M&I Only Contract No. 14-06-200-5198B-IR1

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

INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES <u>AND</u> <u>SACRAMENTO COUNTY WATER AGENCY</u> <u>PROVIDING FOR PROJECT WATER SERVICE</u> <u>FROM THE AMERICAN RIVER DIVISION</u>

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1 2 3 4	UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF RECLAMATION Central Valley Project, California
5 6 7 8 9	<u>INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES</u> <u>AND</u> <u>SACRAMENTO COUNTY WATER AGENCY</u> <u>PROVIDING FOR PROJECT WATER SERVICE</u> <u>FROM THE AMERICAN RIVER DIVISION</u>
10	THIS CONTRACT, made this <u>315</u> day of <u>December</u> , 20 <u>12</u> ,
11	in pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or
12	supplementary thereto, including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844),
13	as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented,
14	June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1263), October 27, 1986 (100 Stat. 3050),
15	as amended, November 5, 1990 (104 Stat. 2074), and Title XXXIV of the Act of October 30,
16	1992 (106 Stat. 4706), all collectively hereinafter referred to as Federal Reclamation law,
17	between the UNITED STATES OF AMERICA, hereinafter referred to as the United States, and
18	the SACRAMENTO COUNTY WATER AGENCY, hereinafter referred to as the Contractor, a
19	public agency of the State of California, duly organized, existing, and acting pursuant to the
20	laws thereof;
21	WITNESSETH, That:
22	EXPLANATORY RECITALS
23	[1 st] WHEREAS, the United States has constructed and is operating the Central Valley
24	Project (Project), California, for diversion, storage, carriage, distribution and beneficial use, for
25	flood control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection
26	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

 $[2^{nd}]$ WHEREAS, the United States constructed Folsom Dam and Reservoir, 29 hereinafter collectively referred to as the American River Division facilities, which will be used 30 31 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 32 33 pursuant to California law for operation of the Project; and [4th] WHEREAS, the Sacramento Municipal Utility District (hereinafter referred to as 34 the District) and the United States entered into Contract No. 14-06-200-5198A, dated 35 November 20, 1970, hereinafter referred to as the Existing Contract, which established terms for 36 the delivery to the District of up to 75,000 acre-feet of water from the American River Division 37 through December 31, 2012; and 38 WHEREAS, the District assigned to the Contractor on July 12, 2006, the right, 39 [4.1]title, and interest in that portion of the Existing Contract consisting of 30,000 acre-feet of the 40 entitlement of the Project Water including any rights to renew the Existing Contract for the 41 entitlement. Contractor agreed to enter into a long-term Contract with the United States for 42 43 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

48	[4.3]	WHEREAS, except as specifically provided for in this Contract, the Contractor's
49	right, title, and	d interest in Contract No. 6-07-20-W1372 is provided for under the Contractor's
50	other Contrac	t No. 6-07-20-W1372-LTR1; and
51	[5 th]	WHEREAS, Section 3404(c) of the CVPIA provides for long-term renewal of
52	interim and ex	xisting long-term Central Valley Project Water service contracts following
53	completion of	appropriate environmental documentation, including a programmatic
54	environmenta	l impact statement (PEIS) pursuant to the National Environmental Policy Act
55	(NEPA) analy	zing the direct and indirect impacts and benefits of implementing the CVPIA and
56	the potential r	enewal of all existing contracts for Project Water; and
57	[6 th]	Omitted; and
58	[7 th]	WHEREAS, the Contractor has requested to enter into this Contract, pursuant to
59	the terms of th	ne Existing Contract, Federal Reclamation law, and the laws of the State of
60	California, for	water service from the Project; and
61	[8 th]	WHEREAS, the United States has determined that the Contractor has fulfilled all
62	of its obligation	ons under the Existing Contract; and
63	[9 th]	WHEREAS, the Contractor has demonstrated to the satisfaction of the
64	Contracting C	officer that the Contractor has utilized the Project Water supplies available to it for
65	reasonable and	d beneficial use and/or has demonstrated projected future demand for water use such
66	that the Contra	actor has the capability and expects to utilize fully for reasonable and beneficial use
67	the quantity of	f Project Water to be made available to it pursuant to this Contract; and
68	[10 th]	WHEREAS, water obtained from the Project has been relied upon by urban areas
69	within Califor	nia for more than 50 years, and is considered by the Contractor as an essential
70	portion of its	water supply; and

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[11th] 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

[12th] 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

77 [12.1] WHEREAS, the Contractor and the water users in its Service Area have improved 78 and will continue to improve water use efficiency through water conservation, water reclamation, 79 and other best management practices; however, implementing these measures has reduced and 80 will continue to reduce the ability of the Contractor and the water users in its Service Area to 81 withstand a Condition of Shortage; and

[13th] 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

88 [14th] WHEREAS, the parties intend by this Contract to develop a more cooperative 89 relationship in order to achieve their mutual goals; and

[14.1] 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

95 [14.2] WHEREAS, the Contracting Officer is in support of the co-equal objectives of the
96 Water Forum Agreement and intends to work cooperatively with the Contractor to investigate
97 actions that they could take to implement the objectives of the Water Forum Agreement, which,
98 if agreed to, would be the subject of a separate agreement between them; and

99 [14.3] Omitted; and

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[14.4] WHEREAS, the Contractor's Service Area provided in this Contract includes 100 101 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 102 103 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 104 from the Contractor provided through a combination of wells and interim surface supplies; and 105 106 [14.5] WHEREAS, the Contractor's Service Area provided in this Contract also includes 107 areas to which Project Water or other surface water may be provided by the Contractor in the 108 future; and

[14.6] 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
conditions of this Contract at such time as such areas receive water service from the Contractor
consisting of Project Water or other surface water; and

[14.7] WHEREAS, in order to continue water service provided under Project Water
service contracts that expire prior to the completion of all appropriate environmental

116	documentation, the United States intends to execute interim renewal contracts pursuant to
117	Section 3404(c)(1) of the CVPIA, for a period not to exceed three (3) years in length, and for
118	successive interim periods of not more than two (2) years in length, until such appropriate
119	environmental documentation is finally completed, at which time the Secretary shall, pursuant to
120	Federal Reclamation law, upon request of the Contractor, enter into a long-term renewal contract
121	for a period of forty (40) years; and may thereafter renew such long-term renewal contracts for
122	successive periods not to exceed forty (40) years each; and
123	[15 th] WHEREAS, the United States and the Contractor are willing to enter into and
124	execute this interim renewal contract (hereinafter "Contract") consistent with the provisions of
125	section 3404(c) of the CVPIA and pursuant to Federal Reclamation law on the terms and
126	conditions set forth below;
127	NOW, THEREFORE, in consideration of the mutual and dependent covenants
128	herein contained, it is hereby mutually agreed by the parties hereto as follows:
129	DEFINITIONS
130	1. When used herein unless otherwise distinctly expressed, or manifestly
131	incompatible with the intent of the parties as expressed in this Contract, the term:
132	(a) "Calendar Year" shall mean the period January 1 through December 31,
133	both dates inclusive;
134	(b) "Charges" shall mean the payments required by Federal Reclamation law
135	in addition to the Rates specified in this Contract as determined annually by the Contracting
136	Officer pursuant to this Contract;

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137	(c)	"Condition of Shortage" shall mean a condition respecting the Project
138	during any Year suc	h that the Contracting Officer is unable to deliver sufficient water to meet
139	this Contract Total;	

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

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

(f) "Contractor's Service Area" shall mean the area to which the Contractor is
permitted to provide Project Water obtained under this Contract. As of the date of this Contract,
the Contractor's Service Area is the area identified as "Zone 40" and "Zone 40 Expansion Area",
as described in Exhibit "A" attached hereto. The Contractor's Service Area may be modified
from time to time in accordance with Article 35 of this Contract without amendment of this
Contract.

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

153 (h-i) Omitted;

(j) "Full Cost Rate" shall mean an annual rate, as determined by the
Contracting Officer, that shall amortize the expenditures for construction properly allocable to
the Project irrigation or M&I functions, as appropriate, of facilities in service including all O&M
deficits funded, less payments, over such periods as may be required under Federal Reclamation
law, or applicable contract provisions. Interest will accrue on both the construction expenditures
and funded O&M deficits from October 12, 1982, on costs outstanding at that date, or from the

160	date incurred in the case of costs arising subsequent to October 12, 1982, and shall be calculated
161	in accordance with subsections 202(3)(B) and (3)(C) of the RRA. The Full Cost Rate includes
162	actual operation, maintenance, and replacement costs consistent with Section 426.2 of the Rules
163	and Regulations for the RRA;
16 <u>4</u>	(k-l) Omitted;
165	(m) "Irrigation Water" shall mean water made available from the Project that
166	is used primarily in the production of agricultural crops or livestock, including domestic use
167	incidental thereto, and watering of livestock;
168	(n) Omitted;
169	(o) "Municipal and Industrial (M&I) Water" shall mean Project Water, other
170	than Irrigation Water, made available to the Contractor. M&I Water shall include water used for
171	human use and purposes such as the watering of landscaping or pasture for animals (e.g., horses)
172	which are kept for personal enjoyment or water delivered to land holdings operated in units of
173	less than five acres unless the Contractor establishes to the satisfaction of the Contracting Officer
174	that the use of water delivered to any such landholding is a use described in subdivision (m) of
175	this Article;
176	(p) "M&I Full Cost Water Rate" shall mean the Full Cost Rate applicable to
177	the delivery of M&I Water;
178	(q) "Operation and Maintenance" or "O&M" shall mean normal and
179	reasonable care, control, operation, repair, replacement (other than capital replacement), and
180	maintenance of Project facilities;
181	(r) Omitted;

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182	(s)	"Project" shall mean the Central Valley Project owned by the United
183	States and managed	by the Department of the Interior, Bureau of Reclamation;
184	(t)	"Project Contractors" shall mean all parties who have water service and
185	repayment contracts	for Project Water from the Project with the United States pursuant to
186	Federal Reclamation	law;
187	(u)	"Project Water" shall mean all water that is developed, diverted, stored, or
188	delivered by the Sec	retary in accordance with the statutes authorizing the Project and in
189	accordance with the	terms and conditions of water rights acquired pursuant to California law;
190	(v)	"Rates" shall mean the payments determined annually by the
191	Contracting Officer	in accordance with the then-current applicable water ratesetting policies for
192	the Project, as descri	bed in subdivision (a) of Article 7 of this Contract;
193	(w)	"Recent Historic Average" shall mean the most recent five-year average of
194	the final forecast of	Water Made Available to the Contractor pursuant to this Contract or its
195	preceding contract(s));
196	(x)	"Secretary" shall mean the Secretary of the Interior, a duly appointed
197	successor, or an auth	orized representative acting pursuant to any authority of the Secretary and
198	through any agency	of the Department of the Interior;
199	(y)	Omitted;
200	(z)	"Water Delivered" or "Delivered Water" shall mean Project Water diverted
201	for use by the Contra	ctor at the point(s) of delivery approved by the Contracting Officer;
202	(aa)	"Water Made Available" shall mean the estimated amount of
203	Project Water that ca	in be delivered to the Contractor for the upcoming Year as declared by the
204	Contracting Officer,	pursuant to subdivision (a) of Article 4 of this Contract;

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205	(bb) "Water Scheduled" shall mean Project Water made available to the
206	Contractor for which times and quantities for delivery have been established by the Contractor
207	and Contracting Officer, pursuant to subdivision (b) of Article 4 of this Contract; and
208	(cc) "Year" shall mean the period from and including March 1 of each
209	Calendar Year through the last day of February of the following Calendar Year.
210	TERM OF CONTRACT
211	2. (a) This Contract shall be effective from January 1, 2013, and shall remain in
212	effect through February 28, 2015, and thereafter will be renewed as described in this Article.
213	Except as provided in subdivision (b) of this Article, until completion of all appropriate
214	environmental review, and provided that the Contractor has complied with all the terms and
215	conditions of the interim renewal contract in effect for the period immediately preceding the
216	requested successive interim renewal contract, this Contract will be renewed, upon request of the
217	Contractor, for successive interim periods each of which shall be no more than two (2) years in
218	length. Also, except as provided in subdivision (b) of this Article, in order to promote orderly
219	and cost effective contract administration, the terms and conditions in subsequent interim
220	renewal contracts shall be identical to the terms and conditions in the interim renewal contract
221	immediately preceding the subsequent interim renewal contract: Provided, however, That each
222	party preserves the right to propose modification(s) in any interim renewal contract other than
223	those described in subdivision (b) of this Article, in which case the parties shall negotiate in good
224	faith appropriate modification(s) to be included in any successive interim renewal contracts.
225	Said modification(s) of each successive interim renewal contract shall be agreed upon within a
226	reasonable time prior to the expiration of the then-existing interim renewal contract. Nothing in
227	this Article shall in any way alter the obligation that, upon final completion of any necessary

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supplemental environmental documentation, the Secretary shall, pursuant to Federal Reclamation
law, upon request of the Contractor, enter into a long-term renewal contract for a period of
forty (40) years and may thereafter renew such long-term renewal contracts for successive
periods not to exceed forty (40) years each.

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The parties have engaged and if necessary will continue to engage in good 232 (b) 233 faith negotiations intended to permit the execution of a forty (40) year long-term renewal contract contemplated by Section 3404(c) of the CVPIA, hereinafter referred to as a "long-term 234 renewal contract." The parties recognize the possibility that this schedule may not be met 235 without further negotiations. Accordingly: In the event (i) the Contractor and Contracting 236 Officer have reached agreement on the terms of the Contractor's long-term renewal contract or 237 (ii) the Contractor and Contracting Officer have not completed the negotiations on the 238 Contractor's long-term renewal contract, believe that further negotiations on that contract would 239 be beneficial, and mutually commit to continue to negotiate to seek to reach agreement, but 240 (iii) all environmental documentation required to allow execution of the Contractor's long-term 241 renewal contract by both parties has not been completed in time to allow execution of the 242 243 Contractor's long-term renewal contract by February 28, 2015, then (iv) the parties will expeditiously complete the environmental documentation required of each of them in order to 244 execute the Contractor's long-term renewal contract at the earliest practicable date. In addition, 245 the Contractor's then-current interim renewal contract will be renewed without change upon the 246 request of either party through the agreed-upon effective date of the Contractor's long-term 247 renewal contract or, in the absence of agreement on the terms of the Contractor's long-term 248 249 renewal contract, through the succeeding February 28.

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250	(c) The omission of language in this Contract providing for conversion of this
251	interim renewal contract or any subsequent renewals thereof to a repayment contract pursuant to
252	subsection (c)(1) of Section 9 of the Reclamation Project Act of 1939 (53 Stat. 1187), shall not
253	prejudice the Contractor's right to assert a right to have such language included in subsequent
254	renewals of this Contract or to exercise such conversion, all as provided by law, or to negotiate
255	the language regarding such conversion to be included in subsequent renewal contracts.

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WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

257 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 258 this Contract, the Contracting Officer shall make available for delivery to the Contractor up to 259 30,000 acre-feet of M&I Water. Provided, however, during the two (2) month period of January 260 and February of 2013, the Contracting Officer shall make available for delivery to the Contractor 261 that portion of the 2012 allocation of Project Water unused by the Contractor under the Existing 262 Contract. The quantity of Water Delivered to the Contractor in accordance with this subdivision 263 shall be scheduled and paid for pursuant to the provisions of Articles 4 and 7 of this Contract. 264

(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
PEIS 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.

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

276 The Contractor shall make reasonable and beneficial use of all water (d) furnished pursuant to this Contract. Groundwater recharge programs (direct, indirect, or in lieu), 277 278 groundwater banking programs, surface water storage programs, and other similar programs 279 utilizing Project Water or other water furnished pursuant to this Contract conducted within the 280 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 281 program(s) is (are) described in the Contractor's water conservation plan submitted pursuant to 282 Article 26 of this Contract; Provided, further, That such water conservation plan demonstrates 283 sufficient lawful uses exist in the Contractor's Service Area to show reasonable and beneficial 284 use of the quantity of Delivered Water based on a long-term average in compliance with Federal 285 Reclamation law. Groundwater recharge programs, groundwater banking programs, surface 286 water storage programs, and other similar programs utilizing Project Water or other water 287 288 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 289 290 environmental documentation, Project Water rights, and Project operational concerns. The Contracting Officer will address such concerns in regulations, policies, or guidelines. 291

(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 this 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 biological assessments(s) prepared pursuant to ESA and any other needed environmental review. Nothing herein shall be construed to prevent the Contractor from challenging or seeking judicial relief in a court of competent jurisdiction with respect to any biological opinion or other environmental documentation referred to in this Article.

(f) Following the declaration of Water Made Available under Article 4 of this 302 303 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 304 305 Total under Article 3 of this Contract during the Year without adversely impacting other Project 306 Contractors. At the request of the Contractor, the Contracting Officer will consult with the 307 Contractor prior to making such a determination. If the Contracting Officer determines that 308 Project Water, or other water available to the Project, can be made available to the Contractor, 309 the Contracting Officer will announce the availability of such water and shall so notify the Contractor as soon as practical. The Contracting Officer will thereafter meet with the Contractor 310 311 and other Project Contractors capable of taking such water to determine the most equitable and 312 efficient allocation of such water. If the Contractor requests the delivery of any quantity of such 313 water, the Contracting Officer shall make such water available to the Contractor in accordance 314 with applicable statutes, regulations, guidelines, and policies.

315 (g) The Contractor may request permission to reschedule for use during the
316 subsequent Year some or all of the Water Made Available to the Contractor during the current
317 Year referred to as "carryover." The Contractor may request permission to use during the

current Year a quantity of Project Water which may be made available by the United States to
the Contractor during the subsequent Year referred to as "preuse." The Contracting Officer's
written approval may permit such uses in accordance with applicable statutes, regulations,
guidelines, and policies.

The Contractor's right pursuant to Federal Reclamation law and applicable 322 (h) State law to the reasonable and beneficial use of Water Delivered pursuant to this Contract 323 324 during the term thereof and any subsequent renewal contracts, as described in Article 2 of this 325 Contract, during the terms thereof shall not be disturbed so long as the Contractor shall fulfill all 326 of its obligations under this Contract and any renewals thereof. Nothing in the preceding 327 sentence shall affect the Contracting Officer's ability to impose shortages under Article 11 or 328 subdivision (b) of Article 12 of this Contract or applicable provisions of any subsequent renewal 329 contracts.

330 (i) Project Water furnished to the Contractor pursuant to this Contract may be
331 delivered for purposes other than those described in subdivision (o) of Article 1 of this Contract
332 upon written approval by the Contracting Officer in accordance with the terms and conditions of
333 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

340 Contracting Officer shall recognize the Contractor has a legal right under the terms of this341 Contract to use Project Water.

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TIME FOR DELIVERY OF WATER

On or about February 20 of each Calendar Year, the Contracting Officer 343 (4) (a) 344 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 345 Historic Average and will be updated monthly, and more frequently if necessary, based on 346 then-current operational and hydrologic conditions and a new declaration with changes, if any, to 347 the Water Made Available will be made. The Contracting Officer shall provide forecasts of 348 Project operations and the basis of the estimate, with relevant supporting information, upon the 349 written request of the Contractor. Concurrently with the declaration of the Water Made 350 351 Available, the Contracting Officer shall provide the Contractor with the updated Recent Historic 352 Average.

353 (b) On or before each March 1 and at such other times as necessary, the 354 Contractor shall submit to the Contracting Officer a written schedule, satisfactory to the 355 Contracting Officer, showing the monthly quantities of Project Water to be delivered by the 356 United States to the Contractor pursuant to this Contract for the Year commencing on such 357 March 1. The Contracting Officer shall use all reasonable means to deliver Project Water 358 according to the approved schedule for the Year commencing on such March 1.

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

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363 (d) Subject to the conditions set forth in subdivision (a) of Article 3 of this 364 Contract, the United States shall deliver Project Water to the Contractor in accordance with the 365 initial schedule submitted by the Contractor pursuant to subdivision (b) of this Article, or any 366 written revision(s), satisfactory to the Contracting Officer, thereto submitted within a reasonable 367 time prior to the date(s) on which the requested change(s) is/are to be implemented.

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POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

369 5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this 370 Contract shall be delivered to the Contractor at the Contractor's option: (i) at the intake for the 371 Sacramento River Water Treatment Plant owned by the City of Sacramento; (ii) at the intake for 372 the Freeport Regional Water Project on the Sacramento River; and (iii) any additional point or 373 points of delivery either on Project facilities or another location or locations mutually agreed to 374 in writing by the Contracting Officer and the Contractor.

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

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

(d) All Water Delivered to the Contractor pursuant to this Contract shall be
measured and recorded with equipment furnished, installed, operated, and maintained by the
United States, or other appropriate entity as designated by the Contracting Officer at the point or
points of delivery established pursuant to subdivision (a) of this Article; *Provided*, That if the
Project Water delivered pursuant to this Contract is diverted at a location or in a manner so as to
be commingled with water diverted by any other entity, the point of measurement for Project

Water delivered to the Contractor shall be a location at which Project Water diverted for
Contractor's use can be measured separately from water diverted by any such entity or entities.
Upon the request of either party to this Contract, the Contracting Officer shall investigate, or
cause to be investigated, the accuracy of such measurements and shall take any necessary steps
to adjust any errors appearing therein. For any period of time when accurate measurements have
not been made, the Contracting Officer shall consult with the Contractor prior to making a final
determination of the quantity delivered for that period of time.

The Contracting Officer shall not be responsible for the control, carriage, 393 (e) handling, use, disposal, or distribution of Water Delivered to the Contractor pursuant to this 394 395 Contract beyond the delivery points specified in subdivision (a) of this Article. The Contractor shall indemnify the United States, its officers, employees, agents, and assigns on account of 396 397 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, 398 399 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 400 Officer or any of its officers, employees, agents, or assigns with the intent of creating the 401 situation resulting in any damage or claim; (ii) willful misconduct of the Contracting Officer or 402 any of its officers, employees, agents, or assigns; (iii) negligence of the Contracting Officer or 403 any of its officers, employees, agents, or assigns; or (iv) damage or claims resulting from a 404 malfunction of facilities owned and/or operated by the United States. 405

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MEASUREMENT OF WATER WITHIN THE SERVICE AREA

4076.(a)The Contractor shall ensure that, unless the Contractor establishes an408alternative measurement program satisfactory to the Contracting Officer, all surface water

409 delivered by the Contractor within the Contractor's Service Area for M&I purposes is measured 410 at each M&I service connection. The water measuring devices or water measuring methods of 411 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 412 413 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 414 measuring methods to ensure its proper management of the water, to bill water users for water 415 416 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 26 417 418 of this Contract. Nothing herein contained, however, shall preclude the Contractor from 419 establishing and collecting any charges, assessments, or other revenues authorized by California 420 law. The Contractor shall include a summary of all its annual surface water deliveries in the annual report described in subdivision (c) of Article 26. 421

422 (b) To the extent the information has not otherwise been provided, upon 423 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 424 to implement subdivision (a) of this Article and identifying the M&I service connections or 425 alternative measurement programs approved by the Contracting Officer, at which such 426 measurement devices or water measuring methods are being used, and, if applicable, identifying 427 the locations at which such devices and/or methods are not yet being used including a time 428 schedule for implementation at such locations. The Contracting Officer shall advise the 429 Contractor in writing within 60 days as to the adequacy, and necessary modifications, if any, of 430 the measuring devices or water measuring methods identified in the Contractor's report and if the 431

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432	Contracting Officer does not respond in such time, they shall be deemed adequate. If the
433	Contracting Officer notifies the Contractor that the measuring devices or methods are
434	inadequate, the parties shall within 60 days following the Contracting Officer's response,
435	commence to negotiate in good faith how, and the earliest practicable date by which, the
436	Contractor shall modify said measuring devices and/or measuring methods as required by the
437	Contracting Officer to ensure compliance with subdivision (a) of this Article.
438	(c) All new surface water delivery systems installed within the Contractor's
439	Service Area after the effective date of this Contract shall also comply with the measurement
440	provisions described in subdivision (a) of this Article.
441	(d) The Contractor shall inform the Contracting Officer and the State of
442	California in writing by April 30 of each Year of the monthly volume of surface water delivered
443	within the Contractor's Service Area during the previous Year.
444	(e) The Contractor shall inform the Contracting Officer on or before the 20th
445	calendar day of each month of the quantity of M&I Water taken during the preceding month.
446	RATES AND METHOD OF PAYMENT FOR WATER
447	7. (a) The Contractor shall pay the United States as provided in this Article for
448	all Delivered Water at Rates and Charges established in accordance with: (i) the Secretary's
449	then-existing ratesetting policy for M&I Water. Such ratesetting policies shall be amended,
450	modified, or superseded only through a public notice and comment procedure; (ii) applicable
451	Federal Reclamation law and associated rules and regulations, or policies; and (iii) other
452	applicable provisions of this Contract. Payments shall be made by cash transaction, electronic
453	funds transfer, or any other mechanism as may be agreed to in writing by the Contractor and the

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454 Contracting Officer. The Rates and Charges applicable to the Contractor upon execution of this455 Contract are set forth in Exhibit "B", as may be revised annually.

456 (b) The Contracting Officer shall notify the Contractor of the Rates and457 Charges as follows:

Prior to July 1 of each Calendar Year, the Contracting Officer shall 458 (1) provide the Contractor an estimate of the Charges for Project Water that will be applied 459 to the period October 1, of the current Calendar Year, through September 30, of the 460 following Calendar Year, and the basis for such estimate. The Contractor shall be 461 allowed not less than two months to review and comment on such estimates. On or 462 before September 15 of each Calendar Year, the Contracting Officer shall notify the 463 Contractor in writing of the Charges to be in effect during the period October 1 of the 464 current Calendar Year, through September 30, of the following Calendar Year, and such 465 notification shall revise Exhibit "B". 466

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

474 (c) At the time the Contractor submits the initial schedule for the delivery of
475 Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the
476 Contractor shall make an advance payment to the United States equal to the total amount payable

477 pursuant to the applicable Rate(s) set under subdivision (a) of this Article, for the Project Water 478 scheduled to be delivered pursuant to this Contract during the first two calendar months of the Year. Before the end of the first month and before the end of each calendar month thereafter, the 479 480 Contractor shall make an advance payment to the United States, at the Rate(s) set under 481 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 482 483 Water Scheduled and payments at Rates due for Water Delivered shall be made before the end of 484 the following month; *Provided*, That any revised schedule submitted by the Contractor pursuant 485 to Article 4 of this Contract which increases the amount of Water Delivered pursuant to this 486 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 487 488 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 489 490 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 491 492 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 493 later than April 30th of the following Year, or 60 days after the delivery of Project Water carried 494 over under subdivision (g) of Article 3 of this Contract if such water is not delivered by the last 495 496 day of February.

497 (d) The Contractor shall also make a payment in addition to the Rate(s) in
498 subdivision (c) of this Article to the United States for Water Delivered, at the Charges then in
499 effect, before the end of the month following the month of delivery. The payments shall be

500 consistent with the quantities of M&I Water Delivered as shown in the water delivery report for 501 the subject month prepared by the Contracting Officer. The water delivery report shall be 502 deemed a bill for the payment of Charges for Water Delivered. Adjustment for overpayment or 503 underpayment of Charges shall be made through the adjustment of payments due to the United 504 States for Charges for the next month. Any amount to be paid for past due payment of Charges shall be computed pursuant to Article 20 of this Contract. 505 The Contractor shall pay for any Water Delivered under subdivision (a), 506 (e) 507 (f), or (g) of Article 3 of this Contract as determined by the Contracting Officer pursuant to 508 applicable statutes, associated regulations, any applicable provisions of guidelines or ratesetting policies; *Provided*, That the Rate for Water Delivered under subdivision (f) of 509 Article 3 of this Contract shall be no more than the otherwise applicable Rate for M&I Water 510 511 under subdivision (a) of this Article. Payments to be made by the Contractor to the United States under this 512 (f) Contract may be paid from any revenues available to the Contractor. 513 514 (g) All revenues received by the United States from the Contractor relating to the delivery of Project Water or the delivery of non-Project water through Project facilities shall 515 be allocated and applied in accordance with Federal Reclamation law and the associated rules or 516 regulations, and the then-current Project ratesetting policy for M&I Water. 517 The Contracting Officer shall keep its accounts pertaining to the 518 (h) administration of the financial terms and conditions of its long-term contracts, in accordance 519 520 with applicable Federal standards, so as to reflect the application of Project costs and revenues. The Contracting Officer shall, each Year upon request of the Contractor, provide to the 521 Contractor a detailed accounting of all Project and Contractor expense allocations, the 522

523 disposition of all Project and Contractor revenues, and a summary of all water delivery information. The Contracting Officer and the Contractor shall enter into good faith negotiations 524 to resolve any discrepancies or disputes relating to accountings, reports, or information. 525 526 The parties acknowledge and agree that the efficient administration of this (i) Contract is their mutual goal. Recognizing that experience has demonstrated that mechanisms. 527 policies, and procedures used for establishing Rates and Charges, and/or for making and 528 allocating payments, other than those set forth in this Article may be in the mutual best interest 529 of the parties, it is expressly agreed that the parties may enter into agreements to modify the 530 mechanisms, policies, and procedures for any of those purposes while this Contract is in effect 531 532 without amending this Contract. 533 (1-3) Omitted. (i) For the term of this Contract, Rates under the respective ratesetting 534 (k)

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.

542 (1) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the
543 CVPIA, the Rates for Project Water transferred by the Contractor shall be the Contractor's Rates
544 adjusted upward or downward to reflect the changed costs, if any, incurred by the Contracting

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545	Officer in the delivery of the transferred Project Water to the transferee's point of delivery in
546	accordance with the then-applicable Project ratesetting policy and business practice guidelines.
547	(m) Omitted.
548	(n) Omitted.
549	NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS
550	8. Omitted.
551	SALES, TRANSFERS, OR EXCHANGES OF WATER
552	9. (a) The right to receive Project Water provided for in this Contract may be
553	sold, transferred, or exchanged to others for reasonable and beneficial uses within the State if
554	such sale, transfer, or exchange is authorized by applicable Federal and State laws, and
555	applicable guidelines or regulations then in effect. No sale, transfer, or exchange of Project
556	Water under this Contract may take place without the prior written approval of the Contracting
557	Officer, except as provided for in subdivision (b) of this Article, and no such sales, transfers, or
558	exchanges shall be approved absent all appropriate environmental documentation, including but
559	not limited to documents prepared pursuant to the NEPA and ESA. Such environmental
560	documentation should include, as appropriate, an analysis of groundwater impacts and economic
561	and social effects, including environmental justice, of the proposed water transfers on both the
562	transferor and transferee.
563	(b) In order to facilitate efficient water management, among Project
564	Contractors located within the same geographical area, by means of water transfers and to allow
565	the Contractor to participate in an accelerated water transfer program during the term of this
566	Contract, the Contracting Officer shall prepare, as appropriate, all necessary environmental
567	documentation including, but not limited to, documents prepared pursuant to NEPA and ESA

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568 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 569 570 environmental documentation, such transfers addressed in such documentation shall be conducted with advance notice to the Contracting Officer, but shall not require prior written 571 approval by the Contracting Officer. Such environmental documentation and the Contracting 572 Officer's compliance determination shall be reviewed every five years and updated, as necessary, 573 prior to the expiration of the then-existing five-year period. All subsequent environmental 574 575 documentation shall include an alternative to evaluate not less than the quantity of Project Water 576 historically transferred within the same geographical area. For a water transfer to qualify under subdivision (b) of this Article, such 577 (c) water transfer must: (i) be for irrigation purposes for lands irrigated within the previous three 578 years, or to be delivered to established wildlife refuges, groundwater basins, or for M&I use or 579 for fish and wildlife purposes; (ii) occur within a single Year; (iii) occur between a willing seller 580 and a willing buyer; (iv) convey water through existing Project facilities with no new 581 construction or modifications to Project facilities and be between existing Project Contractors 582 and/or the Contractor and the United States, Department of the Interior; and (v) comply with all 583 584 applicable Federal, State, and local or tribal laws and requirements imposed for protection of the 585 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 andSacramento Rivers.
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APPLICATION OF PAYMENTS AND ADJUSTMENTS

593 10. The amount of any overpayment by the Contractor of the Contractor's (a) O&M, capital, and deficit (if any) obligations for the Year shall be applied first to any current 594 595 liabilities of the Contractor arising out of this Contract then due and payable. Overpayments of 596 more than \$1,000 shall be refunded at the Contractor's request. In lieu of a refund, any amount 597 of such overpayment, at the option of the Contractor, may be credited against amounts to become 598 due to the United States by the Contractor. With respect to overpayment, such refund or 599 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 600 601 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 602 603 Contractor that it has finalized the accounts for the Year in which the overpayment was made. All advances for miscellaneous costs incurred for work requested by the 604 (b) 605 Contractor pursuant to Article 25 of this Contract shall be adjusted to reflect the actual costs 606 when the work has been completed. If the advances exceed the actual costs incurred, the 607 difference will be refunded to the Contractor. If the actual costs exceed the Contractor's 608 advances, the Contractor will be billed for the additional costs pursuant to Article 25. TEMPORARY REDUCTIONS—RETURN FLOWS 609

610 11. (a) Subject to: (i) the authorized purposes and priorities of the Project and the
611 requirements of Federal law and (ii) the obligations of the United States under existing contracts,
612 or renewals thereof, providing for water deliveries from the Project, the Contracting Officer shall

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make all reasonable efforts to optimize Project Water deliveries to the Contractor as provided inthis Contract.

(b) The Contracting Officer may temporarily discontinue or reduce the 615 616 quantity of Water Delivered to the Contractor as herein provided for the purposes of 617 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 618 619 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; 620 Provided, That the United States shall use its best efforts to avoid any discontinuance or 621 622 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 623 624 Project Water which would have been delivered hereunder in the absence of such discontinuance 625 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.

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CONSTRAINTS ON THE AVAILABILITY OF WATER

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

(b) If there is a Condition of Shortage because of errors in physical operations
of the Project, drought, other physical 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 18 of this Contract, no liability shall accrue against the
United States or any of its officers, agents, or employees for any damage, direct or indirect,
arising therefrom.

644 (c) Omitted.

645	(d) Project Water furnished under this Contract will be allocated in
646	accordance with the then-existing Project M&I Water Shortage Policy. Such policy shall be
647	amended, modified, or superseded only through a public notice and comment procedure.
648	(e) By entering into this Contract, the Contractor does not waive any legal
649	rights or remedies it may have to file or participate in any administrative or judicial proceeding
650	contesting: (i) the sufficiency of the manner in which any Project M&I Water Shortage Policy
651	adopted after the effective date of this Contract was promulgated; (ii) the substance of such a
652	policy; or (iii) the applicability of such a policy. By agreeing to the foregoing, the Contracting
653	Officer does not waive any legal defenses or remedies that it may then have to assert in such a
654	proceeding.
655	UNAVOIDABLE GROUNDWATER PERCOLATION
656	13. Omitted.
657	RULES AND REGULATIONS
658	14. The parties agree that the delivery of M&I Water or use of Federal facilities
659	pursuant to this Contract is subject to the applicable provisions of Federal Reclamation law and
660	any applicable rules and regulations promulgated by the Secretary of the Interior under such law
661	PROTECTION OF WATER AND AIR QUALITY
662 663 664	15. (a) Project facilities used to make available and deliver water to the Contractor shall be operated and maintained in the most practical manner to maintain the quality of the water at the highest level possible as determined by the Contracting Officer: <i>Provided</i> ,

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665 That the United States does not warrant the quality of the water delivered to the Contractor and is 666 under no obligation to furnish or construct water treatment facilities to maintain or improve the 667 quality of water delivered to the Contractor.

668 (b) The Contractor shall comply with all applicable water and air pollution 669 laws and regulations of the United States and the State of California; and shall obtain all required 670 permits or licenses from the appropriate Federal, State, or local authorities necessary for the 671 delivery of water by the Contractor; and shall be responsible for compliance with all Federal, 672 State and local water quality standards applicable to surface and subsurface drainage and/or 673 discharges generated through the use of Federal or Contractor facilities or project water provided 674 by the Contractor within the Contractor's Project Water Service Area.

- 675 (c) This Article shall not affect or alter any legal obligations of the Secretary 676 to provide drainage or other discharge services.
- 677 QUALITY OF WATER

678 16. (a) Project facilities used to deliver Project Water to the Contractor pursuant

to this Contract shall be operated and maintained to enable the United States to deliver Project

680 Water to the Contractor in accordance with the water quality standards specified in subsection 2(b)

of the Act of August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act of October 27, 1986

682 (100 Stat. 3050), or other existing Federal laws. The United States is under no obligation to

683 construct or furnish water treatment facilities to maintain or to improve the quality of Water

684 Delivered to the Contractor pursuant to this Contract. The United States does not warrant the

685 quality of Water Delivered to the Contractor pursuant to this Contract.

686 (b) The O&M of Project facilities shall be performed in such manner as is 687 practicable to maintain the quality of raw water made available through such facilities at the 688 highest level reasonably attainable as determined by the Contracting Officer. The Contractor 689 shall be responsible for compliance with all State and Federal water quality standards applicable 690 to surface and subsurface agricultural drainage discharges, if any, generated through the use of 691 Federal or Contractor facilities or Project Water provided by the Contractor within the 692 Contractor's Service Area.

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693	(c) The Contracting Officer and the Contractor shall communicate,
694	coordinate, and cooperate with each other with respect to the O&M of the Project by the United
695	States in accordance with Articles 11 and 19 of this Contract.
696 697	WATER ACQUIRED BY THE CONTRACTOR OTHER THAN FROM THE UNITED STATES
698	17. (a) Omitted.
699	(b) Water or water rights now owned or hereafter acquired by the Contractor,
700	other than from the United States may be stored, conveyed, and/or diverted through Project
701	facilities, subject to the completion of appropriate environmental documentation, with the
702	approval of the Contracting Officer and the execution of any contract determined by the
703	Contracting Officer to be necessary, consistent with the following provisions:
704	(1) The Contractor may introduce non-Project water into Project
705	facilities and deliver said water to lands within the Contractor's Service Area, subject to
706	payment to the United States of an appropriate rate as determined by the applicable
707	Project ratesetting policy and the Project use power policy, if such Project use power
708	policy is applicable, each as amended, modified, or superseded from time to time.
709	(2) Delivery of such non-Project water in and through Project facilities
710	shall only be allowed to the extent such deliveries do not: (i) interfere with other Project
711	purposes as determined by the Contracting Officer; (ii) reduce the quantity or quality of
712	water available to other Project Contractors; (iii) interfere with the delivery of contractual
713	water entitlements to any other Project Contractors; or (iv) interfere with the physical
714	maintenance of the Project facilities; Provided, That nothing in this Article is intended to
715	preclude the United States from passing the Contractor's water rights water through

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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.

The United States shall not be responsible for control, care, or 718 (3) distribution of the non-Project water before it is introduced into or after it is delivered 719 720 from the Project facilities. The Contractor hereby releases and agrees to defend and 721 indemnify the United States and their respective officers, agents, and employees, from 722 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 723 non-Project water from any source, or (ii) diverting such non-Project water into Project 724 facilities. 725

(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.

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OPINIONS AND DETERMINATIONS

18. (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

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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 18 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.

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

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COORDINATION AND COOPERATION

752 19. In order to further their mutual goals and objectives, the Contracting (a) Officer and the Contractor shall communicate, coordinate, and cooperate with each other, and 753 754 with other affected Project Contractors, in order to improve the operation and management of the 755 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 756 the quantity or quality of Project Water supply, the allocation of Project Water supply, and 757 Project financial matters including, but not limited to, budget issues. The communication, 758 coordination, and cooperation provided for hereunder shall extend to all provisions of this 759 Contract. Each party shall retain exclusive decision making authority for all actions, opinion, 760 761 and determinations to be made by the respective party.

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762	(b) Within 120 days following the effective date of this Contract, the
763	Contractor, other affected Project Contractors, and the Contracting Officer shall arrange to meet
764	with interested Project Contractors to develop a mutually agreeable, written Project-wide
765	process, which may be amended as necessary separate and apart from this Contract. The goal of
766	this process shall be to provide, to the extent practicable, the means of mutual communication
767	and interaction regarding significant decisions concerning Project operation and management on
768	a real-time basis.
769	(c) In light of the factors referred to in subdivision (b) of Article 3 of this
770	Contract, it is the intent of the Secretary to improve water supply reliability. To carry out
771	this intent:
772	(1) The Contracting Officer will, at the request of the Contractor,
773	assist in the development of integrated resource management plans for the Contractor.
774	Further, the Contracting Officer will, as appropriate, seek authorizations for
775	implementation of partnerships to improve water supply, water quality, and reliability.
776	(2) The Secretary will, as appropriate, pursue program and project
777	implementation and authorization in coordination with Project Contractors to improve the
778	water supply, water quality, and reliability of the Project for all Project purposes.
779	(3) The Secretary will coordinate with Project Contractors and the
780	State of California to seek improved water resource management.
781	(4) The Secretary will coordinate actions of agencies within the
782	Department of the Interior that may impact the availability of water for Project purposes.

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(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.

786 (d) Without limiting the contractual obligations of the Contracting Officer

value of the other Articles of this Contract, nothing in this Article shall be construed to limit or

788 constrain the Contracting Officer's ability to communicate, coordinate, and cooperate with the

789 Contractor or other interested stakeholders or to make decisions in a timely fashion as needed to

790 protect health, safety, or the physical integrity of structures or facilities.

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CHARGES FOR DELINQUENT PAYMENTS

792 20. (a) The Contractor shall be subject to interest, administrative, and penalty 793 charges on delinquent payments. If a payment is not received by the due date, the Contractor 794 shall pay an interest charge on the delinquent payment for each day the payment is delinquent 795 beyond the due date. If a payment becomes 60 days delinquent, the Contractor shall pay, in 796 addition to the interest charge, an administrative charge to cover additional costs of billing and 797 processing the delinquent payment. If a payment is delinquent 90 days or more, the Contractor 798 shall pay, in addition to the interest and administrative charges, a penalty charge for each day the 799 payment is delinquent beyond the due date, based on the remaining balance of the payment due 800 at the rate of 6 percent per year. The Contractor shall also pay any fees incurred for debt 801 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.

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EQUAL OPPORTUNITY

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

811 (a) The Contractor will not discriminate against any employee or applicant for
812 employment because of race, color, religion, sex, disability, or national origin. The Contractor
813 will take affirmative action to ensure that applicants are employed, and that employees are
814 treated during employment, without regard to their race, color, religion, sex, disability, or

815 national origin. Such action shall include, but not be limited to the following: employment,

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816 upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination;

817 rates of pay or other forms of compensation; and selection for training, including apprenticeship.

818 The Contractor agrees to post in conspicuous places, available to employees and applicants for

819 employment, notices to be provided by the Contracting Officer setting forth the provisions of this 820 nondiscrimination clause.

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(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, disability, or national
origin.

(c) 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 (EO 11246), and shall post copies of the notice in conspicuous places
available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of EO 11246, and of the
 rules, regulations, and relevant orders of the Secretary of Labor.

(e) The Contractor will furnish all information and reports required by
EO 11246, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant
thereto, and will permit access to his books, records, and accounts by the Contracting Agency
and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules,
regulations, and orders.

(f) In the event of the Contractor's noncompliance with the nondiscrimination
clauses of this Contract or with any of such rules, regulations, or orders, this Contract may be
canceled, terminated or suspended in whole or in part and the Contractor may be declared
ineligible for further Government contracts in accordance with procedures authorized in EO 11246,
and such other sanctions may be imposed and remedies invoked as provided in EO 11246 or by
rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

The Contractor will include the provisions of paragraphs (a) through (g) in 844 (g) every subcontract or purchase order unless exempted by the rules, regulations, or orders of the 845 Secretary of Labor issued pursuant to section 204 of EO 11246, so that such provisions will be 846 binding upon each subcontractor or vendor. The Contractor will take such action with respect to 847 848 any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in 849 the event the Contractor becomes involved in, or is threatened with, litigation with a 850 subcontractor or vendor as a result of such direction, the Contractor may request that the United 851 852 States enter into such litigation to protect the interests of the United States.

853 <u>GENERAL OBLIGATION—BENEFITS CONDITIONED UPON PAYMENT</u>

854 22. (a) The obligation of the Contractor to pay the United States as provided in
855 this Contract is a general obligation of the Contractor notwithstanding the manner in which the
856 obligation may be distributed among the Contractor's water users and notwithstanding the
857 default of individual water users in their obligations to the Contractor.

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

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(c) With respect to subdivision (b) of this Article, the Contractor shall have no

- 866 obligation to require advance payment for water rates which it levies.
- 867

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

The Contractor shall comply with Title VI of the Civil Rights Act of 1964 23. 868 (a) (Pub. L. 88-352; 42 U.S.C. § 2000d), the Rehabilitation Act of 1973 (Pub. L. 93-112, Title V, as 869 870 amended; 29 U.S.C. § 791, et seq.), the Age Discrimination Act of 1975 (Pub. L. 94-135, Title III; 42 U.S.C. § 6101, et seq.), Title II of the Americans with Disabilities Act of 1990 (Pub. 871 L. 101-336; 42 U.S.C. § 12131, et seq.), and any other applicable civil rights laws, and with the 872 873 applicable implementing regulations and any guidelines imposed by the U.S. Department of the Interior and/or Bureau of Reclamation. 874

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

882 The Contractor makes this agreement in consideration of and for the (c)purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other 883 Federal financial assistance extended after the date hereof to the Contractor by the Bureau of 884 Reclamation, including installment payments after such date on account of arrangements for 885 Federal financial assistance which were approved before such date. The Contractor recognizes 886 and agrees that such Federal assistance will be extended in reliance on the representations and 887 agreements made in this Article and that the United States reserves the right to seek judicial 888 enforcement thereof. 889

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

PRIVACY ACT COMPLIANCE

892 24. Omitted.

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893 <u>CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS</u>

25. 894 In addition to all other payments to be made by the Contractor pursuant to this Contract, the Contractor shall pay to the United States, within 60 days after receipt of a bill and 895 896 detailed statement submitted by the Contracting Officer to the Contractor for such specific items 897 of direct cost incurred by the United States for work requested by the Contractor associated with this Contract plus indirect costs in accordance with applicable Bureau of Reclamation policies 898 899 and procedures. All such amounts referred to in this Article shall not exceed the amount agreed 900 to in writing in advance by the Contractor. This Article shall not apply to costs for routine 901 contract administration.

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WATER CONSERVATION

26. Prior to the delivery of water provided from or conveyed through 903 (a) 904 Federally constructed or Federally financed facilities pursuant to this Contract, the Contractor 905 shall be implementing an effective water conservation and efficiency program based on the Contractor's water conservation plan that has been determined by the Contracting Officer to 906 meet the conservation and efficiency criteria for evaluating water conservation plans established 907 under Federal law. The water conservation and efficiency program shall contain definite water 908 909 conservation objectives, appropriate economically feasible water conservation measures, and time schedules for meeting those objectives. Continued Project Water delivery pursuant to this 910 911 Contract shall be contingent upon the Contractor's continued implementation of such water 912 conservation program. In the event the Contractor's water conservation plan or any revised

water conservation plan completed pursuant to subdivision (d) of Article 26 of this Contract have
not yet been determined by the Contracting Officer to meet such criteria, due to circumstances
which the Contracting Officer determines are beyond the control of the Contractor, water
deliveries shall be made under this Contract so long as the Contractor diligently works with the
Contracting Officer to obtain such determination at the earliest practicable date, and thereafter
the Contractor immediately begins implementing its water conservation and efficiency program
in accordance with the time schedules therein.

. . . .

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

925 (c) The Contractor shall submit to the Contracting Officer a report on the 926 status of its implementation of the water conservation plan on the reporting dates specified in the 927 then-existing conservation and efficiency criteria established under Federal law.

At five-year intervals, the Contractor shall revise its water conservation 928 (d) 929 plan to reflect the then-current conservation and efficiency criteria for evaluating water 930 conservation plans established under Federal law and submit such revised water management plan to the Contracting Officer for review and evaluation. The Contracting Officer will then 931 determine if the water conservation plan meets Reclamation's then-current conservation and 932 efficiency criteria for evaluating water conservation plans established under Federal law. 933 If the Contractor is engaged in direct groundwater recharge, such activity 934 (e) shall be described in the Contractor's water conservation plan. Such water conservation plan 935

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936 shall demonstrate sufficient lawful uses exist in the Contractor's Service Area to show

937 reasonable and beneficial use of the quantity of Delivered Water based on a long-term average in

938 compliance with Federal Reclamation law.

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EXISTING OR ACQUIRED WATER OR WATER RIGHTS

940 27. Except as specifically provided in Article 17 of this Contract, the provisions of

941 this Contract shall not be applicable to or affect non-Project water or water rights now owned or

942 hereafter acquired by the Contractor or any user of such water within the Contractor's Service

943 Area. Any such water shall not be considered Project Water under this Contract. In addition,

944 this Contract shall not be construed as limiting or curtailing any rights which the Contractor or

945 any water user within the Contractor's Service Area acquires or has available under any other

946 contract pursuant to Federal Reclamation law.

947 OPERATION AND MAINTENANCE BY THE OPERATING NON-FEDERAL ENTITY

948 28. Omitted.

949 <u>CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS</u>

950 29. The expenditure or advance of any money or the performance of any obligation of 951 the United States under this Contract shall be contingent upon appropriation or allotment of 952 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any 953 obligations under this Contract. No liability shall accrue to the United States in case funds are 954 not appropriated or allotted.

955

BOOKS, RECORDS, AND REPORTS

956 30. (a) The Contractor shall establish and maintain accounts and other books and records pertaining to administration of the terms and conditions of this Contract, including the 957 Contractor's financial transactions; water supply data; project operation, maintenance, and 958 replacement logs; project land and rights-of-way use agreements; the water users' land-use (crop 959 census), land-ownership, land-leasing, and water-use data; and other matters that the Contracting 960 Officer may require. Reports shall be furnished to the Contracting Officer in such form and on 961 such date or dates as the Contracting Officer may require. Subject to applicable Federal laws 962 and regulations, each party to this Contract shall have the right during office hours to examine 963 and make copies of the other party's books and records relating to matters covered by this 964 965 Contract.

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

966	(b) Notwithstanding the provisions of subdivision (a) of this Article, no	
967	books, records, or other information shall be requested from the Contractor by the Contracting	
968	Officer unless such books, records, or information are reasonably related to the administration or	
969	performance of this Contract. Any such request shall allow the Contractor a reasonable period of	
970	time within which to provide the requested books, records, or information.	
971	(c) Omitted.	
972	ASSIGNMENT LIMITED—SUCCESSORS AND ASSIGNS OBLIGATED	
973 974 975	31. (a) The provisions of this Contract shall apply to and bind the successors and assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest therein by either party shall be valid until approved in writing by the other party.	
976	(b) The assignment of any right or interest in this Contract by either party	
977	shall not interfere with the rights or obligations of the other party to this Contract absent the	
978	written concurrence of said other party.	
979	(c) The Contracting Officer shall not unreasonably condition or withhold	
980	approval of any proposed assignment.	
981	SEVERABILITY	
982	32. In the event that a person or entity who is neither (i) a party to a Project contract,	
983	nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor	
984	(iii) an association or other form of organization whose primary function is to represent parties to	
985	Project contracts, brings an action in a court of competent jurisdiction challenging the legality or	
986	enforceability of a provision included in this Contract and said person, entity, association, or	
987	organization obtains a final court decision holding that such provision is legally invalid or	
988	unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s),	
989	the parties to this Contract shall use their best efforts to (i) within 30 days of the date of such	

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990 final court decision identify by mutual agreement the provisions in this Contract which must be 991 revised and (ii) within three months thereafter promptly agree on the appropriate revision(s). 992 The time periods specified above may be extended by mutual agreement of the parties. Pending 993 the completion of the actions designated above, to the extent it can do so without violating any 994 applicable provisions of law, the United States shall continue to make the quantities of Project 995 Water specified in this Contract available to the Contractor pursuant to the provisions of this 996 Contract which were not found to be legally invalid or unenforceable in the final court decision.

997

RESOLUTION OF DISPUTES

33. Should any dispute arise concerning any provisions of this Contract, or the 998 999 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 1000 Officer referring any matter to Department of Justice, the party shall provide to the other party 1001 30 days' written notice of the intent to take such action; Provided, That such notice shall not be 1002 required where a delay in commencing an action would prejudice the interests of the party that 1003 intends to file suit. During the 30-day notice period, the Contractor and the Contracting Officer 1004 shall meet and confer in an attempt to resolve the dispute. Except as specifically provided, 1005 1006 nothing herein is intended to waive or abridge any right or remedy that the Contractor or the

1007 United States may have.

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OFFICIALS NOT TO BENEFIT

1009 34. No Member of or Delegate to the Congress, Resident Commissioner, or official of
1010 the Contractor shall benefit from this Contract other than as a water user or landowner in the
1011 same manner as other water users or landowners.

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CHANGES IN CONTRACTOR'S SERVICE AREA

1013 35. (a) While this Contract is in effect, no change may be made in the
1014 Contractor's Service Area, by inclusion or exclusion of lands, dissolution, consolidation,
1015 merger, or otherwise, except upon the Contracting Officer's written consent.

1016 Within 30 days of receipt of a request for such a change, the Contracting (b)1017 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 1018 1019 schedule for timely completion of the process. Such process will analyze whether the proposed 1020 change is likely to: (i) result in the use of Project Water contrary to the terms of this Contract; 1021 (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) 1022 1023 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 1024 1025 for all costs incurred by the Contracting Officer in this process, and such costs will be paid in accordance with Article 25 of this Contract. 1026

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FEDERAL LAWS

102836. By entering into this Contract, the Contractor does not waive its rights to contest1029the validity or application in connection with the performance of the terms and conditions of this1030Contract of any Federal law or regulation; *Provided*, That the Contractor agrees to comply with1031the terms and conditions of this Contract unless and until relief from application of such Federal1032law or regulation to the implementing provision of the Contract is granted by a court of1033competent jurisdiction.

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NOTICES

103537.Any notice, demand, or request authorized or required by this Contract shall be1036deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or

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delivered to the Area Manager, Bureau of Reclamation, 7794 Folsom Dam Road, Folsom,
California 95630-1799, and on behalf of the United States, when mailed, postage prepaid, or
delivered to the Chief, Water Resources Division, County of Sacramento, 827 Seventh 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.

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CONFIRMATION OF CONTRACT

38. Promptly after the execution of this Contract, the Contractor shall provide
evidence to the Contracting Officer that, pursuant to the laws of the State of California, the
Contractor is a legally constituted entity and the Contract is lawful, valid, and binding on the
Contractor. This Contract shall not be binding on the United States until such evidence has been
provided to the Contracting Officer's satisfaction.

1048

MEDIUM FOR TRANSMITTING PAYMENTS

1049 39. (a) All payments from the Contractor to the United States under this Contract
1050 shall be by the medium requested by the United States on or before the date payment is due. The
1051 required method of payment may include checks, wire transfers, or other types of payment
1052 specified by the United States.

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

1057

CONTRACT DRAFTING CONSIDERATIONS

105840.This Contract has been negotiated and reviewed by the parties hereto, each of1059whom is sophisticated in the matters to which this Contract pertains. The double-spaced Articles1060of this Contract have been drafted, negotiated, and reviewed by the parties, and no one party1061shall be considered to have drafted the stated Articles.

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IN WITNESS WHEREOF, the parties hereto have executed this Contract as of

1063 the day and year first above written.

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APPROVED AS TO LEGAL FORM AND SUFFICIENC SOLICITOR ONM TOW OF REAL AF THE INTERIOR

THE UNITED STATES OF AMERICA

By: po Regional Director, Mid-Pacific Region ACT

Bureau of Reclamation

SACRAMENTO COUNTY WATER AGENCY

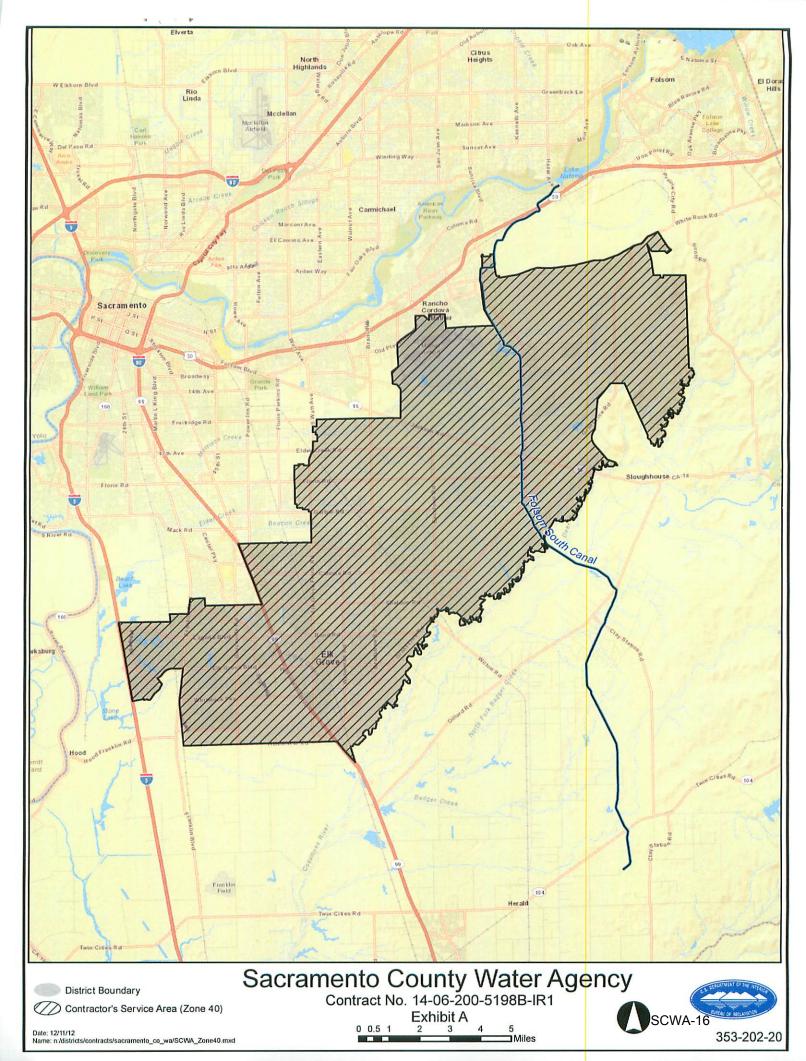
By:

Director, Sacramento County Water Resources

1072 Attest:

(SEAL)

1073 By: Secretary of the Board of Directors 1074



SACRAMENTO COUNTY WATER AGENCY 2013 Rates and Charges Folsom South Canal (Per Acre-Foot)

	M&I Water
COST-OF-SERVICE (COS) RATE	
Construction Component	\$28.29
O&M Component	
Water Marketing	\$4.69
Storage	\$9.92
Conveyance	\$10.76
ARRA	\$0.04
Deficit Component	\$5.21
TOTAL COS RATE	\$58.91
CHARGES AND ASSESSMENTS (Payments in Addition to Rates)	
P.L. 102-575 Surcharges (Restoration Fund Payments)	
[Section 3407(d)(2)(A)] ¹	\$19.58
P.L. 106-377 Assessment (Trinity Public Utilities District)	
[Appendix B, Section 203] ²	\$0.05

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 3/1/2013-2/28/2014 and is adjusted annually.

Recent Historic Use, as defined in the CVP M&I Water Shortage Policy, is 0 acre-feet.

Additional detail of rate components is available on the Internet at

www.usbr.gov/mp/cvpwaterrates/.



United States Department of the Interior

BUREAU OF RECLAMATION Mid-Pacific Regional Office 2800 Cottage Way Sacramento, CA 95825-1898

IN REPLY REFER TO:

DEC 3 1 2012

MP-440 WTR-4.00

Mr. Michael Peterson Director Sacramento County Water Agency 827 7th Street, Room 301 Sacramento, CA 95814

Subject: Interim Renewal Contract No. 14-06-200-5198B-IR1 Between the United States and Sacramento County Water Agency (Agency) Providing for Project Water Service – Central Valley Project, California

Dear Mr. Peterson:

Enclosed is an executed original of the subject contract for your records. This contract is effective January 1, 2013, through February 28, 2015. The Bureau of Reclamation appreciates the effort expended by the Agency and its representatives relative to this contract.

If you have any questions, please contact Mr. Michael LeBarre, Repayment Specialist, at 916-978-5557, or e-mail mlebarre@usbr.gov.

Sincerely,

Richard J. Woodley

David G. Murillo Regional Director

Enclosure

 bc: Assistant Solicitor, Water and Power Branch, Washington, DC Director, Office of Policy and Administration, Denver, CO Attention: 84-55000 (MKelly)
 MP-3400, MP-440 (KHall), CCAO-406 (LBillingsley) (w/copy of encl sent via email to each) MP-3600 (w/original contract)

WBR:MLeBarre:KHall:12/20/12:916-978-5557 T:\PUB440\CONTRACTS\Water Service Contracts\Interim Renewal Contracts\American River\SacCoWater Agency\2012-13\SCWA executed IRC 5198B-IR1transmittal letter 12-20-12.doc Surname: MP-440(2), MP-400, SOL-1150(SPalmer), MP-103, MP-115, MP-105, MP-100