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

CONTRACT BETWEEN THE UNITED STATES
AND
SACRAMENTO COUNTY WATER AGENCY
PROVIDING FOR PROJECT WATER SERVICE
AND FACILITIES REPAYMENT

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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. 1263), October 27, 1986 (100 Stat. 3050), as amended, November 5, 1990 (104 Stat. 2074), and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), as amended, and the Water Infrastructure Improvements for the Nation Act (Pub. L. 114-322, 130 Stat. 1628), Section 4011 (a-d) and (f) ("WIIN Act"), all collectively hereinafter referred to as Federal Reclamation law, between the UNITED STATES OF AMERICA, hereinafter referred to as the United States, and the SACRAMENTO COUNTY WATER AGENCY, hereinafter referred to as the Contractor, a public agency of the State of California, duly organized, existing, and acting pursuant to the laws thereof;

WITNESSETH, That:

EXPLANATORY RECITALS

[1st] WHEREAS, the United States has constructed and is operating the Central Valley Project (Project), California, for diversion, storage, carriage, distribution and beneficial use, for flood control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection

and restoration, generation and distribution of electric energy, salinity control, navigation and other beneficial uses, of waters of the Sacramento River, the American River, the Trinity River, and the San Joaquin River and their tributaries; and

[2nd] WHEREAS, the United States constructed Folsom Dam and Reservoir, hereinafter collectively referred to as the American River Division 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, the rights to Project Water were acquired by the United States pursuant to California law for operation of the Project; and

[4th] WHEREAS, the Sacramento Municipal Utility District (hereinafter referred to as the District) and the United States entered into Contract No. 14-06-200-5198A, dated November 20, 1970, which established terms for the delivery to the District of up to 75,000 acre-feet of water from the American River Division through December 31, 2012; and

[4.1] WHEREAS, the District assigned to the Contractor on July 12, 2006, the right, title, and interest in that portion of Contract No. 14-06-200-5198A consisting of 30,000 acre-feet of the entitlement of the Project Water including any rights to renew Contract No. 14-06-200-5198A for the entitlement. Contractor agreed to enter into a long-term Contract with the United States for 30,000 acre-feet of assigned water; and

[4.2] WHEREAS, the Contractor and the United States also entered into Contract No. 6-07-20-W1372, which established terms for the delivery to the Contractor of Project Water from the American River Division from April 8, 1999, through a date determined pursuant to Article 2 therein; and

[4.3] WHEREAS, except as specifically provided for in this Contract, the Contractor's right, title, and interest in Contract No. 6-07-20-W1372 is provided for under the Contractor's other Contract No. 6-07-20-W1372-LTR1; and

[4.4] WHEREAS, the United States and the Contractor entered into Contract No. 14-06-200-5198B-IR1 and successive renewals of 14-06-200-5198B-IR1 for 30,000 acre-feet of assigned water, hereinafter referred to as the "Existing Contract", which established terms for the delivery of Project Water to the Contractor from the American River Division, and which was in effect on the date the WIIN Act was enacted; and

[5th] WHEREAS, on December 16, 2016, the 114th Congress of the United States of America enacted the WIIN Act; and

[6th] 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

[7th] 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

[8th] 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

[9th] 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

[10th] 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

[11th] WHEREAS, the United States has determined that the Contractor has fulfilled all of its obligations under the Existing Contract; and

[12th] WHEREAS, the Contractor has demonstrated to the satisfaction of the Contracting Officer that the Contractor has utilized the Project Water supplies available to it for reasonable and beneficial use and/or has demonstrated projected future demand for water use such that the Contractor has the capability and expects to utilize fully for reasonable and beneficial use the quantity of Project Water to be made available to it pursuant to this Contract; and

[13th] WHEREAS, water obtained from the Project has been relied upon by urban areas within California for more than 50 years, and is considered by the Contractor as an essential portion of its water supply; and

[14th] WHEREAS, the economies of regions within the Project, including the Contractor's, depend upon the continued availability of water, including water service from the Central Valley Project; and

[15th] WHEREAS, the Secretary intends through coordination, cooperation, and partnerships to pursue measures to improve water supply, water quality, and reliability of the Project for all Project purposes; and

[15.1] WHEREAS, the Contractor and the water users in its Service Area have improved and will continue to improve water use efficiency through water conservation, water reclamation, and other best management practices; however, implementing these measures has reduced and will continue to reduce the ability of the Contractor and the water users in its Service Area to withstand a Condition of Shortage; and

[16th] WHEREAS, the mutual goals of the United States and the Contractor include: to provide for reliable Project Water supplies; to control costs of those supplies; to achieve repayment of the Project as required by law; to guard reasonably against Project Water shortages; to achieve a reasonable balance among competing demands for use of Project Water; and to comply with all applicable environmental statutes, all consistent with the legal obligations of the United States relative to the Project; and

[17th] WHEREAS, the parties intend by this Contract to develop a more cooperative relationship in order to achieve their mutual goals; and

[17.1] WHEREAS, the Contractor is a signatory to the Water Forum Agreement, dated April 24, 2000, which has the co-equal objectives to (1) provide a reliable and safe water supply for the Sacramento region's economic health and planned development through the year 2030, and (2) preserve the fishery, wildlife, recreational and aesthetic values of the lower American River; and

[17.2] WHEREAS, the Contracting Officer is in support of the co-equal objectives of the Water Forum Agreement and intends to work cooperatively with the Contractor to investigate actions that they could take to implement the objectives of the Water Forum Agreement, which, if agreed to, would be the subject of a separate agreement between them; and

[17.3] Omitted; and

[17.4] WHEREAS, the Contractor's Service Area provided in this Contract includes areas that on the date of execution of this Contract receive water from a variety of sources, including, but not limited to, ground water from private wells, surface supplies under privately held rights, public utilities, public agencies other than the Contractor, water service from the Contractor provided exclusively through wells operated by the Contractor, and water service from the Contractor provided through a combination of wells and interim surface supplies; and

[17.5] WHEREAS, the Contractor's Service Area provided in this Contract also includes areas to which Project Water or other surface water may be provided by the Contractor in the future; and

[17.6] WHEREAS, recognizing the physical, legal and jurisdictional circumstances that exist within the Contractor's Service Area, the parties have agreed to structure this Contract so that areas within the Contractor's Service Area will become subject to certain terms and

127 conditions of this Contract at such time as such areas receive water service from the Contractor
128 consisting of Project Water or other surface water; and

129 [18th] WHEREAS, the Contracting Officer and the Contractor agree to amend and
130 convert the Existing Contract pursuant to Section 4011 of the WIIN Act and other Federal
131 Reclamation law on the terms and conditions set forth below; and

132 [19th] WHEREAS, the Contracting Officer and the Contractor agree that this Contract
133 complies with Section 4011 of the WIIN Act.

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

136 DEFINITIONS

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

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

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

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

147 (d) "Contracting Officer" shall mean the Secretary of the Interior's duly
148 authorized representative acting pursuant to this Contract or applicable Federal Reclamation law
149 or regulation;

150 (e) “Contract Total” shall mean the maximum amount of water to which the
151 Contractor is entitled under subdivision (a) of Article 3 of this Contract;

152 (f) “Contractor’s Service Area” shall mean the area to which the Contractor is
153 permitted to provide Project Water obtained under this Contract. As of the date of this Contract,
154 the Contractor’s Service Area is the area identified as “Zone 40” and “Zone 40 Expansion Area”,
155 as described in Exhibit “A” attached hereto. The Contractor’s Service Area may be modified
156 from time to time in accordance with Article 34 of this Contract without amendment of this
157 Contract;

158 (g) “CVPIA” shall mean the Central Valley Project Improvement Act,
159 Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

160 (h-i) Omitted;

161 (j) “Full Cost Rate” shall mean an annual rate, as determined by the
162 Contracting Officer, that shall amortize the expenditures for construction properly allocable to
163 the Project irrigation or M&I functions, as appropriate, of facilities in service including all O&M
164 deficits funded, less payments, over such periods as may be required under Federal Reclamation
165 law, or applicable contract provisions. Interest will accrue on both the construction expenditures
166 and funded O&M deficits from October 12, 1982, on costs outstanding at that date, or from the
167 date incurred in the case of costs arising subsequent to October 12, 1982, and shall be calculated
168 in accordance with subsections 202(3)(B) and (3)(C) of the RRA. The Full Cost Rate includes
169 actual operation, maintenance, and replacement costs consistent with Section 426.2 of the Rules
170 and Regulations for the RRA;

171 (k-l) Omitted;

172 (m) “Irrigation Water” shall mean the use of Project Water to irrigate land
173 primarily for the production of commercial agricultural crops or livestock, and domestic and

174 other uses that are incidental thereto ;

175 (n) Omitted;

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

180 Water uses established before March 1, 2020 and known to the Contracting Officer and the
181 Contractor are deemed to be authorized uses of M&I Water;

182 (p) "M&I Full Cost Water Rate" shall mean the Full Cost Rate applicable to
183 the delivery of M&I Water;

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

187 (r) Omitted;

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

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

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

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

199 (w) "Recent Historic Average" shall mean the most recent five-year average of
200 the final forecast of Water Made Available to the Contractor pursuant to this Contract or its
201 preceding contract(s);

202 (x) "Secretary" shall mean the Secretary of the Interior, a duly appointed
203 successor, or an authorized representative acting pursuant to any authority of the Secretary and
204 through any agency of the Department of the Interior;

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

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

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

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

216 (cc) "Year" shall mean the period from and including March 1 of each
217 Calendar Year through the last day of February of the following Calendar Year;

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

221 (ee) "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; and

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

TERM OF CONTRACT

2. (a) This Contract shall be effective as of 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;

(2) Provided further, That the Contracting Officer shall not seek to suspend making water available or declaring Water Made Available pursuant to this Contract for non-compliance by the Contractor with the terms of this Contract or Federal law, unless the Contracting Officer has first provided at least thirty (30) calendar days written notice to the

Contractor and the Contractor has failed to cure such non-compliance, or to diligently commence curative actions satisfactory to the Contracting Officer for a non-compliance that cannot be fully cured within the thirty (30) calendar days' notice period. If the Contracting Officer has suspended making water available pursuant to this paragraph, upon cure of such noncompliance satisfactory to the Contracting Officer, the Contracting Officer shall resume making water available and declaring Water Made Available pursuant to this Contract;

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

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

(c) Omitted

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

WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

3. (a) During each Year, consistent with all applicable State water rights, permits, and licenses, Federal law, and subject to the provisions set forth in Articles 11 and 12 of this Contract, the Contracting Officer shall make available for delivery to the Contractor up to 30,000 acre-feet of M&I Water. Provided, however, during the two (2) month period of January and February of 2013, the Contracting Officer shall make available for delivery to the Contractor that portion of the 2012 allocation of Project Water unused by the Contractor under the Existing

Contract. The quantity of Water Delivered to the Contractor in accordance with this subdivision shall be scheduled and paid for pursuant to the provisions of Articles 4 and 7 of this Contract.

(b) Because the capacity of the Project to deliver Project Water has been constrained in recent years and may be constrained in the future due to many factors including hydrologic conditions and implementation of Federal and State laws, the likelihood of the Contractor actually receiving the total amount of Project Water set out in subdivision (a) of this Article in any given Year is uncertain. The Contracting Officer's modeling referenced in the programmatic environmental impact statement required by Section 3409 of the CVPIA projected that the Contract Total set forth in this Contract will not be available to the Contractor in many years. During the most recent five years, the Recent Historic Average of Water Made Available to the Contractor was 28,500 acre-feet. Nothing in subdivision (b) of this Article shall affect the rights and obligations of the parties under any provision of this Contract.

(c) The Contractor shall utilize the Project Water in accordance with all applicable legal requirements.

(d) The Contractor shall make reasonable and beneficial use of all water furnished pursuant to this Contract. Groundwater recharge programs (direct, indirect, or in lieu), groundwater banking programs, surface water storage programs, and other similar programs utilizing Project Water or other water furnished pursuant to this Contract conducted within the Contractor's Service Area which are consistent with applicable State law and result in use consistent with Federal Reclamation law will be allowed; *Provided*, That any direct recharge program(s) is (are) described in the Contractor's water conservation plan submitted pursuant to Article 25 of this Contract; *Provided, further*, That such water conservation plan demonstrates sufficient lawful uses exist in the Contractor's Service Area to show reasonable and beneficial

use of the quantity of Delivered Water based on a long-term average in compliance with Federal Reclamation law. Groundwater recharge programs, groundwater banking programs, surface water storage programs, and other similar programs utilizing Project Water or other water furnished pursuant to this Contract conducted outside the Contractor's Service Area may be permitted upon written approval of the Contracting Officer, which approval will be based upon environmental documentation, Project Water rights, and Project operational concerns. The Contracting Officer will address such concerns in regulations, policies, or guidelines.

(e) The Contractor shall comply with requirements applicable to the Contractor in biological opinion(s) prepared as a result of a consultation regarding the execution of the Existing Contract undertaken pursuant to Section 7 of the Endangered Species Act of 1973 (ESA), as amended, that are within the Contractor's legal authority to implement. The Existing Contract which evidences in excess of 40 years of diversion for M&I purposes of the quantities of water provided in subdivision 3(a) of Article 3 of this Contract, will be considered in developing an appropriate baseline for any required environmental review prepared by Reclamation regarding execution of this Contract. Nothing herein shall be construed to prevent the Contractor from challenging or seeking judicial relief in a court of competent jurisdiction with respect to any biological opinion or other environmental documentation referred to in this Article.

(f) Following the declaration of Water Made Available under Article 4 of this Contract, the Contracting Officer will make a determination whether Project Water, or other water available to the Project, can be made available to the Contractor in addition to the Contract Total under Article 3 of this Contract during the Year without adversely impacting other Project Contractors. At the request of the Contractor, the Contracting Officer will consult with the

314 Contractor prior to making such a determination. If the Contracting Officer determines that
315 Project Water, or other water available to the Project, can be made available to the Contractor,
316 the Contracting Officer will announce the availability of such water and shall so notify the
317 Contractor as soon as practical. The Contracting Officer will thereafter meet with the Contractor
318 and other Project Contractors capable of taking such water to determine the most equitable and
319 efficient allocation of such water. If the Contractor requests the delivery of any quantity of such
320 water, the Contracting Officer shall make such water available to the Contractor in accordance
321 with applicable statutes, regulations, guidelines, and policies.

322 (g) The Contractor may request permission to reschedule for use during the
323 subsequent Year some or all of the Water Made Available to the Contractor during the current
324 Year referred to as "carryover". The Contractor may request permission to use during the
325 current Year a quantity of Project Water which may be made available by the United States to
326 the Contractor during the subsequent Year referred to as "preuse". The Contracting Officer's
327 written approval may permit such uses in accordance with applicable statutes, regulations,
328 guidelines, and policies.

329 (h) The Contractor's right pursuant to Federal Reclamation law and applicable
330 State law to the reasonable and beneficial use of the Water Delivered pursuant to this Contract
331 shall not be disturbed, and this Contract shall continue so long as the Contractor pays applicable
332 Rates and Charges under this Contract consistent with Section 9(d) or 9(c)(1) of the Act of
333 August 4, 1939 (53 Stat. 1195) as applicable, and applicable law. Nothing in the preceding
334 sentence shall affect the Contracting Officer's ability to impose shortages under Article 11 or
335 subdivision (b) of Article 12 of this Contract.

(i) Project Water furnished to the Contractor pursuant to this Contract may be delivered for purposes other than those described in subdivision (o) of Article 1 of this Contract upon written approval by the Contracting Officer in accordance with the terms and conditions of such approval.

(j) The Contracting Officer shall make reasonable efforts to protect the water rights necessary for the Project and to provide the water available under this Contract. The Contracting Officer shall not object to participation by the Contractor, in the capacity and to the extent permitted by law, in administrative proceedings related to the Project Water rights; *Provided*, That the Contracting Officer retains the right to object to the substance of the Contractor's position in such a proceeding; *Provided further*, That in such proceedings the Contracting Officer shall recognize the Contractor has a legal right under the terms of this Contract to use Project Water.

TIME FOR DELIVERY OF WATER

(4) (a) On or about February 20 of each Calendar Year, the Contracting Officer shall announce the Contracting Officer's expected declaration of the Water Made Available. Such declaration will be expressed in terms of both Water Made Available and the Recent Historic Average and will be updated monthly, and more frequently if necessary, based on then-current operational and hydrologic conditions and a new declaration with changes, if any, to the Water Made Available will be made. The Contracting Officer shall provide forecasts of Project operations and the basis of the estimate, with relevant supporting information, upon the written request of the Contractor. Concurrently with the declaration of the Water Made Available, the Contracting Officer shall provide the Contractor with the updated Recent Historic Average.

359 (b) On or before each March 1 and at such other times as necessary, the
360 Contractor shall submit to the Contracting Officer a written schedule, satisfactory to the
361 Contracting Officer, showing the monthly quantities of Project Water to be delivered by the
362 United States to the Contractor pursuant to this Contract for the Year commencing on such
363 March 1. The Contracting Officer shall use all reasonable means to deliver Project Water
364 according to the approved schedule for the Year commencing on such March 1.

365 (c) The Contractor shall not schedule Project Water in excess of the quantity
366 of Project Water the Contractor intends to put to reasonable and beneficial use within the
367 Contractor's Service Area or to sell, transfer or exchange pursuant to Article 9 of this Contract
368 during any Year.

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

374 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

375 5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this
376 Contract shall be delivered to the Contractor at the Contractor's option: (i) at the intake for the
377 Sacramento River Water Treatment Plant owned by the City of Sacramento; (ii) at the intake for
378 the Freeport Regional Water Project on the Sacramento River; and (iii) any additional point or
379 points of delivery either on Project facilities or another location or locations mutually agreed to
380 in writing by the Contracting Officer and the Contractor.

381 (b) The Contracting Officer shall make all reasonable efforts to maintain
382 sufficient flows and levels of water in Project facilities to deliver Project Water to the Contractor
383 at the point or points of delivery established pursuant to subdivision (a) of this Article.

384 (c) The Contractor shall not deliver Project Water to land outside the
385 Contractor's Service Area unless approved in advance by the Contracting Officer.

386 (d) All Water Delivered to the Contractor pursuant to this Contract shall be
387 measured and recorded with equipment furnished, installed, operated, and maintained by the
388 United States, or other appropriate entity as designated by the Contracting Officer at the point or
389 points of delivery established pursuant to subdivision (a) of this Article; *Provided*, That if the
390 Project Water delivered pursuant to this Contract is diverted at a location or in a manner so as to
391 be commingled with water diverted by any other entity, the point of measurement for Project
392 Water delivered to the Contractor shall be a location at which Project Water diverted for
393 Contractor's use can be measured separately from water diverted by any such entity or entities.
394 Upon the request of either party to this Contract, the Contracting Officer shall investigate, or
395 cause to be investigated, the accuracy of such measurements and shall take any necessary steps
396 to adjust any errors appearing therein. For any period of time when accurate measurements have
397 not been made, the Contracting Officer shall consult with the Contractor prior to making a final
398 determination of the quantity delivered for that period of time.

399 (e) The Contracting Officer shall not be responsible for the control, carriage,
400 handling, use, disposal, or distribution of Water Delivered to the Contractor pursuant to this
401 Contract beyond the delivery points specified in subdivision (a) of this Article. The Contractor
402 shall indemnify the United States, its officers, employees, agents, and assigns on account of
403 damage or claim of damage of any nature whatsoever for which there is legal responsibility,

including property damage, personal injury, or death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such Water Delivered beyond such delivery points, except for any damage or claim arising out of: (i) acts or omissions of the Contracting Officer or any of its officers, employees, agents, or assigns with the intent of creating the situation resulting in any damage or claim; (ii) willful misconduct of the Contracting Officer or any of its officers, employees, agents, or assigns; (iii) negligence of the Contracting Officer or any of its officers, employees, agents, or assigns; or (iv) damage or claims resulting from a malfunction of facilities owned and/or operated by the United States.

MEASUREMENT OF WATER WITHIN THE SERVICE AREA

6. (a) The Contractor shall ensure that, unless the Contractor establishes an alternative measurement program satisfactory to the Contracting Officer, all surface water delivered by the Contractor within the Contractor's Service Area for M&I purposes is measured at each M&I service connection. The water measuring devices or water measuring methods of comparable effectiveness must be acceptable to the Contracting Officer. The Contractor shall be responsible for installing, operating, 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 its proper management of the water, to bill water users for water delivered by the Contractor; and, if applicable, to record water delivered for M&I purposes by customer class as defined in the Contractor's water conservation plan provided for in Article 25 of this Contract. Nothing herein contained, however, shall preclude the Contractor from establishing and collecting any charges, assessments, or other revenues authorized by California

law. The Contractor shall include a summary of all its annual surface water deliveries in the annual report described in subdivision (c) of Article 25.

(b) To the extent the information has not otherwise been provided, upon execution of this Contract, the Contractor shall provide to the Contracting Officer a written report describing the measurement devices or water measuring methods being used or to be used to implement subdivision (a) of this Article and identifying the M&I service connections or alternative measurement programs approved by the Contracting Officer, at which such measurement devices or water measuring methods are being used, and, if applicable, identifying the locations at which such devices and/or methods are not yet being used including a time schedule for implementation at such locations. The Contracting Officer shall advise the Contractor in writing within 60 days as to the adequacy, and necessary modifications, if any, of the measuring devices or water measuring methods identified in the Contractor's report and if the Contracting Officer does not respond in such time, they shall be deemed adequate. If the Contracting Officer notifies the Contractor that the measuring devices or methods are inadequate, the parties shall within 60 days following the Contracting Officer's response, commence to negotiate in good faith how, and the earliest practicable date by which, the Contractor shall modify said measuring devices and/or measuring methods as required by the Contracting Officer to ensure compliance with subdivision (a) of this Article.

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

(d) The Contractor shall inform the Contracting Officer and the State of California in writing by April 30 of each Year of the monthly volume of surface water delivered

within the Contractor's Service Area during the previous Year.

(e) The Contractor shall inform the Contracting Officer on or before the 20th calendar day of each month of the quantity of M&I Water taken during the preceding month.

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

7. (a) Notwithstanding the Contractor's full prepayment of the Repayment Obligation pursuant to Section 4011, subsection (a)(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 transfers, or any other mechanism as may be agreed to in writing by the Contractor and the Contracting Officer. The Rates, Charges, and Tiered Pricing Component applicable to the Contractor upon execution of this Contract are set forth in Exhibit "B," as may be revised annually.

(1) The Contractor shall pay the United States as provided for in this Article of this Contract for all Delivered Water at the applicable 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,

473 including construction costs as identified in the following subdivisions.

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

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

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

484 (B) Additional Capital Obligations that are not reflected in the
485 schedules referenced in Exhibit C and are properly assignable to the Contractor shall be repaid as
486 prescribed by the WIIN Act without interest except as required by law. Consistent with Federal
487 Reclamation law, interest shall continue to accrue on the M&I portion of the Additional Capital
488 Obligation assigned to the Contractor until such costs are paid. Increases or decreases in the
489 Additional Capital Obligation assigned to the Contractor caused solely by annual adjustment of
490 the Additional Capital Obligation assigned to each Project Contractor by the Secretary shall not
491 be considered in determining the amounts to be paid pursuant to this subdivision (a)(2)(B),
492 however, such increases or decreases will be considered under subdivision (b) of this Article. A
493 separate agreement shall be established by the Contractor and the Contracting Officer to
494 accomplish repayment of the Additional Capital Obligation assigned to the Contractor within the
495 timeframe prescribed by the WIIN Act, subject to the following:

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

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

508 (b) In the event that the final cost allocation referenced in Section 4011(b) of
509 the WIIN Act determines that the costs properly assignable to the Contractor are greater than
510 what has been paid by the Contractor, the Contractor shall be obligated to pay the remaining
511 allocated costs. The term of such additional repayment contract shall be not less than one (1)
512 year and not more than ten (10) years, however, mutually agreeable provisions regarding the rate
513 of repayment of such amount may be developed by the Contractor and Contracting Officer. In
514 the event that the final cost allocation indicates that the costs properly assignable to the
515 Contractor are less than what the Contractor has paid, the Contracting Officer shall credit such
516 overpayment as an offset against any outstanding or future obligations of the Contractor, with the
517 exception of Restoration Fund charges pursuant to Section 3407(d) of Public Law 102-575.

518 (c) The Contracting Officer shall notify the Contractor of the Rates, Charges,

519 and Tiered Pricing Component as follows:

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

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

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

subdivision (a) of this Article, for the Water Scheduled to be delivered pursuant to this Contract during the second month immediately following. Adjustments between advance payments for Water Scheduled and payments at Rates due for Water Delivered shall be made before the end of the following month; *Provided*, That any revised schedule submitted by the Contractor pursuant to Article 4 of this Contract which increases the amount of Water Delivered pursuant to this Contract during any month shall be accompanied with appropriate advance payment, at the Rates then in effect, to assure that Project Water is not delivered to the Contractor in advance of such payment. In any month in which the quantity of Water Delivered to the Contractor pursuant to this Contract equals the quantity of Water Scheduled and paid for by the Contractor, no additional Project Water shall be delivered to the Contractor unless and until an advance payment at the Rates then in effect for such additional Project Water is made. Final adjustment between the advance payments for the Water Scheduled and payments for the quantities of Water Delivered during each Year pursuant to this Contract shall be made as soon as practicable but no later than April 30th of the following Year, or 60 days after the delivery of Project Water carried over under subdivision (g) of Article 3 of this Contract if such water is not delivered by the last day of February.

(e) The Contractor shall also make a payment in addition to the Rate(s) in subdivision (d) of this Article to the United States for Water Delivered, at the Charges and the appropriate Tiered Pricing Component then in effect, before the end of the month following the month of delivery. The payments shall be consistent with the quantities of M&I Water Delivered as shown in the water delivery report for the subject month prepared by the Contracting Officer. The water delivery report shall be deemed a bill for the payment of Charges and the applicable Tiered Pricing Component for Water Delivered. Adjustment for overpayment or underpayment

565 of Charges shall be made through the adjustment of payments due to the United States for
566 Charges for the next month. Any amount to be paid for past due payment of Charges and the
567 Tiered Pricing Component shall be computed pursuant to Article 19 of this Contract.

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

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

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

580 (i) The Contracting Officer shall keep its accounts pertaining to the
581 administration of the financial terms and conditions of its long-term contracts, in accordance
582 with applicable Federal standards, so as to reflect the application of Project costs and revenues.
583 The Contracting Officer shall, each Year upon request of the Contractor, provide to the
584 Contractor a detailed accounting of all Project and Contractor expense allocations, the
585 disposition of all Project and Contractor revenues, and a summary of all water delivery
586 information. The Contracting Officer and the Contractor shall enter into good faith negotiations
587 to resolve any discrepancies or disputes relating to accountings, reports, or information.

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

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

605 (2) Omitted.

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

(l) Rates under the respective ratesetting policies will be established to recover only reimbursable O&M (including any deficits) and capital costs of the Project, as those terms are used in the then-current Project ratesetting policies, and interest, where appropriate, except in instances where a minimum Rate is applicable in accordance with the relevant Project ratesetting policy. Changes of significance in practices which implement the Contracting Officer's ratesetting policies will not be implemented until the Contracting Officer has provided the Contractor an opportunity to discuss the nature, need, and impact of the proposed change.

(m) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the CVPIA, the Rates for Project Water transferred by the Contractor shall be the Contractor's Rates adjusted upward or downward to reflect the changed costs, if any, incurred by the Contracting Officer in the delivery of the transferred Project Water to the transferee's point of delivery in accordance with the then-applicable Project ratesetting policy and business practice guidelines.

(n) Omitted.

(o) Omitted.

NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

8. Omitted.

SALES, TRANSFERS, OR EXCHANGES OF WATER

9. (a) The right to receive Project Water provided for in this Contract may be sold, transferred, or exchanged to others for reasonable and beneficial uses within the State if such sale, transfer, or exchange is authorized by applicable Federal and State laws, and applicable guidelines or regulations then in effect. No sale, transfer, or exchange of Project Water under this Contract may take place without the prior written approval of the Contracting Officer, except as provided for in subdivision (b) of this Article, and no such sales, transfers, or

exchanges shall be approved absent all appropriate environmental documentation, including but not limited to documents prepared pursuant to the NEPA and ESA. Such environmental documentation should include, as appropriate, an analysis of groundwater impacts and economic and social effects, including environmental justice, of the proposed water transfers on both the transferor and transferee.

(b) In order to facilitate efficient water management, among Project Contractors located within the same geographical area, by means of water transfers and to allow the Contractor to participate in an accelerated water transfer program during the term of this Contract, the Contracting Officer shall prepare, as appropriate, all necessary environmental documentation including, but not limited to, documents prepared pursuant to NEPA and ESA analyzing annual transfers within such geographical areas, and the Contracting Officer shall determine whether such transfers comply with applicable law. Following the completion of the environmental documentation, such transfers addressed in such documentation shall be conducted with advance notice to the Contracting Officer, but shall not require prior written approval by the Contracting Officer. Such environmental documentation and the Contracting Officer's compliance determination shall be reviewed every five years and updated, as necessary, prior to the expiration of the then-existing five-year period. All subsequent environmental documentation shall include an alternative to evaluate not less than the quantity of Project Water historically transferred within the same geographical area.

(c) For a water transfer to qualify under subdivision (b) of this Article, such water transfer must: (i) be for irrigation purposes for lands irrigated within the previous three years, or to be delivered to established wildlife refuges, groundwater basins, or for M&I use or for fish and wildlife purposes; (ii) occur within a single Year; (iii) occur between a willing seller

and a willing buyer; (iv) convey water through existing Project facilities with no new construction or modifications to Project facilities and be between existing Project Contractors and/or the Contractor and the United States, Department of the Interior; and (v) comply with all applicable Federal, State, and local or tribal laws and requirements imposed for protection of the environment and Indian Trust Assets, as defined under Federal law.

(d) Solely for the purpose of determining whether Section 3405(a)(1)(M) of the CVPIA applies to the Contractor as a transferor or transferee of Project Water, the Contracting Officer acknowledges that the Contractor is within a county, watershed, or other area of origin, as those terms are utilized under California law, of water that constitutes the natural flow of the American River and its tributaries above the confluence of the American and Sacramento Rivers.

APPLICATION OF PAYMENTS AND ADJUSTMENTS

10. (a) The amount of any overpayment by the Contractor of the Contractor's O&M, capital, and deficit (if any) obligations for the Year shall be applied first to any current liabilities of the Contractor arising out of this Contract then due and payable. Overpayments of more than \$1,000 shall be refunded at the Contractor's request. In lieu of a refund, any amount of such overpayment, at the option of the Contractor, may be credited against amounts to become due to the United States by the Contractor. With respect to overpayment, such refund or 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 Project Water supply provided for herein. All credits and refunds of overpayments shall be made within 30 days of the Contracting Officer obtaining direction as to how to credit or refund such overpayment in response to the notice to the Contractor that it has finalized the accounts for the Year in which the overpayment was made.

(b) All advances for miscellaneous costs incurred for work requested by the Contractor pursuant to Article 24 of this Contract 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 24.

TEMPORARY REDUCTIONS—RETURN FLOWS

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

(b) The Contracting Officer may temporarily discontinue or reduce the quantity of Water 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 which would have been delivered hereunder in the absence of such discontinuance or reduction.

(c) The United States reserves the right to all seepage and return flow water derived from Water Delivered to the Contractor hereunder which escapes or is discharged beyond the Contractor's Service Area; *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 Service Area by the Contractor or those claiming by, through, or under the Contractor.

CONSTRAINTS ON THE AVAILABILITY OF WATER

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

(b) If there is a Condition of Shortage because of inaccurate runoff forecasting or other similar operational errors affecting the Project; drought and other physical or natural causes beyond the control of the Contracting Officer; or actions taken by the Contracting Officer to meet current and future legal obligations, then, except as provided in subdivision (a) of Article 17, 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) Omitted.

(d) Project Water furnished under this Contract will be allocated in accordance with the then-existing Project M&I Water Shortage Policy. Such policy shall be amended, modified, or superseded only through a public notice and comment procedure.

(e) By entering into this Contract, the Contractor does not waive any legal rights or remedies it may have to file or participate in any administrative or judicial proceeding contesting: (i) the sufficiency of the manner in which any Project M&I Water Shortage Policy adopted after the effective date of this Contract was promulgated; (ii) the substance of such a policy; or (iii) the applicability of such a policy. By agreeing to the foregoing, the Contracting Officer does not waive any legal defenses or remedies that it may then have to assert in such a

730 proceeding.

731 UNAVOIDABLE GROUNDWATER PERCOLATION

732 13. Omitted.

733 RULES, REGULATIONS, AND DETERMINATIONS

734 14. (a) The parties agree that the delivery of Project Water or the use of Federal
735 facilities pursuant to this Contract is subject to Federal Reclamation law, as amended and
736 supplemented, and the rules and regulations promulgated by the Secretary of the Interior under
737 Federal Reclamation law.

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

743 PROTECTION OF WATER AND AIR QUALITY

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

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

756 WATER ACQUIRED BY THE CONTRACTOR OTHER THAN
757 FROM THE UNITED STATES

758 16. (a) Omitted.

759 (b) Water or water rights now owned or hereafter acquired by the Contractor,
760 other than from the United States may be stored, conveyed, and/or diverted through Project
761 facilities, subject to the completion of appropriate environmental documentation, with the
762 approval of the Contracting Officer and the execution of any contract determined by the

Contracting Officer to be necessary, consistent with the following provisions:

(1) The Contractor may introduce non-Project water into Project facilities and deliver said water to lands within the Contractor's Service Area, subject to payment to the United States of an appropriate rate as determined by the applicable Project ratesetting policy and the Project use power policy, if such Project use power policy is applicable, each as amended, modified, or superseded from time to time.

(2) Delivery of such non-Project water in and through Project facilities shall only be allowed to the extent such deliveries do not: (i) interfere with other Project purposes as determined by the Contracting Officer; (ii) reduce the quantity or quality of water available to other Project Contractors; (iii) interfere with the delivery of contractual water entitlements to any other Project Contractors; or (iv) interfere with the physical maintenance of the Project facilities; *Provided*, That nothing in this Article is intended to preclude the United States from passing the Contractor's water rights water through Project storage facilities to the extent required to satisfy the Contractor's water rights that are senior to those of the Project under the applicable provisions of California water law.

(3) The United States shall not be responsible for control, care, or distribution of the non-Project water before it is introduced into or after it is delivered from the Project facilities. The Contractor hereby releases and agrees to defend and indemnify the United States and their respective officers, agents, and employees, from any claim for damage to persons or property, direct or indirect, resulting from the acts of the Contractor, its officers, employees, agents, or assigns in (i) extracting or diverting non-Project water from any source, or (ii) diverting such non-Project water into Project facilities.

(4) Diversion of such non-Project water into Project facilities shall be consistent with all applicable laws, and if involving groundwater, consistent with any applicable groundwater management plan applicable to the Contractor for the area from which it was extracted.

(5) After Project purposes are met, as determined by the Contracting Officer, the United States and the Contractor shall share priority to utilize the remaining capacity of the facilities declared to be available by the Contracting Officer for conveyance and transportation of non-Project water prior to any such remaining capacity being made available to non-Project Contractors.

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 for any such arbitrary, capricious, or unreasonable opinion or determination. Each opinion or determination by either party shall be provided in a timely manner. Nothing in subdivision (a) of Article 17 of this Contract is intended to or shall affect or alter the standard of judicial review applicable under Federal law to any opinion or determination implementing a specific provision of Federal law embodied in statute or regulation.

COORDINATION AND COOPERATION

18. (a) In order to further their mutual goals and objectives, the Contracting Officer and the Contractor shall communicate, coordinate, and cooperate with each other, and

with other affected Project Contractors, in order to improve the operation and management of the Project. The communication, coordination, and cooperation regarding operations and management shall include, but not be limited to, any action which will or may materially affect the quantity or quality of Project Water supply, the allocation of Project Water supply, and Project financial matters including, but not limited to, budget issues. The communication, coordination, and cooperation provided for hereunder shall extend to all provisions of this Contract. Each party shall retain exclusive decision making authority for all actions, opinion, and determinations to be made by the respective party.

(b) Within 120 days following the effective date of this Contract, the Contractor, other affected Project Contractors, and the Contracting Officer shall arrange to meet with interested Project Contractors to develop a mutually agreeable, written Project-wide process, which may be amended as necessary separate and apart from this Contract. The goal of this process shall be to provide, to the extent practicable, the means of mutual communication and interaction regarding significant decisions concerning Project operation and management on a real-time basis.

(c) In light of the factors referred to in subdivision (b) of Article 3 of this Contract, it is the intent of the Secretary to improve water supply reliability. To carry out this intent:

(1) The Contracting Officer will, at the request of the Contractor, assist in the development of integrated resource management plans for the Contractor. Further, the Contracting Officer will, as appropriate, seek authorizations for implementation of partnerships to improve water supply, water quality, and reliability.

(2) The Secretary will, as appropriate, pursue program and project

implementation and authorization in coordination with Project Contractors to improve the water supply, water quality, and reliability of the Project for all Project purposes.

(3) The Secretary will coordinate with Project Contractors and the State of California to seek improved water resource management.

(4) The Secretary will coordinate actions of agencies within the Department of the Interior that may impact the availability of water for Project purposes.

(5) The Contracting Officer shall periodically, but not less than annually, hold division level meetings to discuss Project operations, division level water management activities, and other issues as appropriate.

(d) Without limiting the contractual obligations of the Contracting Officer under the other Articles of this Contract, nothing in this Article shall be construed to limit or constrain the Contracting Officer's ability to communicate, coordinate, and cooperate with the Contractor or other interested stakeholders or to make decisions in a timely fashion as needed to protect health, safety, or the physical integrity of structures or facilities.

CHARGES FOR DELINQUENT PAYMENTS

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

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

(c) When a partial payment on a delinquent account is received, the amount

received shall be applied first to the penalty charges, second to the administrative charges, third to the accrued interest, and finally to the overdue payment.

EQUAL EMPLOYMENT OPPORTUNITY

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

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

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

(c) The Contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or 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 11246 of Sept. 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(f) The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and

900 accounts by the Contracting Agency and the Secretary of Labor for purposes of investigation to
901 ascertain compliance with such rules, regulations, and orders.

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

909 (h) The Contractor will include the provisions of paragraphs (a) through (h) in
910 every subcontract or purchase order unless exempted by the rules, regulations, or orders of the
911 Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September
912 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The
913 Contractor will take such action with respect to any subcontract or purchase order as may be
914 directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions
915 for noncompliance: *Provided, however*, that in the event the Contractor becomes involved in, or
916 is threatened with, litigation with a subcontractor or vendor as a result of such direction, the
917 Contractor may request the United States to enter into such litigation to protect the interests of
918 the United States.

919 GENERAL OBLIGATION—BENEFITS CONDITIONED UPON PAYMENT

920 21. (a) The obligation of the Contractor to pay the United States as provided in
921 this Contract is a general obligation of the Contractor notwithstanding the manner in which the
922 obligation may be distributed among the Contractor's water users and notwithstanding the default
923 of individual water users in their obligation to the Contractor.

924 (b) The payment of charges becoming due pursuant to this Contract is a
925 condition precedent to receiving benefits under this Contract. The United States shall not make
926 water available to the Contractor through Project facilities during any period in which the
927 Contractor is in arrears in the advance payment of water rates due the United States. The
928 Contractor shall not deliver water under the terms and conditions of this Contract for lands or
929 parties that are in arrears in the advance payment of water rates as levied or established by the
930 Contractor.

931 (c) With respect to subdivision (b) of this Article, the Contractor shall have no
932 obligation to require advance payment for water rates which it levies.

933 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

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

938 L. 101-336; 42 U.S.C. § 12131, et seq.), and any other applicable civil rights laws, and with the
939 applicable implementing regulations and any guidelines imposed by the U.S. Department of the
940 Interior and/or Bureau of Reclamation.

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

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

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

PRIVACY ACT COMPLIANCE

958 23. Omitted.

CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

960 24. In addition to all other payments to be made by the Contractor pursuant to this
961 Contract, the Contractor shall pay to the United States, within 60 days after receipt of a bill and
962 detailed statement submitted by the Contracting Officer to the Contractor for such specific items
963 of direct cost incurred by the United States for work requested by the Contractor associated with
964 this Contract plus indirect costs in accordance with applicable Bureau of Reclamation policies
965 and procedures. All such amounts referred to in this Article shall not exceed the amount agreed
966 to in writing in advance by the Contractor. This Article shall not apply to costs for routine
967 contract administration.

968

WATER CONSERVATION

969 25. (a) Prior to the delivery of water provided from or conveyed through federally
970 constructed or federally financed facilities pursuant to this Contract, the Contractor shall develop
971 a water conservation plan, as required by subsection 210(b) of the Reclamation Reform Act of
972 1982 and 43 C.F.R. 427.1 (Water Conservation Rules and Regulations).

973 Additionally, an effective water conservation and efficiency program shall be based on the
974 Contractor's water conservation plan that has been determined by the Contracting Officer to meet
975 the conservation and efficiency criteria for evaluating water conservation plans established under
976 Federal law. The water conservation and efficiency program shall contain definite water
977 conservation objectives, appropriate economically feasible water conservation measures, and
978 time schedules for meeting those objectives. Continued Project Water delivery pursuant to this
979 Contract shall be contingent upon the Contractor's continued implementation of such water
980 conservation program. In the event the Contractor's water conservation plan or any revised
981 water conservation plan completed pursuant to subdivision (d) of Article 25 of this Contract have
982 not yet been determined by the Contracting Officer to meet such criteria, due to circumstances
983 which the Contracting Officer determines are beyond the control of the Contractor, water
984 deliveries shall be made under this Contract so long as the Contractor diligently works with the
985 Contracting Officer to obtain such determination at the earliest practicable date, and thereafter
986 the Contractor immediately begins implementing its water conservation and efficiency program
987 in accordance with the time schedules therein.

988 (b) Should the amount of M&I Water delivered pursuant to subdivision (a) of
989 Article 3 of this Contract equal or exceed 2,000 acre-feet per Year, the Contractor shall
990 implement the Best Management Practices identified by the time frames issued by the Mid-
991 Pacific Region's then-existing conservation and efficiency criteria for such M&I Water unless
992 any such practice is determined by the Contracting Officer to be inappropriate for the Contractor.

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

(d) Prior to the expiration of the currently approved water conservation plan, and thereafter at five (5)-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 Reclamation's then-existing conservation and efficiency criteria for evaluating water conservation plans established under Federal law.

(e) If the Contractor is engaged in direct groundwater recharge, such activity shall be described in the Contractor's water conservation plan. Such water conservation plan shall demonstrate sufficient lawful uses exist in the Contractor's Service Area to show reasonable and beneficial use of the quantity of Delivered Water based on a long-term average in compliance with Federal Reclamation law.

EXISTING OR ACQUIRED WATER OR WATER RIGHTS

26. Except as specifically provided in Article 16 of this Contract, the provisions of this Contract shall not be applicable to or affect non-Project water or water rights now owned or hereafter acquired by the Contractor or any user of such water within the Contractor's Service Area. 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 which the Contractor or any water user within the Contractor's Service Area acquires or has available under any other contract pursuant to Federal Reclamation law.

1016 OPERATION AND MAINTENANCE BY THE OPERATING NON-FEDERAL ENTITY

1017 27. Omitted.

1018 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

1019 28. The expenditure or advance of any money or the performance of any obligation of
1020 the United States under this Contract shall be contingent upon appropriation or allotment of
1021 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any
1022 obligations under this Contract. No liability shall accrue to the United States in case funds are
1023 not appropriated or allotted.

1024 BOOKS, RECORDS, AND REPORTS

1025 29. (a) The Contractor shall establish and maintain accounts and other books and
1026 records pertaining to administration of the terms and conditions of this Contract, including the
1027 Contractor's financial transactions; water supply data; project operation, maintenance, and
1028 replacement logs; project land and rights-of-way use agreements; the water users' land-use (crop
1029 census), land-ownership, land-leasing, and water-use data; and other matters that the Contracting
1030 Officer may require. Reports shall be furnished to the Contracting Officer in such form and on
1031 such date or dates as the Contracting Officer may require. Subject to applicable Federal laws
1032 and regulations, each party to this Contract shall have the right during office hours to examine
1033 and make copies of the other party's books and records relating to matters covered by this
1034 Contract.

1035 (b) Notwithstanding the provisions of subdivision (a) of this Article, no
1036 books, records, or other information shall be requested from the Contractor by the Contracting
1037 Officer unless such books, records, or information are reasonably related to the administration or
1038 performance of this Contract. Any such request shall allow the Contractor a reasonable period of
1039 time within which to provide the requested books, records, or information.

1040 (c) Omitted.

1041 ASSIGNMENT LIMITED—SUCCESSORS AND ASSIGNS OBLIGATED

1042 30. (a) The provisions of this Contract shall apply to and bind the successors and
1043 assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest
1044 therein by either party shall be valid until approved in writing by the other party.

1045 (b) The assignment of any right or interest in this Contract by either party
1046 shall not interfere with the rights or obligations of the other party to this Contract absent the
1047 written concurrence of said other party.

(c) The Contracting Officer shall not unreasonably condition or withhold approval of any proposed assignment.

SEVERABILITY

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

RESOLUTION OF DISPUTES

32. Should any dispute arise concerning any provisions of this Contract, or the parties' rights and obligations thereunder, the parties shall meet and confer in an attempt to resolve the dispute. Prior to the Contractor commencing any legal action, or the Contracting Officer referring any matter to Department of Justice, the party shall provide to the other party

30 days' written notice of the intent to take such action; *Provided*, That such notice shall not be required where a delay in commencing an action would prejudice the interests of the party that intends to file suit. During the 30-day notice period, the Contractor and the Contracting Officer shall meet and confer in an attempt to resolve the dispute. Except as specifically provided, nothing herein is intended to waive or abridge any right or remedy that the Contractor or the United States may have.

OFFICIALS NOT TO BENEFIT

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

CHANGES IN CONTRACTOR'S SERVICE AREA OR ORGANIZATION

34. (a) 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.

(b) Within 30 days of receipt of a request for such a change, the Contracting Officer will notify the Contractor of any additional information required by the Contracting Officer for processing said request, and both parties will meet to establish a mutually agreeable schedule for timely completion of the process. Such process will analyze whether the proposed change is likely to: (i) result in the use of Project Water contrary to the terms of this Contract; (ii) impair the ability of the Contractor to pay for Project Water furnished under this Contract or to pay for any Federally-constructed facilities for which the Contractor is responsible; and (iii) have an impact on any Project Water rights applications, permits, or licenses. In addition, the Contracting Officer shall comply with the NEPA and ESA. The Contractor will be responsible for all costs incurred by the Contracting Officer in this process, and such costs will be paid in accordance with Article 24 of this Contract.

FEDERAL LAWS

35. By entering into this Contract, the Contractor does not waive its rights to contest the validity or application in connection with the performance of the terms and conditions of this Contract of any Federal law or regulation; *Provided*, That the Contractor agrees to comply with the terms and conditions of this Contract unless and until relief from application of such Federal law or regulation to the implementing provision of the Contract is granted by a court of competent jurisdiction.

NOTICES

36. Any notice, demand, or request authorized or required by this Contract shall be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered to the Area Manager, Central California Area Office, Bureau of Reclamation, 7794 Folsom Dam Rd., Folsom, CA 95630-1799 and on behalf of the United States, when mailed, postage prepaid, or delivered to the Chief, Water Supply Division, Sacramento County Department of Water Resources, 827 7th Street, Room 301, Sacramento, California, 95814. The designation of the addressee or the address may be changed by notice given in the same manner as provided in this article for other notices.

MEDIUM FOR TRANSMITTING PAYMENTS

37. (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

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

1129 CERTIFICATION OF NONSEGREGATED FACILITIES

1130 39. Omitted

1131 CONFIRMATION OF CONTRACT


1132 40. Promptly after the execution of this contract, the Contractor will provide evidence
1133 to the Contracting Officer that, pursuant to the laws of the State of California, the Contractor is a
1134 legally constituted entity and the contract is lawful, valid, and binding on the Contractor. This
1135 contract will not be binding on the United States until the Contractor provides evidence to the
1136 Contracting Officer's satisfaction. In addition to other forms of evidence to meet the
1137 requirements of this Article, the Contractor may provide or the Contracting Officer may require a
1138 certified copy of a final decree of a court of competent jurisdiction in the State of California,
1139 confirming the proceedings on the part of the Contractor for the authorization of the execution of
1140 this contract.

1141 IN WITNESS WHEREOF, the parties hereto have executed this Contract as of
1142 the day and year first above written.


1143 THE UNITED STATES OF AMERICA

APPROVED AS TO LEGAL
FORM AND SUFFICIENCY


OFFICE OF REGIONAL SOLICITOR
DEPARTMENT OF THE INTERIOR

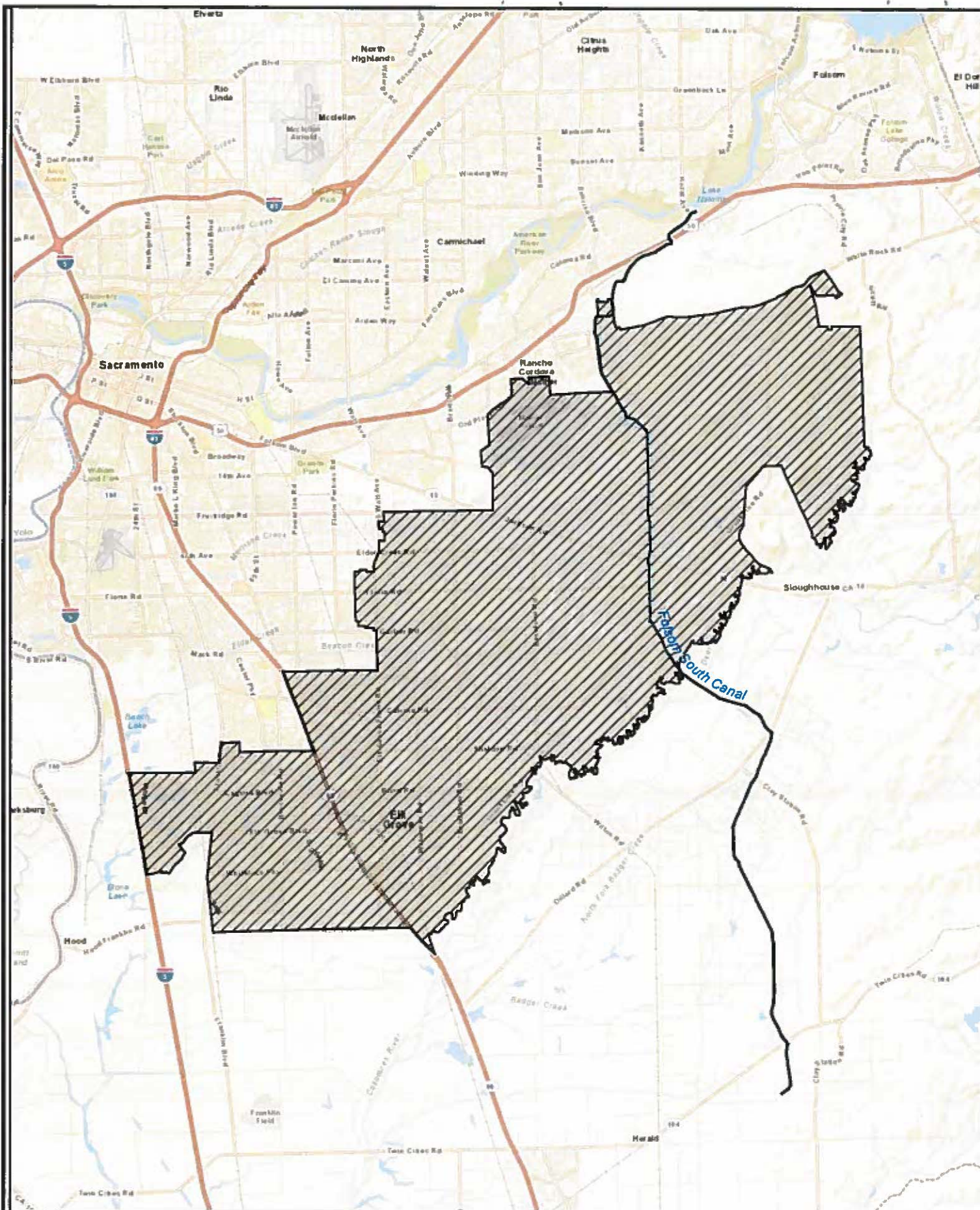
By: 
Regional Director
Interior Region 10: California-Great Basin
Bureau of Reclamation

1148 SACRAMENTO COUNTY WATER AGENCY
1149 (SEAL) a political subdivision of the State of California

By: 
Director, Department of Water Resources
Public Works and Infrastructure

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1154
1155 Approved as to form:

1156 By: 
1157 Deputy County Counsel, County Counsel



Sacramento County Water Agency

Contract No. 14-06-200-5198B-IR1-P

Exhibit A

- District Boundary
- Contractor's Service Area (Zone 40)

Date 12/11/12
Name n:\districts\contracts\sacramentos_co_wa\SCWA_Zone40.mxd

0 0.5 1 2 3 4 5
Miles



353-202-20

M&I Only

Contract No. 14-06-200-5198B-IR1-P

Exhibit B
SACRAMENTO COUNTY WATER AGENCY
2020 Rates and Charges
Folsom South Canal (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
Conveyance	\$3.07
Deficit Cost Component	\$15.59
TOTAL COS RATE (Tier 1 Rate)	\$39.77
M&I FULL COST RATE	\$0.00
TIERED PRICING COMPONENTS (In Addition to Total COS Rate Above)	
M&I	
Tier 2 Rate : >80% <=90% of Contract Total (Amount to be Added to Tier 1 Rate)	\$0.00
Tier 3 Rate : >90% of Contract Total (Amount to Be Added to Tier 1 Rate)	\$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/cvp/waterrates/.

Exhibit C

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

Unpaid Construction Cost from the 2020 Water Rate Books*

Contractor: Sacramento County WA
Facility: Folsom-South Canal
Contract: 14-06-200-51988-IR1-P

Irrigation Construction Cost (2020 Irrigation Ratebook, Schedule A-2Ba and A-2Bc)			
	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-2Ba)	
	Unpaid Cost
Construction Cost:	\$ 152,064
2019 Repayment (Estimate) **	\$ 80,752
Adjusted Construction Cost***:	\$ 71,312

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.