom

949 Attest:


950 By:  2/25/2020
951 City Clerk,
952 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)

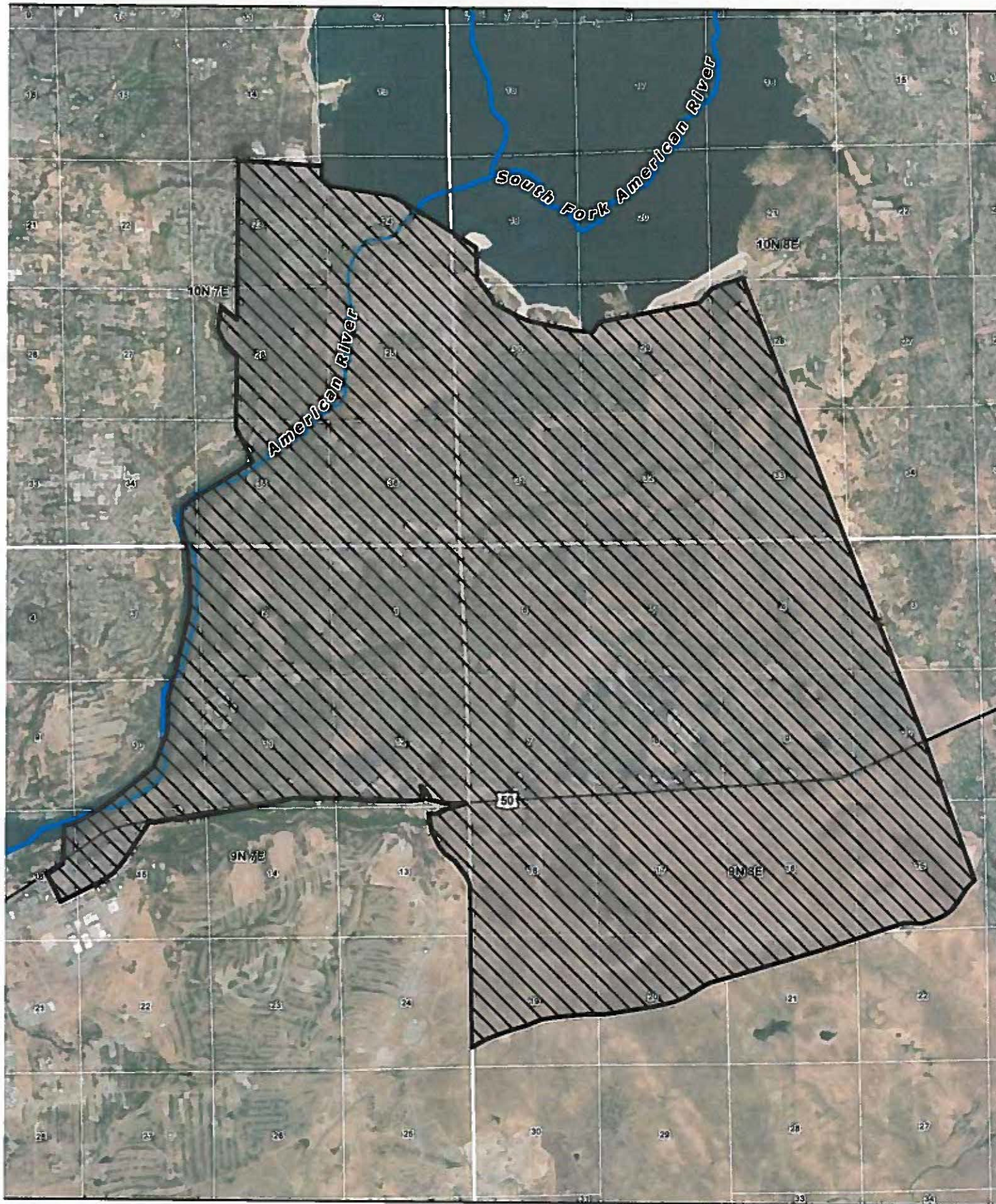
	M&I Water
COST-OF-SERVICE (COS) RATE	
Construction Component	\$0.00
O&M Component	
Water Marketing	\$6.12
Storage	\$14.99
Deficit Cost Component	\$0.00
TOTAL COS RATE (Tier 1 Rate)	\$21.11
M&I FULL COST RATE	
	\$0.00
TIERED PRICING COMPONENTS (In Addition to Total COS Rate Above)	
M&I	
<i>Tier 2 Rate : >80% <=90% of Contract Total (Amount to be Added to Tier 1 Rate)</i>	\$0.00
<i>Tier 3 Rate : >90% of Contract Total (Amount to Be Added to Tier 1 Rate)</i>	\$0.00
CHARGES AND ASSESSMENTS (Payments in Addition to Rates)	
P.L. 102-575 Surcharges (Restoration Fund Payments) ¹ [Section 3407(d)(2)(A)]	\$21.82
P.L. 106-377 Assessment (Trinity Public Utilities District) ² [Appendix B, Section 203]	\$0.12



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/.



-  District Boundary
-  Contractor's Service Area

City of Folsom

Contract No. 6-07-20-
W1372B-P EXHIBIT B

0 0.5 1 Miles

RECLAMATION
Managing Water in the West



353-202-5

Exhibit C

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

Unpaid Construction Cost from the 2020 Water Rate Books*

Contractor: City of Folsom
Facility: Folsom D&R
Contract: 6-07-20-W1372B-P

Irrigation Construction Cost (2020 Irrigation Ratebook, Schedule A-28a and A-28c)		
	Unpaid Cost	Discount
Construction Cost (Excludes Intertie):	\$ -	
2019 Repayment (Estimate) **	\$ -	
Adjusted Construction Cost (Excludes Intertie):	\$ -	\$ -
Intertie Construction Cost:	\$ -	\$ -
Total	\$ -	\$ -
If Paid in Installments (Used 20 yr CMT)		
Due		
Payment 1 N/A		\$ -
Payment 2 N/A		\$ -
Payment 3 N/A		\$ -
Payment 4 N/A		\$ -
Total Installment Payments		\$ -
20 yr CMT Rates		N/A
Discount Rate (1/2 of the Treasury Rate per the WIIN Act, Section 4011(a)(2)(A))		N/A

M&I Construction Cost (2020 M&I Ratebook, Sch A-28a)	
	Unpaid Cost
Construction Cost:	\$ 198,951
2019 Repayment (Estimate) **	\$ 18,823
Adjusted Construction Cost***:	\$ 180,128

Calculation Support: Irrigation Lump Sum or First Payment Due Date N/A
Days Until the End of the Fiscal Year N/A

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
2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2028	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2031-63				\$ -	\$ -	\$ -	\$ -
Total, Lump Sum Payment			\$ -			\$ -	\$ -

Amount of Reduction, Lump Sum \$ - \$ - \$ -

* 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.