



APPENDIX E

MOU Between DEID GSA and Tulare County

**MEMORANDUM OF
UNDERSTANDING BETWEEN
DELANO-EARLIMART IRRIGATION DISTRICT GROUNDWATER
SUSTAINABILITY AGENCY AND THE COUNTY OF TULARE
WITH RESPECT TO IMPLEMENTATION OF
THE SUSTAINABLE GROUNDWATER MANAGEMENT ACT**

THIS MEMORANDUM OF UNDERSTANDING (this "MOU") is entered into this 10th day of September, 2019 (the "Effective Date"), by and between DELANO-EARLIMART IRRIGATION DISTRICT GROUNDWATER SUSTAINABILITY AGENCY ("DEID GSA") and the COUNTY OF TULARE, (the "County"). DEID GSA and the County may be referred to herein collectively as the "Parties," or individually as a "Party," or by their respective names.

RECITALS

- A. WHEREAS, on September 16, 2014, the Governor of the State of California signed into law Senate Bills 1168 and 1319, and Assembly Bill 1739 collectively, the Sustainable Groundwater Management Act ("SGMA"), which is codified at Water Code Sections 10720 *et seq.*; and
- B. WHEREAS, SGMA requires that California groundwater basins and subbasins be managed by a Groundwater Sustainability Agency ("GSA") or multiple GSAs, and that such management be implemented pursuant to an approved Groundwater Sustainability Plan ("GSP") or multiple coordinated GSPs; and
- C. WHEREAS, Delano-Earlimart Irrigation District ("DEID") has elected to serve as a GSA for its service area in the Tule Subbasin of the San Joaquin Valley Groundwater Basin and, through separate agreements, provides GSP coverage for the unincorporated communities of Earlimart and Richgrove, as separate management areas within the DEID GSA that are not within the boundary of DEID; and
- D. WHEREAS, there is an area within the County's boundaries, hereafter referred to as the "Management Area," which is adjacent to but outside of DEID's service area, and which is identified in Exhibit "A", attached hereto and incorporated herein by this, for which the County is the de facto GSA; and
- E. WHEREAS, pursuant to California Water Code Section 10724, the County is presumed to be the GSA for any area that is not within the management area of a groundwater sustainability agency; and
- F. WHEREAS, the County and DEID GSA want to ensure SGMA compliance for the Management Area and as such, the County desires to manage the Management Area in coordination with DEID GSA and to include the Management Area within DEID GSA's proposed GSP; and

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions herein and these Recitals, which are hereby incorporated herein by this reference, it is agreed by and among the Parties hereto as follows:

1. **Objectives.** The objectives of DEID GSA and the County in entering into this MOU are as follows:

(a) To achieve sustainable groundwater management pursuant to SGMA in those portions of the Tule Subbasin that are in the Management Area, over which the County currently serves as the GSA, and which the Parties intend to manage pursuant to and in compliance with DEID GSA's GSP.

(b) To work cooperatively with other GSAs within the Tule Subbasin to achieve sustainable groundwater management in the Tule Subbasin.

(c) To work together to establish a GSP that covers the Management Area while acknowledging the County's land use planning authority and the powers and authority of the DEID GSA. The County acknowledges that the DEID GSA will be responsible for drafting the GSP and that under the terms of this MOU, the DEID GSA's GSP shall apply to and cover the Management Area for the purposes of SGMA.

(d) To establish a process to ensure there are no conflicts between DEID GSA's GSP and the County's exercise of its land use planning authority and police powers.

2. **Precedence of County's Land Use Planning Authority.** DEID GSA agrees that its operations as a GSA, and any GSP adopted by DEID GSA, will not abrogate the County's General Plan or conflict with the County's exercise of its land use planning authority; provided, that the County's General Plan and the County's exercise of its land use planning authority comply with all applicable laws, statutes, and regulations. The County agrees that it will assist, as necessary and as allowed by law, the DEID GSA in the required enforcement of the GSP and SGMA requirements over the Management Area. The County acknowledges Water Code section 10726.4 and the ability of the GSP to require regulation of groundwater extractions in the Management Area if there is insufficient sustainable yield in the subbasin.

3. **Coordination Framework.** The Parties agree that they shall cooperate in the implementation of SGMA requirements over the Management Area. The Management Area shall be required to comply with the rules and regulations of DEID GSA, including any legally approved assessments. DEID GSA agrees, in developing and implementing its GSP, to consider the interests of the County, specifically including the County's General Plan.

In order to prevent conflicts between the GSP and the County's General Plan and

between DEID GSA's operations as a GSA and the County's exercise of its land use planning authority, the County shall have opportunities to provide, and DEID GSA shall consider, advisory input in the development and implementation of DEID GSA's GSP. The County shall designate a contact person ("Designated Contact Person") to whom DEID GSA shall provide written notices of opportunities to participate in SGMA implementation.

No fewer than 90 days before adopting or modifying the GSP or policies or procedures for the exercise of GSA powers, DEID GSA shall provide written notice to the Designated Contact Person. Within 30 days of receiving such notice, the Designated Contact Person may request consultation with DEID GSA's representative. Prior to the adoption or modification of the GSP or policies or procedures for the exercise of GSA powers, DEID GSA shall consider any comments or recommendations provided by the Designated Contact Person for the County, to achieve the goals of this MOU.

No fewer than 90 days prior to issuing, adopting, modifying, or approving any ordinance, policy, plan, or permit, or taking any other action related to groundwater resources within the Tule Subbasin, the County shall provide written notice to DEID GSA. Within 30 days of receiving such notice, DEID GSA may request a mandatory consultation with the County. Prior to taking any groundwater-related action, the County shall consider any comments or recommendations provided by DEID GSA.

4. **Finances.** Each of the Parties to this MOU shall bear its own costs of implementing SGMA, except as follows:

(a) The County shall provide assistance and support in applying for grant funding related to SGMA implementation when so requested by DEID GSA.

(b) To the extent that DEID GSA incurs costs in either the development or implementation of a GSP applicable to, or in implementing SGMA within, the Management Area, the County shall provide proportional financial reimbursement to DEID GSA until such time as fees are studied, adopted and implemented to cover the Management Area. DEID GSA and the County agree to cooperate in the preparation and voting process to implement and enforce any required fees.

(c) If DEID GSA is required to file a boundary adjustment with any government agency, including but not limited to the California Department of Water Resources, to include the Management Area, then County agrees to be responsible for the costs to complete the boundary adjustment.

5. **No Annexation.** County acknowledges that this Agreement does not represent any annexation by DEID, an entity separate from the DEID GSA, of the

Management Area or an annexation of this area by the DEID GSA. The Management Area is not subject to DEID irrigation rules, requirements, benefits, or assessments, and will not be entitled to receive any water acquired by DEID for landowners within DEID. The Management Area will be included within the DEID GSA under the collective authority of the County and DEID GSA under the terms of this Agreement and not be annexed into the DEID GSA.

6. **Notices.** All notices required or permitted by this MOU or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified, or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, or by electronic transmission (email) and shall be deemed sufficiently given if served in a manner specified in this Section 5. The addresses and addressees noted below are that Party's designated address and addressee for delivery or mailing of notices.

To DEID GSA:	Delano-Earlimart Irrigation District 14181 Avenue 24 Delano, CA 93215 Telephone: (559) 725-2526
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To County of ~~Tulare~~	County of Tulare c/o Denise England County Administration Building 2800 W. Burrel Avenue Visalia, California 93291 Telephone: 559-636-5005
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Either Party may, by written notice to the other, specify a different address for notice. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, three (3) days after the postmark date. If sent by regular mail, the notice shall be deemed given forty-eight (48) hours after it is addressed as required in this section and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed given twenty-four (24) hours after delivery to the Postal Service or courier. Notices transmitted by facsimile transmission or similar means (including email) shall be deemed delivered upon telephone or similar confirmation of delivery (confirmation report from fax machine is sufficient), provided a copy is also delivered via personal delivery or mail. If notice is received after 4:00 p.m. or on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

7. **Compliance with Laws.** In any action taken pursuant to this MOU, DEID GSA and the County shall comply with all applicable statutes, laws, and regulations, specifically including, but not limited to, SGMA and its implementing regulations, as they now exist or as they may be amended or promulgated from time to time.

To the extent that this MOU conflicts with or does not accurately reflect any applicable statutes, laws, or regulations now existing or as amended or promulgated from time to time, the laws, statutes, and regulations shall govern.

To the extent that any applicable statutes, laws, or regulations are amended or newly promulgated in such a manner that causes this MOU to conflict with or no longer accurately reflect such statutes, laws, or regulations, this MOU shall be modified, in writing, by all Parties, in order to comport with the newly amended or promulgated statutes, laws, or regulations.

8. **Termination.** The Parties agree that this MOU may be terminated by either Parties upon 30 days written notice to the other Party, but such termination shall not be effective until applicable GSA boundaries are modified to maintain SGMA compliance.

9. **Entire Agreement.** This MOU and items incorporated herein contain all of the agreements of the Parties with respect to the matters contained herein, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose.

10. **Amendments.** No provisions of this MOU may be amended or modified in any manner whatsoever except by an agreement in writing duly authorized by representatives of all Parties.

11. **No Assignment.** The rights and obligations of the Parties to this MOU may not be assigned or delegated, and any attempt to assign or delegate such rights or duties in contravention of this section shall be null and void.

12. **Binding Effect.** This MOU shall apply to and bind successors, assignees, contractors, subcontractors, transferees, agents, employees, and representatives of the respective Parties hereto.

13. **Governing Law.** This MOU and all documents provided for herein and the rights and obligations of the Parties hereto shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of California (without giving effect to any choice of law principles).

14. **Waiver.** The failure of any Party to insist on strict compliance with any provision of this MOU shall not be considered a waiver of any right to do so, whether for that breach or any subsequent breach. The acceptance by any Party of either performance or payment shall not be considered to be a waiver of any preceding breach of the MOU by any other Party.

15. **Severability.** If any term or provision of this MOU is, to any extent, held invalid or unenforceable, the remainder of this MOU shall not be affected.

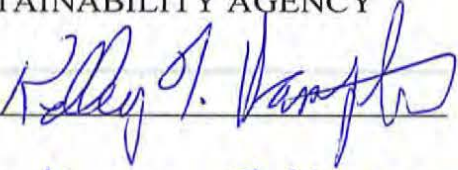
16. **Headings.** The subject headings of the sections of this MOU are included for purposes of convenience only and shall not affect the construction or interpretation of any of the provisions herein.

17. **Counterparts.** This MOU may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

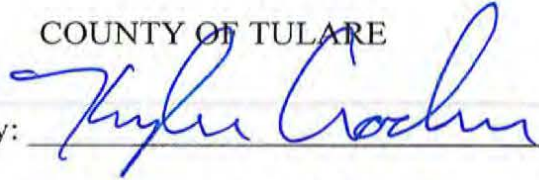
18. **Joint Powers Agency Not Required.** It is understood and agreed by the Parties that the development and implementation of a GSP does not require the formation of a joint powers agency between their respective organizations.

IN WITNESS WHEREOF, the Parties have executed this MOU as of the day and year first above written.

DELANO-EARLIMART
IRRIGATION DISTRICT
GROUNDWATER
SUSTAINABILITY AGENCY

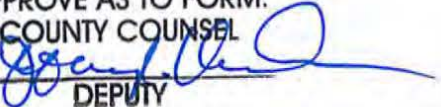
By: 
Name: KELLEY T. HAMPTON
Title: PRESIDENT

COUNTY OF TULARE

By: 
Name: KUYLER CROCKER
Title: CHAIRMAN, BOARD OF SUPERVISORS

APPROVE AS TO FORM:

COUNTY COUNSEL

BY 
DEPUTY

20191512

APPENDIX F

County of Tulare Well Permit Application



TULARE COUNTY ENVIRONMENTAL HEALTH SERVICES DIVISION
5957 SOUTH MOONEY BLVD. VISALIA, CA 93277
(559)624-7400

WELL PERMIT APPLICATION

Application #: WWA-_____

Permit #: WELL_____

PROPERTY OWNER INFORMATION

Applicant Name	_____	Telephone	_____
Contact Name	_____	Telephone	_____
Mailing Address	_____		
	Street	City/State	Zip Code

LICENSED CONTRACTOR DECLARATION

Licensed under the provisions of Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code, as a well drilling contractor and such license is in full force and effect.

Business Name	_____		
E-Mail Address	_____		
Mailing Address	_____		
License #	Office Telephone	Cell	_____

WELL INFORMATION

Well Location	_____		_____
	Address/Cross Streets	City	
APN	_____	_____	_____
	Township	Range	Section
Parcel Size	Acre(s)	Project Start Date	☐ Valley ☐ Foothills/Mountains
Groundwater Basin:	☐ Kaweah ☐ Kings ☐ Tulare Lake ☐ Tule		
GPS Data (Use Decimal Degrees Where Applicable)	_____		
	Latitude	Longitude	Elevation (ft.)

TYPE OF WORK

☐ Drilling	☐ Deepen	☐ Destruction	☐ Recondition
Is this a Replacement Well? ☐ Yes ☐ No If Yes, then a Well Destruction Permit Application is Required.			

DRILLING METHOD (Construction Only)

☐ Cable Tool	☐ Rotary	☐ Reverse Rotary	☐ Air Rotary	☐ Other _____
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WELL TYPE (All Permits)

☐ Domestic (1 – 4 Connections)	☐ Dairy Supply	☐ Test Well
☐ Community (5+ Connections)	☐ Industrial	☐ Cathodic Protection
☐ Agricultural	☐ Soil Boring(s)	☐ Monitoring Well
☐ Other _____		

WELL CONSTRUCTION

Casing Material: ☐ PVC ☐ Steel Diameter _____ in. Proposed Depth _____ ft.
Slot Size _____ in. Gauge _____ Perforation Depths _____ to _____ ft.
Conductor Casing ☐ Yes ☐ No Diameter _____ in. Depth _____ ft.
Seal Depth _____ ft. (Minimum of 50 ft. Tremie pipe required for all well seals.)
Seal Material: ☐ Neat Cement ☐ Sand Slurry ☐ Bentonite ☐ Other _____

WELL DESTRUCTION

Casing Material: ☐ PVC ☐ Steel Casing Diameter _____ in. Well Depth _____ ft.
Depth to Water _____ ft. Excavation Depth _____ ft. Seal Depth _____ ft.
Seal Material: ☐ Neat Cement ☐ Sand Slurry ☐ Bentonite ☐ Other _____

WELL SETBACKS (Construction Only)

Setbacks from surrounding properties must be taken into consideration when selecting a well site location. Setback requirements may be increased by Tulare County if dangers of pollution, contamination or other adverse conditions are known to be present.

If the well site is within a one mile radius of a landfill, there may be additional requirements.

Measuring in feet, list distances from proposed well drilling location. Minimum requirements in parentheses.

Front Property Line (25 ft.)	_____	Storm Drain (50 ft.)	_____
Side Property Lines (5 ft.)	_____	Seepage Pit (150 ft.)	_____
Septic Tank & Leach Field (100 ft.)	_____	Animal/Fowl Enclosure (100 ft.)	_____
Sewer Laterals (50 ft.)	_____	Existing Active Well(s) (50 ft.)	_____
Surface Water (25 ft.)	_____	Underground Storage Tank (150 ft.)	_____
Transmission Lines	_____		

_____ I certify that I have read this application and declare under penalty of perjury that the information contained herein is true, correct and complete. I hereby agree to comply with all State and Tulare County regulations pertaining to well construction, deepening and destruction. **Within 30 days of work completed**, I will furnish Tulare County Environmental Health Services Division a completed well completion report for well drilling, deepening and destruction.

CONTRACTOR

Print Name _____
Signature _____
Date _____

APPLICANT

Print Name _____
Signature _____
Date _____

ENVIRONMENTAL HEALTH SERVICES DIVISION USE ONLY

Date Received _____ Fee Amount _____ Receipt # _____ Invoice # _____
Payment Type: ☐ Cash ☐ Check # _____ CC Approval # _____ Received by: _____
☐ Flood Zone ☐ Landfill ☐ Other _____
☐ GIS Review ☐ PALMS ☐ CSLB Check C-57 Expiration Date: _____

SITE MAP

The space below can be used to include a map. All maps must include:

- Major cross-streets associated with the parcel
- Structures on the parcel
- Setbacks documented above
- A directional arrow pointing North

For new wells, that are not replacement wells, include the following on the map:

- Surface water (ponds, lakes and streams) within 300 ft.
- Canals, ditches, pipelines, utility corridors and roads within 2 mi.
(Only for wells drilled below Corcoran Clay)



TULARE COUNTY ENVIRONMENTAL HEALTH SERVICES DIVISION
5957 SOUTH MOONEY BLVD. VISALIA, CA 93277
(559)624-7400

TO BE COMPLETED BY APPLICANT

(For Construction of Domestic, Community, Agricultural, Dairy or Industrial Wells)

Property Owner/Contact Person Name _____ **Telephone** _____

1. What type of well is being drilled?
☐ **Domestic** Serves 1 to 4 Service Connections/Homes.
☐ **Community** Serves 5 or more Service Connections/Homes
☐ **Agricultural** Exclusively used to supply water for irrigation or other agricultural purposes.
☐ **Dairy** Exclusively used by a Dairy Farm for the milk production process.
☐ **Industrial** Exclusively used by a Business for the processes related to producing goods or services.
2. How many homes will the new well serve? _____
3. How many employees will be served by this well? _____
4. How many wells are currently on this parcel?
Domestic _____ **Community** _____ **Agricultural** _____ **Dairy** _____ **Industrial** _____
5. Are there any **inactive** or **abandoned** wells on this parcel? ☐ **Yes** ☐ **No**
(An **inactive** well is not routinely used but capable of being made operational with minimal effort. An **abandoned** well is a well that has not been used for at least one (1) year, or is in such disrepair that it can no longer produce water.)
6. What is/are the depth(s) of the existing well(s)? _____ ft.
7. Are there any animal or fowl enclosures on this, or any adjacent, parcel? ☐ **Yes** ☐ **No**
If Yes, how far is the enclosure from the proposed well site? _____ ft. (May require site visit to verify.)
8. What is the reason for drilling a new well?
☐ **Current well went dry.** How long has the well been dry? _____
☐ **Current well about to go dry.**
☐ **Additional well due to lack of production from existing source(s).**
☐ **First well on parcel.**
☐ **Other** _____
9. What is/are the plan(s) for the existing well(s) once the new well(s) is/are drilled?
☐ **Keep the existing well(s) active. (Keep the pump(s) installed and connected to power.)**
☐ **Destroy the existing well(s) using a licensed C-57 well contractor.**
☐ **File an Inactivation Permit. (Requires an annual permit fee.)**
☐ **I don't know. (Please call Environmental Health at (559)624-7400 for more details.)**
10. Has the recent drought influenced your decision to drill a new well? ☐ **Yes** ☐ **No**

I certify that I have read this application and declare under penalty of perjury that the information contained herein is true, correct and complete.

Signature

Date



TULARE COUNTY ENVIRONMENTAL HEALTH SERVICES DIVISION
5957 SOUTH MOONEY BLVD. VISALIA, CA 93277
(559)624-7400

TO BE COMPLETED BY APPLICANT OR APPLICANT'S AGENT
(For construction of new Agricultural, Dairy or Industrial wells subject to Senate Bill 252)

Is this a replacement well? ☐ Yes ☐ No

If Yes, this questionnaire is not required. However, a well destruction permit application must be submitted. The well being replaced must be destroyed prior to, or concurrently with, construction of the new well.

Pursuant to Section 13808 of the California Water Code, Tulare County Environmental Health is required to request the following information, to the extent that it can be reasonably known, from an applicant, or the applicant's agent, as part of an application for a well permit.

Proposed Capacity: _____ Acre-Feet Estimated Pumping Rate: _____ gpm

Anticipated Pumping Schedule: _____

Estimated Annual Extraction Volume: _____ Acre-Feet per Year Size of Service Area: _____ Acres

Seasonal Fluctuations: _____

Water Table Depth: _____ ft. Recharge Area: _____ Recharge Rate: _____ gpm

Location to Flood Plain: _____

Use the grid below to input information about existing wells on the parcel that will remain active, and attach any information of capacity or pumping tests completed for the existing wells.

	Well 1	Well 2	Well 3	Well 4	Well 5	Well 6
Well Use						
Depth (ft.)						
Diameter (in.)						
Screen Intervals						
Pump Rate (gpm)						

Estimated cumulative extraction volume of new well before January 1, 2020: _____ Acre Feet

APPENDIX G

DEID GSA's Communication and Engagement Plan

Delano-Earlimart Irrigation District
Groundwater Sustainability Agency

Communication & Engagement Plan

Tulare County, California
July 2018

Prepared for:



Delano-Earlimart Irrigation District Groundwater Sustainability Agency
14181 Avenue 24, Delano, California 93215

Prepared by:

Provost & Pritchard Consulting Group
130 N. Garden Street, Visalia, California 93291

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Report Prepared for:

Delano-Earlimart Irrigation District Groundwater Sustainability Agency

14181 Avenue 24

Delano, California 93215

Contact:

Dale Brogan, Special Projects Manager

Telephone: (661) 725-2526

Email: dbrogan@deid.org

Website: www.deid.org

Report Prepared by:

Provost & Pritchard Consulting Group

Trilby Barton, Public Outreach Coordinator

Contact:

Telephone: (559) 636-1166

Email: tbarton@ppeng.com

Note: This Communication & Engagement Plan is a living document and will be updated as necessary throughout the GSP development, public review, and implementation phases.

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Abbreviations

AB.....	Assembly Bill
CASGEM.....	California Statewide Groundwater Elevation Monitoring
CVP.....	Central Valley Project
DAC.....	Disadvantaged Community
DDW.....	Division of Drinking Water
DEID.....	Delano-Earlimart Irrigation District
DWR.....	Department of Water Resources
EPUD.....	Earlimart Public Utility District
FKC.....	Friant-Kern Canal
GSA.....	Groundwater Sustainability Agency
GSP.....	Groundwater Sustainability Plan
ILRP.....	Irrigated Lands Regulatory Program
MCL.....	Maximum contaminant levels
MOU.....	Memorandum of Understanding
PSA.....	Public service announcement
SB.....	Senate Bill
SDAC.....	Severely Disadvantaged Community
SGMA.....	Sustainable Groundwater Management Act
SWRCB.....	State Water Resources Control Board
USBR.....	United States Bureau of Reclamation

Introduction

SGMA Overview

The Sustainable Groundwater Management Act (**SGMA**) is a combination of three bills signed by California Governor Jerry Brown in 2014: Assembly Bill (**AB**) 1739, Senate Bill (**SB**) 1168, and SB 1319. SGMA provides local agencies with the framework to manage groundwater basins in a sustainable manner. The legislation recognizes that groundwater is most effectively managed at the local level, and local agencies will need to achieve groundwater sustainability by 2040.

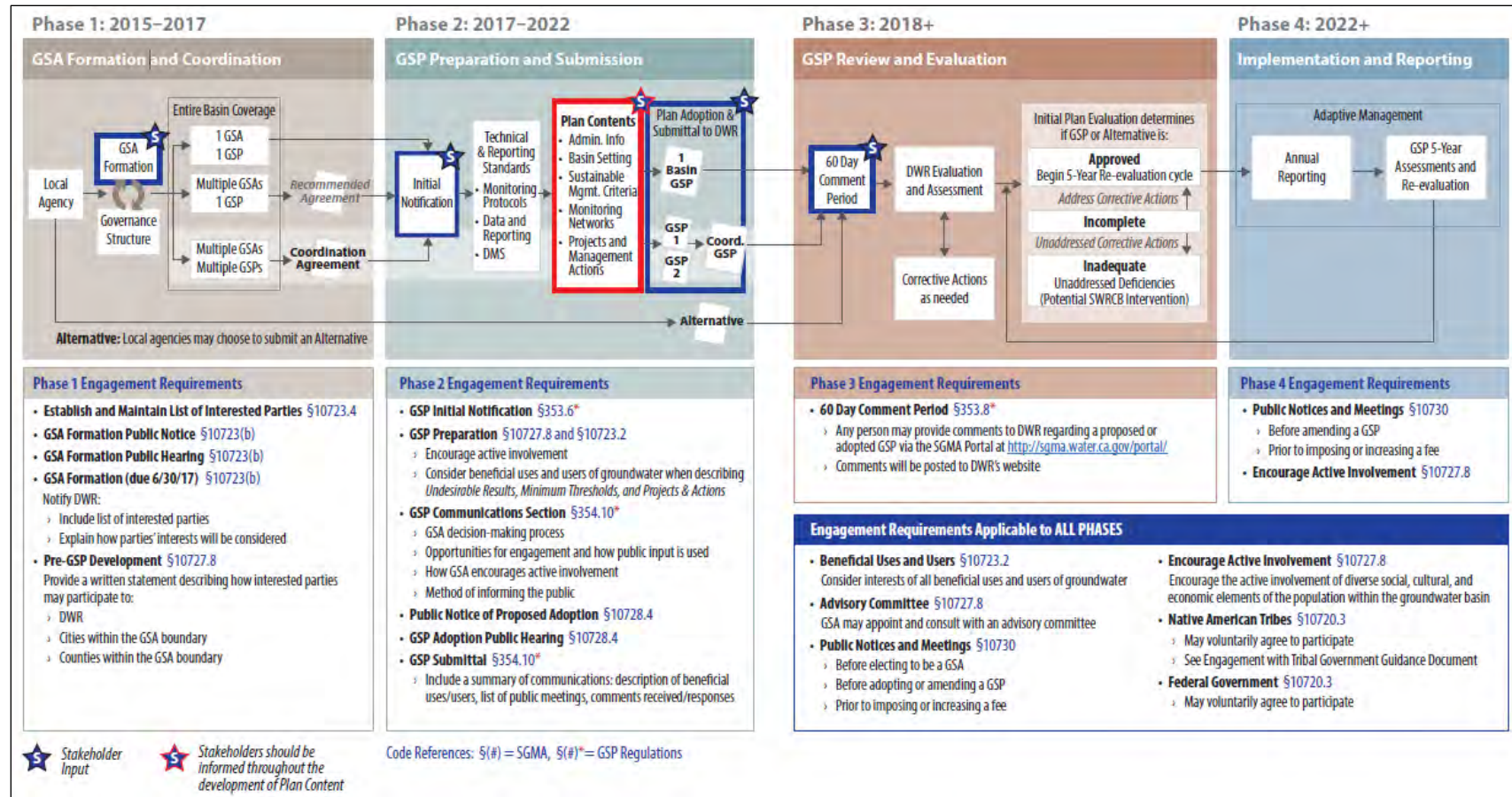
In SGMA, sustainable groundwater management is defined as management of groundwater supplies in a manner that can be maintained in planning and implementation phases without causing undesirable results. Undesirable results include significant and unreasonable chronic lowering of groundwater levels, reduction of groundwater storage, seawater intrusion, degraded water quality, land subsidence, and interconnected surface waters.

Implementation of SGMA and outreach requirements are broken down into four phases (**Figure 0-1**):

- **Phase 1: GSA Formation and Coordination** – Phase 1 ranged from 2015 to 2017, and during this phase, local agencies created groundwater sustainability agencies (**GSA**). The responsibility of a GSA is to develop and implement a groundwater sustainability plan (**GSP**) that will consider all beneficial uses and groundwater users within the basin. GSAs were required to be formed by June 30, 2017.
- **Phase 2: GSP Preparation and Submission** – The second phase of SGMA implementation ranges from 2017 to 2020. During this phase, GSAs must develop GSPs with measurable objectives and milestones that ensure basin sustainability. A basin may be managed by a single GSP or multiple-coordinated GSPs. The California Department of Water Resources (**DWR**) developed regulations for evaluating GSPs and alternatives to GSPs by June 1, 2016.
- **Phase 3: GSP Review and Evaluation** – Phase 3 will be held in 2019, and consists of the public review period, which will be held 90 days prior to the adoption of the GSP. Once the GSP has been submitted to the DWR by January 31, 2020, DWR will hold another 60-day review and comment period for stakeholders.
- **Phase 4: Implementation and Reporting** – Following the submission of the GSP, GSAs will immediately begin the implementation of efforts described in the GSP to reach sustainability within the basin. This will be an ongoing phase, as the required goal of SGMA is to reach sustainability by 2040.

Communication & Engagement Plan

As required by SGMA, GSAs must consider the interests of all beneficial uses and users of groundwater and include them in the GSP development process. The Delano-Earlimart Irrigation District Groundwater Sustainability Agency's (**DEID GSA**) Communication & Engagement Plan addresses how stakeholders within the GSA's boundary are engaged through stakeholder education and opportunities for input and public review during the development and implementation of the GSP and will be updated throughout the phases. This plan provides an overview of the DEID GSA, its stakeholders, and decision-making process; identifies opportunities for public engagement and discussion of how public input and responses will be used; describes how the DEID GSA encourages the active involvement of diverse, social, cultural, and economic elements of the population within the GSA boundary; and the methods the GSA will use to inform the public stakeholders about the progress of GSP development, public review and implementation.



Source: GSP Stakeholder Communication and Engagement Guidance Document, California Department of Water Resources, June 2017

Figure 0-1. Stakeholder Engagement Requirements by Phase

I. Goals and Desired Outcomes

This section of the Communication & Engagement Plan provides a description of the DEID GSA, defines the goals of how to address the challenges, regulatory requirements and opportunities, and how to reach the desired outcomes of communication efforts.

A. Description and Background of the DEID GSA

I.A.1 GSA Description & Boundary

SGMA required all high- and medium-priority groundwater basins, as designated by the DWR Bulletin 118, to be managed by a GSA or multiple GSAs. Part of the San Joaquin Valley Basin, the Tule Subbasin is a high-priority basin that is in critical groundwater overdraft and is split into seven GSAs (**Table I-1**), including the DEID GSA.

Table I-1. Tule Subbasin GSAs and GSA Member Entities

GSA	GSA Member Entities	
Delano-Earlimart Irrigation District GSA	Delano-Earlimart Irrigation District	Earlimart Public Utilities District
Alpaugh GSA	Alpaugh Irrigation District Atwell Island Water District	Alpaugh Community Services District
Eastern Tule GSA	County of Tulare City of Porterville Saucelito Irrigation District Tea Pot Dome Water District	Vandalia Water District Terra Bella Irrigation District Kern-Tulare Water District Porterville Irrigation District
Lower Tule River Irrigation District GSA	Lower Tule River Irrigation District	Poplar Community Services District
Pixley Irrigation District GSA	Pixley Irrigation District	Pixley Public Utility District
Tri-County Water Authority	Angiola Water District	Deer Creek Storm Water District
Tulare County GSA	Unmanaged white areas within the Tule subbasin	

Under SGMA, DEID GSA is responsible for submitting a GSP to the DWR by January 31, 2020. On August 25, 2016, a resolution was adopted by the DEID board of directors to become an official GSA for the portion of the Tule Subbasin designated in **Figure I-1**. Member entities listed in **Table I-2** encompass the DEID GSA.

On May 23, 2016, a Memorandum of Understanding (**MOU**) was put into place between DEID and Earlimart Public Utility District (**EPUD**) regarding GSA participation and GSP development and implementation. In addition, 7,000 acres of white area adjacent to DEID was annexed into the irrigation district solely for SGMA assistance and compliance.

DEID GSA submitted a basin boundary modification to DWR on January 29, 2016 with the purpose of including the Kern County portion of DEID into the Tule Subbasin. The modification was approved by DWR in July 2016.

The boundaries of the DEID and EPUD agencies overlap and overlies a portion of the Tule Subbasin (Basin Number 5.022.13, DWR Bulletin 118) of the San Joaquin Valley Basin, which create the boundary of the DEID GSA. The GSA boundary stretches along the southern Tulare County boundary and the very northern part of Kern County (**Figure I-1**), and primarily includes agricultural lands with some urban areas.

Table I-2. DEID GSA Member Entities

DEID GSA Member Entities	
Delano-Earlimart Irrigation District	Earlimart Public Utility District

Throughout the SGMA phases, the DEID GSA's Board of Directors and technical team will be responsible for collecting and organizing data, engaging and retaining experts and consultants, and soliciting feedback from beneficial users of groundwater and interested parties within the GSA boundary. The specific role of the Board of Directors is described in **Section II.A**.

A Subbasin Coordination Committee has been established, consisting of representatives from each of the Tule Subbasin GSAs to thoroughly collaborate efforts throughout the GSP development phase to meet the sustainability requirements for the entire Tule Subbasin.

I.A.2 Industries, DACs, Municipalities

I.A.2.1 Industries

I.A.2.1.1 Agriculture

The primary industry within the DEID GSA is agriculture, as Tulare and Kern counties are two of the top largest agricultural-producing counties in the United States. Primary crops grown within the GSA include grapes, almonds, citrus, and stone fruit. Grape production accounts for approximately 50 percent of the crops grown within the GSA, while almonds account for around 20 percent of crop production. As the primary industry, agriculture is the largest private employer both counties, with farm employment accounting for a quarter of all jobs, including production, processing, and manufacturing. According to the Tulare County Farm Bureau, six of the top 15 employers in Tulare County alone are fruit packing houses and dairy processing plants, and one in every five jobs in the San Joaquin Valley is directly related to agriculture.

With a substantial amount of the DEID GSA acreage in agriculture production, it is important agriculture industry stakeholders are involved and informed during the development and public review phases of the GSP, as implementation will have a significant direct impact on the industry, and ultimately the local, state and national economies.

I.A.2.2 DACs

Communication and educational outreach efforts with disadvantaged communities (**DAC**) and severely disadvantaged communities (**SDAC**) are essential for the development and implementation of GSPs within the San Joaquin Valley Basin, and residents are generally dedicated to bettering their communities, particularly when it comes to their water supplies. Important information that will be essential to communicate and engage DACs will include an explanation of SGMA, education on water conservation, and soliciting feedback from community members on water quantity challenges their communities may face. A composite listing of the DACs and SDACs and their populations within the GSA boundary are listed in **Table I-3** and laid out in **Figure I-2**. Specific issues and infrastructure projects are described in greater detail in **Section II.B**.

By including DACs and SDACs in communication efforts during the development, public review and implementation phases of the GSA, residents will be more likely to participate and provide feedback that

could be crucial to long-term solutions for groundwater sustainability within their communities. Any feedback received from DAC residents will be reviewed by the GSA's technical team, Stakeholder Committee, and Board of Directors to be taken into consideration during the GSP development phase.

Table I-3. Disadvantaged Communities within DEID GSA

Community	Population	Connections	No. of Wells	DAC/SDAC
Earlimart	8,300	1,568	6	SDAC
Rodriguez Labor Camp	110	35	1	SDAC

I.A.2.3 Public Agencies and Districts

The public agencies and districts within the DEID GSA are rural and district-related (**Figure I-3**). These agencies and districts will be engaged in outreach efforts throughout the GSP development, public review and implementation phases, as described in **Section II.C**. School districts will be an integral part of outreach efforts, particularly within DACs, and are outlined in **Figure I-4**.

I.A.2.3.1 Delano-Earlimart Irrigation District

Irrigation in the Delano and Earlimart regions began in the late 1800s with artesian wells, but by the 1930s diminished groundwater supplies threatened the area's continued economic viability. By 1947 the mean depth to groundwater was dangerously low. The Delano-Earlimart Irrigation District was formed in 1938 and signed its original water service contract for water delivery from the Friant Unit of the Central Valley Project with the U.S. Bureau of Reclamation (USBR) in 1951, after the average depth of groundwater had fallen every year since 1905. Since its inception, DEID has provided consistent and reliable surface water to its constituents, resulting in dramatic improvements to groundwater conditions.

Today, DEID encompasses approximately 63,500 acres which includes providing surface water to over 400 landowners on the original DEID service area of 56,500 acres of land, plus 7,000 acres of white area in southern Tulare and northern Kern counties annexed in 2016 strictly for SGMA compliance. Water is distributed through a completely piped system, allowing for virtually no losses and providing an efficient water delivery project that is the foundation for the DEID's overall water conservation and management program.

I.A.2.3.2 Earlimart Public Utility District

Earlimart is a rural unincorporated community in southern Tulare County, and is considered a SDAC. EPUD services 722 acres with a community of 8,300 residents with 1,568 connections and six active wells. Earlimart is predominately rural and the main industry is agriculture, with a number of vineyards, packing houses and cold storage facilities.

I.A.3 DEID GSA's Decision-Making Process

The DEID GSA's decision-making process is broken down by the roles of the Board of Directors, Stakeholder Committee, and through a Subbasin Coordination Committee. The roles of these DEID GSA entities and their responsibilities are outlined below and described in more detail in **Section II.A**.

- **Board of Directors** – Responsible for all final decisions relative to the development of the GSA, GSP adoption, implementation of the GSP, and other related matters
- **Stakeholder Committee** – Advises the Board of Directors on matters dealing with GSA and GSP development, GSP implementation, and other GSA/GSP matters; open to all interested stakeholders who wish to participate. Committee meetings are generally split by the three management areas: DEID, EPUD, and DEID White Area Annex

B. Goals/Desired Outcomes of GSP Development

The overall, main goal of the DEID GSA is to reach groundwater sustainability as required by SGMA, while protecting, enhancing and managing the water resources and related assets to benefit the growers, communities and other beneficial users within the boundary.

C. Communication Objectives to Support the GSP

The communication objectives during GSA formation/coordination, GSP development, public review, and implementation phases of the SGMA compliance is to encourage active involvement of diverse, social, cultural, and economic elements of the population within the GSA boundary. The DEID GSA will give beneficial users and users of groundwater opportunities to engage in the GSP process by providing educational outreach opportunities for stakeholders while reaching out through specific communication avenues ([Section V](#)). As active stakeholders, members of the Board of Directors and the Stakeholder Committee are direct representatives of their communities and industries, and it is important for them to continually gather feedback/input, and concerns/needs of their constituents and report back to their respective meetings. Any stakeholder input received will be reviewed and taken into consideration during GSP development and public review phases.

I.C.1 Phase 1: GSA Formation and Coordination

Phase 1: GSA Formation and Coordination has been completed. This phase stretched from 2015 through 2018, and consisted of forming the DEID GSA, establishing and maintaining the List of Interested Parties ([Section II.D](#)), establishing the Stakeholder Committee, and creating the Communication & Engagement Plan to outline communication efforts for the GSP development, public review and implementation phases. Stakeholder input was utilized during the GSA formation phase, as beneficial users and stakeholders with interests in groundwater usage within the DEID GSA's boundary were notified via public meeting notices as soon as the process began.

I.C.2 Phase 2: GSP Preparation and Submission

Phase 2: GSP Preparation and Submission will span from 2018 through 2020. With the goal of having the draft GSP by the first quarter of 2019, 2018 will primarily be the technical development of the plan, while working with stakeholders ([Section II.A](#)) for feedback and input. During 2018, direct interaction with stakeholder groups ([Section II.B](#)) and other community organizations and entities ([Section II.C](#)) will be held with the purpose of educating and informing stakeholders about SGMA and the GSP process, while also soliciting feedback and input from these groups ([Section III.A](#)) to mitigate the negative impacts to beneficial users of groundwater as much as possible.

I.C.3 Phase 3: GSP Review and Evaluation

During 2019, Phase 3: GSP Review and Evaluation, will be the primary focus of communication and engagement efforts. Once the draft of the GSP is completed in the second quarter of 2019, the public review process will begin. A 90-day comment period will be held, with the GSP draft posted on the DEID GSA's website for stakeholders to conveniently download and review. Outreach meetings will be held during this phase at locations throughout the GSA boundary (potential venues are listed in [Table V-1](#)). These meetings will focus on an overview of the GSP content, while giving stakeholders a public forum to provide their feedback and comments.

Once the public review period is completed, public comments will be taken into consideration and incorporated into the final version of the DEID GSA's GSP before submitting to the DWR by January 31, 2020. Following submittal, stakeholders will be given a second 60-day comment period through the DWR's SGMA portal at <http://sgma.water.ca.gov/portal/>. Comments will be posted to the DWR's website prior to the state agency's evaluation, assessment and approval.

I.C.4 Phase 4: Implementation and Reporting

Phase 4: Implementation and Reporting will begin once the plan is submitted in January 2020. Even while the DWR is reviewing the GSP, implementation at the GSA-level must begin. During the implementation phase, communication and engagement efforts will be shifted to educational and informational awareness of the requirements and processes of reaching groundwater sustainability. Active involvement of all stakeholders is encouraged during this phase, and public notices are required prior to imposing, and later increasing, any fees.

D. Overriding Concerns, Major Concerns or Challenges

Through preliminary discussions with stakeholders within the DEID GSA Boundary, overriding concerns, major concerns or challenges are centralized around economic impacts to the agricultural industry, which will also have a direct impact on DACs. Economic impacts could include loss of jobs and loss of tax revenue due to the decreased land values of fallowed ground. Many residents within DACs are employed by the agricultural industry, and many infrastructure improvement projects within these communities are facilitated by the counties of Kern and Tulare and funded through state and federal funding secured with the assistance of technical providers. The agricultural industry and DACs will be the main target audiences for direct outreach methods, including public meetings, because of the significant impact SGMA implementation will have on these two beneficial users of groundwater.

Section I: Goals and Desired Outcomes

Delano-Earlimart Irrigation District GSA Communication & Engagement Plan

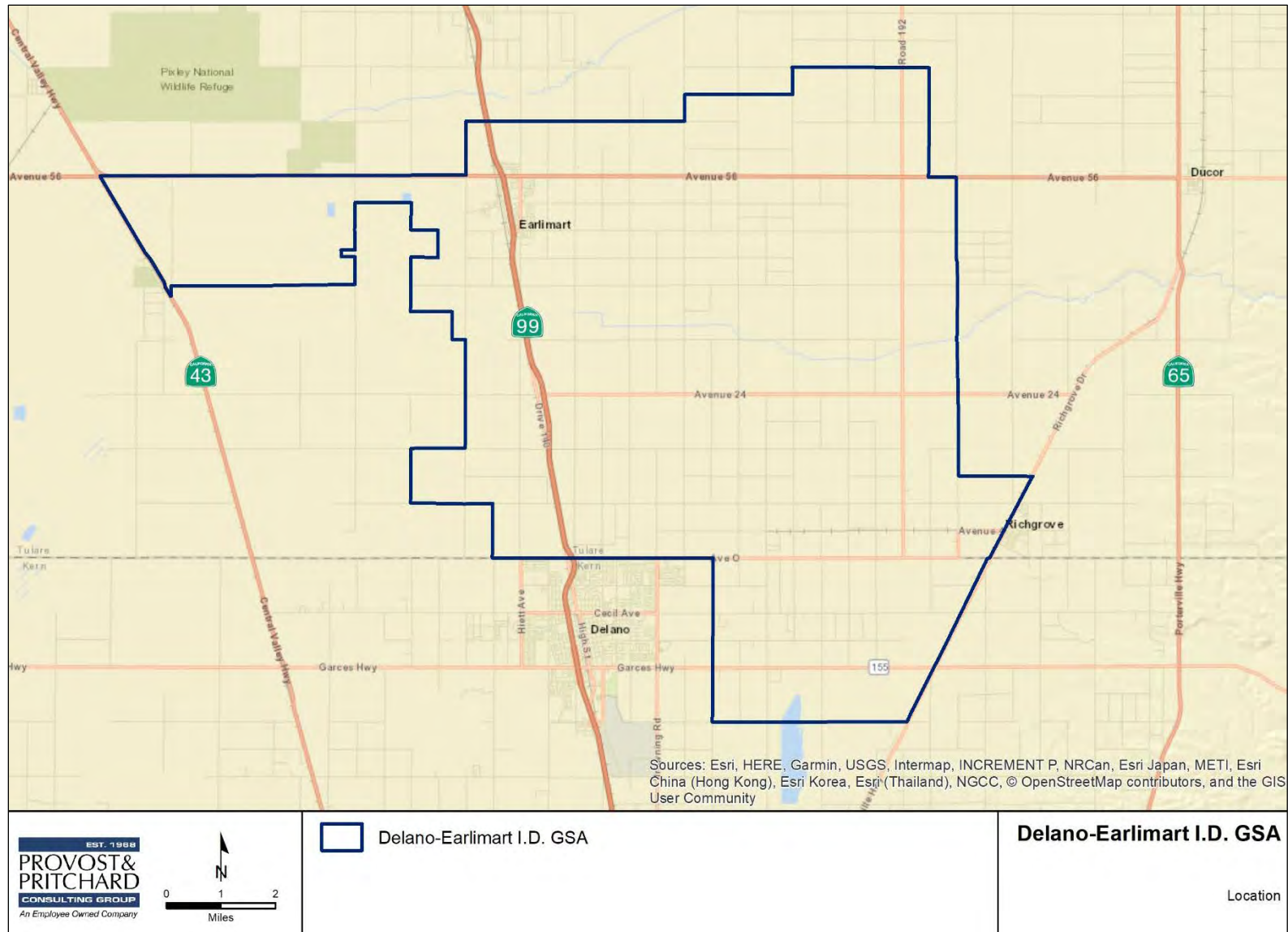


Figure I-1. Delano-Earlimart Irrigation District GSA Boundary

Section I: Goals and Desired Outcomes

Delano-Earlimart Irrigation District GSA Communication & Engagement Plan

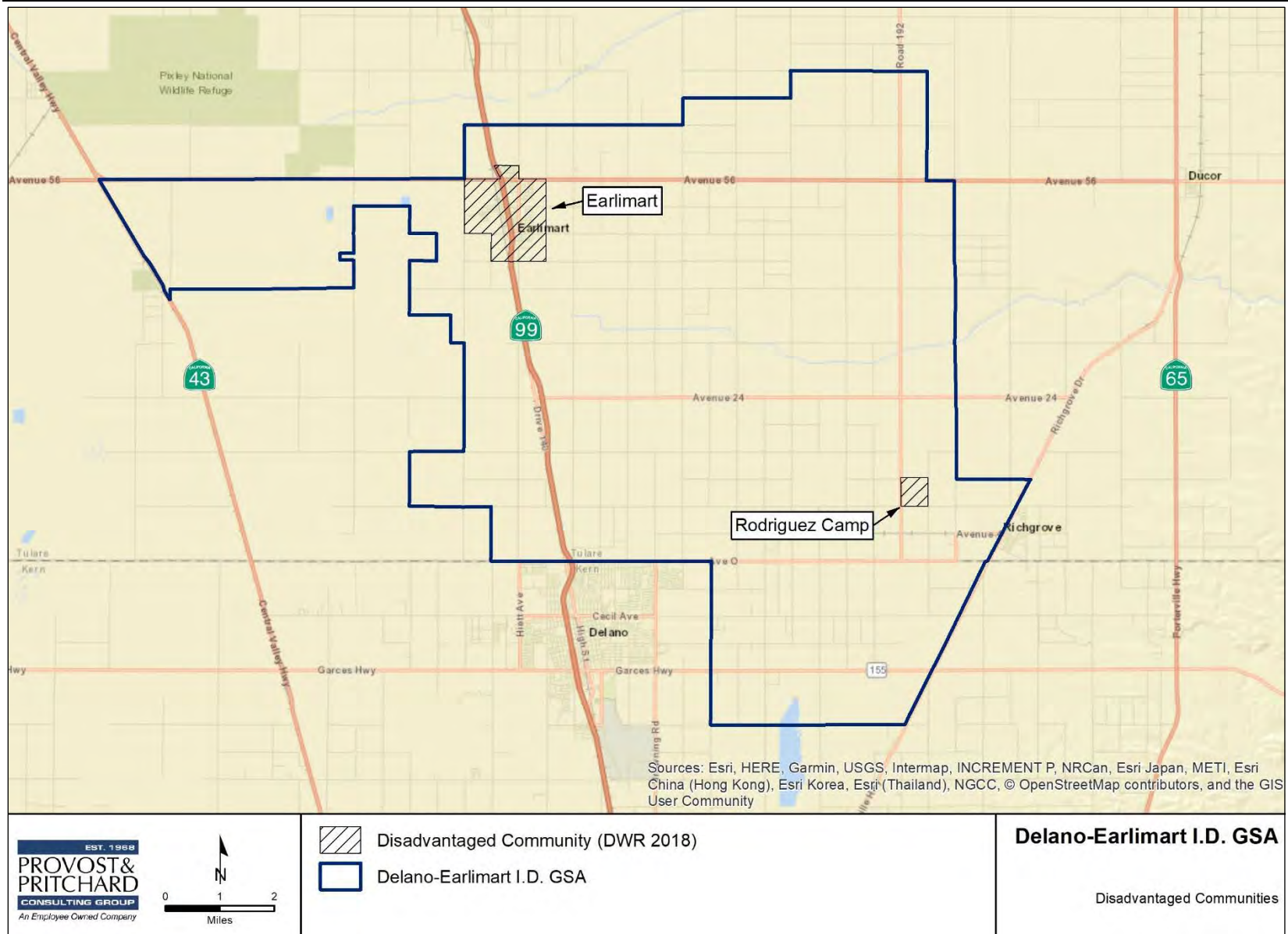


Figure I-2. Disadvantaged Communities within Delano-Earlimart Irrigation District GSA

Section I: Goals and Desired Outcomes
Delano-Earlimart Irrigation District GSA Communication & Engagement Plan

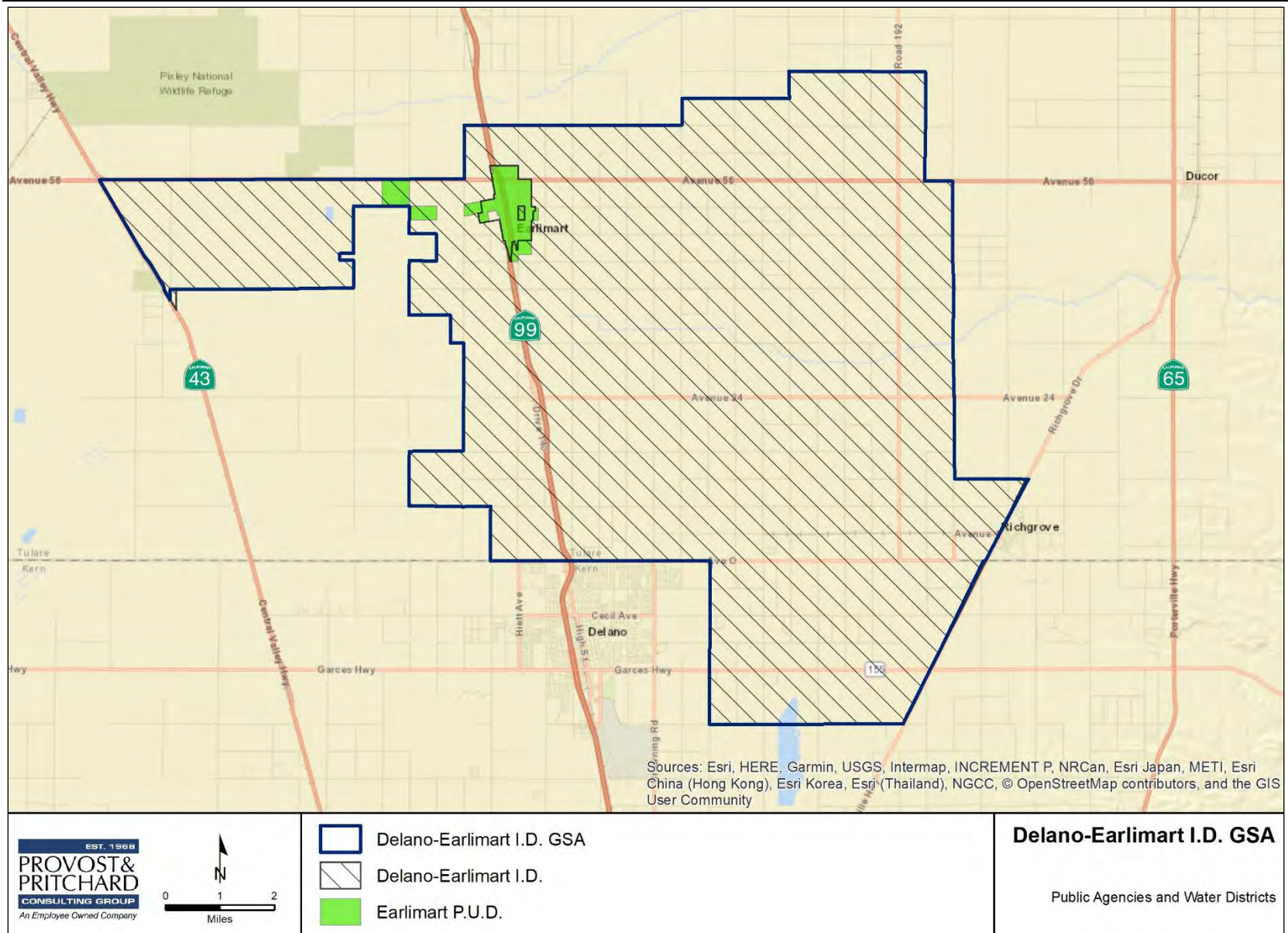


Figure I-3. Delano-Earlimart Irrigation District GSA Public Agencies and Water/Irrigation Districts

Section I: Goals and Desired Outcomes

Delano-Earlimart Irrigation District GSA Communication & Engagement Plan

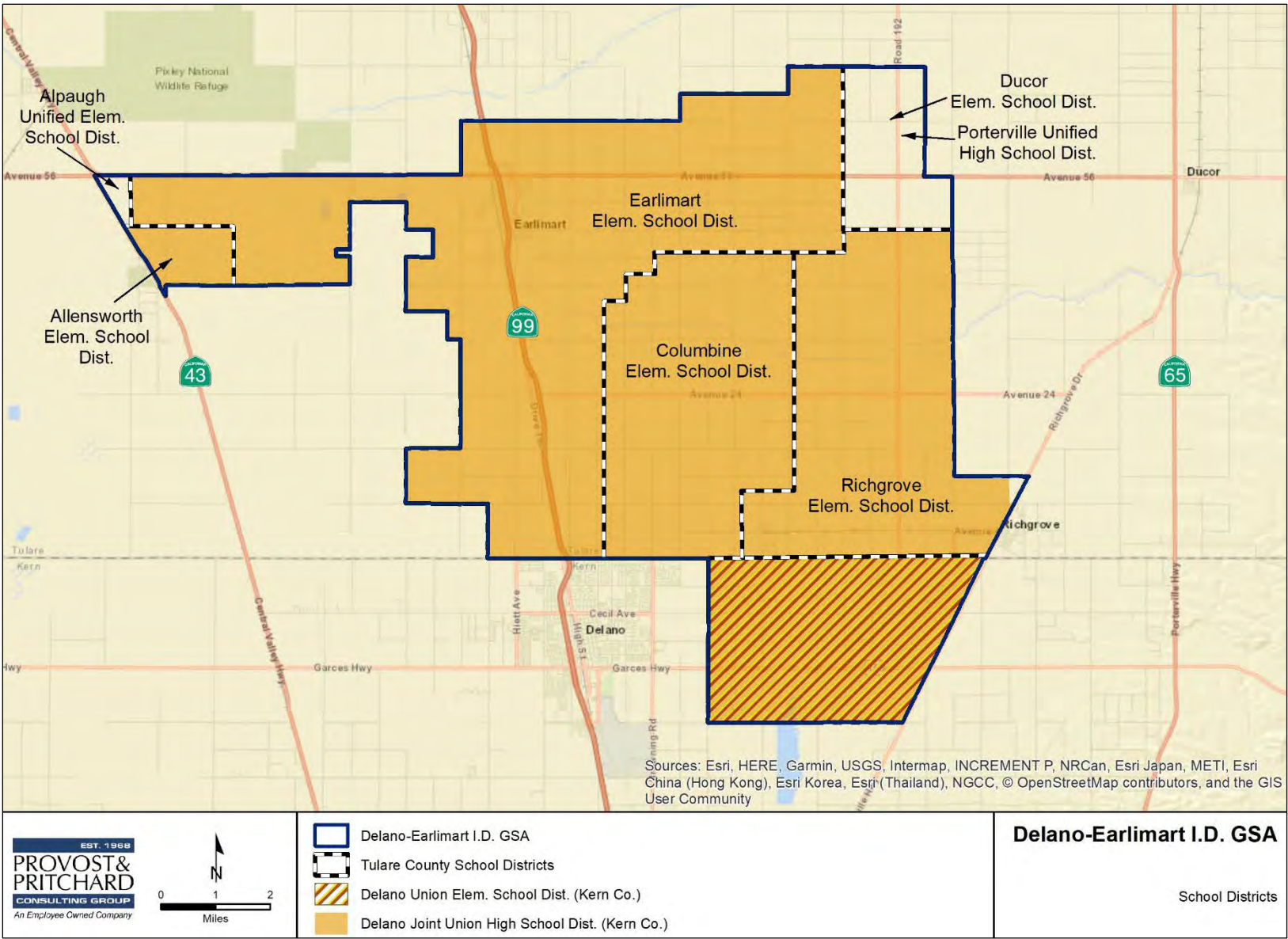


Figure I-4. School Districts within Delano-Earlimart Irrigation District GSA

II. Audience Identification

A. Active Stakeholder Groups

The active stakeholder groups of the DEID GSA are members of the Board of Directors and Stakeholder Committee. Their specific roles in the communication and engagement process are discussed in this section.

II.A.1 Role of Board of Directors

The DEID GSA Board of Directors is responsible for all final decisions related to the DEID GSA, development and adoption of the GSP, and implementation of the GSP, and other related matters, fully considering recommendations of the Stakeholder Committee and input from GSA stakeholders.

The DEID GSA Board of Directors meetings are held periodically as necessary, usually preceding the DEID Board of Directors meeting held at 4 p.m. on the second Thursday of every month at the DEID office, located at 14181 Avenue 24 in Delano, California. These meetings are open to public.

II.A.2 Role of Stakeholder Committee

In Section 10727.8 “Public Notification and Participation; Advisory Committee” of the Sustainable Groundwater Management Act, GSAs may appoint and consult with an advisory committee for the purpose of developing and implementing a GSP. Through this advisory committee, the GSA is able to encourage the active involvement of diverse social, cultural, and economic elements of the population within the groundwater basin prior to and during the development and implementation of the GSP.

A Stakeholder Committee has been established by DEID for advising the DEID GSA Board of Directors on matters dealing with the DEID GSA and GSP development and implementation, and other GSA/GSP matters. EPUD is responsible for communicating and coordinating stakeholder input for its management area. Additional participation has been sought from other interested parties and beneficial users of groundwater within the GSA boundary. Committee participants have direct interests in groundwater within the GSA, and are stakeholders as detailed in [Section I.B.](#)

The DEID GSA’s Stakeholder Committee meetings are open to all stakeholders, interested parties and the public, and are held periodically at the DEID office, located at 14181 Avenue 24 in Delano, California.

B. GSA Stakeholders

Stakeholder groups have been identified by the DEID GSA, based on those listed in SGMA, Section 10723.2 “Consideration of All Interests of All Beneficial Uses and Users of Groundwater” ([Table II-1](#)).

Section II: Audience Identification

Delano-Earlimart Irrigation District GSA Communication & Engagement Plan

Table II-1. Consideration of All Interests of All Beneficial Uses and Users of Groundwater

SGMA, Section 10723.2. Consideration of All Interests of All Beneficial Uses and Users of Groundwater		
Agricultural Users	Domestic Well Owners	Municipal Well Operators
Public Water Systems	Local Land Use Planning Agencies	Environmental Users of Groundwater
Surface Water Users	Federal Government	California Native American Tribes
Disadvantaged Communities	Entities monitoring and reporting groundwater elevations in all or part of a groundwater basin	

Beneficial users of groundwater to be targeted for communication and engagement during the GSP development, public review and implementation phases have been narrowed to those with financial, political, business or personal stakes in the management and sustainability of groundwater within the jurisdiction of the DEID GSA. These stakeholders are listed in **Table II-2** as beneficial users of groundwater within the GSA.

Table II-2. All Beneficial Uses and Users of Groundwater with Interests in the DEID GSA

All Beneficial Uses and Users of Groundwater with Interests in the DEID GSA		
Agricultural Users	Domestic Well Owners	Public Water Systems
Local Land Use Planning Agencies	Federal Government	Disadvantaged Communities
Entities monitoring and reporting groundwater elevations in all or part of a groundwater basin		

- **Agricultural Users** – With the exception of the lands served by the EPUD, almost all lands are composed of agricultural users and are DEID customers. DEID has pre-existing relationships with these users.
- **Domestic Well Owners** – These are farmsteads located throughout the DEID GSA that are served by small domestic wells. In most cases they are also agricultural users and are considered by the DEID GSA through pre-existing relationships.
- **Public Water Systems** – There is one public water system within the DEID GSA, which is EPUD. EPUD became part of the DEID GSA through an executed MOU with DEID. EPUD operates wells within the GSA and has been fully considered as a cooperating entity.
- **Local Land Use Planning Agencies** – The DEID GSA includes lands within both the County of Tulare and County of Kern. The DEID GSA will work with both county governments on land use planning issues and concerns.
- **Federal Government** – DEID holds a water contract for surface waters from the Central Valley Project (**CVP**) with the U.S. Bureau of Reclamation (**USBR**). DEID interacts routinely with USBR personnel, and will continue to do so, as needed, through the development and implementation of the GSP.
- **Entities Monitoring and Reporting Groundwater Elevations** – DEID has monitored groundwater elevations since the 1950s as part of its water service contracts with the USBR. Additionally, DEID participates in regional reporting of groundwater elevations as a part of the California Statewide Groundwater Elevation Monitoring (**CASGEM**) program.

Stakeholder groups will be engaged through direct communication, district correspondence, email blasts with newsletters and other pertinent GSA/GSP information, and one-on-one and public outreach meetings held during Phase 2: GSP Preparation and Submission, Phase 3: GSP Review and Evaluation, and Phase 4: Implementation and Reporting.

C. Community Organizations, Public Agencies and Other Entities

There are many community organizations, public agencies and other entities throughout the DEID GSA boundary that will be utilized to reach out to stakeholders. These resources identified as avenues for outreach opportunities are listed in **Table II-3**. Additional community organizations, public agencies and entities may be added to the list as GSP development and implementation phases move forward, and additional connections are made between the DEID GSA and the communities within its boundary.

DEID GSA will communicate with these resources and request opportunities to give presentations at their respective meetings or distribute informational materials such as public meeting notices and newsletters to their membership/contact lists. If a Board of Director or Stakeholder Committee member is currently involved with, or has contacts within a community organization, public agency or other entity, they may want to present on behalf of the DEID GSA to streamline outreach efforts. Presentations and/or one-on-one discussions may include an overview on SGMA and why it is important to stakeholders, explanation and updates of the GSP development process including an awareness of the public review period, and education of GSP requirements during the implementation phase.

Table II-3. Community Organizations and Public Agencies

Community Organizations & Public Agencies	Stakeholder Group(s)	Website
Agriculture/Industry Organizations		
Almond Board of California	Agricultural Users, Domestic Well Owners	1150 Ninth Street, Suite 1500, Modesto, CA 95354 Telephone: (209) 549-8262 Email: staff@almondboard.com Website: http://www.almonds.com/
California Citrus Mutual	Agricultural Users, Domestic Well Owners	512 N. Kaweah Avenue, Exeter, CA 93221 Telephone: (559) 592-3790 Email: alyssa@cacitrusmutual.com ; casey@cacitrusmutual.com Website: https://www.cacitrusmutual.com/
California Fresh Fruit Association (formerly California Grape & Tree Fruit League)	Agricultural Users, Domestic Well Owners	7647 N. Fresno Street, Suite 103, Fresno, CA 93720 Telephone: (559) 226-6330 Email: gradanovich@cafreshfruit.com ; ilemay@cafreshfruit.com Website: https://www.cafreshfruit.org/
Kern County Farm Bureau	Agricultural Users, Domestic Well Owners	801 S. Mount Vernon Avenue, Bakersfield, CA 93307 Telephone: (661) 397-9635 Email: kcfb@kerncfb.com Website: https://kerncfb.com
California Pistachio Research Board	Agricultural Users, Domestic Well Owners	4938 E. Yale Avenue, Suite 102, Fresno, CA 93727 Telephone: (559) 255-6480 Email: admin@acpistachios.org ; bobk@acpistachios.org Website: https://calpistachioresearch.org/

Section II: Audience Identification

Delano-Earlimart Irrigation District GSA Communication & Engagement Plan

Community Organizations & Public Agencies	Stakeholder Group(s)	Website
Tulare County Farm Bureau	Agricultural Users, Domestic Well Owners	Post Office 748, Visalia, CA 93279 Telephone: (559) 732-8301 Email: tcfb@tulcofb.org Website: http://www.tulcofb.org/
University of California Cooperative Extension	Agricultural Users, Domestic Well Owners	4437-B S. Laspina Street, Tulare, CA 93274 Telephone: (559) 684-3311 Email: krday@ucanr.edu Website: http://cetulare.ucanr.edu/
<i>Note: Other agriculture and industry groundwater users within the GSA boundary are currently customers of DEID and are already included in any communications between the GSA and stakeholders.</i>		
Environmental Justice Organizations		
Self-Help Enterprises	DACs	Post Office Box 6520, Visalia, CA 93290 Telephone: (559) 802-1676 Email: mariah@selfhelpenterprises.org Website: https://www.selfhelpenterprises.org/
Irrigation Districts/Water Districts/Water Agencies & Commissions		
Delano-Earlimart Irrigation District	Agricultural Users, Domestic Well Owners, Entities monitoring/reporting groundwater elevations	14181 Avenue 24, Delano, CA 93215 Telephone: (661) 725-2526 Website: www.deid.org
Earlimart Public Utility District	Agricultural Users, Public Water Systems, DACs	396 N. Church Road #6, Earlimart, CA 93219 Telephone: (661) 849-2663
Tulare County Water Commission	Agricultural Users, Domestic Well Owners, Public Water Systems, DACs	2500 W. Burrel Avenue, Visalia, CA 93291 Telephone: (559) 636-5005 Email: dengland@co.tulare.ca.us Website: http://tularecounty.ca.gov/cao/index.cfm/water-commission/
Municipal Agencies		
County of Tulare – Board of Supervisors and County Management	Domestic Well Owners, DACs, Public Water Systems, Local Land Use Agencies	2800 W. Burrel Avenue, Visalia, CA 93291 Telephone: (559) 636-5000 Email: pvanderpoel@co.tulare.ca.us Website: http://tularecounty.ca.gov/county/
County of Kern – Board of Supervisors and County Management	Domestic Well Owners, DACs, Public Water Systems, Local Land Use Agencies	1115 Truxtun Avenue 5 th Floor, Bakersfield, CA 93301 Telephone: (661) 868-3601 Email: board@kerncounty.com Website: https://www.kerncounty.com/bos/
Earlimart Town Council	Domestic Well Owners, DACs, Public Water Systems	Contact information not immediately available. Town Council meetings are held the first Thursday of each month.

Community Organizations & Public Agencies	Stakeholder Group(s)	Website
Tulare County Economic Development (Earlimart)	Agricultural Users, Domestic Well Owners, Public Water Systems, DACs	5961 S. Mooney Blvd., Visalia, CA 93277 Telephone: (559) 624-7000 Email: Economicdevelopment@co.tulare.ca.us ; Website: http://tularecountyeconomicdevelopment.org/economicdevelopment/
School Districts		
Columbine School District	Agricultural Users, Domestic Well Owners, Public Water Systems, DACs	2240 Road 160, Delano, CA 93215 Telephone: (661) 725-8501 Email: tcoschool@aol.com Website: http://www.tcoe.org/Districts/Columbine.shtm
Earlimart School District	Agricultural Users, Domestic Well Owners, Public Water Systems, DACs	785 E. Center Avenue, Earlimart, CA 93219 Telephone: (661) 849-3386 Website: https://www.earlimart.org/
Service Clubs		
Earlimart Rotary Club	Agricultural Users, Domestic Well Owners, Public Water Systems, DACs	Email: earlimartrotaryclub@yahoo.com Website: http://www.rye5230.com/EarlimartRotary

D. Interested Persons List

SGMA Section 10723.4 “Maintenance of Interested Persons List” states: *“The groundwater sustainability agency shall establish and maintain a list of persons interested in receiving notices regarding plan preparation, meeting announcements, and availability of draft plans, maps, and other relevant documents. Any person may request, in writing, to be placed on the list of interested persons.”* In compliance with the SGMA requirement, DEID GSA maintains a list of interested persons, and routinely distributes meeting notices and relevant information to the stakeholders who have requested to be included. As of June 2018, over 500 interested parties are included, and DEID GSA will continue to grow this contact list through the process discussed in **Section V.A.4.**

III. Audience Survey and Mapping

Through ongoing communications and public education and outreach efforts described in [Section V](#), stakeholders will have the opportunity to have a voice in the GSP development process. This section discusses in detail the preliminary discussion with stakeholders, and the process for surveying stakeholders, which will be a valuable source in collecting feedback from the beneficial users who have vested interests in how the implementation of the GSP will affect their interests. Because the DEID GSA is a smaller GSA with efficient avenues of direct communication with stakeholders, a traditional stakeholder survey will not be conducted. Feedback and concerns will be solicited through direct correspondence and facilitated meeting discussions with stakeholders.

A. Stakeholder Survey

III.A.1 Identification of Stakeholder Issues, Interests and Challenges

Stakeholder issues, interests and anticipated challenges are routinely discussed in Board of Directors and Stakeholder Committee meetings, and through direct discussions with stakeholders within the GSA. Board of Directors and Stakeholder Committee members represent the interests of the stakeholders identified for the DEID GSA ([Table II-2](#)). The focus of these discussions has consisted of identifying the common groundwater uses within the GSA boundary, top concerning issues affecting groundwater, top concerning effects of SGMA on stakeholder interests within the GSA, current practices that could be curtailed to accomplish SGMA goals, and possible mitigation solutions. Results from these discussions will be taken into consideration during the development of the GSP and will be utilized as a basis for any printed communications and public meeting presentations held for DACs and other stakeholder groups.

Table III-1. Stakeholder Issues, Interests & Challenges

Stakeholder Issues, Interests & Challenges	
Top Concerning Issues of Groundwater Usage and SGMA:	• Subsidence caused from continued groundwater overdraft within the subbasin and its impact on the Friant-Kern Canal capacity • Potential local impacts of transferring groundwater credits across the subbasin • Economic impacts (loss of jobs, loss of tax revenue due to decrease in land values of fallowed ground) • New government regulations (i.e. SGMA and ILRP) and the impacts on investments and livelihoods • Water quantity (overdraft, recharge, overpumping) • Legal rights to groundwater • Water usage (surface water vs. groundwater) • Growing population and resulting increase demand for water (future water infrastructure improvements) • Decreased quality of food for California and the United States as a whole • Concerns that the agriculture industry will have to pay for SGMA implementation for all of the beneficial users of groundwater

B. “Lay of the Land” Overview

The purpose of a “Lay of the Land” overview is to map stakeholders’ known issues, interests, challenges, strategies, and roles for engagement. Since DEID GSA is using a direct approach with engaging stakeholders, questions, input and feedback from the identified beneficial users will be used as a basis for the development of educational materials and key messages and talking points (Section IV). For specific groundwater-related topics where stakeholder feedback is needed, received input will be summarized in written format and presented to the technical team and Board of Directors as a “stakeholder consensus.” This process has been utilized early in the GSP development phase for discussions regarding transitional pumping and groundwater credits and will continue to be followed for the duration of the development and public review phases.

III.B.1 Types of Stakeholders

Types of stakeholders with the greatest interests in the DEID GSA’s GSP development and resulting implementation efforts to reach groundwater sustainability include agricultural users, domestic well owners, public water systems, local land use planning agencies, federal government, disadvantaged communities, and entities monitoring and reporting groundwater elevations in all or part of the groundwater basin (Table II-2). One-on-one conversations and collaborative discussions, and other outreach efforts will be scheduled with these stakeholder groups for comprehensive input through the GSP development and public review phases.

III.B.2 Stakeholder Key Interests Related to Groundwater

The key interests of stakeholders related to groundwater within the DEID GSA boundary include:

- Subsidence
- Localized impacts associated with transfer of groundwater credits
- Drinking water
- Domestic, everyday usage
- Agriculture – Farming
- Industrial – Packing houses, cold storage facilities

III.B.3 Key Documented Issues

Several key documented water resources issues have affected, or have the potential to affect, the key interests of stakeholders within the DEID GSA boundary. As key documented issues arise throughout GSP development, public review and implementation phases, they will be added to this section.

- **Well Depth to Groundwater Concerns within the Region** – During the recent drought, well depth to groundwater concerns became a forefront issue for agricultural users and domestic well owners and users, and users of public water systems in rural areas (including disadvantaged communities). Many agricultural users, domestic well owners, and small water systems serving low-income residents either developed new wells or had existing wells drilled to deeper depths.
- **Friant-Kern Canal Subsidence Issues** – In areas of Tulare and Kern counties, land subsidence along the Friant-Kern Canal (FKC) has increased within the past five years. The Visalia Times Delta published an article on August 18, 2017, “Sinking Friant-Kern Canal has \$500M problem.” According to the article, the canal has sunk two to three feet, mostly along a 25-mile stretch, and has already reduced the capacity of the key irrigation artery by 50 to 60 percent in some locations.

IV. Messages and Talking Points

Key messages and talking points will be broken down by phases and stakeholder groups, as different factors and issues will affect different groundwater interests. These messages and talking points are also prone to evolve as the GSP is developed, leaving this section open to being amended and finetuned as communication and engagement efforts move forward.

Monthly newsletters and fact sheets reflecting key messages will be developed and tailored for the specific GSP development, public review and implementation phases, and made available for public education efforts described in [Section V.A.3.2](#).

IV.A.1 Key Messages & Talking Points

IV.A.1.1 Universal Key Messages

Universal key messages will be a consistent part of fact sheets and talking points throughout all phases of GSP development, public review and implementation.

- What is SGMA
- Common Uses of Groundwater
- What is the Role of a GSA
- DEID GSA's Goal – “To develop and implement a GSP that protects the ability to deliver surface water as needed and scheduled and continues the historic practice of implementing a comprehensive approach to maintain groundwater sustainability within the different management areas of the DEID GSA.”

IV.A.1.2 Phase 1: GSA Formation and Coordination

The Phase 1: GSA Formation and Coordination has been completed. During this phase, key messages centered around official formation of the GSA and soliciting input from individuals who represent the interests of all beneficial usages and users of groundwater within the DEID GSA boundary.

IV.A.1.3 Phase 2: GSP Preparation and Submission

The key messages for the GSP development and submission phase will include:

- Universal key messages
- Timeline of the GSP process
- Upcoming public outreach opportunities
- Summaries of discussion topics held with stakeholders (i.e. Transitional Pumping)
- “What’s Next”
- Direction on providing input/voicing concerns (outreach meetings, stakeholder input process)

IV.A.1.4 Phase 3: GSP Review and Evaluation

Once the draft of the DEID GSA's GSP is completed, key messages will be updated to focus on:

- Universal key messages

- Timeline of the GSP process
- Main points/overview of the GSP
- Process for public review of GSP draft and providing comments to the GSA
- “What’s Next”
- Additional key messages may be added for this phase.

IV.A.1.5 Phase 4: Implementation and Reporting

Once the DEID GSA’s GSP has been submitted to the DWR, the implementation phase will begin, and key messages will be developed to focus on implementation efforts that will affect the stakeholder groups, which will likely result in more than one fact sheet. As with the previous phases, universal key messages will be included.

IV.A.2 Likely Questions or Issues and Responses

The “Likely Questions or Issues” list in **Table IV-1** will evolve through the GSP development, public review and implementation phases. This table will be updated with additional questions, and responses will be updated as the DEID GSA’s GSP is developed and answers are more clearly defined.

Table IV-1. Likely Questions or Issues

Likely Question or Issue	Response	Phase
“How will subsidence be addressed in the subbasin?”	This is expected to be discussed at the subbasin level to develop a coordinated response.	Phase 1, 2 & 3
“How will the impacts of transitional pumping on the FKC capacity be addressed?”	This is expected to be discussed at the subbasin level to develop a coordinated response.	Phase 1, 2 & 3
“Will the transfer of groundwater credits across the subbasin be allowed if it exacerbates current local groundwater conditions?”	This is expected to be discussed at the subbasin level to develop a coordinated response.	Phase 1, 2 & 3
“Will DEID GSA receive any credit for prior years’ direct and in-lieu groundwater recharge contributions?”	That information has not been determined yet, as we are in the preliminary stages of GSP development.	Phase 1, 2 & 3
“Will I have to fallow any of my land?”	That information has not been determined yet, as we are in the preliminary stages of GSP development.	Phase 1, 2 & 3
“How can I voice my concerns about how SGMA is going to affect me?”	The public is invited to attend Stakeholder Committee and Board of Director meetings to be informed about the progress of GSA and GSP development. Public outreach meetings will be held in 2018 and 2019 for SGMA educational purposes and public review periods. Stakeholders may also contact the GSA directly to provide input and voice concerns regarding the development of the GSP.	Phase 2 & 3
“How much water are we going to be able to pump?”	That information has not been determined yet, as we are in the preliminary stages of GSP development.	Phase 1, 2 & 3

Section IV: Messages and Talking Points
Delano-Earlimart Irrigation District GSA Communication & Engagement Plan

Likely Question or Issue	Response	Phase
"Are our ag pumps going to be metered? If so, who is going to pay for it?"	That information has not been determined yet, as we are in the preliminary stages of GSP development.	Phase 1, 2 & 3
"What types of management actions and/or projects can help improve groundwater conditions?"	That information has not been determined yet, as we are in the preliminary stages of GSP development.	Phase 1, 2 & 3
"Can groundwater management activities improve water challenges in DACs?"	That information has not been determined yet, as we are in the preliminary stages of GSP development.	Phase 1, 2 & 3

V. Venues for Engaging

There are a variety of opportunities, venues and methods for the DEID GSA to connect with and engage stakeholders throughout GSA formation, GSP development, GSP review, and GSP implementation phases. Stakeholders identified in **Section II** will be engaged in communication efforts as detailed below.

A. Direct Stakeholder Outreach

V.A.1 Collaboration Meetings with Active Stakeholders

As detailed in **Section II.A**, regular meetings with active stakeholder groups will be held during their regularly scheduled times. Members of the public and partners from other local agencies are encouraged to attend Board of Directors and Stakeholder Committee meetings to voice their thoughts and concerns throughout the GSP development, public review and implementation phases. Meeting notices and agendas are routinely distributed to the Interested Parties List and, once established on the DEID GSA's website.

Active stakeholder meetings are held:

- **Board of Directors Meetings** – Held periodically, as necessary, usually preceding the DEID Board of Directors meeting at 4 p.m. on the second Thursday of every month at the DEID office, located at 14181 Avenue 24 in Delano, California
- **Stakeholder Committee Meetings** – Held periodically at the DEID office, located at 14181 Avenue 24 in Delano, California; open to all stakeholders, interested parties and the public
- **Subbasin Coordination Committee Meetings** – Public meeting notices are distributed to the Interested Parties List when scheduled

V.A.2 Educational/Outreach Public Meetings

V.A.2.1 General Stakeholders

Educational/outreach public meetings will be scheduled for Phase 2: GSP Preparation and Submission, Phase 3: GSP Review and Evaluation, and Phase 4: Implementation and Reporting (see **Section VI** for the previous and proposed meeting schedule). These meetings will be important as the GSP will affect all groundwater users within the DEID GSA jurisdiction, and the impact of the SGMA implementation is significant. Stakeholders are already inquiring about the impacts of implementation, while many stakeholders are unaware of the SGMA. Spanish translation services will be available at educational/outreach public meetings.

- **Phase 2: GSP Preparation and Submission** – Public outreach meetings held during Phase 2 will give stakeholders and opportunity to be involved in the GSP development and share their thoughts and concerns. Presentations and discussions will be geared towards an overview of SGMA, overview of the process of GSP development, public review and implementation (what stakeholders can expect), and question/answer sessions. Potential venues within the DEID GSA are listed in **Table V-1**.
- **Phase 3: GSP Review and Evaluation** – During Phase 3, the draft of the DEID GSA GSP will be distributed for public review. During the public review period, public meetings will be held at the same venues as during Phase 2 (**Table V-1**). The presentations and discussions will include an

overview of the GSP and will give stakeholders the opportunity to comment on the draft in a public forum.

- **Phase 4: Implementation & Reporting** – Public meetings will be crucial during Phase 4 and will likely be ongoing to educate stakeholders on implementation requirements and guide them through the steps to compliance and groundwater sustainability.

V.A.2.2 Community Organizations & Others

Community organizations, public agencies and other entities are listed in **Table II-3**, and will be contacted to schedule opportunities to present or facilitate discussions with their members throughout the GSP development phase. Presentations and discussions will include an overview on SGMA and why it is important to them, an explanation of the GSP development process, including an awareness of the public review period. In addition, the DEID GSA will work with these organizations and agencies to distribute newsletters, public outreach meeting notices, and other educational information via email distribution, social media posts, and printed materials.

V.A.2.3 Meeting Notification Process

Stakeholders will be invited to public meetings through direct mail and email blasts by obtaining mailing and email addresses of property owners within the DEID GSA boundary through the DEID and EPUD customer lists. For direct mailings, postcards are most cost effective for mailing and can later be used to expedite meeting check-in and track attendance, if required during the implementation phases. Local community organizations, such as the Tulare County Farm Bureau and Kern County Farm Bureau, will be asked to distribute meeting notices via email blasts to their membership/contact lists.

V.A.2.4 Ideal Venues

Venue locations will need to have a capacity to hold large audiences. The location list in **Table V-1** will be updated with additional information and other venue possibilities as meetings are scheduled, and venue availability and rental price is confirmed. DEID GSA will work with disadvantaged communities and potentially community organizations to hold outreach meetings at convenient times and locations within the DACs.

Table V-1. Potential Public Meeting Venues & Locations

Venue	Location	Contact Information
Alila School Cafeteria	Earlimart	850 W. Washington Avenue, Earlimart, CA 93291 Telephone: (661) 849-4202 Website: http://www.earlimart.org/o/alila-school
Columbine School Cafeteria	Earlimart	2240 Road 160, Delano, CA 93215 Telephone: (661) 725-8501 Website: http://www.tcoe.org/Districts/Columbine.shtm
Earlimart Elementary Cafeteria	Earlimart	192 S. Church Road, Earlimart, CA 93219 Telephone: (661) 849-2651 Website: http://www.earlimart.org/o/elementary-school
Earlimart Memorial Building	Earlimart	712 E. Washington, Earlimart, CA 93219
Earlimart Middle School Gym or Cafeteria	Earlimart	599 E. Sutter Avenue, Earlimart, CA 93219 Telephone: (661) 849-2611 Website: http://www.earlimart.org/o/middle-school

V.A.3 Printed Communication

V.A.3.1 Branding

Branding is defined as the process of creating distinctive and durable perceptions in the minds of a target audience. A brand is a specific look – a persistent, consistent, unique identity for an organization, making it easy for an audience to identify an organization through its consistent and frequent use of branding. The DEID GSA will incorporate a DEID GSA brand on all forms of communication and engagement with the public, which includes consistent usage of the official logo, fonts and colors.

V.A.3.2 Printed Materials

Printed materials will incorporate the visual imagery established through branding efforts and will be tailored for specific means of communication throughout the phases of GSP development, public review and implementation. All printed materials will be translated into Spanish.

- **Newsletter** – Monthly or bi-monthly newsletters will be created during the GSP development, public review, and implementations phase to inform stakeholders of compliance requirements and groundwater sustainability updates, opportunities and programs within the DEID GSA and Tule Subbasin. The newsletter will be distributed to those on the Interested Parties List and made available in public locations such as the school sites within the Columbine and Earlimart school districts and EPUD and DEID offices.
- **Fact Sheets, Fliers, Post Cards** – Fact sheets, fliers or post cards will be developed, as needed. Information may include meeting notices to mail and post within the Delano and Earlimart communities, or general SGMA information updated with the key messages for each of the GSP phases. These materials will be available for download on the DEID GSA’s website, distributed at public meetings and community organizations/entities meetings, distributed door-to-door if necessary, and emailed to the Interested Parties List and other organizations’ email distribution lists.
- **Letter Correspondence** – When letter correspondence is necessary, particularly during the public review and implementation phases, letters will be distributed via email or direct mail. Letters will include pertinent facts and explanations that need to be communicated to stakeholders.
- **Presentation Materials** – Power Point presentations will be utilized at educational/outreach public meetings. If a Power Point isn’t possible to display for a meeting, display boards printed at 24-inch x 36-inch or larger in size will be used and set up on easels. Handouts of presentations and smaller versions of display boards can be distributed to stakeholders in attendance and can also be emailed to the Interested Parties list and posted on DEID GSA’s website for access by stakeholders as a recap of the meeting.
- **Other Printed Materials** – Other printed materials may be needed to be developed during the GSP development, public review and implementation phases.

V.A.4 Digital Communication

Digital communication outlets will be a significant mode of communication through the GSP development, public review and implementation phases.

- **Website** – Public meeting notices and agendas of the Board of Directors meetings are posted on the DEID GSA’s website. This website will serve as an integral resource for stakeholders within the DEID GSA boundary. Electronic files of newsletters, presentations, fact sheets/fliers/postcards, and other educational resources will be accessible via the website in both English and Spanish translations. This will serve as a way for stakeholders to easily educate themselves on the GSP process and phases.

- **Email Distribution** – As required by SGMA 10723.4 “Maintenance of Interested Persons List,” DEID GSA maintains a contact list and regularly distribute emails to those who have expressed interest in the GSA’s progress. These email blasts consist of meeting notices and other documents that are pertinent to the DEID GSA and stakeholder communication efforts. This process will continue.

Email blasts with newsletter links, meeting notices, public review notices, and other crucial information will be coordinated with community organizations and stakeholder groups by utilizing their distribution lists. Examples of these organizations are DEID, EPUD, and school districts within the DEID GSA boundary. A complete working list of organizations that will be contacted are listed in **Table II-3**.

V.A.5 Media Coverage

There is a lack of specific news sources representing the communities and stakeholders within the DEID GSA boundary, but the GSA will be responsive to any requests received from media outlets regarding GSP development and SGMA implementation.

VI. Implementation Timeline

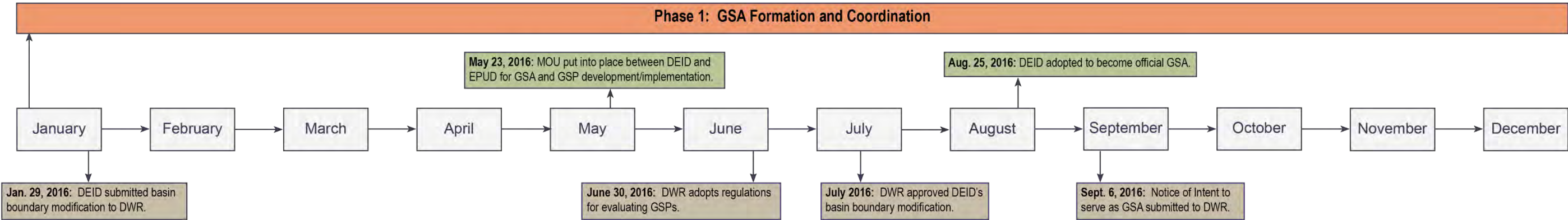
The timeline for implementing the DEID GSA's Communication & Engagement Plan will be broken down by phase:

- Phase 1: GSA Formation and Coordination – 2015 through 2017 (**Figure VI-1**)
- Phase 2: GSP Preparation and Submission – 2017 through 2019 (**Figure VI-2**)
- Phase 3: GSP Review and Evaluation – 2019 through 2020 (**Figure VI-2**)
- Phase 4: Implementation and Reporting – 2020 and ongoing

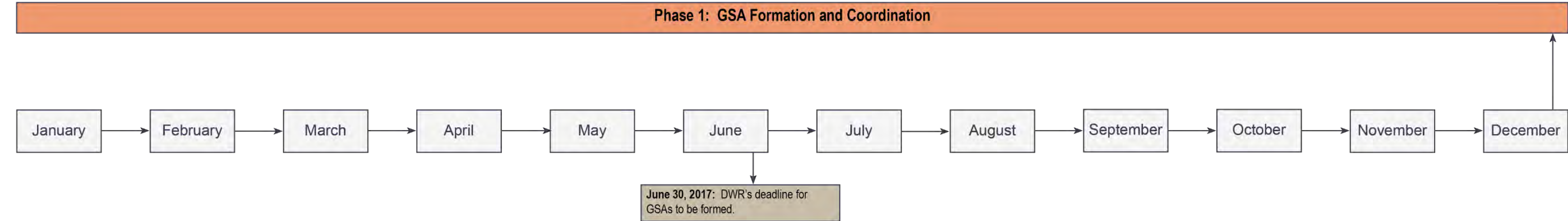
The timeline is tentative and subject to change with the progression of the GSP development, public review and implementation phases. The public review phase will be in accordance with SGMA's public review standards and the implementation timeline will reflect that timeframe once a definitive timeline has been established with the completion of the GSP draft.

September 2014: Sustainable Groundwater Management Act (SGMA) signed into law.

2016



2017



Timeline Key:

DWR Deadlines & Interaction

DEID GSA Board of Directors Collaboration

DEID GSA Outreach Efforts

SGMA Phases

Figure VI-1. DEID GSA Communication & Engagement Timeline – Phase 1: GSA Formation and Coordination

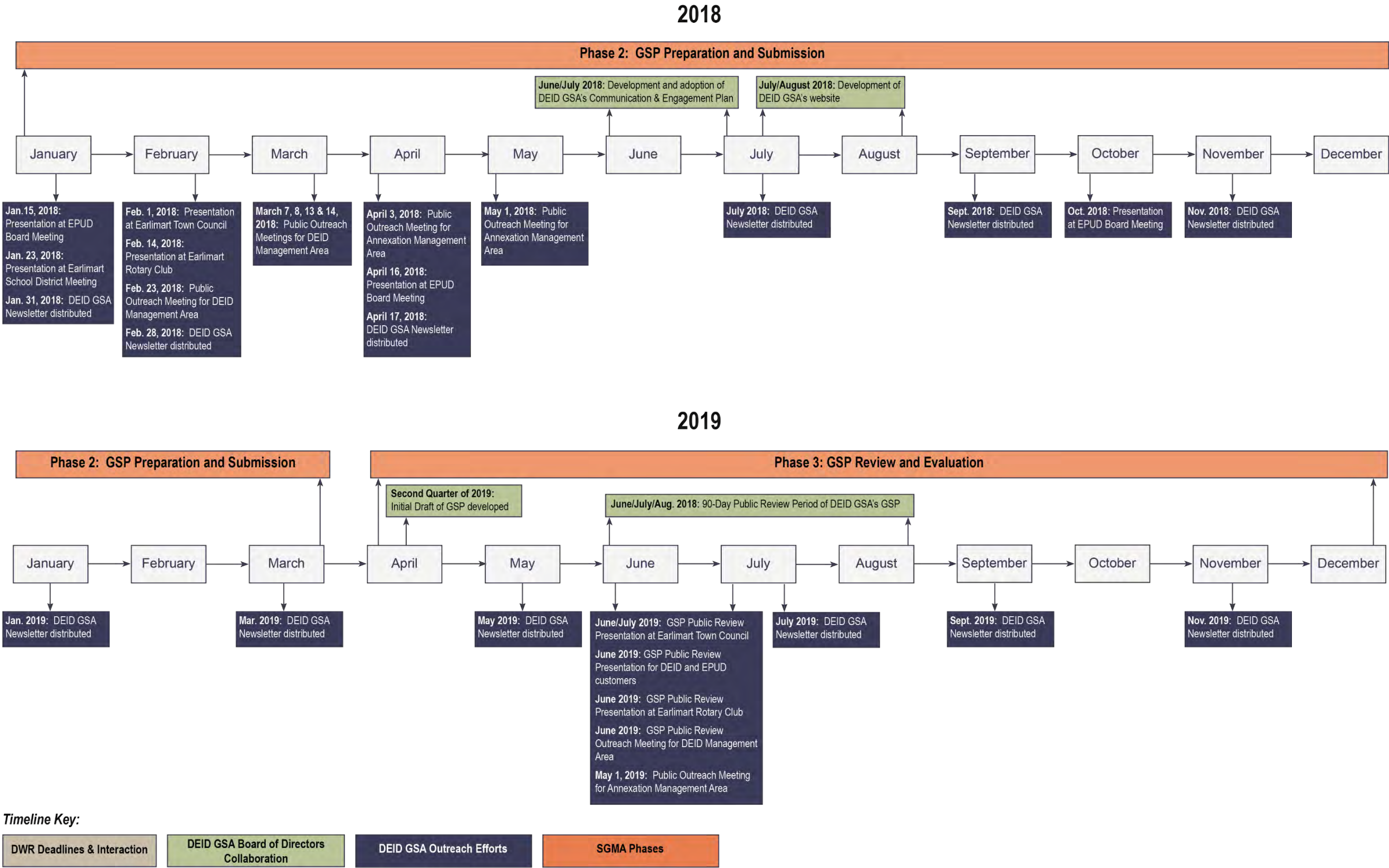


Figure VI-2. DEID Communication & Engagement Timeline – Phase 2: GSP Preparation and Submission, and Phase 3: GSP Review and Evaluation

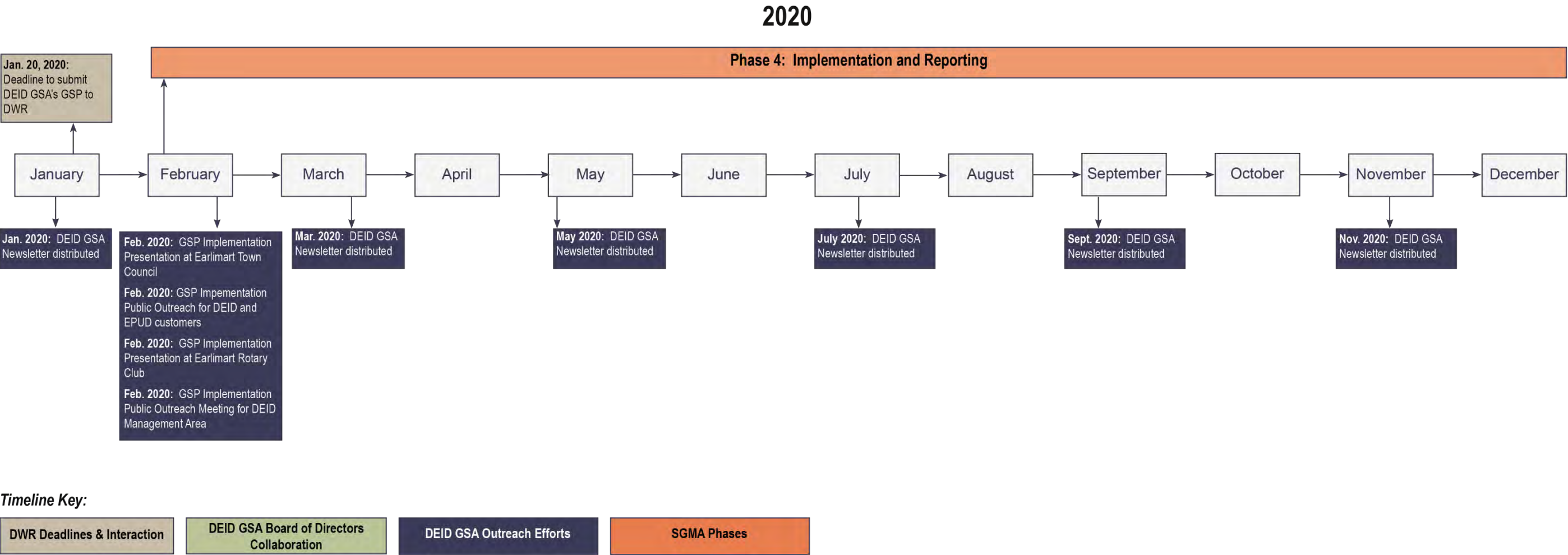


Figure VI-3. DEID Communication & Engagement Timeline – Phase 4: Implementation and Reporting

VII. Evaluation and Assessment

A. Evaluation and Assessment Process

Having an established “checks and balances” process is essential in keeping public outreach goals on target. SGMA and the resulting GSP will affect everyone within the subbasin, and outreach efforts must be all-encompassing. To evaluate and assess how outreach efforts are performing as compared to the goals and objectives detailed in the Communication & Engagement Plan, the DEID GSA has established a process:

VII.A.1 Outreach Reports

GSA management will provide periodic updates to the Board of Directors. These updates will include, but will not be limited to:

- Status of upcoming outreach events, and recaps of past outreach events
- Milestone updates/revisions
- Review/input and approval of printed materials (fliers, fact sheets, talking points, etc.)
- Results and status updates of stakeholder discussions

VII.A.2 Milestone Review

Once per quarter or as determined, the GSA management will facilitate a more in-depth discussion with the Board of Directors for feedback regarding communication and engagement efforts for the stakeholder groups they specifically represent. These discussions will cover:

- What has worked well?
- What hasn’t worked as planned or could be finetuned for more effective results?
- Lessons learned
- Outreach needs that should be added to the implementation timeline
- Next steps

VIII. DEID GSA Completed Outreach Tracking

The spreadsheet on the following pages provides a detailed list of public outreach efforts completed by the DEID GSA. The spreadsheet includes:

- Stakeholder Meetings – Date, number in attendance, and target audience
- Public Presentations – Date, number in attendance, and organization
- Monthly Newsletter Distribution

2015-2016

		January		February		March		April		May		June	
		date	# attending	date	# attending	date	# attending	date	# attending	date	# attending	date	# attending
notices/newslette													
	email version											6/21/2016	
	print version-englis											distributed'	
		July		August		September		October		November		December	
		date	# attending	date	# attending	date	# attending	date	# attending	date	# attending	date	# attending
Stakeholder meeting:													
	DEID GSA	7/21/2016	61										
notices/newslette													
	all stakeholders-email	7/18/2016				9/20/2016				1/20/2015			
	all stakeholders-print-englis	distributed'				distributed'				distributed'			

*distribution points: Earlimart school sites; Columbine school site; EPUD office; DEID office.

DEID GSA PUBLIC OUTREACH PROGRAM - 2017

		January		February		March		April		May		June	
		date	# attending	date	# attending	date	# attending	date	# attending	date	# attending	date	# attending
Stakeholder meeting:													
DEID GSA						3/15/2017	6	4/18/2017	12	5/25/2017	18		
newsletter:													
	email version					3/8/2017		4/7/2017		5/12/17-5/23/17		6/28/2017	
	print version-english					distributed*		distributed*		distributed*		distributed*	
	print version-spanis					distributed'		distributed'		distributed'		distributed'	

		July		August		September		October		November		December	
		date	# attending	date	# attending	date	# attending	date	# attending	date	# attending	date	# attending
Stakeholder meeting:													
DEID GSA		7/21/2017	not recorded	8/24/2017	35	9/22/2017	23			11/13/2017	29		
newsletter:													
	all stakeholders-email	7/17/2017		8/16/2017		9/14/2017		10/27/2017				12/21/17-12/28/17	
	all stakeholders-print-english	distributed*		distributed*		distributed*		distributed*				distributed*	
	all stakeholders-print-spanis	distributed'		distributed'		distributed'		distributed'					

*distribution points: Earlimart school sites; Columbine school site; EPUD office; DEID office.

DEID GSA PUBLIC OUTREACH PROGRAM - 2018

		January		February		March		April		May		June	
		date	# attending	date	# attending	date	# attending	date	# attending	date	# attending	date	# attending
Stakeholder meetings:													
DEID Management Area				2/23/2018	33	3/7/2018	1						
						3/8/2018	3						
						3/13/2018	17						
						3/14/2018	15						
Annexation Mgmt Area:								4/3/2018	9	5/1/2018	4*		
Public presentation										* with annex area reps			
	EPUD	1/15/2018	10					4/16/2018	6				
	Earlimart Town Council			2/1/2018	15					5/10/2018	6		
	Earlimart School District	1/23/2018	50+										
	Columbine School District											6/13/2018	3
	Earlimart Rotary Clut			2/14/2018	9								
newsletter:													
	email version	1/31/2018		2/28/2018				4/17/2018				6/25/2018	
	print version-english	distributed*		distributed*				distributed*				distributed*	
	print version-spanis	distributed'		distributed'				distributed'				distributed'	

		July		August		September		October		November		December	
		date	# attending	date	# attending	date	# attending	date	# attending	date	# attending	date	# attending
Stakeholder meetings:													
DEID Management Area				8/29/2018	28					11/14/2018	6		
				8/31/2018	4					11/13/2018	26		
										11/20/2018	20		
Annexation Mgmt Area		7/30/2018	5									12/4/2018	11
												12/11/2018	10
												12/21/2018	7
Public presentation													
newsletter:													
	all stakeholders-email			8/22/2018						11/17/2018		12/21/2018	
	all stakeholders-print-english			distributed*						distributed*		distributed*	
	all stakeholders-print-spanish			distributed*						distributed*		distributed*	
	annexed area-email	7/30/2018								11/20/2018			

*distribution points: Earlimart school sites; Columbine school site; EPUD office; DEID office.

DEID GSA PUBLIC OUTREACH PROGRAM - 2019

	January		February		March		April		May		June	
	date	# attending	date	# attending	date	# attending	date	# attending	date	# attending	date	# attending
Stakeholder meetings:												
DEID Management Area					3/1/2019	6	4/17/2019	13	5/16/2019	17	6/10/2019	4
											6/19/2019	8
Western Management Area					3/11/2019	8	4/23/2019	11				
EPUD Management Area												
RCSD Management Area	1/30/2019	7	2/14/2019	5			4/9/2019	5				
newsletter												
email version					3/8/2019				5/8/2019			
print version-english					distributed*				distributed*			
print version-spanis					distributed*				distributed*			

	July		August		September		October		November		December	
	date	# attending	date	# attending	date	# attending	date	# attending	date	# attending	date	# attending
Stakeholder meetings:												
DEID Management Area									11/8/2019			
Western Management Area			8/29/2019	7	9/5/2019	4			11/1/2019	9		
EPUD Management Area			8/19/2019	13					11/7/2019	1		
RCSD Management Area									11/7/2019	3		
newsletter												
email version	7/12/2019						10/1/2019		11/1/2019			
print version-english	distributed*						distributed*					
print version-spanis	upon request						upon request					

*distribution points: Earlimart school sites; Columbine school site; EPUD office; DEID office.

DEID GSA PUBLIC OUTREACH PROGRAM - 2020

	January		February		March		April		May		June	
	date	# attending	date	# attending	date	# attending	date	# attending	date	# attending	date	# attending
Stakeholder meetings												
DEID Management Area												
Western Management Area												
EPUD Management Area												
RCSD Management Area												
All stakeholders	1/7/2020	14										
	1/27/2020	15										
newsletter												
email version	1/21/2020											
print version-english	DEID lobby											
print version-spanish	upon request											

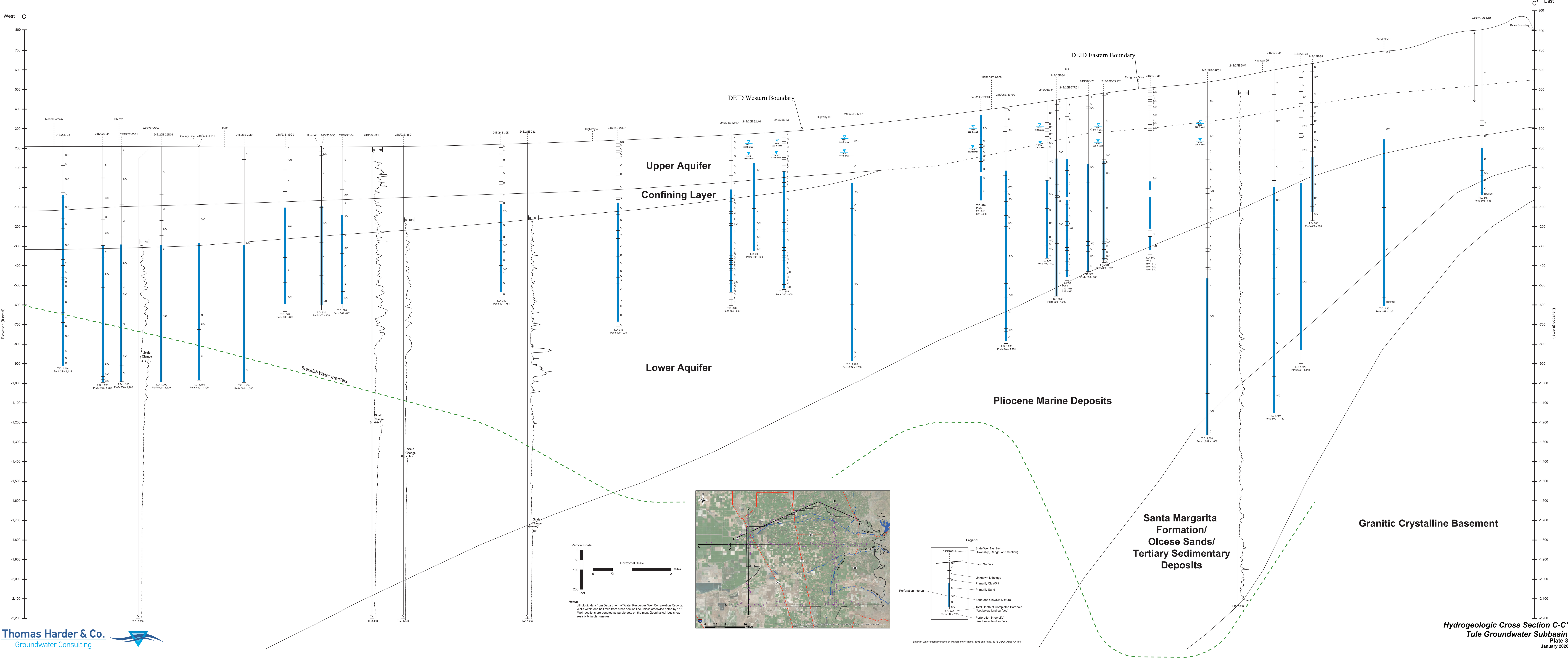
	July		August		September		October		November		December	
	date	# attending	date	# attending	date	# attending	date	# attending	date	# attending	date	# attending
Stakeholder meetings												
DEID Management Area												
Western Management Area												
EPUD Management Area												
RCSD Management Area												
All stakeholders												
newsletter												
email version												
print version-english												
print version-spanish												

*distribution points: Earlimart school sites; Columbine school site; EPUD office; DEID office.

**DEID lobby only

APPENDIX H

Cross-Section C-C'



APPENDIX I

Letter from Friant Water Authority
Dated May 28, 2019



Chris Tantau
Kaweah Delta W.C.D.
Chairman of the Board

Jim Erickson
Madera I.D.
Vice Chairman

Cliff Loeffler
Lindsay-Strathmore I.D.
Secretary/Treasurer

Edwin Camp
Arvin-Edison W.S.D.

Kole Upton
Chowchilla W.D.

Tim Orman
City of Fresno

George Porter
Fresno I.D.

Loren Booth
Hills Valley I.D.

Michael Brownfield
Lindmore I.D.

Kent H. Stephens
Kern-Tulare W.D.

Harvey A. Bailey
Orange Cove I.D.

Eric Borba
Porterville I.D.

Steven G. Kisling
Saucelito I.D.

Edwin L. Wheaton
Terra Bella I.D.

Rick Borges
Tulare I.D.

Jason R. Phillips
Chief Executive Officer

Douglas A. DeFlitch
Chief Operating Officer

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May 28, 2019

Mr. Eric Quinley
Delano-Earlimart GSA
14181 Avenue 24
Delano, CA 93215

RE: Notice of Requirement that Groundwater Sustainability Plan Identify the Effects of Subsidence on the Friant-Kern Canal Due to Groundwater Pumping as an "Undesirable Result" and to Implement Measures to Avoid and Address such Undesirable Result

Dear Mr. Quinley:

I write at the direction of the Board of Directors of the Friant Water Authority regarding your agency's efforts to develop a groundwater sustainability plan (GSP) for your basin as mandated by California's landmark law – the Sustainable Groundwater Management Act (SGMA). As the operator of the Friant-Kern Canal on behalf of the United States Bureau of Reclamation, which facility conveys surface water to municipal and/or agricultural users in your basin and provides opportunities for groundwater recharge, SGMA requires that your agency consider the interests of FWA in formulating your GSP. (Water Code § 10723.2.)

As a preliminary matter, to the extent that your agency has not already done so, I request that FWA be added to your list of "interested persons" and that we receive notice of your board meetings, the release of the draft GSP for public comment, and any public hearings prior to the adoption of the GSP. Our contact information for such notice is at the end of this letter.

FWA, many of whose member agencies are also members of groundwater sustainability agencies (GSAs), acknowledges the challenges that SGMA presents in terms of developing a GSP that halts overdraft and brings your basin into a balanced level of pumping and recharge. Nevertheless, as plans move forward in our region, the preliminary studies and data being developed by GSAs confirm that overdraft in basins through which the Friant-Kern Canal crosses has been the primary source of land subsidence, which in turn has caused the Canal to subside more than 12 feet in certain areas – including several feet in just the past few years alone. As a result, the Canal, because of its "gravity" design, has had its conveyance capacity reduced to 40% of its original capacity (from 4,000 to 1,650 cubic-feet per second). The constriction in the Canal caused by subsidence now precludes the delivery of up to several hundred thousand acre-feet of water to Friant Division Contractors below the constrictions in wetter years, which in turn, among other things, threatens the

continued viability of tens of thousands of acres of Central Valley farmland served by our contractors.

Under SGMA, your agency's GSP must include a description of "undesirable results" applicable to the basin, which must include the following:

(1) The cause of groundwater conditions occurring throughout the basin that would lead to or has led to undesirable results based on information described in the basin setting, and other data or models as appropriate.

(2) The criteria used to define when and where the effects of the groundwater conditions cause undesirable results for each applicable sustainability indicator. The criteria shall be based on a quantitative description of the combination of minimum threshold exceedances that cause significant and unreasonable effects in the basin.

(3) Potential effects on the beneficial uses and users of groundwater, on land uses and property interests, and other potential effects that may occur or are occurring from undesirable results.
(23 California Code of Regulations (CCR) § 354.26.)

FWA understands that defining the conditions that are considered significant and unreasonable undesirable results is a difficult task, and that stakeholder input is critical in this process. As such, we respectfully request the opportunity to meet with your staff and other technical advisors and consultants to discuss what subsidence conditions FWA might consider to be significant and unreasonable, and to collaboratively discuss opportunities that might satisfactorily mitigate future anticipated subsidence.

As your agency may be aware, the FWA Board recently gave preliminary direction to study, develop plans, and pursue permitting for a portion of an overall project referred to as the Friant-Kern Canal Capacity Correction Project that is intended to restore the capacity of Canal that has been lost due to subsidence by developing new parallel canal segments in the areas of the Canal most impacted. FWA's engineering consultant, Stantec, currently estimates the costs of the Project are in the range of \$195 million to \$429 million. This estimate does not, at present, include detailed design or construction work to address potential future subsidence of the Canal.

While SGMA may permit for a period of up to 20 years to bring a basin into balance, we firmly believe that the continuation of subsidence at the rates historically experienced, particularly if unmitigated, is unacceptable and look forward to identifying feasible solutions that allow your agency to meet its sustainability goal while avoiding or mitigating undesirable subsidence impacts on the Friant-Kern Canal.

On behalf of FWA, I appreciate your agency's consideration of these initial comments and we look forward to continued dialogue and participation as a stakeholder as the GSP is developed.

Sincerely



Jason Philips,
Chief Executive Officer

Contact information for GSA Notices:

Friant Water Authority
854 N. Harvard Ave.
Lindsay, CA 93247
Attention: Douglas DeFlitch, Chief Operating Officer
gsa@friantwater.org

Email distribution:

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APPENDIX J

Technical Report from Thomas
Harder and Associates: Analysis of
the Relative Cause of Future
Subsidence Along the Friant-Kern
Canal within the Tule Subbasin

Technical Memorandum



To: Tule Subbasin Technical Advisory Committee
c/o Mr. R.L. Schafer, Coordinator

From: Thomas Harder, P.G., C.HG.
Thomas Harder & Co.

Date: 3-Jan-20

Re: Analysis of the Relative Cause of Future Predicted Land Subsidence along the
Friant-Kern Canal within the Tule Subbasin

1 Introduction

This technical memorandum (TM) summarizes an analysis of the relative cause of future predicted land subsidence along a section of the Friant-Kern Canal (FKC) that lies within the eastern portion of the Tule Subbasin in Tulare County, California (see Figure 1). Historical land subsidence along a section of the FKC in the Tule Subbasin has resulted in a depression in the canal, which restricts the volume of water the Friant Water Authority (FWA) can deliver downstream of the affected area. The FWA is in the process of preparing design plans to repair the damage to the canal from historical land subsidence. However, additional land subsidence is predicted to occur in the future as groundwater pumping rates in the Tule Subbasin are transitioned from overdraft conditions to sustainable conditions.

The Tule Subbasin Technical Advisory Committee (TAC) desires to coordinate future groundwater management plans within the subbasin with on-going efforts by the FWA to repair the canal and restore its original flow capacity. A primary planned management action for Groundwater Sustainability Agencies (GSAs) within the Tule Subbasin whose water supply portfolio is not sustainable is the gradual reduction in groundwater pumping after 2020 to achieve a balance of recharge and discharge (i.e. sustainability) by 2040, in accordance with the Sustainable Groundwater Management Act (SGMA). As the subbasin is currently in overdraft resulting in declining groundwater levels which contribute to land subsidence, any delay in implementing the pumping reduction management action risks additional land subsidence beneath the canal, which will need to be accounted for by the FWA and their engineering design team in implementing the canal repair. The cost of the repair is related to the amount of land subsidence they need to address.

Thomas Harder & Co.
1260 N. Hancock St., Suite 109
Anaheim, California 92807
(714) 779-3875

1.1 Purpose and Scope

Of the Tule Subbasin GSAs that need to reduce groundwater production in order to be sustainable, all are planning to reduce pumping gradually into the future (i.e. transitional pumping) to allow growers to plan and adjust to the new pumping requirements. Accordingly, the delay in reaching sustainable pumping levels is anticipated to result in continued declining groundwater levels and land subsidence beneath the FKC during the transitional pumping period between 2020 and 2040. The purpose of the analysis presented herein is to predict the relative contribution to land subsidence beneath the FKC between the various agencies and growers in the Tule Subbasin for the transitional pumping period between 2020 and 2040.

Agencies and white areas are represented in the groundwater flow model with distinct Water Budget Areas (WBAs). Each WBA has a unique water budget, including consumptive use volumes and surface water deliveries. WBAs in different GSAs also have different transitional pumping schedules. The scope of work to address the objective included using the existing Tule Subbasin Groundwater Flow Model to run various predictive scenarios to isolate the relative contribution of each WBA on land subsidence at the FKC.

The analysis separately accounts for potential land subsidence between 2020 and 2040 that can be attributed to “legacy” effects resulting from the ongoing equilibration of historical groundwater depressions in the western subbasin area with higher groundwater levels in the southeastern portion of the subbasin, as described in TH&Co (2019a)¹.

2 Analysis Methodology – Groundwater Flow model

2.1 Groundwater Flow Model

Predicted future land subsidence in the Tule Subbasin was analyzed using a calibrated numerical groundwater flow model (GFM). The GFM used for the analysis was previously developed to evaluate the sustainable yield, groundwater level conditions, and land subsidence for the Tule Subbasin in support of compliance with SGMA, as described in TH&Co (2019b)². The GFM was developed using MODFLOW, a block-centered, finite difference groundwater flow modeling code developed by the United States Geological Survey (USGS) for simulating groundwater flow. The GFM also includes the subsidence package to estimate land subsidence based on groundwater levels and aquifer properties (e.g. elastic and inelastic storage). The GFM is calibrated to within industry standards to historical groundwater levels and land subsidence measurements.

¹ TH&Co, 2019a. Draft Detailed Analysis of Land Subsidence Along the Friant-Kern Canal in the Tule Subbasin. Prepared for the Tule Subbasin Technical Advisory Committee. Dated May 24, 2019.

² TH&Co, 2019b. Groundwater Flow Model of the Tule Subbasin. Prepared for the Tule Subbasin Technical Advisory Committee.



2.2 Water Budget Areas

The GFM utilizes the Farm Process Package (FMP) of MODFLOW to account for the application, consumptive use, and movement of water at the land surface in irrigated agricultural areas. The surface water budget is coupled with the groundwater flow system in the sense that the applied water demand of any given agricultural area that is not met by surface water supplies (i.e., imported water, diverted streamflow, or precipitation) is assumed to be supplied by pumped groundwater. In the Farm Process Package, agricultural areas can be subdivided to account for differences in crop type, e.g., irrigation efficiency, and available surface water supply, among others. To account for these unique water budget areas, the FMP for the Tule Subbasin model was divided into agricultural water budget areas (WBAs).

The following WBAs were analyzed (see Figure 1):

- WBA 2 – City of Porterville area
- WBA 3 – Porterville Irrigation District area
- WBA 4 – Vandalia and Tea Pot Dome Water Districts area
- WBA 5 – Eastern Tule White Area North
- WBA 6 – Saucelito Irrigation District area
- WBA 7 – Terra Bella Irrigation District area
- WBA 8 – Eastern Tule White Area South
- WBA 9 – Kern-Tulare Water District area
- WBA 10 – Lower Tule River Irrigation District area
- WBA 11 – Western Pixley Irrigation District area (within the mapped extent of the Corcoran Clay)
- WBA 12 – Delano-Earlimart Irrigation District area
- WBA 13 - Delano-Earlimart Irrigation District GSA White Lands area
- WBA 14 – Angiola Water District area
- WBA 15 – Tri-County GSA White Lands east
- WBA 16 – Tri-County GSA White Lands west
- WBA 17 – Tri-County GSA White Lands north
- WBA 18 – Alpaugh Irrigation District GSA area
- WBA 20 – Lower Tule River Irrigation District GSA White Lands area
- WBA 34 – Eastern Pixley Irrigation District area (outside the mapped extent of the Corcoran Clay)

It is noted that the areal domain of the GFM extends outside the Tule Subbasin. WBAs outside the Tule Subbasin but within the model domain were not included in the analysis, which is why not all WBAs are represented in the above list.



2.3 Transitional Pumping

A planned reduction in crop consumptive use is necessary to achieve sustainability by 2040. The reduction in crop consumptive use is directly correlated to a reduction in irrigated water demand and groundwater pumping. Each GSA provided a schedule to reduce consumptive use, starting in 2020, in order to achieve sustainable groundwater pumping by 2040. As the availability of surface water supplies from imported water and diverted streamflow is different between the GSAs, each GSA established a different consumptive use reduction, or “transitional pumping,” schedule (see TH&Co, 2019c)³. This transitional pumping was the subject of our analysis.

3 Analysis Methodology – Relative Cause

Using the WBAs listed above, the analytical process was as follows:

1. Using the existing transitional pumping schedules for the period from 2020 to 2040 as presented in TH&Co (2019c), TH&Co analyzed cumulative model-predicted land subsidence along the canal from 2020 through 2040, as shown on Figure 2. This analysis is considered the “All Transitional Pumping” run.
2. As a separate “bookend” analysis, TH&Co assigned 2040 sustainable water budget conditions (i.e., sustainable groundwater pumping under projected recharge and available surface water deliveries) to all WBAs starting in 2020 with no transitional pumping. This analysis is considered the “No Transitional Pumping” run. Model-predicted land subsidence along the canal as a result of this simulation is shown on Figure 3.
3. In the first set of predictive model analysis scenarios, the water budget for one WBA was set at sustainable (i.e. 2040) conditions in 2020 while the water budgets for all other WBAs reflected their transitional pumping schedules from 2020 to 2040. This was repeated for each of the 19 WBAs analyzed. This set of runs is referred to herein as the “All Transitional Pumping Except One” scenarios.
4. The second set of model runs was established as the inverse of the first set, whereby the water budget for one WBA was set to reflect its transitional pumping schedule from 2020 to 2040 while the water budgets for all other WBAs reflected sustainable conditions from 2020 to 2040. This was repeated for each of the 19 WBAs analyzed. This set of scenarios is referred to herein as the “No Transitional Pumping Except One” scenarios.
5. To assess the relative contribution of land subsidence along the FKC for each scenario, TH&Co calculated the cross-sectional area (i.e. length times height) of projected land

³ TH&Co, 2019c. Draft Tule Subbasin Setting. Prepared for the Tule Subbasin Technical Advisory Committee.



subsidence along the segment of the canal that is within the Tule Subbasin. This was conducted for each of the following conditions:

- a. The All Transitional Pumping run (see Figure 4).
- b. The No Transitional Pumping run (see Figure 5).
- c. The difference in cross-sectional area along the FKC between the All Transitional Pumping run and the individual WBA with no transitional pumping. This difference provided one estimate of the land subsidence associated with transitional pumping within that WBA (see Figure 6 for an example).
- d. The difference in cross-sectional area along the FKC between the No Transitional Pumping run and the individual WBA with transitional pumping. This difference provided a second estimate of the land subsidence associated with transitional pumping within that WBA.
- e. The relative percent contribution to land subsidence at the FKC from each WBA was assessed by dividing the individual contributions, as described above, by the sum of the individual contributions to land subsidence.

It is noted that WBA 12, which corresponds to the Delano-Earlimart Irrigation District (DEID) area, is not projected to require transitional pumping and therefore is excluded from the analysis.

4 Findings

Results of the All Transitional Pumping Except One model analysis scenarios show that WBAs 5, 6, 8, 11, and 34 have the greatest impact on land subsidence along the canal (see Figure 7). Results of the No Transitional Pumping Except One analysis scenarios show that WBAs 5, 8, and 11 have the greatest impact subsidence along the canal (see Figure 8). These WBAs generally correspond to agencies or agricultural areas that are close to the canal and have limited access to surface water supplies.

The relative contribution to land subsidence along the Friant-Kern Canal for each set of model scenarios is also represented in the pie chart on Figure 9. The average of the two sets of scenarios is shown in the large pie. The four WBAs that have the greatest impact on land subsidence are as follows:

1. WBA 8 (Eastern Tule White Area South); 56 percent
2. WBA 5 (Eastern Tule White Area North); 20 percent
3. WBA 34 (Eastern Pixley Irrigation District); 6 percent
4. WBA 11 (Western Pixley Irrigation District); 6 percent



5. WBA 6 (Saucelito Irrigation District); 5 percent

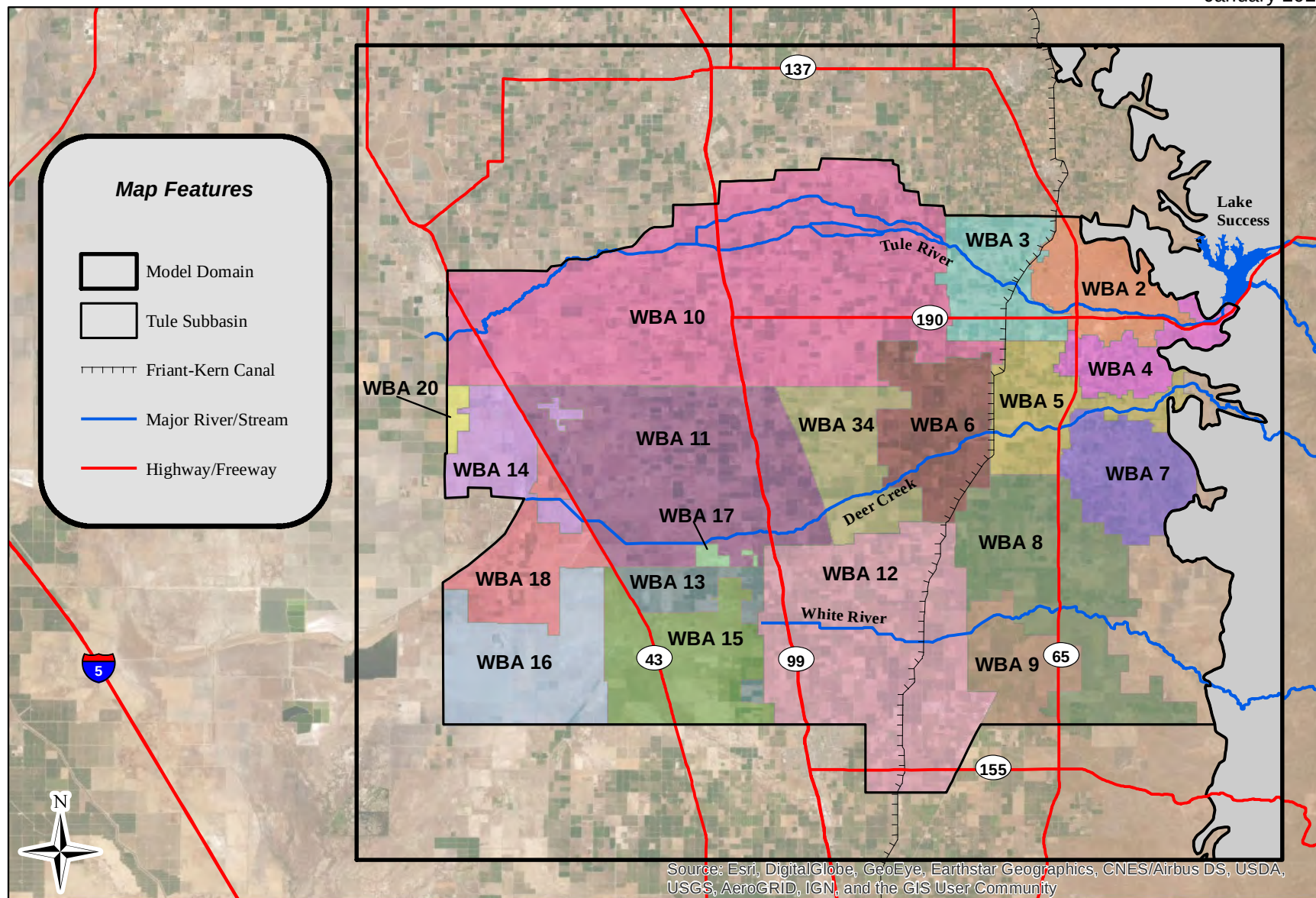
Relative contribution to land subsidence at the Friant-Kern Canal from the remaining WBAs accounts for the remaining 6 percent.



**Analysis of the Relative Cause of
Future Predicted Land Subsidence
along the Friant-Kern Canal**

January 2020

Tule Subbasin TAC



Thomas Harder & Co.
Groundwater Consulting



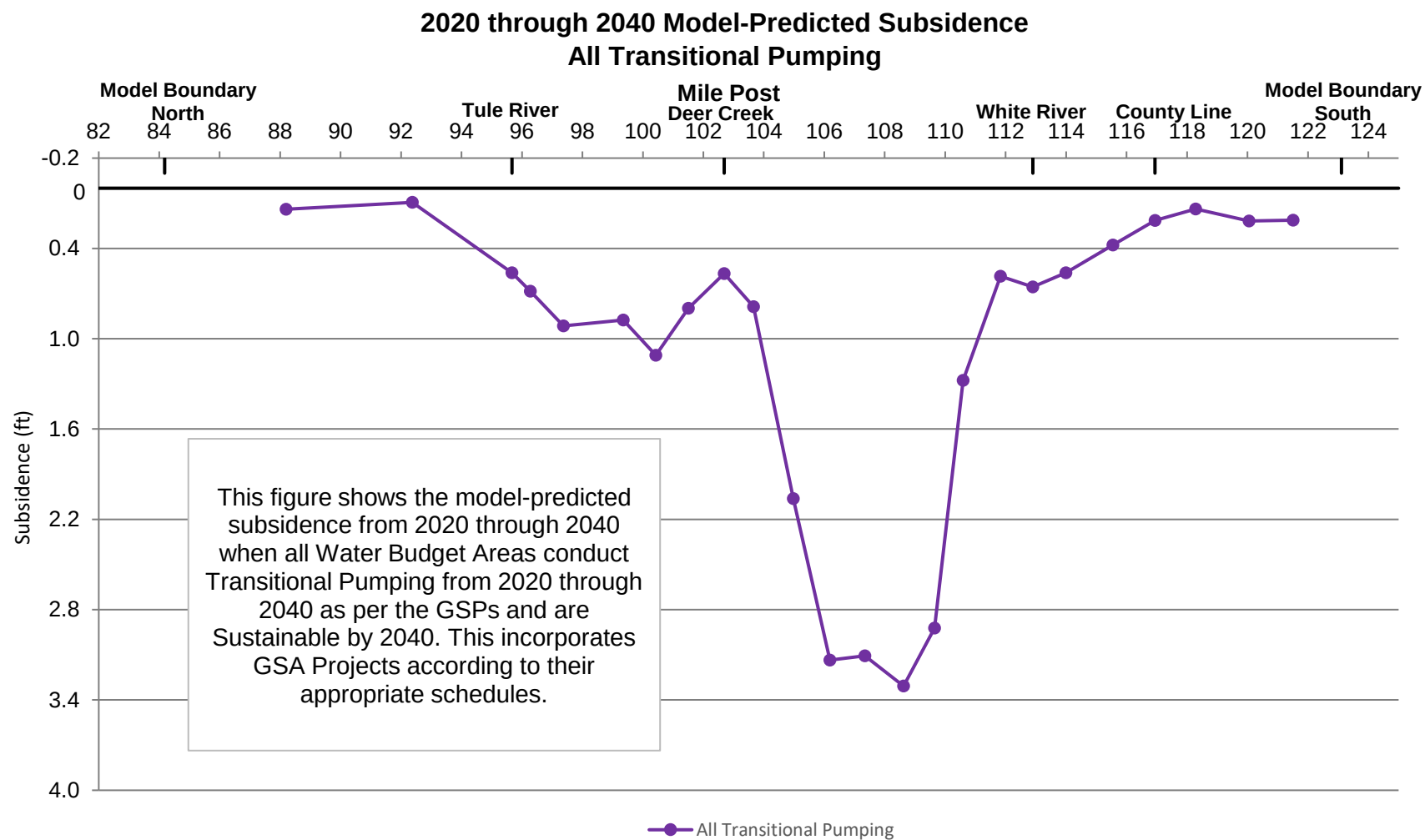
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Water Budget Areas

Figure 1

Tule Subbasin TAC
Analysis of the Relative Cause of Future Predicted
Land Subsidence along the Friant-Kern Canal

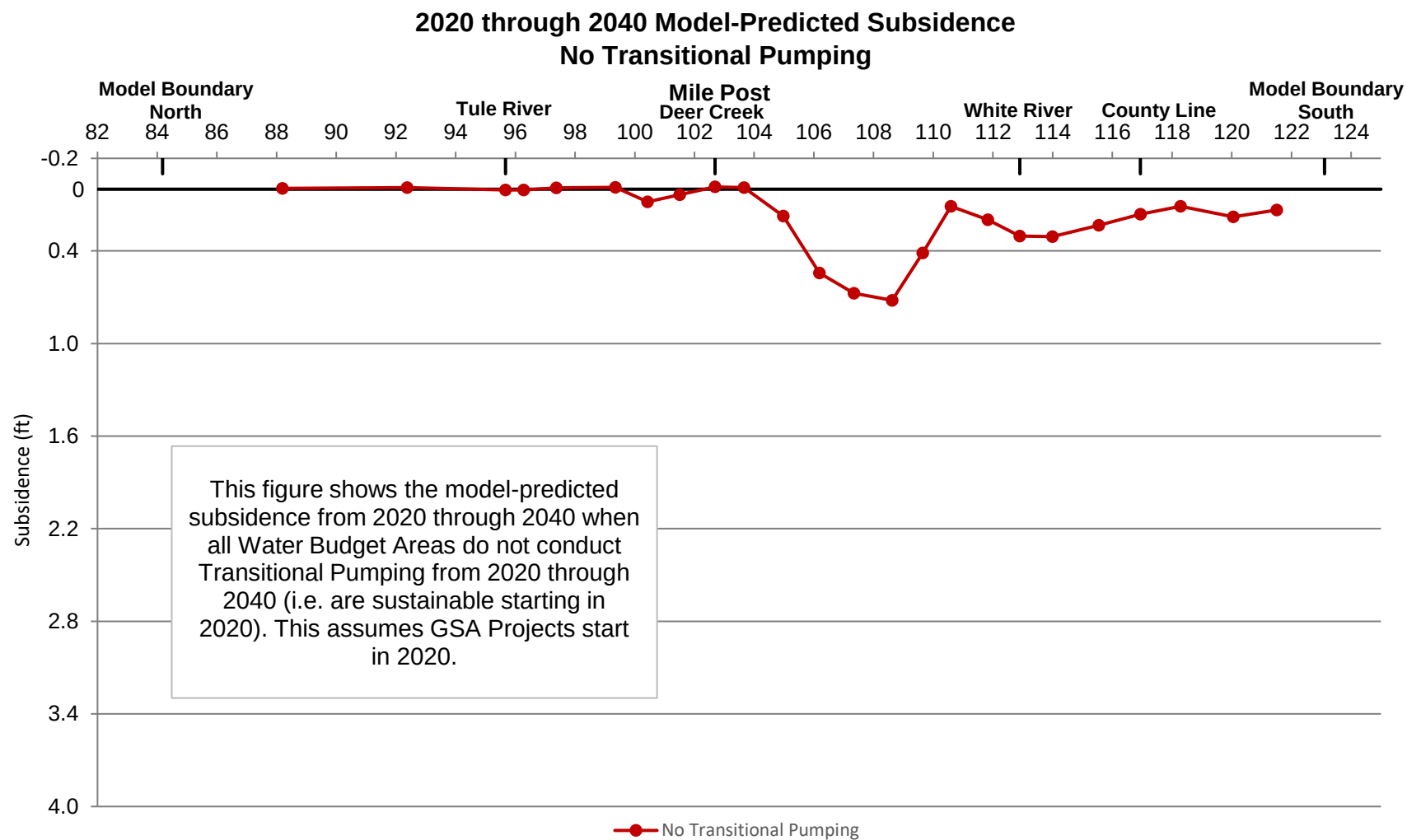
Figure 2



Note: Subsidence from October 1, 2019 through September 30, 2040.

Tule Subbasin TAC
Analysis of the Relative Cause of Future Predicted
Land Subsidence along the Friant-Kern Canal

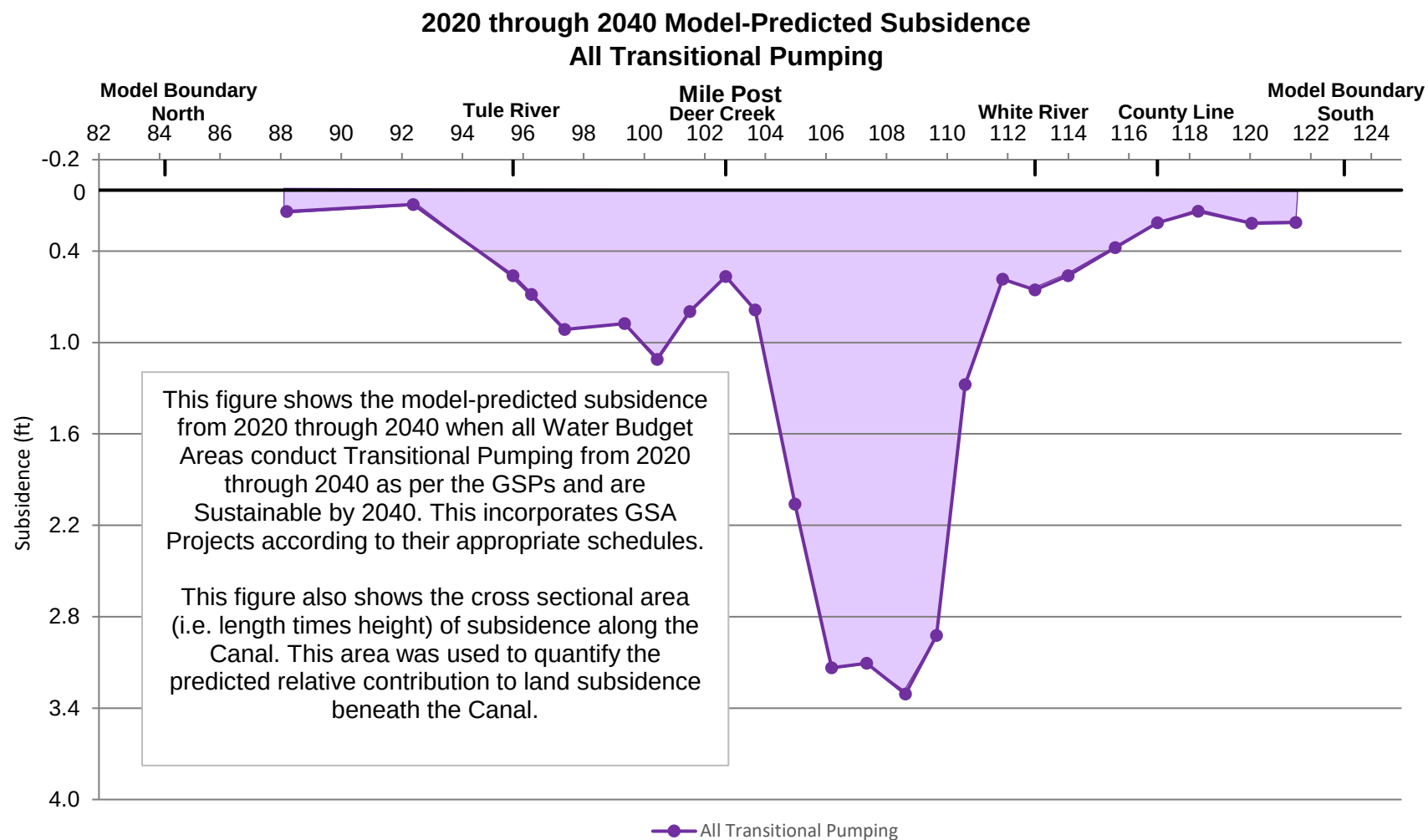
Figure 3



Note: Subsidence from October 1, 2019 through September 30, 2040.

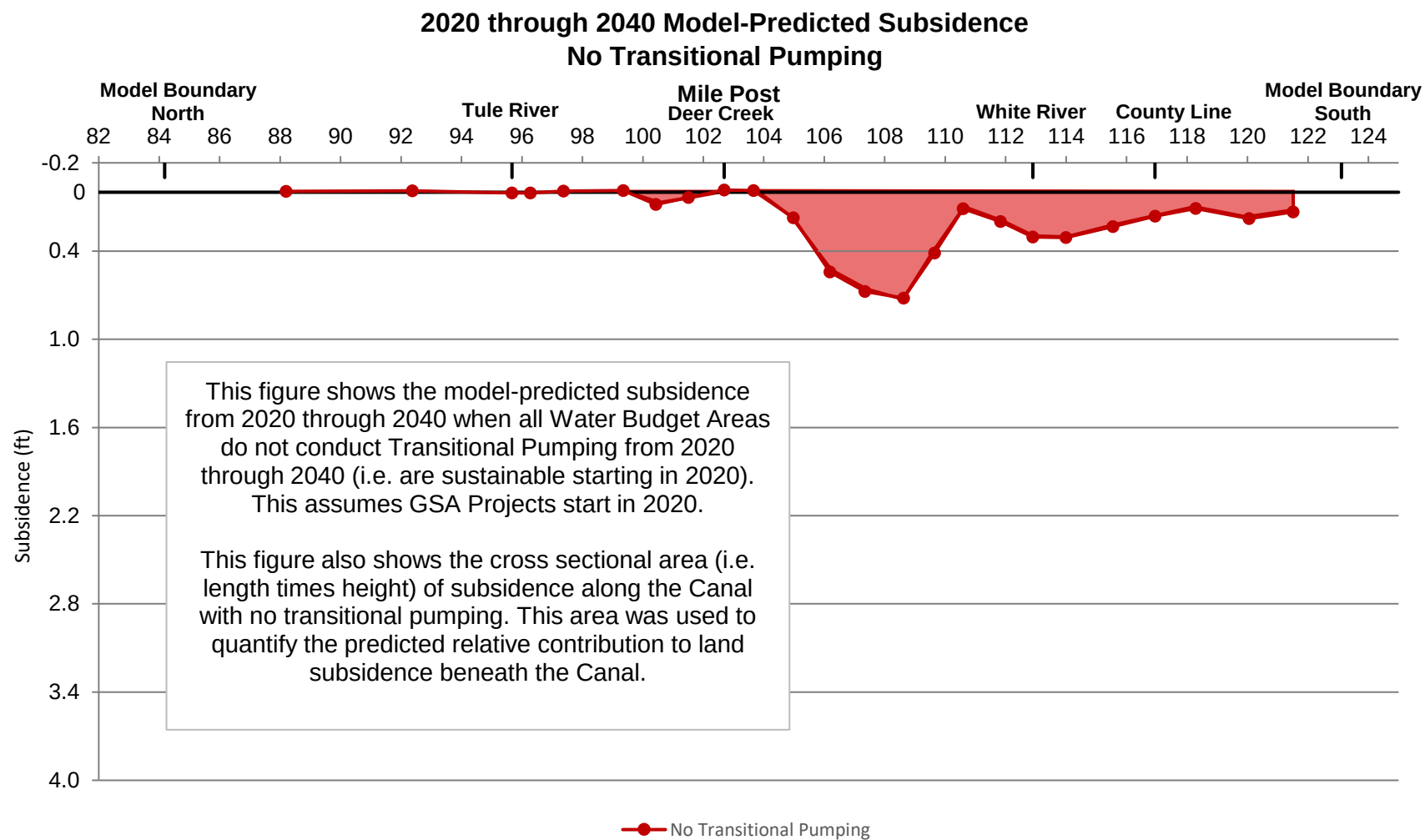
Tule Subbasin TAC
Analysis of the Relative Cause of Future Predicted
Land Subsidence along the Friant-Kern Canal

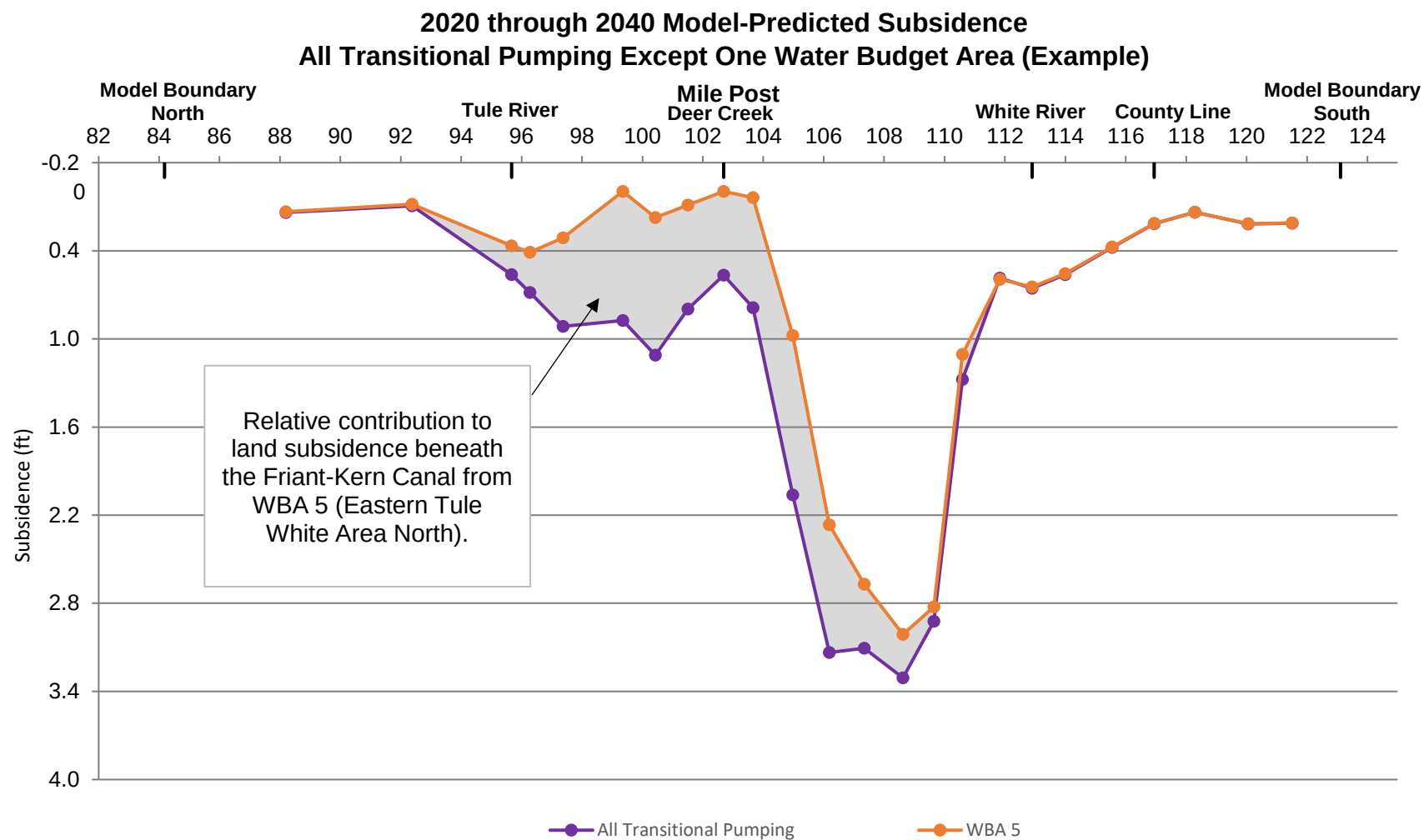
Figure 4



Tule Subbasin TAC
Analysis of the Relative Cause of Future Predicted
Land Subsidence along the Friant-Kern Canal

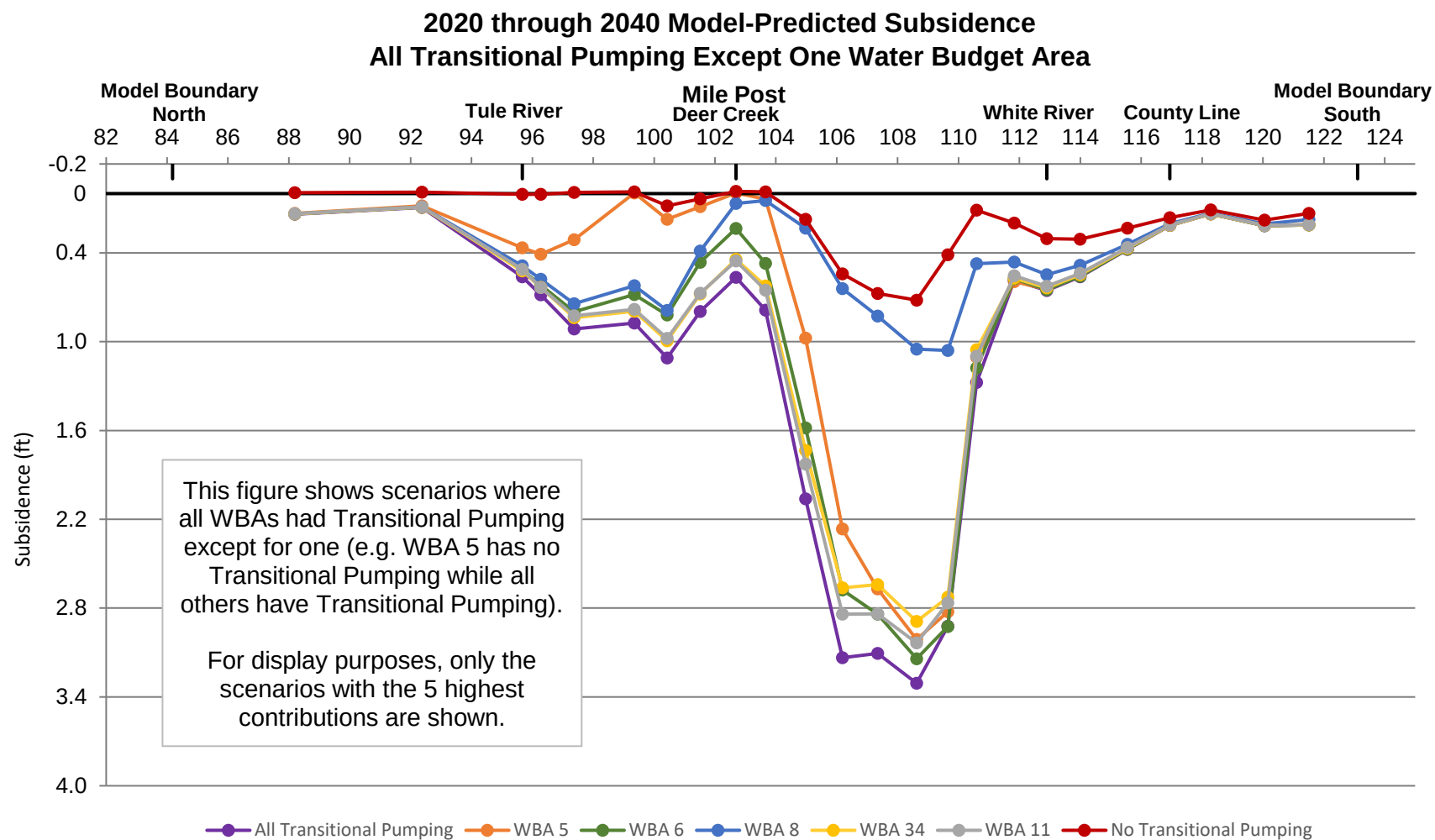
Figure 5





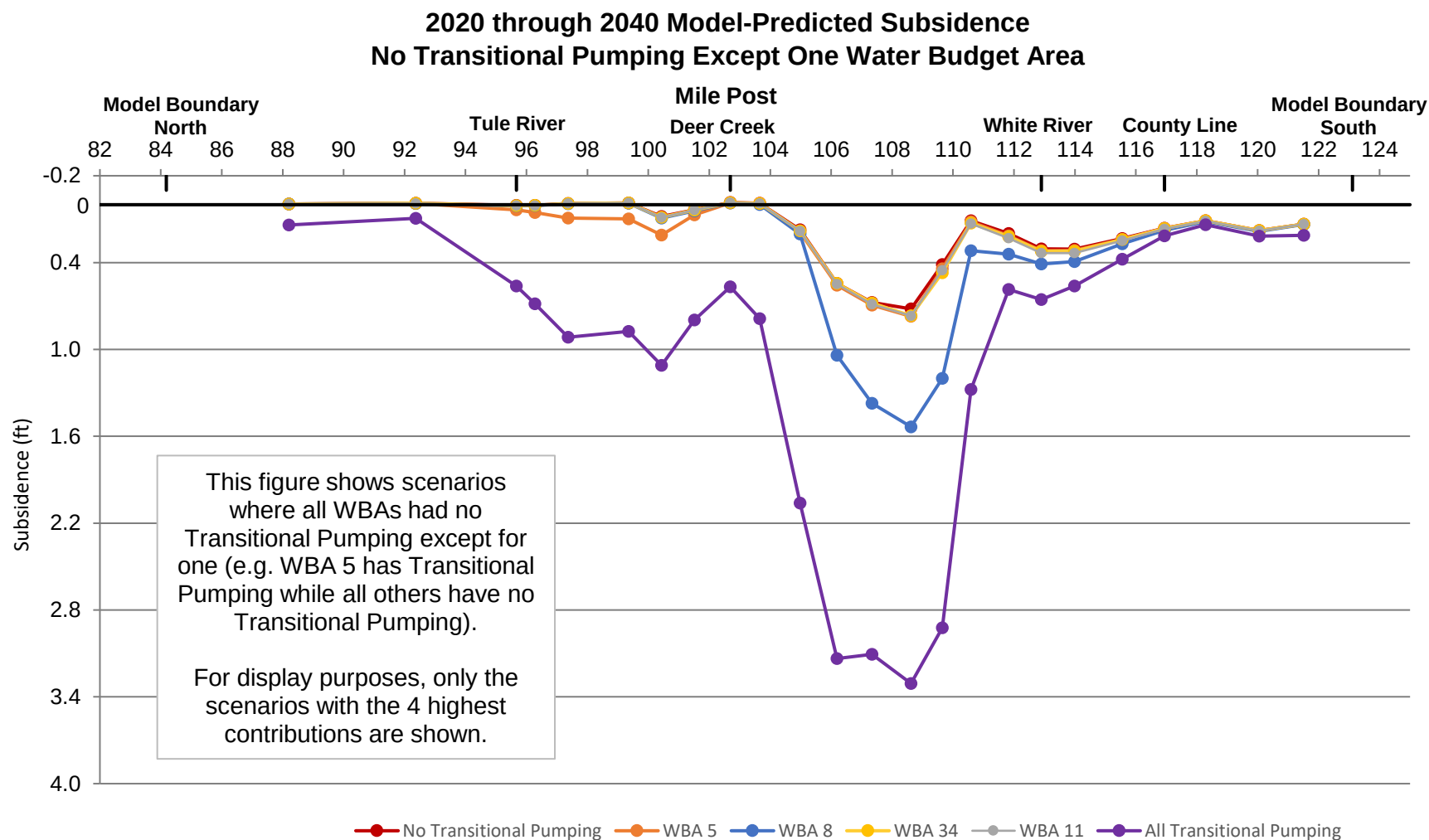
Tule Subbasin TAC
Analysis of the Relative Cause of Future Predicted
Land Subsidence along the Friant-Kern Canal

Figure 7

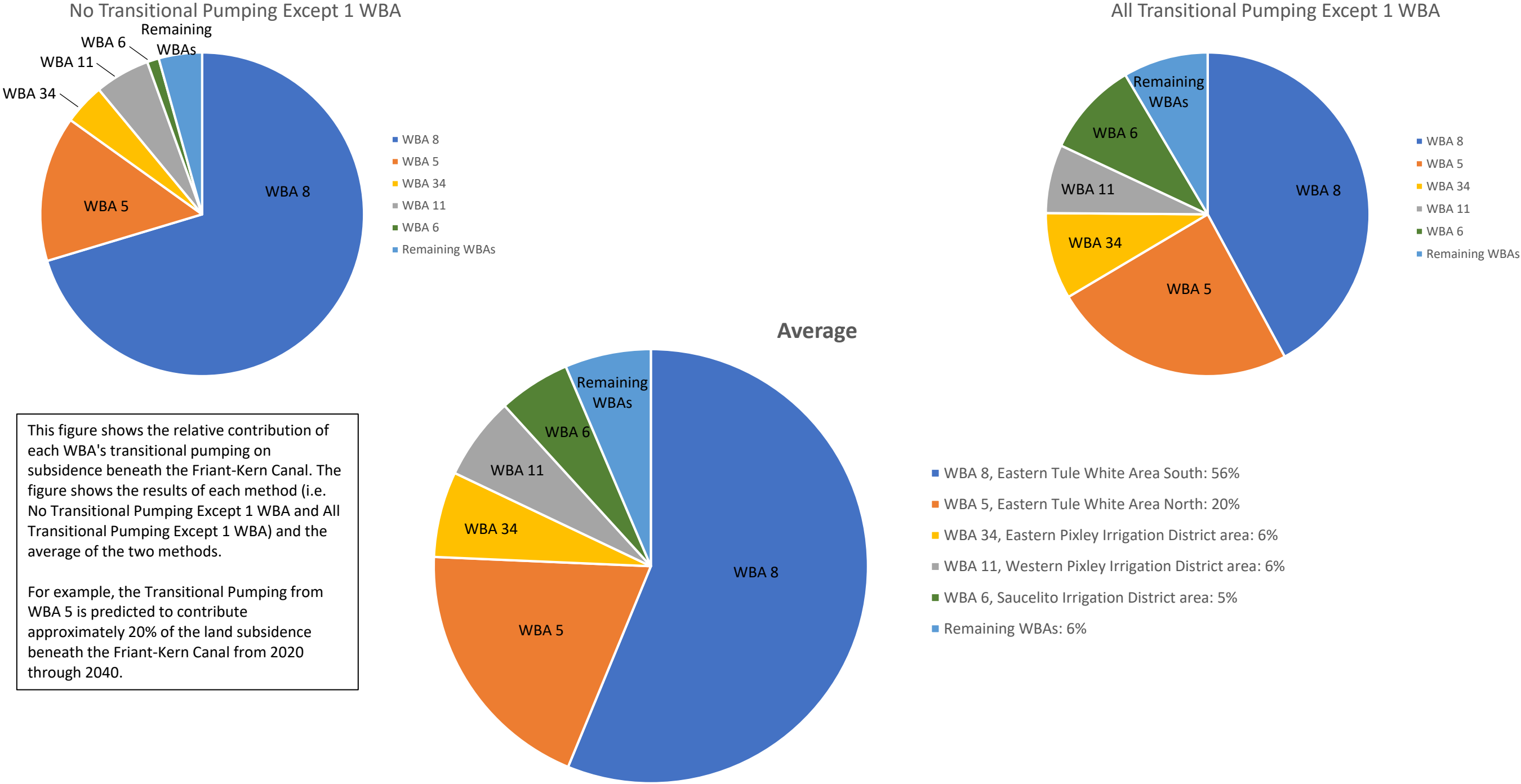


Tule Subbasin TAC
Analysis of the Relative Cause of Future Predicted
Land Subsidence along the Friant-Kern Canal

Figure 8



Focused Subsidence Analysis
Predicted Relative Contribution to Land Subsidence Beneath the Friant-Kern Canal 2020 - 2040



*Remaining WBAs include the 14 other WBAs analyzed (see Figure 1)

APPENDIX K

Contract No. I75r-3327D

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

CONTRACT BETWEEN THE UNITED STATES
AND
DELANO-EARLIMART IRRIGATION DISTRICT
PROVIDING FOR PROJECT WATER SERVICE
FROM FRIANT DIVISION AND
FOR FACILITIES REPAYMENT

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Exhibit A	Contractor's Map or Description of Service Area
Exhibit B	Rates and Charges
Exhibit C-1	Repayment Schedule – Lump Sum Option
Exhibit C-2	Repayment Schedule – Installment Option
Exhibit D	Computation of the Friant Surcharge
Exhibit E	Restated Contract

1 UNITED STATES
2 DEPARTMENT OF THE INTERIOR
3 BUREAU OF RECLAMATION
4 Central Valley Project, California

5 CONTRACT BETWEEN THE UNITED STATES
6 AND
7 DELANO-EARLIMART IRRIGATION DISTRICT
8 PROVIDING FOR PROJECT WATER SERVICE
9 FROM FRIANT DIVISION AND
10 FACILITIES REPAYMENT

11 THIS CONTRACT, made this 17th day of November, 2010, is entered
12 into pursuant to the Act of June 17, 1902, (32 Stat. 388), and acts amendatory or supplementary
13 thereto, including but not limited to: the Act of August 26, 1937 (50 Stat. 844), as amended and
14 supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, July 2, 1956 (70
15 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1262), October 27, 1986 (100
16 Stat. 3050), as amended, Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), and Title
17 X, Subtitle A, of the Act of March 30, 2009 (123 Stat. 1349), also referred to as the San Joaquin
18 River Restoration Settlement Act hereinafter referred to as SJRRSA, all collectively hereinafter
19 referred to as Federal Reclamation law, between THE UNITED STATES OF AMERICA,
20 hereinafter referred to as the United States and DELANO-EARLIMART IRRIGATION
21 DISTRICT, hereinafter referred to as the Contractor, a public agency of the State of California,
22 duly organized, existing, and acting pursuant to the laws thereof, with its principal place of
23 business in California;

24 WITNESSETH, That

EXPLANATORY RECITALS

[1st] WHEREAS, the United States has constructed and is operating the Central Valley Project, California, for diversion, storage, carriage, distribution and beneficial use, for flood control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and restoration, generation and distribution of electric energy, salinity control, navigation and other beneficial uses, of waters of the Sacramento River, the American River, the Trinity River, and the San Joaquin River and their tributaries; and

[2nd] WHEREAS, the United States constructed Friant Dam (thereby creating Millerton Lake) and the Friant-Kern and Madera Canals, hereinafter collectively referred to as the Friant Division Facilities, which will be used in part for the furnishing of water to the Contractor pursuant to the terms of this Contract; and

[3rd] WHEREAS, the United States and the Contractor entered into Contract Number I75r-3327, as amended, which established terms for the delivery to the Contractor of Project Water from the Friant Division from August 11, 1951 through February 29, 1992; and

[4th] WHEREAS, the Contractor and the United States have entered into a renewal contract and, pursuant to subsection 3404(c)(1) of the Central Valley Project Improvement Act (CVPIA), subsequently entered into an interim renewal contract(s), identified as Contract Number (s) I75r-3327R and I75r-3327-IR1, which provided for the continued water service to Contractor from March 1, 1992 through February 28, 2001, and subsequently entered into a long-term renewal contract identified as Contract Number I75r-3327-LTR1, which provided for

continued water service to Contractor through February 28, 2026, which was amended January 18, 2007, and is herein referred to as the "Existing Contract"; and

[5th] WHEREAS, pursuant to Section 8 of the Act of June 17, 1902 (32 Stat. 388), the United States has acquired water rights and other rights to the flows of the San Joaquin River, including without limitation the permits issued as the result of Decision 935 by the California State Water Resource Control Board and the contracts described in subdivision (n) of Article 3 of this Contract, pursuant to which the Contracting Officer develops, diverts, stores and delivers Project Water stored or flowing through Millerton Lake in accordance with State and Federal law for the benefit of Project Contractors in the Friant Division and for other specified Project purposes; and

[6th] WHEREAS, the water supplied to the Contractor pursuant to this Contract is Project Water developed through the exercise of the rights described in the fifth (5th) Explanatory Recital of this Contract; and

[7th] WHEREAS, as a result of litigation entitled "Natural Resources Defense Council, et al. v Kirk Rogers, et al." No. CIV-S-88-1658LLK/GGH, certain contractors from the Friant Division entered into a Stipulation of Settlement dated September 13, 2006, (the "Settlement"), which settlement prescribes a Restoration Goal and a Water Management Goal and which Settlement was subsequently confirmed and implemented through the SJRRSA; and

[8th] WHEREAS, the SJRRSA authorizes and directs the Secretary to convert the Existing Contract to a repayment contract under subsection (d) of Section 9 of the Act of August 4, 1939, no later than December 31, 2010, and further directs that such contract shall require the

accelerated repayment of the Contractor's allocated share of construction costs, either as a lump sum payment by January 31, 2011 or in annual installments by January 31, 2014, which funds will in turn be made available for implementation of the Settlement and SJRRSA, and which costs otherwise would have been payable through annual water rates, with full repayment by 2030; and

[9th] WHEREAS, such repayment of costs will assist the United States with implementation of actions required under the Settlement and the SJRRSA and provide the Contractor the benefits provided in Section 10010 of the SJRRSA; and

[10th] WHEREAS, subsection (4) of Section 1 of the Act of July 2, 1956 (1956 Act) directs the Secretary to provide that the other party to any contract entered into pursuant to subsection (d) of Section 9 of the Act of August 4, 1939 (repayment contract) or pursuant to subsection (e) of Section 9 of the Act of August 4, 1939 (water service contract) shall "have the first right (to which the rights of the holders of any other type of irrigation water contract shall be subordinate) to a stated share or quantity of the project's available water supply for beneficial use on the irrigable lands within the boundaries of, or owned by, the party and a permanent right to such share or quantity upon completion of payment of the amount assigned for ultimate return" by the contractor subject to fulfillment of all obligations under the contract; and

[11th] WHEREAS, among other things, this Contract includes provisions granting the Contractor the permanent right described in the tenth (10th) Explanatory Recital; and

[12th] WHEREAS, the Contractor has demonstrated to the satisfaction of the Contracting Officer that the Contractor has utilized the Project Water supplies available to it for

reasonable and beneficial use and/or has demonstrated projected future demand for water use such that the Contractor has the capability and expects to utilize fully for reasonable and beneficial use the quantity of Project Water to be made available to it pursuant to this Contract; and

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

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

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

[16th] WHEREAS, the mutual goals of the United States and the Contractor include: to provide for reliable Project Water supplies; to control costs of those supplies; to achieve repayment of the Central Valley 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 Central Valley Project; and

[17th] WHEREAS, any time during the Year the Contracting Officer determines that a need exists to evacuate water from Millerton Lake in order to prevent or minimize spill or to

meet flood control criteria (currently referred to as “uncontrolled season”), taking into consideration, among other things, anticipated upstream reservoir operations and the most probable forecast of snowmelt and runoff projections for the upper San Joaquin River, Friant Division Project Contractors utilize a portion of their undependable Class 2 Water in their service areas to, among other things, assist in the management and alleviation of groundwater overdraft in the Friant Division service area, provide opportunities for restoration of the San Joaquin River below Friant Dam, minimize flooding along the San Joaquin River, encourage optimal water management, and maximize the reasonable and beneficial use of the water; and

[18th] WHEREAS, the parties desire and intend that this Contract not provide a disincentive to the Friant Division Project Contractors continuing to carry out the beneficial activities set out in the Explanatory Recital immediately above; and

[19th] WHEREAS, the United States has determined that the Contractor has fulfilled all of its obligations under the Existing Contract.

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

DEFINITIONS

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

(a) “Additional Capital Obligation” shall mean any additional construction costs or other capitalized costs incurred after the effective date of this Contract or not reflected in the Existing Capital Obligation as provided in Section 10010(a)(3)(B) of the SJRRSA and any

amounts payable by Contractor as determined through the final adjustment described and required by Section 10010(b) of the SJRRSA;

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

(c) "Charges" shall mean the payments required by Federal Reclamation law in addition to the Rates and Tiered Pricing Components specified in this Contract as determined annually by the Contracting Officer pursuant to this Contract and consistent with the SJRRSA;

(d) "Class 1 Water" shall mean that supply of water stored in or flowing through Millerton Lake which, subject to the contingencies hereinafter described in Articles 3, 12, and 13 of this Contract, will be available for delivery from Millerton Lake and the Friant-Kern and Madera Canals as a dependable water supply during each Year;

(e) "Class 2 Water" shall mean that supply of water which can be made available subject to the contingencies hereinafter described in Articles 3, 12, and 13 of this Contract for delivery from Millerton Lake and the Friant-Kern and Madera Canals in addition to the supply of Class 1 Water. Because of its uncertainty as to availability and time of occurrence, such water will be undependable in character and will be furnished only if, as, and when it can be made available as determined by the Contracting Officer;

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

149 (g) “Contracting Officer” shall mean the Secretary of the Interior’s duly
150 authorized representative acting pursuant to this Contract or applicable Federal Reclamation law
151 or regulation;

152 (h) “Contract Total” shall mean the maximum amount of Class 1 Water plus
153 the maximum amount of Class 2 Water specified in subdivision (a) of Article 3 of this Contract
154 and is the stated share or quantity of the Project’s available water supply to which the Contractor
155 will have a permanent right in accordance with the 1956 Act and the terms of this Contract, upon
156 the Contractor’s complete payment of the Repayment Obligation, notwithstanding any
157 Additional Capital Obligation that may later be established, which right shall not be disturbed so
158 long as the Contractor fulfills all of its obligations under this Contract;

159 (i) “Contractor’s Service Area” shall mean the area to which the Contractor is
160 permitted to provide Project Water under this Contract as described in Exhibit “A” attached
161 hereto, which may be modified from time to time in accordance with Article 36 of this Contract
162 without amendment of this Contract;

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

165 (k) “Eligible Lands” shall mean all lands to which Irrigation Water may be
166 delivered in accordance with Section 204 of the Reclamation Reform Act of October 12, 1982
167 (96 Stat. 1263), as amended, hereinafter referred to as RRA;

(l) "Excess Lands" shall mean all lands in excess of the limitations contained in Section 204 of the RRA, other than those lands exempt from acreage limitation under Federal Reclamation law;

(m) "Existing Capital Obligation" shall mean the remaining amount of construction costs of the Contractor identified in the Central Valley Project Irrigation Water Rates and/or Municipal and Industrial Water Rates, respectively, dated January 25, 2007, as adjusted to reflect payments not reflected in such schedule, pursuant to Section 10010(a)(3)(A) of the SJRRSA. The Contracting Officer has computed the Existing Capital Obligation in a manner consistent with the SJRRSA and such amount is set forth in Exhibits "C-1" and "C-2", incorporated herein by reference;

(n) "Financing Costs", for purposes of computing the reduction of certain charges as specified in subdivision (c) of Article 7 of this Contract, shall mean the difference between the net present value of the Existing Capital Obligation discounted using the full Treasury rate and the Existing Capital Obligation discounted using one-half the Treasury rate, as set forth in Section 10010(d)(3) of the SJRRA;

(o) "Full Cost Rate" shall mean that water rate described in Sections 205(a)(3) or 202(3) of the RRA, whichever is applicable;

(p) "Ineligible Lands" shall mean all lands to which Irrigation Water may not be delivered in accordance with Section 204 of the RRA;

(q) "Irrigation Full Cost Water Rate" shall have the same meaning as "full cost" as that term is used in Paragraph (3) of Section 202 of the RRA;

(r) "Irrigation Water" shall mean water made available from the Project that is used primarily in the production of agricultural crops or livestock, including domestic use incidental thereto, and watering of livestock;

(s) "Landholder" shall mean a party that directly or indirectly owns or leases nonexempt land, as provided in 43 CFR 426.2;

(t) "Long Term Historic Average" shall mean the average of the final forecast of Water Made Available to the Contractor pursuant to this Contract and the contracts referenced in the third (3rd) and fourth (4th) Explanatory Recitals of this Contract;

(u) "Municipal and Industrial (M&I) Water" shall mean water made available from the Project other than Irrigation Water made available to the Contractor. M&I Water shall include water used for human use and purposes such as the watering of landscaping or pasture for animals (e.g., horses) which are kept for personal enjoyment or water delivered to land holdings operated in units of less than five (5) acres unless the Contractor establishes to the satisfaction of the Contracting Officer that the use of water delivered to any such landholding is a use described in subdivision (r) of this Article of this Contract;

(v) "M&I Full Cost Water Rate" shall mean the annual rate, which, as determined by the Contracting Officer, shall amortize the expenditures for construction allocable to Project M&I facilities in service, including, O&M deficits funded, less payments, over such periods as may be required under Federal Reclamation law with interest accruing from the dates such costs were first incurred plus the applicable rate for the O&M of such Project facilities.

209 Interest rates used in the calculation of the M&I Full Cost Rate shall comply with the Interest
210 Rate methodology contained in Section 202(3) (B) and (C) of the RRA;

211 (w) "Operation and Maintenance" or "O&M" shall mean normal and
212 reasonable care, control, operation, repair, replacement (other than Capital replacement), and
213 maintenance of Project facilities;

214 (x) "Operating Non-Federal Entity" shall mean the Friant Water Authority, or
215 its successor, a Non-Federal entity, which has the obligation to operate and maintain all or a
216 portion of the Friant Division Facilities pursuant to an agreement with the United States and
217 which may have funding obligations with respect thereto;

218 (y) Omitted;

219 (z) "Project" shall mean the Central Valley Project owned by the United
220 States and managed by the Department of the Interior, Bureau of Reclamation;

221 (aa) "Project Contractors" shall mean all parties who have a long-term water
222 service contract or repayment contract for Project Water from the Project with the United States
223 pursuant to Federal Reclamation law;

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

227 (cc) "Rates" shall mean the payments for O&M costs as determined annually
228 by the Contracting Officer in accordance with the then-existing applicable water ratesetting

229 policies for the Project, as described in subdivision (a) of Article 7 of this Contract and
230 illustrated in Exhibit "B", attached hereto;

231 (dd) "Recovered Water Account" shall mean the program, as defined in the
232 Settlement, to make water available to all of the Friant Division Project Contractors who provide
233 water to meet interim flows or restoration flows for the purpose of reducing or avoiding the
234 impact of the interim flows and restoration flows on such contractors;

235 (ee) "Repayment Obligation", as provided in subdivision (a)(2)(A) of Article 7
236 of this Contract, shall be the Existing Capital Obligation, as defined herein, discounted by
237 one-half of the Treasury rate and computed consistent with the provisions of Section
238 10010(a)(3)(A) of the SJRRSA to be paid as either a lump sum payment by January 31, 2011 or
239 in approximately equal annual installments by January 31, 2014;

240 (ff) "Secretary" shall mean the Secretary of the Interior, a duly appointed
241 successor, or an authorized representative acting pursuant to any authority of the Secretary and
242 through any agency of the Department of the Interior;

243 (gg) "Settlement" shall mean the Stipulation of Settlement dated September 13,
244 2006, the Order Approving Stipulation of Settlement, and the Judgment and further orders issued
245 by the Court pursuant to the terms and conditions of the Settlement in Natural Resources
246 Defense Council, et al. v. Rodgers, et al., No. CIV-S-88-1658 LLJ/GGH;

247 (hh) "Tiered Pricing Component" shall be the incremental amount to be paid
248 for each acre-foot of Water Delivered as described in subdivision (l)(1) of Article 7 of this
249 Contract;

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

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

(kk) "Water Management Goal" shall mean the goal of the Settlement to reduce or avoid adverse water supply impacts to all the Friant Division Project Contractors that may result from the interim flows and restoration flows provided for in the Settlement;

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

(mm) "Year" shall mean the period from and including March 1 of each Calendar Year through the last day of February of the following Calendar Year.

EFFECTIVE DATE OF CONTRACT

2. (a) This Contract shall become effective on the date first hereinabove written and shall continue so long as the Contractor is making the annual payments required herein and paying any other amounts owing under this Contract and applicable law, unless it is terminated by the Contracting Officer by reason of a material uncured breach by the Contractor; Provided, That the Contracting Officer shall not seek to terminate this Contract by reason of an asserted material uncured breach by the Contractor unless it has first provided at least sixty (60) days

written notice of the asserted breach to the Contractor and the Contractor has failed to cure such breach (or to diligently commence curative actions satisfactory to the Contracting Officer for a breach that cannot be fully cured within sixty (60) days) within the sixty (60)-day notice period; Provided further, That this Contract may be terminated at any time by mutual consent of the parties hereto.

(b) Upon complete payment of the Repayment Obligation by the Contractor, and notwithstanding any Additional Capital Obligation that may later be established, the Tiered Pricing Component as that term is utilized in this Contract, the acreage limitations, reporting, and Full Cost pricing provisions of Federal Reclamation law, and subdivisions (k), (l), (o) through (q), (s), and (v) of Article 1, subdivisions (a)(2)(A), (l)(1), (l)(2), and (l)(3) of Article 7, Article 14, subdivision (a) of Article 18, and Article 25, all of this Contract, shall no longer be applicable to the Contractor. Upon complete payment of the Repayment Obligation by the Contractor, and notwithstanding any Additional Capital Obligation that may later be established, the terms of this Contract shall be as provided in the restated contract attached hereto as Exhibit "E", which has been prepared solely as a matter of administrative convenience. Exhibit "E" makes no substantive revisions other than those required by this subdivision of this Article of this Contract. Accordingly, upon complete payment of the Repayment Obligation by the Contractor, and notwithstanding any Additional Capital Obligation that may later be established, the parties shall refer to Exhibit "E" as their entire agreement under this Contract.

(c) This Contract supersedes in its entirety and is intended to replace in full the Existing Contract; Provided, That if this Contract is terminated or determined to be invalid or

unenforceable for any reason other than a material uncured breach of this Contract by the Contractor, the Existing Contract shall not be superseded and shall be in full force and effect.

WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

3. (a) During each Year, consistent with all applicable State water rights, permits, and licenses, Federal law, the Settlement including the SJRRSA, and subject to the provisions set forth in Articles 12 and 13 of this Contract, the Contracting Officer shall make available for delivery to the Contractor from the Project 108,800 acre-feet of Class 1 Water and 74,500 acre-feet of Class 2 Water for irrigation and M&I purposes. The quantity of Water Delivered to the Contractor in accordance with this subdivision shall be scheduled and paid for pursuant to the provisions of Articles 4 and 7 of this Contract.

(b) Upon complete payment of the Repayment Obligation by the Contractor, and notwithstanding any Additional Capital Obligation that may later be established, the Contractor shall have a permanent right to the Contract Total in accordance with the 1956 Act and the terms of this Contract. This right shall not be disturbed so long as the Contractor fulfills all of its obligations hereunder. The quantity of water made available for delivery in any given Year shall remain subject to the terms and conditions of subdivision (a) of this Article of this Contract.

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

(d) The Contractor shall make reasonable and beneficial use of all Project Water or other water furnished pursuant to this Contract. Groundwater recharge programs,

groundwater banking programs, surface water storage programs, and other similar programs utilizing Project Water or other water furnished pursuant to this Contract conducted within the Contractor's Service Area which are consistent with applicable State law and result in use consistent with applicable Federal Reclamation law will be allowed; Provided, That any direct recharge program(s) is (are) described in the Contractor's Water Conservation Plan submitted pursuant to Article 27 of this Contract; Provided further, That such Water Conservation Plan demonstrates sufficient lawful uses exist in the Contractor's Service Area so that using a long-term average, the quantity of Delivered Water is demonstrated to be reasonable for such uses and in compliance with Federal Reclamation law. Groundwater recharge programs, groundwater banking programs, surface water storage programs, and other similar programs utilizing Project Water or other water furnished pursuant to this Contract conducted outside the Contractor's Service Area may be permitted upon written approval of the Contracting Officer, which approval will be based upon environmental documentation, Project Water rights, and Project operational concerns. The Contracting Officer will address such concerns in regulations, policies, or guidelines.

(e) The Contractor, through this Contract, shall comply with requirements applicable to the Contractor in biological opinion(s) prepared as a result of the consultation regarding the execution of the Existing Contract undertaken pursuant to Section 7 of the Endangered Species Act of 1973, as amended, as well as the requirements of any other biological opinions applicable to Project Water delivery under this Contract, that are within the Contractor's legal authority to implement. The Contractor shall comply with the limitations or

requirements imposed by environmental documentation applicable to the Contractor and within its legal authority to implement regarding specific activities, including conversion of Irrigation Water to M&I Water. 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 of this Contract.

(f) Subject to subdivisions (l) and (n) of this Article of this Contract, following the declaration of Water Made Available under Article 4 of this Contract, the Contracting Officer will make a determination whether Project Water, or other water available to the Project, can be made available to the Contractor in addition to the Contract Total in this Article of this Contract during the Year without adversely impacting the Project or other Project Contractors and consistent with the Secretary's legal obligations. At the request of the Contractor, the Contracting Officer will consult with the Contractor prior to making such a determination. Subject to subdivisions (l) and (n) of this Article of this Contract, if the Contracting Officer determines that Project Water, or other water available to the Project, can be made available to the Contractor, 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 and other Project Contractors capable of taking such water to determine the most equitable and efficient allocation of such water. If the Contractor requests the delivery of any quantity of such water, the Contracting Officer shall make such water

available to the Contractor in accordance with applicable statutes, regulations, guidelines, and policies.

(g) The Contractor may request permission to reschedule for use during the subsequent Year some or all of the Water Made Available to the Contractor during the current 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 "pre-use." The Contracting Officer's written approval may permit such uses in accordance with applicable statutes, regulations, guidelines, and policies.

(h) The Contractor's right pursuant to Federal Reclamation law and applicable State law to the reasonable and beneficial use of the Water Delivered pursuant to this Contract shall not be disturbed so long as the Contractor shall fulfill all of its obligations under this Contract. Nothing in the preceding sentence shall affect the Contracting Officer's ability to impose shortages under Article 12 or subdivision (b) of Article 13 of this Contract.

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

(j) The Contracting Officer shall make reasonable efforts to protect the water rights and other rights described in the fifth (5th) Explanatory Recital of this Contract 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 water rights and other rights described in the fifth (5th) Explanatory Recital of this Contract; Provided however, That the Contracting Officer retains the right to object to the substance of the Contractor's position in such a proceeding. Provided further, that in such proceedings the Contracting Officer shall recognize the Contractor has a legal right under the terms of this Contract to use Project Water.

(k) Project Water furnished to the Contractor during any month designated in a schedule or revised schedule submitted by the Contractor and approved by the Contracting Officer shall be deemed to have been accepted by the Contractor as Class 1 Water to the extent that Class 1 Water is called for in such schedule for such month and shall be deemed to have been accepted as Class 2 Water to the extent Class 2 Water is called for in such schedule for such month. If in any month the Contractor diverts a quantity of water in addition to the total amount of Class 1 Water and Class 2 Water set forth in the Contractor's approved schedule or revised schedule for such month, such additional diversions shall be charged first against the Contractor's remaining Class 2 Water supply available in the current Year. To the extent the Contractor's remaining Class 2 Water supply available in the current Year is not sufficient to account for such additional diversions, such additional diversions shall be charged against the Contractor's remaining Class 1 Water supply available in the current Year. To the extent the Contractor's remaining Class 1 Water and Class 2 Water supplies available in the current Year are not sufficient to account for such additional diversions, such additional diversions shall be charged first against the Contractor's available Class 2 Water supply and then against the

Contractor's available Class 1 Water supply, both for the following Year. Payment for all additional diversions of water shall be made in accordance with Article 7 of this Contract.

(l) If the Contracting Officer determines there is a Project Water supply available at Friant Dam as the result of an unusually large water supply not otherwise storable for Project purposes or infrequent and otherwise unmanaged flood flows of short duration, such water will be made available to the Contractor and others under Section 215 of the Act of October 12, 1982, pursuant to the priorities specified below if the Contractor enters into a temporary contract with the United States not to exceed one (1) year for the delivery of such water or as otherwise provided for in Federal Reclamation law and associated regulations. Such water may be identified by the Contractor either (i) as additional water to supplement the supply of Class 1 Water and/or Class 2 Water made available to it pursuant to this Contract or, (ii) upon written notification to the Contracting Officer, as water to be credited against the Contractor's Class 2 Water supply available pursuant to this Contract. The Contracting Officer shall make water determined to be available pursuant to this subsection according to the following priorities: first, to contractors for Class 1 Water and/or Class 2 Water within the Friant Division; second, to contractors in the Cross Valley Division of the Project. The Contracting Officer will consider requests from other parties for Section 215 Water for use within the area identified as the Friant Division service area in the environmental assessment developed in connection with the execution of the Existing Contract.

(m) Nothing in this Contract, nor any action or inaction of the Contractor or Contracting Officer in connection with the implementation of this Contract, is intended to

override, modify, supersede or otherwise interfere with any term or condition of the water rights and other rights referred in the fifth (5th) Explanatory Recital of this Contract.

(n) The rights of the Contractor under this Contract are subject to the terms of the contract for exchange waters, dated July 27, 1939, between the United States and the San Joaquin and Kings River Canal and Irrigation Company, Incorporated, et al., (hereinafter referred to as the Exchange Contractors), Contract No. I1r-1144, as amended. The United States agrees that it will not deliver to the Exchange Contractors thereunder waters of the San Joaquin River unless and until required by the terms of said contract, and the United States further agrees that it will not voluntarily and knowingly determine itself unable to deliver to the Exchange Contractors entitled thereto from water that is available or that may become available to it from the Sacramento River and its tributaries or the Sacramento-San Joaquin Delta those quantities required to satisfy the obligations of the United States under said Exchange Contract and under Schedule 2 of the Contract for Purchase of Miller and Lux Water Rights (Contract I1r-1145, dated July 27, 1939).

(o) Pursuant to and consistent with section 10004 of SJRRSA and Paragraph 16 of the Settlement, the Contracting Officer is required to develop and implement a plan for recirculation, recapture, reuse, exchange or transfer of water released for restoration flows or interim flows, as those terms are defined in the Settlement, to reduce or avoid impacts to water deliveries caused by said restoration flows or interim flows and water developed through such activities may be made available (i) to the Contractor without the need of an additional contract,

and/or (ii) to others on behalf of the Contractor under terms mutually acceptable to the Contractor and the Contracting Officer that are consistent with the Water Management Goal.

TIME FOR DELIVERY OF WATER

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

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

(c) The Contractor shall not schedule Project Water in excess of the quantity of Project Water the Contractor intends to put to reasonable and beneficial use within the

Contractor's Service Area, or to sell, transfer or exchange pursuant to Article 10 of this Contract or bank pursuant to subdivision (d) of Article 3 of this Contract during any Year.

(d) Subject to the conditions set forth in subdivision (a) of Article 3 of this Contract, the United States shall deliver Project Water to the Contractor in accordance with the initial schedule submitted by the Contractor pursuant to subdivision (b) of this Article, or any written revision(s), satisfactory to the Contracting Officer, thereto submitted within a reasonable time prior to the date(s) on which the requested change(s) is/are to be implemented; Provided, That the total amount of water requested in that schedule or revision does not exceed the quantities announced by the Contracting Officer pursuant to the provisions of subdivision (a) of Article 3 of this Contract, and the Contracting Officer determines that there will be sufficient capacity available in the appropriate Friant Division Facilities to deliver the water in accordance with that schedule; Provided further, That the Contractor shall not schedule the delivery of any water during any period as to which the Contractor is notified by the Contracting Officer or Operating Non-Federal Entity that Project facilities required to make deliveries to the Contractor will not be in operation because of scheduled O&M.

(e) The Contractor may, during the period from and including November 1 of each Year through and including the last day of February of that Year, request delivery of any amount of the Class 1 Water estimated by the Contracting Officer to be made available to it during the following Year. The Contractor may, during the period from and including January 1 of each Year (or such earlier date as may be determined by the Contracting Officer) through and including the last day of February of that Year, request delivery of any amount of Class 2 Water

estimated by the Contracting Officer to be made available to it during the following Year. Such water shall hereinafter be referred to as pre-use water. Such request must be submitted in writing by the Contractor for a specified quantity of pre-use and shall be subject to the approval of the Contracting Officer. Payment for pre-use water so requested shall be at the appropriate Rate(s) for the following Year in accordance with Article 7 of this Contract and shall be made in advance of delivery of any pre-use water. The Contracting Officer shall deliver such pre-use water in accordance with a schedule or any revision thereof submitted by the Contractor and approved by the Contracting Officer, to the extent such water is available and to the extent such deliveries will not interfere with the delivery of Project Water entitlements to other Friant Division contractors or the physical maintenance of the Project facilities. The quantities of pre-use Water Delivered pursuant to this subdivision shall be deducted from the quantities of water that the Contracting Officer would otherwise be obligated to make available to the Contractor during the following Year; Provided, That the quantity of pre-use water to be deducted from the quantities of either Class 1 Water or Class 2 Water to be made available to the Contractor in the following Year shall be specified by the Contractor at the time the pre-use water is requested or as revised in its first schedule for the following Year submitted in accordance with subdivision (b) of this Article of this Contract, based on the availability of the following Year water supplies as determined by the Contracting Officer.

POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this Contract shall be delivered to the Contractor at a point or points of delivery either on Project

500 facilities or another location or locations mutually agreed to in writing by the Contracting Officer
501 and the Contractor.

502 (b) The Contracting Officer, the Operating Non-Federal Entity, or other
503 appropriate entity shall make all reasonable efforts to maintain sufficient flows and levels of
504 water in the Friant-Kern Canal to deliver Project Water to the Contractor at specific turnouts
505 established pursuant to subdivision (a) of this Article of this Contract.

506 (c) The Contractor shall not deliver Project Water to land outside the
507 Contractor's Service Area unless approved in advance by the Contracting Officer. Until
508 complete payment of the Repayment Obligation by the Contractor, and notwithstanding any
509 Additional Capital Obligation that may later be established, the Contractor shall deliver Project
510 Water in accordance with applicable acreage limitations, reporting, and Full Cost pricing
511 provisions of Federal Reclamation law and any applicable land classification provisions of the
512 associated regulations.

513 (d) All Water Delivered to the Contractor pursuant to this Contract shall be
514 measured and recorded with equipment furnished, installed, operated, and maintained by the
515 United States, the Operating Non-Federal Entity or other appropriate entity as designated by the
516 Contracting Officer (hereafter "other appropriate entity") at the point or points of delivery
517 established pursuant to subdivision (a) of this Article of this Contract. Upon the request of either
518 party to this Contract, the Contracting Officer shall investigate, or cause to be investigated by the
519 responsible Operating Non-Federal Entity, the accuracy of such measurements and shall take any
520 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 and the responsible Operating Non-Federal Entity prior to making a final determination of the quantity delivered for that period of time.

(e) Neither the Contracting Officer nor any Operating Non-Federal Entity shall be responsible for the control, carriage, handling, use, disposal, or distribution of Project Water Delivered to the Contractor pursuant to this Contract beyond the delivery points specified in subdivision (a) of this Article of this Contract. The Contractor shall indemnify the United States, its officers, employees, agents, and assigns on account of damage or claim of damage of any nature whatsoever for which there is legal responsibility, including property damage, personal injury, or death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such Project Water beyond such delivery points, except for any damage or claim arising out of: (i) acts or omissions of the Contracting Officer or any of its officers, employees, agents, or assigns, including any responsible Operating Non-Federal Entity, with the intent of creating the situation resulting in any damage or claim; (ii) willful misconduct of the Contracting Officer or any of its officers, employees, agents, or assigns, including any responsible Operating Non-Federal Entity; (iii) negligence of the Contracting Officer or any of its officers, employees, agents, or assigns including any responsible Operating Non-Federal Entity; or (iv) damage or claims resulting from a malfunction of facilities owned and/or operated by the United States or responsible Operating Non-Federal Entity; Provided, That the Contractor is not the Operating Non-Federal Entity that owned or operated the malfunctioning facility(ies) from which the damage claim arose.

MEASUREMENT OF WATER WITHIN THE SERVICE AREA

6. (a) The Contractor has established a measurement program satisfactory to the Contracting Officer; all surface water delivered for irrigation purposes within the Contractor's Service Area is measured at each agricultural turnout; and water delivered for M&I purposes is measured at each M&I service connection. The water measuring devices or water measuring methods of comparable effectiveness must be acceptable to the Contracting Officer. The Contractor shall be responsible for installing, operating, and maintaining and repairing all such measuring devices and implementing all such water measuring methods at no cost to the United States. The Contractor shall use the information obtained from such water measuring devices or water measuring methods to ensure its proper management of the water, to bill water users for water delivered by the Contractor; and, if applicable, to record water delivered for M&I purposes by customer class as defined in the Contractor's water conservation plan provided for in Article 27 of this Contract. Nothing herein contained, however, shall preclude the Contractor from establishing and collecting any charges, assessments, or other revenues authorized by California law.

(b) To the extent the information has not otherwise been provided, upon execution of this Contract, the Contractor shall provide to the Contracting Officer a written report describing the measurement devices or water measuring methods being used or to be used to implement subdivision (a) of this Article of this Contract and identifying the agricultural turnouts and the M&I service connections or alternative measurement programs approved by the Contracting Officer, at which such measurement devices or water measuring methods are being

used, and, if applicable, identifying the locations at which such devices and/or methods are not yet being used including a time schedule for implementation at such locations. The Contracting Officer shall advise the Contractor in writing within sixty (60) days as to the adequacy of, and necessary modifications, if any, of the measuring devices or water measuring methods identified in the Contractor's report and if the Contracting Officer does not respond in such time, they shall be deemed adequate. If the Contracting Officer notifies the Contractor that the measuring devices or methods are inadequate, the parties shall within sixty (60) days following the Contracting Officer's response, negotiate in good faith the earliest practicable date by which the Contractor shall modify said measuring devices and/or measuring methods as required by the Contracting Officer to ensure compliance with subdivision (a) of this Article of this Contract.

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

(d) The Contractor shall inform the Contracting Officer and the State of California in writing by April 30 of each Year of the monthly volume of surface water delivered within the Contractor's Service Area during the previous Year.

(e) The Contractor shall inform the Contracting Officer and the Operating Non-Federal Entity on or before the twentieth (20th) calendar day of each month of the quantity of Irrigation and M&I Water taken during the preceding month.

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

7. (a) The Contractor's cost obligations for all Delivered Water shall be determined in accordance with: (i) the Secretary's ratesetting policy for Irrigation Water adopted in 1988 and the Secretary's then-existing ratesetting policy for M&I Water, consistent with the SJRRSA, and such ratesetting policies shall be amended, modified, or superseded only through a public notice and comment procedure; (ii) applicable Federal Reclamation law and associated rules and regulations, or policies; and (iii) other applicable provisions of this Contract.

(1) The Contractor shall pay the United States as provided for in this Article of this Contract for the Delivered Water at Rates and Charges determined in accordance with policies for Irrigation Water and M&I Water. The Contractor's Rates shall be established to recover its estimated reimbursable costs included in the O&M component of the Rate and amounts established to recover other charges and deficits, other than the construction costs. The Rates for O&M costs and Charges shall be adjusted, as appropriate, in accordance with the provisions of the SJRRSA.

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

(A) The amount due and payable to the United States, pursuant to the SJRRSA, shall be the Repayment Obligation. The Repayment Obligation has been computed by the Contracting Officer in a manner consistent with the SJRRSA and is set forth, both as a lump sum payment and as four (4) approximately equal annual installments, which amounts together with the manner in which such amounts were calculated are set forth in

Exhibits "C-1" and "C-2". The Repayment Obligation is due in lump sum by January 31, 2011 or in approximate equal annual installments no later than January 31, 2014, as provided by the SJRRSA. The Contractor must provide appropriate notice to the Contracting Officer in writing not later than thirty (30) days prior to January 31, 2011 if electing to repay the amount due using the lump sum alternative. If such notice is not provided by such date, the Contractor shall be deemed to have elected the installment payment alternative, in which case, the first such payment shall be made no later than May 1, 2011, the second payment shall be made no later than the first anniversary of the first payment date, the third payment shall be made no later than the second anniversary of the first payment date, and the final payment shall be made no later than January 31, 2014. If the installment payment option is elected by the Contractor, the Contractor may pre-pay the remaining portion of the Repayment Obligation by giving the Contracting Officer sixty (60) days written notice, in which case, the Contracting Officer shall re-compute the remaining amount due to reflect the pre-payment using the same methodology as was used to compute the initial annual installment payment amount, which is illustrated in Exhibit "C-2". Notwithstanding any Additional Capital Obligation that may later be established, receipt of the Contractor's payment of the Repayment Obligation by the United States shall fully and permanently satisfy the Existing Capital Obligation.

(B) Project construction costs or other capitalized costs attributable to capital additions to the Project incurred after the effective date of this Contract or that are not reflected in the schedules referenced in Exhibits "C-1" and "C-2" and properly assignable to the Contractor, shall be repaid as prescribed by the SJRRSA without interest except

as required by law. Consistent with Federal Reclamation law, interest shall continue to accrue on the M&I portion of unpaid Project construction costs or other capitalized cost assigned to the Contractor until such costs are paid. Increases or decreases in Project construction costs or other capitalized costs assigned to the Contractor caused solely by annual adjustment of Project construction costs or other capitalized costs assigned to each Central Valley Project contractor by the Secretary shall not be considered in determining the amounts to be paid pursuant to this subdivision (a)(2)(B), but will be considered under subdivision (b) of this Article. A separate repayment agreement shall be established by the Contractor and the Contracting Officer to accomplish repayment of all additional Project construction costs or other capitalized costs assigned to the Contractor within the timeframe prescribed by the SJRSA subject to the following:

(1) If the collective annual Project construction costs or other capitalized costs that are incurred after the effective date of this Contract and properly assignable to the contractors are less than \$5,000,000, then the portion of such costs properly assignable to the Contractor shall be repaid in not more than five (5) years after notification of the allocation. This amount is the result of a collective annual allocation of Project construction costs to the contractors exercising contract conversions; Provided, That the reference to the amount of \$5,000,000 shall not be a precedent in any other context.

(2) If the collective annual Project construction costs or other capitalized costs that are incurred after the effective date of this Contract and properly assignable to the contractors are \$5,000,000 or greater, then the portion of such costs properly

assignable to the Contractor shall be repaid as provided by applicable Federal Reclamation law.

This amount is the result of a collective annual allocation of Project construction costs to the contractors exercising contract conversions; Provided, That the reference to the amount of \$5,000,000 shall not be a precedent in any other context.

(b) Consistent with Section 10010(b) of the SJRRSA, following a final cost allocation by the Secretary upon completion of the construction of the Central Valley Project, the amounts paid by the Contractor shall be subject to adjustment to reflect the effect of any reallocation of Project construction costs or other capitalized costs assigned to the Contractor that may have occurred between the determination of Contractor's Existing Capital Obligation and the final cost allocation. In the event that the final cost allocation, as determined by the Secretary, indicates that the costs properly assignable to the Contractor, as determined by the Contracting Officer, are greater than the Existing Capital Obligation and other amounts of Project construction costs or other capitalized costs paid by the Contractor, then the Contractor shall be obligated to pay the remaining allocated costs. The term of such additional repayment contract shall be no less than one (1) year and no more than ten (10) years, however, mutually agreeable provisions regarding the rate of repayment of such amount may be developed by the parties. In the event that the final cost allocation, as determined by the Secretary, indicates that the costs properly assignable to the Contractor, as determined by the Contracting Officer, are less than the Existing Capital Obligation and other amounts of Project construction costs or other capitalized costs paid by the Contractor, then the Contracting Officer shall credit such overpayment as an offset against any outstanding or future obligation of the Contractor,

consistent with the SJRRSA. This Contract shall be implemented in a manner consistent with Section 10010(f) of the SJRRSA.

(c) Prior to July 1 of each Calendar Year, the Contracting Officer shall provide the Contractor an estimate of the Charges for Project Water that will be applied to the period October 1, of the current Calendar Year, through September 30, of the following Calendar Year, and the basis for such estimate. The Contractor shall be allowed not less than two (2) months to review and comment on such estimates. On or before September 15 of each Calendar Year, the Contracting Officer shall notify the Contractor in writing of the Charges to be in effect during the period October 1 of the current Calendar Year, through September 30 of the following Calendar Year, and such notification shall revise Exhibit "B". Charges shall be subject to reduction consistent with the SJRRSA based upon the average annual delivery amount agreed to by the Contracting Officer and the Contractor.

(1) Upon complete payment of the Repayment Obligation by the Contractor, and notwithstanding any Additional Capital Obligation that may later be established, for the years 2020 through 2039 inclusive, Charges shall reflect the reduction on a per acre-foot basis consistent with Section 10010(d)(1) of the SJRRSA. Exhibit "D" sets forth the reduction in Charges to offset the Financing Costs as prescribed in Section 10010(d)(1) of the SJRRSA; Provided, That if the Secretary determines such Charges are otherwise needed, an equivalent reduction will be made to O&M costs consistent with such provisions of the SJRRSA. Consistent with Section 10010(d)(1) of the SJRRSA and as shown in Exhibit "D", the Friant Surcharge reduction has been calculated based upon the anticipated average annual water

deliveries, for the purpose of this reduction only, mutually agreed upon by the Secretary and the Contractor for the period from January 1, 2020 through December 31, 2039. The Friant Surcharge reduction shall remain fixed and shall only be applied to Water Delivered pursuant to this Contract to which the Friant Surcharge applies (including but not limited to water transferred, banked, or exchanged), commencing on January 1, 2020 until such volume of Water Delivered equals 2,058,200 acre-feet or December 31, 2039, whichever occurs first.

(2) Further, to fully offset the Financing Costs, Contractor shall be entitled to a reduction in other outstanding or future obligations of the Contractor in accordance with Section 10010(d)(2) of the SJRRSA. The amount of such further reduction in outstanding or future obligations of the Contractor after October 1, 2019 has been computed by the Contracting Officer, and as computed, such amount is set forth in Exhibit "D".

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

(e) At the time the Contractor submits the initial schedule for the delivery of Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the

709 Contractor shall make an advance payment to the United States equal to the total amount payable
710 pursuant to the applicable Rate(s) set under subdivision (a) of this Article of this Contract, for the
711 Project Water scheduled to be delivered pursuant to this Contract during the first two (2)
712 calendar months of the Year. Before the end of the first month and before the end of each
713 calendar month thereafter, the Contractor shall make an advance payment to the United States, at
714 the Rate(s) set under subdivision (a) of this Article of this Contract, for the Water Scheduled to
715 be delivered pursuant to this Contract during the second month immediately following.

716 Adjustments between advance payments for Water Scheduled and payments at Rates due for
717 Water Delivered shall be made before the end of the following month; Provided, That any
718 revised schedule submitted by the Contractor pursuant to Article 4 of this Contract which
719 increases the amount of Water Delivered pursuant to this Contract during any month shall be
720 accompanied with appropriate advance payment, at the Rates then in effect, to assure that Project
721 Water is not delivered to the Contractor in advance of such payment. In any month in which the
722 quantity of Water Delivered to the Contractor pursuant to this Contract equals the quantity of
723 Water Scheduled and paid for by the Contractor, no additional Project Water shall be delivered
724 to the Contractor unless and until an advance payment at the Rates then in effect for such
725 additional Project Water is made. Final adjustment between the advance payments for the Water
726 Scheduled and payments for the quantities of Water Delivered during each Year pursuant to this
727 Contract shall be made as soon as practicable but no later than April 30th of the following Year,
728 or sixty (60) days after the delivery of Project Water carried over under subdivision (g) of Article
729 3 of this Contract if such water is not delivered by the last day of February.

(f) The Contractor shall also make a payment in addition to the Rate(s) in subdivision (e) of this Article of this Contract to the United States for Water Delivered, at the Charges and the appropriate Tiered Pricing Component then in effect, before the end of the month following the month of delivery; Provided, That the Contractor may be granted an exception from the Tiered Pricing Component pursuant to subdivision (l)(2) of this Article of this Contract. The payments shall be consistent with the quantities of Irrigation Water and M&I Water Delivered as shown in the water delivery report for the subject month prepared by the Contracting Officer. Such water delivery report shall be the basis for payment of Charges and Tiered Pricing Components by the Contractor, and shall be provided to the Contractor by the Contracting Officer (as applicable) within five (5) days after the end of the month of delivery. The water delivery report shall be deemed a bill basis for payment of Charges and the applicable Tiered Pricing Component for Water Delivered. Adjustment for overpayment or underpayment of Charges shall be made through the adjustment of payments due to the United States for Charges for the next month. Any amount to be paid for past due payment of Charges shall be computed pursuant to Article 21 of this Contract.

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

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

(i) All revenues received by the United States from the Contractor relating to the delivery of Project Water or the delivery of non-project water through Project facilities shall be allocated and applied in accordance with Federal Reclamation law and the associated rules or regulations, the then-existing Project Ratesetting policies for M&I Water or Irrigation Water, and consistent with the SJRRSA.

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

(k) The parties acknowledge and agree that the efficient administration of this Contract is their mutual goal. Recognizing that experience has demonstrated that mechanisms, policies, and procedures used for establishing Rates, Charges, Tiered Pricing Components, and/or for making and allocating payments, other than those set forth in this Article of this Contract, may be in the mutual best interest of the parties, it is expressly agreed that the parties

may enter into agreements to modify the mechanisms, policies, and procedures for any of those purposes while this Contract is in effect without amending this Contract.

(l) (1) Beginning at such time as the total of the deliveries of Class 1 Water and Class 2 Water in a Year exceed eighty (80) percent of the Contract Total, then before the end of the month following the month of delivery the Contractor shall make an additional payment to the United States equal to the applicable Tiered Pricing Component. The Tiered Pricing Component for the total of the deliveries of Class 1 Water and Class 2 Water in excess of eighty (80) percent of the Contract Total, but less than or equal to ninety (90) percent of the Contract Total, shall equal the one-half of the difference between the Rate established under subdivision (a) of this Article of this Contract and the Irrigation Full Cost Water Rate, or M&I Full Cost Water Rate, whichever is applicable. The Tiered Pricing Component for the total of the deliveries of Class 1 Water and Class 2 Water which exceeds ninety (90) percent of the Contract Total shall equal the difference between (i) the Rate established under subdivision (a) of this Article of this Contract and (ii) the Irrigation Full Cost Water Rate or M&I Full Cost Water Rate, whichever is applicable.

(2) Subject to the Contracting Officer's written approval, the Contractor may request and receive an exemption from such Tiered Pricing Components for Project Water Delivered to produce a crop which the Contracting Officer determines will provide significant and quantifiable habitat values for waterfowl in fields where the water is used and the crops are produced; Provided, That the exemption from the Tiered Pricing Components for Irrigation Water shall apply only if such habitat values can be assured consistent with the

purposes of CVPIA through binding agreements executed with or approved by the Contracting Officer prior to use of such water.

(3) For purposes of determining the applicability of the Tiered Pricing Components pursuant to this Article of this Contract, Water Delivered shall include Project Water that the Contractor transfers to others but shall not include Project Water transferred and delivered to the Contractor.

(m) Rates under the respective ratesetting policies will be established to recover only reimbursable O&M (including any deficits) costs of the Project, as those terms are used in the then-existing Project ratesetting policies, and consistent with the SJRRSA, 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.

(n) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the CVPIA, the Rates for Project Water transferred by the Contractor shall be the Contractor's Rates adjusted upward or downward to reflect the changed costs of delivery (if any) incurred by the Contracting Officer in the delivery of the transferred Project Water to the transferee's point of delivery in accordance with the then-existing Central Valley Project Ratesetting Policy.

NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

8. The Contractor and the Contracting Officer concur that, as of the effective date of this Contract, the Contractor has no non-interest bearing operation and maintenance deficits and therefore shall have no further liability.

RECOVERED WATER ACCOUNT

9. (a) Notwithstanding any other provisions of this Contract, water delivered to the Contractor under its Recovered Water Account as provided at Paragraph 16(b) of the Settlement and affirmed by Section 10004(a)(5) of the SJRRSA shall be at the total cost of \$10.00 per acre foot. Recovered Water Account water provided to the Contractor shall be administered at a priority for delivery lower than Class 2 Water and higher than Section 215 Water.

(b) The manner in which the Recovered Water Account will be administered will be developed in accordance with subdivision (k) of Article 7 of this Contract, the SJRRSA, and Paragraph 16 of the Settlement.

SALES, TRANSFERS, AND EXCHANGES OF WATER

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

such Project Water sales, transfers, or exchanges shall be approved, where approval is required, absent compliance with appropriate environmental documentation including but not limited to the National Environmental Policy Act and the Endangered Species Act. Such environmental documentation must include, as appropriate, an analysis of groundwater impacts and economic and social effects, including environmental justice, of the proposed Project Water sales, transfers and exchanges on both the transferor/exchanger and transferee/exchange recipient.

(b) In order to facilitate efficient water management by means of Project Water sales, transfers, or exchanges of the type historically carried out among Project Contractors located within the same geographical area and to allow the Contractor to participate in an accelerated water transfer program, the Contracting Officer has prepared, as appropriate, necessary environmental documentation including, but not limited to, the National Environmental Policy Act and the Endangered Species Act analyzing annual Project Water sales, transfers, or exchanges among Contractors within the same geographical area and the Contracting Officer has determined that such Project Water sales, transfers, and exchanges comply with applicable law.

(c) Project Water sales, transfers, and exchanges analyzed in the environmental documentation referenced in subdivision (b) of this Article of this Contract, shall be conducted with advance notice to the Contracting Officer and the Contracting Officer's written acknowledgement of the transaction, but shall not require prior written approval by the Contracting Officer.

(d) For Project Water sales, transfers, or exchanges to qualify under subdivision (b) of this Article of this Contract such Project Water sale, transfer, or exchange must: (i) be for irrigation purposes for lands irrigated within the previous three (3) years, for M&I use, groundwater recharge, groundwater banking, similar groundwater activities, surface water storage, or fish and wildlife resources; not lead to land conversion; and be delivered to established cropland, wildlife refuges, groundwater basins or M&I use; (ii) occur within a single Year; (iii) occur between a willing seller and a willing buyer or willing exchangers; (iv) convey water through existing facilities with no new construction or modifications to facilities and be between existing Project Contractors and/or the Contractor and the United States, Department of the Interior; and (v) comply with all applicable Federal, State, and local or tribal laws and requirements imposed for protection of the environment and Indian Trust Assets, as defined under Federal law.

(e) The environmental documentation and the Contracting Officer's compliance determination for transactions described in subdivision (b) of this Article of this Contract shall be reviewed every five (5) years and updated, as necessary, prior to the expiration of the then-existing five (5) year period. All subsequent environmental documentation shall include an alternative to evaluate not less than the quantity of Project Water historically sold, transferred, or exchanged within the same geographical area.

(f) Consistent with Section 10010(e)(l) of the SJRRSA, any agreement providing for sale, transfer, or exchange of Project Water that is not used for interim flows or restoration flows pursuant to Paragraphs 13 and 15 of the Settlement, shall be deemed to satisfy

the requirements of CVPIA section 3405(a)(1)(A) and (I); Provided, That such sales, transfers, or exchanges comply with sub-division (f)(1) and (f)(2) below.

(1) Project Water sales, transfers, and exchanges conducted under the provisions of subdivision (f) of this Article of this Contract shall not require the Contracting Officer's concurrence as to compliance with CVPIA 3405(a)(1)(A) and (I); Provided, That the Contractor shall, for Project Water sales, transfers, or exchanges, with a term greater than one (1) year, provide ninety (90) days written advance notification to the Contracting Officer and similarly thirty (30) days written advance notification of any Project Water sale, transfer, or exchange with a term of less than one (1) year. The Contracting Officer shall promptly make such notice publicly available.

(2) The Contractor's thirty (30) days or ninety (90) days advance written notification pursuant to subdivision (f)(1) of this Article of this Contract shall explain how the proposed Project Water sales, transfers, or exchanges are intended to reduce, avoid, or mitigate impacts to Project Water deliveries caused by interim or restoration flows or is otherwise intended to facilitate the Water Management Goal as described in the SJRRSA. The Contracting Officer shall promptly make such notice publicly available.

(3) In addition, the Contracting Officer shall, at least annually, make available publicly a compilation of the number of Project Water sales, transfers, and exchange agreements implemented in accordance with sub-divisions (f)(1) and (f)(2) of this Article of this Contract.

(4) Project Water sold, transferred, or exchanged under an agreement that meets the terms of subdivisions (f)(1) and (f)(2) of this Article of this Contract shall not be counted as a replacement or an offset for purposes of determining reductions to Project Water deliveries to any Friant Division Project Contractor except as provided in Paragraph 16(b) of the Settlement.

(g) Upon complete payment of the Repayment Obligation by the Contractor, and notwithstanding any Additional Capital Obligation that may later be established, in the case of a sale or transfer of Irrigation Water to another contractor which is otherwise subject to the acreage limitations, reporting, and Full Cost pricing provisions of the RRA, such sold or transferred Irrigation Water shall not be subject to such RRA provisions, however, in the case of a sale or transfer of Irrigation Water to the Contractor from another contractor which is subject to RRA provisions, such RRA provisions shall apply to delivery of such water.

APPLICATION OF PAYMENTS AND ADJUSTMENTS

11. (a) The amount of any overpayment by the Contractor of the Contractor's O&M, Capital, and deficit (if any) obligations for the Year shall be applied first to any current liabilities of the Contractor arising out of this Contract then due and payable. Overpayments of more than One Thousand Dollars (\$1,000) shall be refunded at the Contractor's request. In lieu of a refund, any amount of such overpayment, at the option of the Contractor, may be credited against amounts to become due to the United States by the Contractor. With respect to overpayment, such refund or adjustment shall constitute the sole remedy of the Contractor or anyone having or claiming to have the right to the use of any of the Project Water supply

provided for herein. All credits and refunds of overpayments shall be made within thirty (30) days of the Contracting Officer obtaining direction as to how to credit or refund such overpayment in response to the notice to the Contractor that it has finalized the accounts for the Year in which the overpayment was made.

(b) All advances for miscellaneous costs incurred for work requested by the Contractor pursuant to Article 26 of this Contract shall be adjusted to reflect the actual costs when the work has been completed. If the advances exceed the actual costs incurred, the difference will be refunded to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be billed for the additional costs pursuant to Article 26 of this Contract.

TEMPORARY REDUCTIONS—RETURN FLOWS

12. (a) The Contracting Officer shall make all reasonable efforts to optimize delivery of the Contract Total subject to: (i) the authorized purposes and priorities of the Project; (ii) the requirements of Federal law and the Settlement; and (iii) the obligations of the United States under existing contracts, or renewals thereof, providing for water deliveries from the Project.

(b) The Contracting Officer or Operating Non-Federal Entity may temporarily discontinue or reduce the quantity of Water Delivered to the Contractor as herein provided for the purposes of investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or any part thereof necessary for the delivery of Project Water to the Contractor, but so far as feasible the Contracting Officer or Operating Non-Federal Entity will give the

Contractor due notice in advance of such temporary discontinuance or reduction, except in case of emergency, in which case no notice need be given; Provided, That the United States shall use its best efforts to avoid any discontinuance or reduction in such service. Upon resumption of service after such reduction or discontinuance, and if requested by the Contractor, the United States will, if possible, deliver the quantity of Project Water which would have been delivered hereunder in the absence of such discontinuance or reduction.

(c) The United States reserves the right to all seepage and return flow water derived from Water Delivered to the Contractor hereunder which escapes or is discharged beyond the Contractor's Service Area; Provided, That this shall not be construed as claiming for the United States any right as seepage or return flow to water being used pursuant to this Contract for surface irrigation or underground storage either 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. For purposes of this subdivision, groundwater recharge, groundwater banking and all similar groundwater activities will be deemed to be underground storage.

CONSTRAINTS ON THE AVAILABILITY OF WATER

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

(b) If there is a Condition of Shortage because of 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 legal obligations, including but not limited to obligations pursuant to the Settlement then, except as provided in subdivision (a) of Article 19 of this Contract, no liability shall accrue against the United States or any of its officers, agents, or employees for any damage, direct or indirect, arising therefrom.

(c) The United States shall not execute contracts which together with this Contract, shall in the aggregate provide for furnishing Class 1 Water in excess of 800,000 acre-feet per Year or Class 2 Water in excess of 1,401,475 acre-feet per Year; Provided, That, subject to subdivision (l) of Article 3 of this Contract, the limitation placed on Class 2 Water contracts shall not prohibit the United States from entering into temporary contracts of one year or less in duration for delivery of Project Water to other entities if such water is not necessary to meet the schedules as may be submitted by all Friant Division Project Contractors entitled to receive Class 1 Water and/or Class 2 Water under their contracts. Nothing in this subdivision shall limit the Contracting Officer's ability to take actions that result in the availability of new water supplies to be used for Project purposes and allocating such new supplies; Provided, That the Contracting Officer shall not take such actions until after consultation with the Friant Division Project Contractors.

(d) The Contracting Officer shall not deliver any Class 2 Water pursuant to this or any other contract heretofore or hereafter entered into any Year unless and until the Contracting Officer determines that the cumulative total quantity of Class 1 Water specified in

subdivision (c) of this Article of this Contract will be available for delivery in said Year. If the Contracting Officer determines there is or will be a shortage in any Year in the quantity of Class 1 Water available for delivery, the Contracting Officer shall apportion the available Class 1 Water among all Contractors entitled to receive such water that will be made available at Friant Dam in accordance with the following:

(1) A determination shall be made of the total quantity of Class 1 Water at Friant Dam which is available for meeting Class 1 Water contractual commitments, the amount so determined being herein referred to as the available supply.

(2) The total available Class 1 supply shall be divided by the Class 1 Water contractual commitments, the quotient thus obtained being herein referred to as the Class 1 apportionment coefficient.

(3) The total quantity of Class 1 Water under Article 3 of this Contract shall be multiplied by the Class 1 apportionment coefficient and the result shall be the quantity of Class 1 Water required to be delivered by the Contracting Officer to the Contractor for the respective Year, but in no event shall such amount exceed the total quantity of Class 1 Water specified in subdivision (a) of Article 3 of this Contract.

(e) If the Contracting Officer determines there is less than the quantity of Class 2 Water which the Contractor otherwise would be entitled to receive pursuant to Article 3 of this Contract, the quantity of Class 2 Water which shall be furnished to the Contractor by the Contracting Officer will be determined in the manner set forth in paragraphs (1), (2), and (3), of

subdivision (d) of this Article of this Contract substituting the term "Class 2" for the term "Class 1."

(f) In the event that in any Year there is made available to the Contractor, by reason of any shortage or apportionment as provided in subdivisions (a), (d), or (e) of this Article of this Contract, or any discontinuance or reduction of service as set forth in subdivision (b) of Article 12 of this Contract, less than the quantity of water which the Contractor otherwise would be entitled to receive hereunder, there shall be made an adjustment on account of the amounts already paid to the Contracting Officer by the Contractor for Class 1 Water and Class 2 Water for said Year in accordance with Article 11 of this Contract.

UNAVOIDABLE GROUNDWATER PERCOLATION

14. To the extent applicable, the Contractor shall not be deemed to have delivered Irrigation Water to Excess Lands and Ineligible Lands within the meaning of this Contract if such lands are irrigated with groundwater that reaches the underground strata as an unavoidable result of the delivery of Irrigation Water by the Contractor to Eligible Lands.

ACREAGE LIMITATION

15. (a) Notwithstanding the application of the acreage limitation provisions to activities referred to in subdivision (b) of this Article, subdivision (a) of Article 16, and Article 18 of this Contract, upon complete payment of the Repayment Obligation by the Contractor, and notwithstanding any Additional Capital Obligation that may later be established, the provisions of section 213(a) and (b) of the RRA shall apply to lands in the Contractor's Service Area, with the effect that acreage limitations, reporting, and Full Cost pricing provisions of the RRA shall

no longer apply to lands in the Contractor's Service Area with respect to Water Delivered pursuant to this Contract. Upon receiving the complete payment of the Repayment Obligation from the Contractor, Reclamation will conduct a final water district review for the purpose of determining compliance with the acreage limitations, reporting, and Full Cost pricing provisions of the RRA from the date of the last water district review until the date when payment to Reclamation of the Repayment Obligation is completed.

(b) Project Water to which the Contractor is entitled through a separate contract, other than this Contract, that is subject to Federal Reclamation law, may be delivered to lands within the Contractor's Service Area. Upon complete payment of the Repayment Obligation by the Contractor, and notwithstanding any Additional Capital Obligation that may later be established, Project Water Delivered under this Contract may be mixed with Project Water Delivered pursuant to a contract with the United States, other than this Contract, to which acreage limitations, reporting, and the Full Cost pricing provisions of Federal Reclamation law apply without causing the application of the acreage limitations, reporting, and Full Cost pricing provisions of Federal Reclamation law to the Water Delivered pursuant to this Contract; Provided, The terms and conditions in such other contract shall continue to apply, and if such terms and conditions so require, the lands to receive Project Water under such other contract shall be properly designated by the Contractor and such Project Water is to be delivered in accordance with the RRA including any applicable acreage limitations, reporting, and Full Cost pricing provisions.

COMPLIANCE WITH FEDERAL RECLAMATION LAWS

16. (a) The parties agree that the delivery of irrigation water or use of Federal facilities pursuant to this Contract is subject to Federal Reclamation law, including but not limited to the Reclamation Reform Act of 1982 (43 U.S.C. 390 *aa et seq.*), as amended and supplemented, and the rules and regulations promulgated by the Secretary of the Interior under Federal Reclamation law.

(b) The terms of this Contract are subject to the Settlement and the SJRRSA.

Nothing in this Contract shall be interpreted to limit or interfere with the full implementation of the Settlement and the SJRRSA.

PROTECTION OF WATER AND AIR QUALITY

17. (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: Provided, That the United States does not warrant the quality of the water delivered to the Contractor and is under no obligation to furnish or construct water treatment facilities to maintain or improve the quality of water delivered to the Contractor.

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

(c) This article shall not affect or alter any legal obligations of the Secretary to provide drainage or other discharge services.

WATER ACQUIRED BY THE CONTRACTOR
OTHER THAN FROM THE UNITED STATES

18. (a) Until complete payment of the Repayment Obligation by the Contractor, and notwithstanding any Additional Capital Obligation that may later be established, water or water rights now owned or hereafter acquired by the Contractor other than from the United

States and Irrigation Water furnished pursuant to the terms of this Contract may be simultaneously transported through the same distribution facilities of the Contractor subject to the following: (i) if the facilities utilized for commingling Irrigation Water and non-project water were constructed without funds made available pursuant to Federal Reclamation law, the acreage limitations, reporting, and Full Cost pricing provisions of Federal Reclamation law will be applicable only to the Landholders of lands which receive Irrigation Water; (ii) the eligibility of land to receive Irrigation Water must be established through the certification requirements as specified in the Acreage Limitation Rules and Regulations (43 CFR Part 426); and (iii) the water requirements of Eligible Lands within the Contractor's Service Area can be established and the quantity of Irrigation Water to be utilized is less than or equal to the quantity necessary to irrigate such Eligible Lands. The Contractor and the Contracting Officer acknowledge that the Contractor's distribution system that was constructed with funds made available pursuant to Federal Reclamation law was, prior to effective date of this Contract, repaid in full and but title to the facilities has not been transferred to the Contractor. As such, when such facilities are utilized for commingling Irrigation Water and non-project water, the acreage limitations, reporting, and Full Cost pricing provisions of Federal Reclamation law will be applicable only to the Landholders of lands which receive Irrigation Water.

(b) Upon complete payment of the Repayment Obligation by the Contractor, and notwithstanding any Additional Capital Obligation that may later be established, water or water rights now owned or hereafter acquired by the Contractor other than from the United States pursuant to this Contract and Irrigation Water furnished pursuant to the terms of this

Contract may be simultaneously transported through the same distribution facilities of the Contractor without the payment of fees to the United States and without application of Federal Reclamation law to Water Delivered pursuant to this Contract or to lands which receive Water Delivered to Contractor pursuant to this Contract.

(c) Water or water rights now owned or hereafter acquired by the Contractor, other than from the United States or adverse to the Project or its contractors (i.e., non-project water), may be stored, conveyed and/or diverted through Project facilities, other than Friant Division Facilities, subject to the completion of appropriate environmental documentation, with the approval of the Contracting Officer and the execution of any contract determined by the Contracting Officer to be necessary, consistent with the following provisions:

(1) The Contractor may introduce non-project water into Project facilities and deliver said water to lands within the Contractor's Service Area, including Ineligible Lands, subject to payment to the United States and/or to any applicable Operating Non-Federal Entity of an appropriate rate as determined by the Contracting Officer. In addition, if electrical power is required to pump non-project water, the Contractor shall be responsible for obtaining the necessary power and paying the necessary charges therefor.

(2) Delivery of such non-project water in and through Project facilities shall only be allowed to the extent such deliveries do not: (i) interfere with other Project purposes as determined by the Contracting Officer; (ii) reduce the quantity or quality of water available to other Project Contractors; (iii) interfere with the delivery of contractual water entitlements to any other Project Contractors; (iv) interfere with the physical maintenance of the

1110 Project facilities; or (v) result in the United States incurring any liability or unreimbursed costs
1111 or expenses thereby.

1112 (3) Neither the United States nor the Operating Non-Federal Entity
1113 shall be responsible for control, care or distribution of the non-project water before it is
1114 introduced into or after it is delivered from the Project facilities. The Contractor hereby releases
1115 and agrees to defend and indemnify the United States and the Operating Non-Federal Entity, and
1116 their respective officers, agents, and employees, from any claim for damage to persons or
1117 property, direct or indirect, resulting from Contractor's diversion or extraction of non-project
1118 water from any source.

1119 (4) Diversion of such non-project water into Project facilities shall be
1120 consistent with all applicable laws, and if involving groundwater, consistent with any
1121 groundwater management plan for the area from which it was extracted.

1122 (5) After Project purposes are met, as determined by the Contracting
1123 Officer, the United States and the Contractor shall share priority to utilize the remaining capacity
1124 of the facilities declared to be available by the Contracting Officer for conveyance and
1125 transportation of non-project water prior to any such remaining capacity being made available to
1126 non-project contractors.

1127 (d) Non-project water may be stored, conveyed and/or diverted through Friant
1128 Division Facilities, subject to the completion of appropriate environmental documentation and
1129 approval of the Contracting Officer without execution of a separate contract, consistent with

subdivisions (c)(1) through (c)(5) of this Article and any other condition determined to be appropriate by the Contracting Officer.

OPINIONS AND DETERMINATIONS

19. (a) Where the terms of this Contract provide for actions to be based upon the opinion or determination of either party to this Contract, said terms shall not be construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or determinations. Both parties, notwithstanding any other provisions of this Contract, expressly reserve the right to seek relief from and appropriate adjustment for any such arbitrary, capricious, or unreasonable opinion or determination. Each opinion or determination by either party shall be provided in a timely manner. Nothing in this Article 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 the State of California, and the rules and regulations promulgated by the Secretary. Such determinations shall be made in consultation with the Contractor to the extent reasonably practicable.

COORDINATION AND COOPERATION

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

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

(b) It is the intent of the Secretary to improve water supply reliability. To carry out this intent:

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

(2) The Secretary will, as appropriate, pursue program and project implementation and authorization in coordination with Project Contractors to improve the water supply, water quality, and reliability of the Project for all Project purposes.

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

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

1172 (5) The Contracting Officer shall periodically, but not less than
1173 annually, hold division level meetings to discuss Project operations, division level water
1174 management activities, and other issues as appropriate.

1175 (c) Without limiting the contractual obligations of the Contracting Officer
1176 hereunder, nothing in this Contract shall be construed to limit or constrain the Contracting
1177 Officer's ability to communicate, coordinate, and cooperate with the Contractor or other
1178 interested stakeholders or to make decisions in a timely fashion as needed to protect health,
1179 safety, physical integrity of structures or facilities, or the Contracting Officer's ability to comply
1180 with applicable laws.

1181 CHARGES FOR DELINQUENT PAYMENTS

1182 21. (a) The Contractor shall be subject to interest, administrative and penalty
1183 charges on delinquent installments or payments. When a payment is not received by the due
1184 date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond
1185 the due date. When a payment becomes sixty (60) days delinquent, the Contractor shall pay an
1186 administrative charge to cover additional costs of billing and processing the delinquent payment.
1187 When a payment is delinquent ninety (90) days or more, the Contractor shall pay an additional
1188 penalty charge of six (6) percent per year for each day the payment is delinquent beyond the due
1189 date. Further, the Contractor shall pay any fees incurred for debt collection services associated
1190 with a delinquent payment.

1191 (b) The interest charge rate shall be the greater of the rate prescribed quarterly
1192 in the Federal Register by the Department of the Treasury for application to overdue payments,
1193 or the interest rate of one-half of one (0.5) percent per month prescribed by Section 6 of the
1194 Reclamation Project Act of 1939 (Public Law 76-260). The interest charge rate shall be
1195 determined as of the due date and remain fixed for the duration of the delinquent period.

1196 (c) When a partial payment on a delinquent account is received, the amount
1197 received shall be applied, first to the penalty, second to the administrative charges, third to the
1198 accrued interest, and finally to the overdue payment.

EQUAL EMPLOYMENT OPPORTUNITY

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

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

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, 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, 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 Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(e) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and 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 Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and

remedies invoked as provided in Executive Order 11246 of September 24, 1965 or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Contractor will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions for noncompliance: *Provided, however*, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

GENERAL OBLIGATION—BENEFITS CONDITIONED UPON PAYMENT

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

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

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

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

24. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights laws, as well as with their respective implementing regulations and guidelines imposed by the U.S. Department of the Interior and/or Bureau of Reclamation.

(b) These statutes require that no person in the United States shall, on the grounds of race, color, national origin, handicap, or age, be excluded from participation in, be

denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving financial assistance from the Bureau of Reclamation. By executing this Contract, the Contractor agrees to immediately take any measures necessary to implement this obligation, including permitting officials of the United States to inspect premises, programs, and documents.

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

PRIVACY ACT COMPLIANCE

25. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a) (the Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et seq.) in maintaining Landholder acreage certification and reporting records, required to be submitted to the Contractor for compliance with Sections 206 and 228 of the Reclamation Reform Act of 1982 (96 Stat. 1266), and pursuant to 43 CFR 426.18.

(b) With respect to the application and administration of the criminal penalty provisions of the Act (5 U.S.C. 552a(i)), the Contractor and the Contractor's employees responsible for maintaining the certification and reporting records referenced in (a) above are considered to be employees of the Department of the Interior. See 5 U.S.C. 552a(m).

(c) The Contracting Officer or a designated representative shall provide the Contractor with current copies of the Interior Department Privacy Act regulations and the Bureau of Reclamation Federal Register Privacy Act System of Records Notice (Acreage Limitation—Interior, Reclamation-31) which govern the maintenance, safeguarding, and disclosure of information contained in the Landholder's certification and reporting records.

(d) The Contracting Officer shall designate a full-time employee of the Bureau of Reclamation to be the System Manager who shall be responsible for making decisions on denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The Contractor is authorized to grant requests by individuals for access to their own records.

(e) The Contractor shall forward promptly to the System Manager each proposed denial of access under 43 CFR 2.64; and each request for amendment of records filed under 43 CFR 2.71; notify the requester accordingly of such referral; and provide the System Manager with information and records necessary to prepare an appropriate response to the

requester. These requirements do not apply to individuals seeking access to their own certification and reporting forms filed with the Contractor pursuant to 43 CFR 426.18, unless the requester elects to cite the Privacy Act as a basis for the request.

CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

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

WATER CONSERVATION

27. (a) Prior to the delivery of water provided from or conveyed through Federally constructed or Federally financed facilities pursuant to this Contract, the Contractor shall 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 meet the conservation and efficiency criteria for evaluating water conservation plans established under Federal law. The water conservation and efficiency program shall contain definite water conservation objectives, appropriate economically feasible water conservation measures, and time schedules for meeting those objectives. Continued Project Water delivery pursuant to this Contract shall be contingent upon the Contractor's continued implementation of such water

conservation program. In the event the Contractor's water conservation plan or any revised water conservation plan completed pursuant to subdivision (d) of this 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 two thousand (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.

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

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

conservation and efficiency criteria for evaluating water conservation plans established under Federal law.

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

EXISTING OR ACQUIRED WATER OR WATER RIGHTS

28. Except as specifically provided in Article 18 of this Contract, the provisions of this Contract shall not be applicable to or affect non-project Water or water rights now owned or hereafter acquired by the Contractor or any user of such water within the Contractor's Service Area. Any such water shall not be considered Project Water under this Contract. In addition, this Contract shall not be construed as limiting or curtailing any rights which the Contractor or any water user within the Contractor's Service Area acquires or has available under any other contract pursuant to Federal Reclamation law.

OPERATION AND MAINTENANCE BY OPERATING NON-FEDERAL ENTITY

29. (a) The O&M of a portion of the Project facilities which serve the Contractor, and responsibility for funding a portion of the costs of such O& M, have been transferred to the Operating Non-Federal Entity by separate agreement between the United States and the Operating Non-Federal Entity. That separate agreement shall not interfere with or affect the rights or obligations of the Contractor or the United States hereunder.

(b) The Contracting Officer has previously notified the Contractor in writing that the O&M of a portion of the Project facilities which serve the Contractor has been transferred to the Operating Non-Federal Entity, and therefore, the Contractor shall pay directly

to the Operating Non-Federal Entity, or to any successor approved by the Contracting Officer under the terms and conditions of the separate agreement between the United States and the Operating Non-Federal Entity described in subdivision (a) of this Article of this Contract, all rates, charges or assessments of any kind, including any assessment for reserve funds, which the Operating Non-Federal Entity or such successor determines, sets or establishes for (i) the O&M of the portion of the Project facilities operated and maintained by the Operating Non-Federal Entity or such successor, or (ii) the Friant Division's share of the operation, maintenance and replacement costs for physical works and appurtenances associated with the Tracy Pumping Plant, the Delta-Mendota Canal, the O'Neill Pumping/Generating Plant, the federal share of the O'Neill Forebay, the Mendota Pool, and the federal share of San Luis Unit joint use conveyance and conveyance pumping facilities. Such direct payments to the Operating Non-Federal Entity or such successor shall not relieve the Contractor of its obligation to pay directly to the United States the Contractor's share of the Project Rates, Charges, and Tiered Pricing Components except to the extent the Operating Non-Federal Entity collects payments on behalf of the United States in accordance with the separate agreement identified in subdivision (a) of this Article of this Contract.

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

(d) In the event the O&M of the Project facilities operated and maintained by the Operating Non-Federal Entity is re-assumed by the United States during the term of this Contract, the Contracting Officer shall so notify the Contractor, in writing, and present to the Contractor a revised Exhibit "B" which shall include the portion of the Rates to be paid by the Contractor for Project Water under this Contract representing the O&M costs of the portion of such Project facilities which have been re-assumed. The Contractor shall, thereafter, in the absence of written notification from the Contracting Officer to the contrary, pay the Rates, Charges, and Tiered Pricing Component(s) specified in the revised Exhibit "B" directly to the United States in compliance with Article 7 of this Contract.

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

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

BOOKS, RECORDS, AND REPORTS

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

(b) Notwithstanding the provisions of subdivision (a) of this Article of this Contract, no books, records, or other information shall be requested from the Contractor by the

Contracting Officer unless such books, records, or information are reasonably related to the administration or performance of this Contract. Any such request shall allow the Contractor a reasonable period of time within which to provide the requested books, records, or information.

(c) At such time as the Contractor provides information to the Contracting Officer pursuant to subdivision (a) of this Article of this Contract, a copy of such information shall be provided to the Operating Non-Federal Entity.

ASSIGNMENT LIMITED—SUCCESSORS AND ASSIGNS OBLIGATED

32. (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 shall be valid until approved in writing by the Contracting Officer.

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

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

SEVERABILITY

33. In the event that a person or entity who is neither (i) a party to a Project contract, nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii) an association or other form of organization whose primary function is to represent parties to Project contracts, brings an action in a court of competent jurisdiction challenging the legality or enforceability of a provision included in this Contract and said person, entity, association, or organization obtains a final court decision holding that such provision is legally invalid or

unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s), the parties to this Contract shall use their best efforts to (i) within thirty (30) days of the date of such final court decision identify by mutual agreement the provisions in this Contract which must be revised and (ii) within three (3) months thereafter promptly agree on the appropriate revision(s). The time periods specified above may be extended by mutual agreement of the parties. Pending the completion of the actions designated above, to the extent it can do so without violating any applicable provisions of law, the United States shall continue to make the quantities of Project Water specified in this Contract available to the Contractor pursuant to the provisions of this Contract which were not found to be legally invalid or unenforceable in the final court decision.

RESOLUTION OF DISPUTES

34. Should any dispute arise concerning any provisions of this Contract, or the parties' rights and obligations thereunder, the parties shall meet and confer in an attempt to resolve the dispute. Prior to the Contractor commencing any legal action, or the Contracting Officer referring any matter to Department of Justice, the party shall provide to the other party thirty (30) days written notice of the intent to take such action; Provided, That such notice shall not be required where a delay in commencing an action would prejudice the interests of the party that intends to file suit. During the thirty (30) day notice period, the Contractor and the Contracting Officer shall meet and confer in an attempt to resolve the dispute. Except as specifically provided, nothing herein is intended to waive or abridge any right or remedy that the Contractor or the United States may have.

OFFICIALS NOT TO BENEFIT

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

CHANGES IN CONTRACTOR'S SERVICE AREA

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

(b) Within thirty (30) days of receipt of a request for such a change, the Contracting Officer will notify the Contractor of any additional information required by the Contracting Officer for processing said request, and both parties will meet to establish a mutually agreeable schedule for timely completion of the process. Such process will analyze whether the proposed change is likely to: (i) result in the use of Project Water contrary to the terms of this Contract; (ii) impair the ability of the Contractor to pay for Project Water furnished under this Contract or to pay for any Federally-constructed facilities for which the Contractor is responsible; and (iii) have an impact on any Project Water rights applications, permits, or licenses. In addition, the Contracting Officer shall comply with the National Environmental Policy Act and the Endangered Species Act. The Contractor will be responsible for all costs incurred by the Contracting Officer in this process, and such costs will be paid in accordance with Article 26 of this Contract.

FEDERAL LAWS

37. By entering into this Contract, the Contractor does not waive its rights to contest the validity or application in connection with the performance of the terms and conditions of this

Contract of any Federal law or regulation; Provided, That the Contractor agrees to comply with the terms and conditions of this Contract unless and until relief from application of such Federal law or regulation to the implementing provision of the Contract is granted by a court of competent jurisdiction.

EMERGENCY RESERVE FUND

38. The Contractor and Contracting Officer acknowledge that the requirements to establish and maintain a minimum reserve fund account to finance extraordinary O&M costs of Friant Division Facilities is and will continue to be administered under Contract No. 8-07-20-X0356 titled Agreement To Transfer The Operation, Maintenance And Replacement And Certain Financial And Administrative Activities Related To The Friant-Kern Canal And Associated Works, dated March 1, 1998 as amended, supplemented, assigned, or renewed.

MEDIUM FOR TRANSMITTING PAYMENT

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

(b) 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.

NOTICES

40. Any notice, demand, or request authorized or required by this Contract shall be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered to the Area Manager, South-Central California Area Office, 1243 "N" Street, Fresno, California 93721, and on behalf of the United States, when mailed, postage prepaid, or delivered to the Board of Directors of the Delano-Earlimart Irrigation District, 14181 Avenue 24, Delano,

1506 California 93215. The designation of the addressee or the address may be changed by notice
1507 given in the same manner as provided in this Article of this Contract for other notices.

1508 CONFIRMATION OF CONTRACT

1509 41. The Contractor, after the execution of this Contract, shall promptly provide to the
1510 Contracting Officer a decree of a court of competent jurisdiction of the State of California,
1511 confirming the execution of this Contract. The Contractor shall furnish the United States a
1512 certified copy of the final decree, the validation proceedings, and all pertinent supporting records
1513 of the court approving and confirming this Contract, and decreeing and adjudging it to be lawful,
1514 valid, and binding on the Contractor.

1515 CONTRACT DRAFTING CONSIDERATIONS

1516 42. Articles 1 through 15, subdivision (c) of Article 16, Articles 18 through 20,
1517 subdivision (c) of Article 23, Articles 26 through 29, subdivisions (b) and (c) of Article 31,
1518 subdivisions (b) and (c) of Article 32, Articles 33 through 34, subdivision (b) of Article 36, and
1519 Articles 37 through 38 of this Contract have been drafted, negotiated, and reviewed by the
1520 parties hereto, each of whom is sophisticated in the matters to which this Contract pertains, and
1521 no one party shall be considered to have drafted the stated Articles.

1522 IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the day
1523 and year first above written.

APPROVED AS TO LEGAL
FORM AND SUFFICIENCY
James E. Turner
OFFICE OF REGIONAL SOLICITOR
DEPARTMENT OF THE INTERIOR

ACTING FOR

THE UNITED STATES OF AMERICA

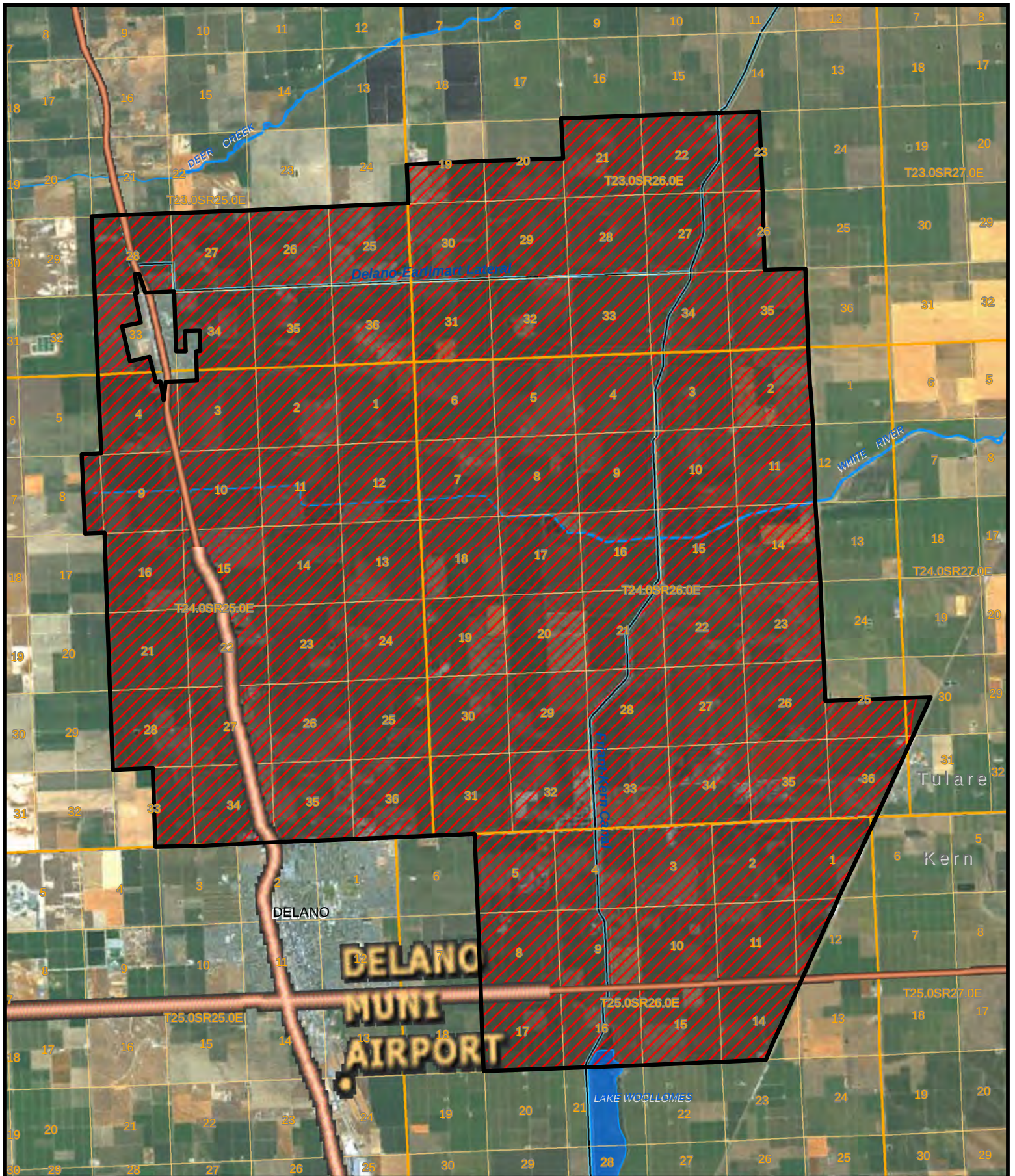
By: *Robert A. Arroyave*
Regional Director, Mid-Pacific Region
Bureau of Reclamation

DELANO-EARLIMART IRRIGATION DISTRICT

By: *Wanda D. Miller*
President, Board of Directors

Attest:

By: *D. R. B.*
Secretary



- Contractor's Service Area (Irrigation Only)
- Contractor's Service Area (Irrigation and M&I)
- District Boundary

Delano-Earlimart I.D.

Contract No. I75R-3327D

Exhibit A

Friant 9 (d) Repayment



Date: September 28, 2010

File Name: N:\Districts\Contracts\Friant_9(d)\Contracts\Friant_9(d)WithTRS\DelanoEarlimart.mxd

5

2.5

0 Miles

1785-202-58

EXHIBIT B

Rates and Charges

This is a placeholder page. The Rates and Charges will be transmitted to the Contractor at a later date.

Exhibit C-1
Repayment Obligation - Lump Sum Option

Friant Contractor;
San Joaquin River Restoration Act

Delano-Earlimart ID

Existing Capital Obligation (Article 1(m))	\$	27,463,109.01
--	----	---------------

Irrigation portion of Existing Capital Obligation	\$	27,445,206.23
---	----	---------------

20yr CMT as of :	10/01/10	3.400%
------------------	----------	--------

Discount Rate (1/2 20yr CMT)	1.700%
------------------------------	--------

Discounted Irrigation Capital	\$	23,101,822.46
-------------------------------	----	---------------

Non-Discounted M&I Portion of Existing Capital Obligation	\$	17,902.78
---	----	-----------

Repayment Obligation - Lump Sum Option (per Article 7(a)(2)(A) S	23,119,725.24
--	---------------

Year	Irrigation Portion of Allocated Capital Cost	
	Beginning Balance	Straight Line Repayment
2011	\$ 27,445,206	\$ 1,372,260
2012	\$ 26,072,946	\$ 1,372,260
2013	\$ 24,700,686	\$ 1,372,260
2014	\$ 23,328,425	\$ 1,372,260
2015	\$ 21,956,165	\$ 1,372,260
2016	\$ 20,583,905	\$ 1,372,260
2017	\$ 19,211,644	\$ 1,372,260
2018	\$ 17,839,384	\$ 1,372,260
2019	\$ 16,467,124	\$ 1,372,260
2020	\$ 15,094,863	\$ 1,372,260
2021	\$ 13,722,603	\$ 1,372,260
2022	\$ 12,350,343	\$ 1,372,260
2023	\$ 10,978,082	\$ 1,372,260
2024	\$ 9,605,822	\$ 1,372,260
2025	\$ 8,233,562	\$ 1,372,260
2026	\$ 6,861,302	\$ 1,372,260
2027	\$ 5,489,041	\$ 1,372,260
2028	\$ 4,116,781	\$ 1,372,260
2029	\$ 2,744,521	\$ 1,372,260
2030	\$ 1,372,260	\$ 1,372,260
		\$ 27,445,206

Exhibit C-2
Repayment Obligation - Installment Payment Option

Prinant Contractor:

Delano-Earlimart ID

Existing Capital Obligation (Article 1(m)) \$ 27,463,109.01

Irrigation Portion of Existing Capital Obligation \$ 27,445,206.23

20yr CMT - 10/1/2010 3.400%
Discount Rate (1/2 20yr CMT) 1.700%

Non-Discounted M&I Existing Capital Obligation \$ 17,902.78

Installment Schedule

	Payment Due Date	Irrigation Portion of Repayment Obligation	Non-discounted M&I Portion of Existing Capital Obligation	Repayment Obligation
1st Installment	5/1/2011	\$ 5,917,346.97	\$ 17,902.78	\$ 5,935,249.75
2nd Installment	5/1/2012	\$ 5,916,453.05	-	\$ 5,916,453.05
3rd Installment	5/1/2013	\$ 5,922,528.18	-	\$ 5,922,528.18
4th Installment	1/31/2014	\$ 5,933,333.64	-	\$ 5,933,333.64

Total Repayment Obligation - Installment Option (per Article 7(a)(2)(A)):

\$ 23,689,661.84 \$ 17,902.78 \$ 23,707,564.62

Irrigation Portion of Allocated Capital Cost

Year	Beginning Balance		Straight Line Repayment	Discounted Capital Amount			
				\$5,917,346.97	\$5,916,453.05	\$5,922,528.18	\$5,933,333.64
2011	\$ 27,445,206	\$ 1,372,260	\$ 1,372,260	\$ 1,372,260			
2012	\$ 26,072,946	\$ 1,372,260	\$ 1,372,260	\$ 288,175	\$ 1,084,086		
2013	\$ 24,700,686	\$ 1,372,260	\$ 1,372,260	\$ 288,175	\$ 320,423	\$ 763,663	
2014	\$ 23,328,425	\$ 1,372,260	\$ 1,372,260	\$ 288,175	\$ 320,423	\$ 358,846	\$ 404,817
2015	\$ 21,956,165	\$ 1,372,260	\$ 1,372,260	\$ 288,175	\$ 320,423	\$ 358,846	\$ 404,817
2016	\$ 20,583,905	\$ 1,372,260	\$ 1,372,260	\$ 288,175	\$ 320,423	\$ 358,846	\$ 404,817
2017	\$ 19,211,644	\$ 1,372,260	\$ 1,372,260	\$ 288,175	\$ 320,423	\$ 358,846	\$ 404,817
2018	\$ 17,839,384	\$ 1,372,260	\$ 1,372,260	\$ 288,175	\$ 320,423	\$ 358,846	\$ 404,817
2019	\$ 16,467,124	\$ 1,372,260	\$ 1,372,260	\$ 288,175	\$ 320,423	\$ 358,846	\$ 404,817
2020	\$ 15,094,863	\$ 1,372,260	\$ 1,372,260	\$ 288,175	\$ 320,423	\$ 358,846	\$ 404,817
2021	\$ 13,722,603	\$ 1,372,260	\$ 1,372,260	\$ 288,175	\$ 320,423	\$ 358,846	\$ 404,817
2022	\$ 12,350,343	\$ 1,372,260	\$ 1,372,260	\$ 288,175	\$ 320,423	\$ 358,846	\$ 404,817
2023	\$ 10,978,082	\$ 1,372,260	\$ 1,372,260	\$ 288,175	\$ 320,423	\$ 358,846	\$ 404,817
2024	\$ 9,605,822	\$ 1,372,260	\$ 1,372,260	\$ 288,175	\$ 320,423	\$ 358,846	\$ 404,817
2025	\$ 8,233,562	\$ 1,372,260	\$ 1,372,260	\$ 288,175	\$ 320,423	\$ 358,846	\$ 404,817
2026	\$ 6,861,302	\$ 1,372,260	\$ 1,372,260	\$ 288,175	\$ 320,423	\$ 358,846	\$ 404,817
2027	\$ 5,489,041	\$ 1,372,260	\$ 1,372,260	\$ 288,175	\$ 320,423	\$ 358,846	\$ 404,817
2028	\$ 4,116,781	\$ 1,372,260	\$ 1,372,260	\$ 288,175	\$ 320,423	\$ 358,846	\$ 404,817
2029	\$ 2,744,521	\$ 1,372,260	\$ 1,372,260	\$ 288,175	\$ 320,423	\$ 358,846	\$ 404,817
2030	\$ 1,372,260	\$ 1,372,260	\$ 1,372,260	\$ 288,175	\$ 320,423	\$ 358,846	\$ 404,817
	\$ 27,445,206	\$ 1,372,260	\$ 6,847,579	\$ 6,851,696	\$ 6,864,046	\$ 6,881,885	

Exhibit D
Friant Surcharge Reduction Calculation

Friant Contractor:
San Joaquin River Restoration Act

Delano-Earlimart ID

Average Annual Delivery - Forecasted for 2020-2039*	102,910
Total Projected deliveries (over 20 yr period)**	
Article 7(c)	2,058,200
20 yr CMT as of 10/1/2010	3.400%
1/2 20 yr CMT as of 10/1/2010	1.700%
Irrigation Portion of Existing Capital Obligation	\$27,445,206
NPV at Half CMT (Repayment Obligation)	\$23,101,822
NPV at Full CMT	\$19,680,775
Financing Cost Offset: * (Article 7(c)(1))	\$3,421,048
NPV of FS Reduction	\$3,277,175
Difference between Financing Cost Offset and NPV of FS Reduction	\$143,872
2020 Other Obligation Credit (FV of difference) (Art. 7(c)(2))***	\$194,385

Irrigation portion of Allocated Capital Cost				CVPIA Friant Surcharges	Reduction in Friant Surcharge			
Year	Beginning Balance	Straight Line Repayment	Surcharge per Acre-Foot Before Reduction	Friant Surcharge Reduction per Article 7(c)(1)	Friant Surcharge due per A/F after Reduction	Projected Total Annual Credit	2020 Other Obligation Credit Calculation (Art. 7(c)(2))	
2011	\$ 27,445,206	\$ 1,372,260	\$7.00		\$7.00	0	\$ 143,872.47	
2012	\$ 26,072,946	\$ 1,372,260	\$7.00		\$7.00	0	\$ 148,764.13	
2013	\$ 24,700,686	\$ 1,372,260	\$7.00		\$7.00	0	\$ 153,822.11	
2014	\$ 23,328,425	\$ 1,372,260	\$7.00		\$7.00	0	\$ 159,052.06	
2015	\$ 21,956,165	\$ 1,372,260	\$7.00		\$7.00	0	\$ 164,459.83	
2016	\$ 20,583,905	\$ 1,372,260	\$7.00		\$7.00	0	\$ 170,051.47	
2017	\$ 19,211,644	\$ 1,372,260	\$7.00		\$7.00	0	\$ 175,833.22	
2018	\$ 17,839,384	\$ 1,372,260	\$7.00		\$7.00	0	\$ 181,811.55	
2019	\$ 16,467,124	\$ 1,372,260	\$7.00		\$7.00	0	\$ 187,993.14	
2020	\$ 15,094,863	\$ 1,372,260	\$7.00	(\$3.00)	\$ 4.00	(\$308,730)	\$ 194,384.90	
2021	\$ 13,722,603	\$ 1,372,260	\$7.00	(\$3.00)	\$ 4.00	(308,730)		
2022	\$ 12,350,343	\$ 1,372,260	\$7.00	(\$3.00)	\$ 4.00	(308,730)		
2023	\$ 10,978,082	\$ 1,372,260	\$7.00	(\$3.00)	\$ 4.00	(308,730)		
2024	\$ 9,605,822	\$ 1,372,260	\$7.00	(\$3.00)	\$ 4.00	(308,730)		
2025	\$ 8,233,562	\$ 1,372,260	\$7.00	(\$3.00)	\$ 4.00	(308,730)		
2026	\$ 6,861,302	\$ 1,372,260	\$7.00	(\$3.00)	\$ 4.00	(308,730)		
2027	\$ 5,489,041	\$ 1,372,260	\$7.00	(\$3.00)	\$ 4.00	(308,730)		
2028	\$ 4,116,781	\$ 1,372,260	\$7.00	(\$3.00)	\$ 4.00	(308,730)		
2029	\$ 2,744,521	\$ 1,372,260	\$7.00	(\$3.00)	\$ 4.00	(308,730)		
2030	\$ 1,372,260	\$ 1,372,260	\$7.00	(\$3.00)	\$ 4.00	(308,730)		
2031			\$7.00	(\$3.00)	\$ 4.00	(308,730)		
2032			\$7.00	(\$3.00)	\$ 4.00	(308,730)		
2033			\$7.00	(\$3.00)	\$ 4.00	(308,730)		
2034			\$7.00	(\$3.00)	\$ 4.00	(308,730)		
2035			\$7.00	(\$3.00)	\$ 4.00	(308,730)		
2036			\$7.00	(\$3.00)	\$ 4.00	(308,730)		
2037			\$7.00	(\$3.00)	\$ 4.00	(308,730)		
2038			\$7.00	(\$3.00)	\$ 4.00	(308,730)		
2039			\$7.00	(\$3.00)	\$ 4.00	(308,730)		
		\$ 27,445,206				(\$6,174,600)		

Exhibit D
Friant Surcharge Reduction Calculation

Footnotes

* Average annual delivery forecast indicated above is a mutually agreed upon estimate of deliveries during the period 2020-2039 for purposes of calculating the Friant Surcharge reduction and related credits only.

** This figure represents the total cumulative deliveries the reduced surcharge is applicable to, but not beyond 2039. If cumulative actual deliveries exceed this amount prior to 2039, the full Friant Surcharge is applicable to deliveries in excess of this amount.

*** The difference represents the amount of financing costs that are not offset through the reduced Friant Surcharge computed on this schedule. Pursuant to Section 7(c)(2), this amount shall offset the Contractor's other outstanding or future obligations. After 2020, the contractors other obligations shall be reduced in the following order to fully offset this amount: 1) Payments or prepayments due for O&M expenses and, to the extent applicable, 2) Additional Capital Obligation.

@ Amount of reduction in Friant Surcharge is computed using FPV of Financing Costs adjusted to Yr 2020. Annual Friant Surcharge reduction to fully offset Financing costs is computed and presented on per a/f basis. Friant surcharge may be reduced up to \$3 per a/f.

Friant Surcharge (FS) Reduction Calculations

FV of Total Financing Cost for Offset	\$	4,779,303
Annual Credit Target	\$	(322,284)
FS Reduction w/o limit	\$	(3.13)
FS Reduction limit	\$	(3.00)

EXHIBIT E

Restated Contract¹

Irrigation and M&I
Contract No. I75r-3327D

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

CONTRACT BETWEEN THE UNITED STATES
AND
DELANO-EARLIMART IRRIGATION DISTRICT
PROVIDING FOR PROJECT WATER SERVICE FROM
FRIANT DIVISION AND
FOR FACILITIES REPAYMENT

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¹ Pursuant to subdivision (b) of Article 2 of the Contract to which this exhibit is attached, this Exhibit “E” makes no substantive revisions to the Contract to which it is attached and is prepared solely as a matter of administrative convenience. In this Exhibit “E”, references to “Contract” or “this Contract” refers to this Restated Contract.

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1 UNITED STATES
2 DEPARTMENT OF THE INTERIOR
3 BUREAU OF RECLAMATION
4 Central Valley Project, California

5 CONTRACT BETWEEN THE UNITED STATES
6 AND
7 DELANO-EARLIMART IRRIGATION DISTRICT
8 PROVIDING FOR PROJECT WATER SERVICE
9 FROM FRIANT DIVISION AND
10 FACILITIES REPAYMENT

11 THIS CONTRACT, made this 17th day of November, 2010, is entered
12 into pursuant to the Act of June 17, 1902, (32 Stat. 388), and acts amendatory or supplementary
13 thereto, including but not limited to: the Act of August 26, 1937 (50 Stat. 844), as amended and
14 supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, July 2, 1956 (70
15 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1262), October 27, 1986 (100
16 Stat. 3050), as amended, Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), and Title
17 X, Subtitle A, of the Act of March 30, 2009 (123 Stat. 1349), also referred to as the San Joaquin
18 River Restoration Settlement Act hereinafter referred to as SJRRSA, all collectively hereinafter
19 referred to as Federal Reclamation law, between THE UNITED STATES OF AMERICA,
20 hereinafter referred to as the United States and DELANO-EARLIMART IRRIGATION
21 DISTRICT, hereinafter referred to as the Contractor, a public agency of the State of California,
22 duly organized, existing, and acting pursuant to the laws thereof, with its principal place of
23 business in California;

24 WITNESSETH, That

EXPLANATORY RECITALS

[1st] WHEREAS, the United States has constructed and is operating the Central Valley Project, California, for diversion, storage, carriage, distribution and beneficial use, for flood control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and restoration, generation and distribution of electric energy, salinity control, navigation and other beneficial uses, of waters of the Sacramento River, the American River, the Trinity River, and the San Joaquin River and their tributaries; and

[2nd] WHEREAS, the United States constructed Friant Dam (thereby creating Millerton Lake) and the Friant-Kern and Madera Canals, hereinafter collectively referred to as the Friant Division Facilities, which will be used in part for the furnishing of water to the Contractor pursuant to the terms of this Contract; and

[3rd] WHEREAS, the United States and the Contractor entered into Contract Number I75r-3327, as amended, which established terms for the delivery to the Contractor of Project Water from the Friant Division from August 11, 1951 through February 29, 1992; and

[4th] WHEREAS, the Contractor and the United States have entered into a renewal contract and, pursuant to subsection 3404(c)(1) of the Central Valley Project Improvement Act (CVPIA), subsequently entered into an interim renewal contract(s), identified as Contract Number (s) I75r-3327R and I75r-3327-IR1, which provided for the continued water service to Contractor from March 1, 1992 through February 28, 2001, and subsequently entered into a long-term renewal contract identified as Contract Number I75r-3327-LTR1, which provided for

continued water service to Contractor through February 28, 2026, which was amended January 18, 2007, and is herein referred to as the “Existing Contract”; and

[5th] WHEREAS, pursuant to Section 8 of the Act of June 17, 1902 (32 Stat. 388), the United States has acquired water rights and other rights to the flows of the San Joaquin River, including without limitation the permits issued as the result of Decision 935 by the California State Water Resource Control Board and the contracts described in subdivision (n) of Article 3 of this Contract, pursuant to which the Contracting Officer develops, diverts, stores and delivers Project Water stored or flowing through Millerton Lake in accordance with State and Federal law for the benefit of Project Contractors in the Friant Division and for other specified Project purposes; and

[6th] WHEREAS, the water supplied to the Contractor pursuant to this Contract is Project Water developed through the exercise of the rights described in the fifth (5th) Explanatory Recital of this Contract; and

[7th] WHEREAS, as a result of litigation entitled “Natural Resources Defense Council, et al. v Kirk Rogers, et al.” No. CIV-S-88-1658LLK/GGH, certain contractors from the Friant Division entered into a Stipulation of Settlement dated September 13, 2006, (the “Settlement”), which settlement prescribes a Restoration Goal and a Water Management Goal and which Settlement was subsequently confirmed and implemented through the SJRRSA; and

[8th] WHEREAS, the SJRRSA authorizes and directs the Secretary to convert the Existing Contract to a repayment contract under subsection (d) of Section 9 of the Act of August 4, 1939, no later than December 31, 2010, and further directs that such contract shall require the

66 accelerated repayment of the Contractor's allocated share of construction costs, either as a lump
67 sum payment by January 31, 2011 or in annual installments by January 31, 2014, which funds
68 will in turn be made available for implementation of the Settlement and SJRRSA, and which
69 costs otherwise would have been payable through annual water rates, with full repayment by
70 2030; and

71 [9th] WHEREAS, such repayment of costs will assist the United States with
72 implementation of actions required under the Settlement and the SJRRSA and provide the
73 Contractor the benefits provided in Section 10010 of the SJRRSA; and

74 [10th] WHEREAS, subsection (4) of Section 1 of the Act of July 2, 1956 (1956 Act)
75 directs the Secretary to provide that the other party to any contract entered into pursuant to
76 subsection (d) of Section 9 of the Act of August 4, 1939 (repayment contract) or pursuant to
77 subsection (e) of Section 9 of the Act of August 4, 1939 (water service contract) shall "have the
78 first right (to which the rights of the holders of any other type of irrigation water contract shall be
79 subordinate) to a stated share or quantity of the project's available water supply for beneficial
80 use on the irrigable lands within the boundaries of, or owned by, the party and a permanent right
81 to such share or quantity upon completion of payment of the amount assigned for ultimate
82 return" by the contractor subject to fulfillment of all obligations under the contract; and

83 [11th] WHEREAS, among other things, this Contract includes provisions granting the
84 Contractor the permanent right described in the tenth (10th) Explanatory Recital; and

85 [12th] WHEREAS, the Contractor has demonstrated to the satisfaction of the
86 Contracting Officer that the Contractor has utilized the Project Water supplies available to it for

87 reasonable and beneficial use and/or has demonstrated projected future demand for water use
88 such that the Contractor has the capability and expects to utilize fully for reasonable and
89 beneficial use the quantity of Project Water to be made available to it pursuant to this Contract;
90 and

91 [13th] WHEREAS, water obtained from the Central Valley Project has been relied upon
92 by urban and agricultural areas within California for more than fifty (50) years and is considered
93 by the Contractor as an essential portion of its water supply; and

94 [14th] WHEREAS, the economies of regions within the Central Valley Project,
95 including the Contractor's, depend upon the continued availability of water, including water
96 service from the Central Valley Project; and

97 [15th] WHEREAS, the Secretary intends through coordination, cooperation, and
98 partnerships to pursue measures to improve water supply, water quality, and reliability of the
99 Project for all Project purposes; and

100 [16th] WHEREAS, the mutual goals of the United States and the Contractor include: to
101 provide for reliable Project Water supplies; to control costs of those supplies; to achieve
102 repayment of the Central Valley Project as required by law; to guard reasonably against Project
103 Water shortages; to achieve a reasonable balance among competing demands for use of Project
104 Water; and to comply with all applicable environmental statutes, all consistent with the legal
105 obligations of the United States relative to the Central Valley Project; and

106 [17th] WHEREAS, any time during the Year the Contracting Officer determines that a
107 need exists to evacuate water from Millerton Lake in order to prevent or minimize spill or to

meet flood control criteria (currently referred to as “uncontrolled season”), taking into consideration, among other things, anticipated upstream reservoir operations and the most probable forecast of snowmelt and runoff projections for the upper San Joaquin River, Friant Division Project Contractors utilize a portion of their undependable Class 2 Water in their service areas to, among other things, assist in the management and alleviation of groundwater overdraft in the Friant Division service area, provide opportunities for restoration of the San Joaquin River below Friant Dam, minimize flooding along the San Joaquin River, encourage optimal water management, and maximize the reasonable and beneficial use of the water; and

[18th] WHEREAS, the parties desire and intend that this Contract not provide a disincentive to the Friant Division Project Contractors continuing to carry out the beneficial activities set out in the Explanatory Recital immediately above; and

[19th] WHEREAS, the United States has determined that the Contractor has fulfilled all of its obligations under the Existing Contract.

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

DEFINITIONS

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

(a) “Additional Capital Obligation” shall mean any additional construction costs or other capitalized costs incurred after the effective date of this Contract or not reflected in the Existing Capital Obligation as provided in Section 10010(a)(3)(B) of the SJRRSA and any

amounts payable by Contractor as determined through the final adjustment described and required by Section 10010(b) of the SJRRSA;

(b) “Calendar Year” shall mean the period January 1 through December 31, both dates inclusive;

(c) “Charges” shall mean the payments required by Federal Reclamation law in addition to the Rates specified in this Contract as determined annually by the Contracting Officer pursuant to this Contract and consistent with the SJRRSA;

(d) “Class 1 Water” shall mean that supply of water stored in or flowing through Millerton Lake which, subject to the contingencies hereinafter described in Articles 3, 12, and 13 of this Contract, will be available for delivery from Millerton Lake and the Friant-Kern and Madera Canals as a dependable water supply during each Year;

(e) “Class 2 Water” shall mean that supply of water which can be made available subject to the contingencies hereinafter described in Articles 3, 12, and 13 of this Contract for delivery from Millerton Lake and the Friant-Kern and Madera Canals in addition to the supply of Class 1 Water. Because of its uncertainty as to availability and time of occurrence, such water will be undependable in character and will be furnished only if, as, and when it can be made available as determined by the Contracting Officer;

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

(g) “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;

(h) “Contract Total” shall mean the maximum amount of Class 1 Water plus the maximum amount of Class 2 Water specified in subdivision (a) of Article 3 of this Contract and is the stated share or quantity of the Project’s available water supply to which the Contractor has a permanent right in accordance with the 1956 Act and the terms of this Contract, due to the Contractor’s complete payment of the Repayment Obligation, notwithstanding any Additional Capital Obligation that may later be established, which right shall not be disturbed so long as the Contractor fulfills all of its obligations under this Contract;

(i) “Contractor’s Service Area” shall mean the area to which the Contractor is permitted to provide Project Water under this Contract as described in Exhibit “A” attached hereto, which may be modified from time to time in accordance with Article 36 of this Contract without amendment of this Contract;

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

(k) Omitted;

(l) Omitted;

(m) “Existing Capital Obligation” shall mean the remaining amount of construction costs of the Contractor identified in the Central Valley Project Irrigation Water Rates and/or Municipal and Industrial Water Rates, respectively, dated January 25, 2007, as

adjusted to reflect payments not reflected in such schedule, pursuant to Section 10010(a)(3)(A) of the SJRRSA. The Contracting Officer has computed the Existing Capital Obligation in a manner consistent with the SJRRSA and such amount is set forth in Exhibits “C-1” and “C-2”, incorporated herein by reference;

(n) “Financing Costs”, for purposes of computing the reduction of certain charges as specified in subdivision (c) of Article 7 of this Contract, shall mean the difference between the net present value of the Existing Capital Obligation discounted using the full Treasury rate and the Existing Capital Obligation discounted using one-half the Treasury rate, as set forth in Section 10010(d)(3) of the SJRRRA;

(o) Omitted;

(p) Omitted;

(q) Omitted;

(r) “Irrigation Water” shall mean water made available from the Project that is used primarily in the production of agricultural crops or livestock, including domestic use incidental thereto, and watering of livestock;

(s) Omitted;

(t) “Long Term Historic Average” shall mean the average of the final forecast of Water Made Available to the Contractor pursuant to this Contract and the contracts referenced in the third (3rd) and fourth (4th) Explanatory Recitals of this Contract;

(u) “Municipal and Industrial (M&I) Water” shall mean Water Made Available from the Project other than Irrigation Water made available to the Contractor. M&I

Water shall include water used for human use and purposes such as the watering of landscaping or pasture for animals (e.g., horses) which are kept for personal enjoyment or water delivered to land holdings operated in units of less than five (5) acres unless the Contractor establishes to the satisfaction of the Contracting Officer that the use of water delivered to any such landholding is a use described in subdivision (r) of this Article of this Contract;

(v) Omitted;

(w) “Operation and Maintenance” or “O&M” shall mean normal and reasonable care, control, operation, repair, replacement (other than Capital replacement), and maintenance of Project facilities;

(x) “Operating Non-Federal Entity” shall mean the Friant Water Authority, or its successor, a Non-Federal entity, which has the obligation to operate and maintain all or a portion of the Friant Division Facilities pursuant to an agreement with the United States and which may have funding obligations with respect thereto;

(y) Omitted;

(z) “Project” shall mean the Central Valley Project owned by the United States and managed by the Department of the Interior, Bureau of Reclamation;

(aa) “Project Contractors” shall mean all parties who have a long-term water service contract or repayment contract for Project Water from the Project with the United States pursuant to Federal Reclamation law;

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

(cc) “Rates” shall mean the payments for O&M costs as determined annually by the Contracting Officer in accordance with the then-existing applicable water ratesetting policies for the Project, as described in subdivision (a) of Article 7 of this Contract and illustrated in Exhibit “B”, attached hereto;

(dd) “Recovered Water Account” shall mean the program, as defined in the Settlement, to make water available to all of the Friant Division Project Contractors who provide water to meet interim flows or restoration flows for the purpose of reducing or avoiding the impact of the interim flows and restoration flows on such contractors;

(ee) “Repayment Obligation”, as provided in subdivision (a)(2)(A) of Article 7 of this Contract, shall be the Existing Capital Obligation, as defined herein, discounted by one-half of the Treasury rate and computed consistent with the provisions of Section 10010(a)(3)(A) of the SJRRSA to be paid as either a lump sum payment by January 31, 2011 or in approximately equal annual installments by January 31, 2014;

(ff) “Secretary” shall mean the Secretary of the Interior, a duly appointed successor, or an authorized representative acting pursuant to any authority of the Secretary and through any agency of the Department of the Interior;

(gg) “Settlement” shall mean the Stipulation of Settlement dated September 13, 2006, the Order Approving Stipulation of Settlement, and the Judgment and further orders issued

by the Court pursuant to the terms and conditions of the Settlement in Natural Resources

Defense Council, et al. v. Rodgers, et al., No. CIV-S-88-1658 LLJ/GGH;

(hh) Omitted;

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

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

(kk) “Water Management Goal” shall mean the goal of the Settlement to reduce or avoid adverse water supply impacts to all the Friant Division Project Contractors that may result from the interim flows and restoration flows provided for in the Settlement;

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

(mm) “Year” shall mean the period from and including March 1 of each Calendar Year through the last day of February of the following Calendar Year.

EFFECTIVE DATE OF CONTRACT

2. (a) This Contract shall become effective on the date first hereinabove written and shall continue so long as the Contractor is making the annual payments required herein and paying any other amounts owing under this Contract and applicable law, unless it is terminated

by the Contracting Officer by reason of a material uncured breach by the Contractor; Provided, That the Contracting Officer shall not seek to terminate this Contract by reason of an asserted material uncured breach by the Contractor unless it has first provided at least sixty (60) days written notice of the asserted breach to the Contractor and the Contractor has failed to cure such breach (or to diligently commence curative actions satisfactory to the Contracting Officer for a breach that cannot be fully cured within sixty (60) days) within the sixty (60)-day notice period; Provided further, That this Contract may be terminated at any time by mutual consent of the parties hereto.

(b) The Contractor has paid the Repayment Obligation, and notwithstanding any Additional Capital Obligation that may later be established, the tiered pricing component and the acreage limitations, reporting, and Full Cost pricing provisions of Federal Reclamation law, shall no longer be applicable to the Contractor.

(c) This Contract supersedes in its entirety and is intended to replace in full the Existing Contract; Provided, That if this Contract is terminated or determined to be invalid or unenforceable for any reason other than a material uncured breach of this Contract by the Contractor, the Existing Contract shall not be superseded and shall be in full force and effect.

WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

3. (a) During each Year, consistent with all applicable State water rights, permits, and licenses, Federal law, the Settlement including the SJRRSA, and subject to the provisions set forth in Articles 12 and 13 of this Contract, the Contracting Officer shall make available for delivery to the Contractor from the Project 108,800 acre-feet of Class 1 Water and

74,500 acre-feet of Class 2 Water for irrigation and M&I purposes. The quantity of Water Delivered to the Contractor in accordance with this subdivision shall be scheduled and paid for pursuant to the provisions of Articles 4 and 7 of this Contract.

(b) The Contractor has paid the Repayment Obligation, and notwithstanding any Additional Capital Obligation that may later be established, the Contractor has a permanent right to the Contract Total in accordance with the 1956 Act and the terms of this Contract. This right shall not be disturbed so long as the Contractor fulfills all of its obligations hereunder. The quantity of water made available for delivery in any given Year shall remain subject to the terms and conditions of subdivision (a) of this Article of this Contract.

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

(d) The Contractor shall make reasonable and beneficial use of all Project Water or other water furnished pursuant to this Contract. Groundwater recharge programs, groundwater banking programs, surface water storage programs, and other similar programs utilizing Project Water or other water furnished pursuant to this Contract conducted within the Contractor's Service Area which are consistent with applicable State law and result in use consistent with applicable Federal Reclamation law will be allowed; Provided, That any direct recharge program(s) is (are) described in the Contractor's Water Conservation Plan submitted pursuant to Article 27 of this Contract; Provided further, That such Water Conservation Plan demonstrates sufficient lawful uses exist in the Contractor's Service Area so that using a

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

(e) The Contractor, through this Contract, shall comply with requirements applicable to the Contractor in biological opinion(s) prepared as a result of the consultation regarding the execution of the Existing Contract undertaken pursuant to Section 7 of the Endangered Species Act of 1973, as amended, as well as the requirements of any other biological opinions applicable to Project Water delivery under this Contract, that are within the Contractor's legal authority to implement. The Contractor shall comply with the limitations or requirements imposed by environmental documentation applicable to the Contractor and within its legal authority to implement regarding specific activities, including conversion of Irrigation Water to M&I Water. 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 of this Contract.

(f) Subject to subdivisions (l) and (n) of this Article of this Contract, following the declaration of Water Made Available under Article 4 of this Contract, the Contracting Officer will make a determination whether Project Water, or other water available to the Project, can be made available to the Contractor in addition to the Contract Total in this Article of this Contract during the Year without adversely impacting the Project or other Project Contractors and consistent with the Secretary's legal obligations. At the request of the Contractor, the Contracting Officer will consult with the Contractor prior to making such a determination. Subject to subdivisions (l) and (n) of this Article of this Contract, if the Contracting Officer determines that Project Water, or other water available to the Project, can be made available to the Contractor, 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 and other Project Contractors capable of taking such water to determine the most equitable and efficient allocation of such water. If the Contractor requests the delivery of any quantity of such water, the Contracting Officer shall make such water available to the Contractor in accordance with applicable statutes, regulations, guidelines, and policies.

(g) The Contractor may request permission to reschedule for use during the subsequent Year some or all of the Water Made Available to the Contractor during the current 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 "pre-use." The Contracting Officer's

written approval may permit such uses in accordance with applicable statutes, regulations, guidelines, and policies.

(h) The Contractor's right pursuant to Federal Reclamation law and applicable State law to the reasonable and beneficial use of the Water Delivered pursuant to this Contract shall not be disturbed so long as the Contractor shall fulfill all of its obligations under this Contract. Nothing in the preceding sentence shall affect the Contracting Officer's ability to impose shortages under Article 12 or subdivision (b) of Article 13 of this Contract.

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

(j) The Contracting Officer shall make reasonable efforts to protect the water rights and other rights described in the fifth (5th) Explanatory Recital of this Contract 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 water rights and other rights described in the fifth (5th) Explanatory Recital of this Contract; Provided however, That the Contracting Officer retains the right to object to the substance of the Contractor's position in such a proceeding. Provided further, that in such proceedings the Contracting Officer shall recognize the Contractor has a legal right under the terms of this Contract to use Project Water.

(k) Project Water furnished to the Contractor during any month designated in a schedule or revised schedule submitted by the Contractor and approved by the Contracting Officer shall be deemed to have been accepted by the Contractor as Class 1 Water to the extent that Class 1 Water is called for in such schedule for such month and shall be deemed to have been accepted as Class 2 Water to the extent Class 2 Water is called for in such schedule for such month. If in any month the Contractor diverts a quantity of water in addition to the total amount of Class 1 Water and Class 2 Water set forth in the Contractor's approved schedule or revised schedule for such month, such additional diversions shall be charged first against the Contractor's remaining Class 2 Water supply available in the current Year. To the extent the Contractor's remaining Class 2 Water supply available in the current Year is not sufficient to account for such additional diversions, such additional diversions shall be charged against the Contractor's remaining Class 1 Water supply available in the current Year. To the extent the Contractor's remaining Class 1 Water and Class 2 Water supplies available in the current Year are not sufficient to account for such additional diversions, such additional diversions shall be charged first against the Contractor's available Class 2 Water supply and then against the Contractor's available Class 1 Water supply, both for the following Year. Payment for all additional diversions of water shall be made in accordance with Article 7 of this Contract.

(l) If the Contracting Officer determines there is a Project Water supply available at Friant Dam as the result of an unusually large water supply not otherwise storable for Project purposes or infrequent and otherwise unmanaged flood flows of short duration, such water will be made available to the Contractor and others under Section 215 of the Act of

October 12, 1982, pursuant to the priorities specified below if the Contractor enters into a temporary contract with the United States not to exceed one (1) year for the delivery of such water or as otherwise provided for in Federal Reclamation law and associated regulations. Such water may be identified by the Contractor either (i) as additional water to supplement the supply of Class 1 Water and/or Class 2 Water made available to it pursuant to this Contract or, (ii) upon written notification to the Contracting Officer, as water to be credited against the Contractor's Class 2 Water supply available pursuant to this Contract. The Contracting Officer shall make water determined to be available pursuant to this subsection according to the following priorities: first, to contractors for Class 1 Water and/or Class 2 Water within the Friant Division; second, to contractors in the Cross Valley Division of the Project. The Contracting Officer will consider requests from other parties for Section 215 Water for use within the area identified as the Friant Division service area in the environmental assessment developed in connection with the execution of the Existing Contract.

(m) Nothing in this Contract, nor any action or inaction of the Contractor or Contracting Officer in connection with the implementation of this Contract, is intended to override, modify, supersede or otherwise interfere with any term or condition of the water rights and other rights referred in the fifth (5th) Explanatory Recital of this Contract.

(n) The rights of the Contractor under this Contract are subject to the terms of the contract for exchange waters, dated July 27, 1939, between the United States and the San Joaquin and Kings River Canal and Irrigation Company, Incorporated, et al., (hereinafter referred to as the Exchange Contractors), Contract No. I1r-1144, as amended. The United States agrees

that it will not deliver to the Exchange Contractors thereunder waters of the San Joaquin River unless and until required by the terms of said contract, and the United States further agrees that it will not voluntarily and knowingly determine itself unable to deliver to the Exchange Contractors entitled thereto from water that is available or that may become available to it from the Sacramento River and its tributaries or the Sacramento-San Joaquin Delta those quantities required to satisfy the obligations of the United States under said Exchange Contract and under Schedule 2 of the Contract for Purchase of Miller and Lux Water Rights (Contract I1r-1145, dated July 27, 1939).

(o) Pursuant to and consistent with section 10004 of SJRRSA and Paragraph 16 of the Settlement, the Contracting Officer is required to develop and implement a plan for recirculation, recapture, reuse, exchange or transfer of water released for restoration flows or interim flows, as those terms are defined in the Settlement, to reduce or avoid impacts to water deliveries caused by said restoration flows or interim flows and water developed through such activities may be made available (i) to the Contractor without the need of an additional contract, and/or (ii) to others on behalf of the Contractor under terms mutually acceptable to the Contractor and the Contracting Officer that are consistent with the Water Management Goal.

TIME FOR DELIVERY OF WATER

4. (a) On or about February 20 of each Calendar Year, the Contracting Officer shall announce the Contracting Officer's initial declaration of the Water Made Available. The declaration will be updated monthly and more frequently if necessary, based on then-current operational and hydrologic conditions and a new declaration with changes, if any, to the Water

Made Available will be made. The Contracting Officer shall provide forecasts of Project operations and the basis of the estimate, with relevant supporting information, upon the written request of the Contractor. Concurrently with the declaration of the Water Made Available, the Contracting Officer shall provide the Contractor with the updated Long Term Historic Average. The declaration of Project operations will be expressed in terms of both Water Made Available and the Long Term Historic Average.

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

(c) The Contractor shall not schedule Project Water in excess of the quantity of Project Water the Contractor intends to put to reasonable and beneficial use within the Contractor's Service Area, or to sell, transfer or exchange pursuant to Article 10 of this Contract or bank pursuant to subdivision (d) of Article 3 of this Contract during any Year.

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

That the total amount of water requested in that schedule or revision does not exceed the quantities announced by the Contracting Officer pursuant to the provisions of subdivision (a) of Article 3 of this Contract, and the Contracting Officer determines that there will be sufficient capacity available in the appropriate Friant Division Facilities to deliver the water in accordance with that schedule; Provided further, That the Contractor shall not schedule the delivery of any water during any period as to which the Contractor is notified by the Contracting Officer or Operating Non-Federal Entity that Project facilities required to make deliveries to the Contractor will not be in operation because of scheduled O&M.

(e) The Contractor may, during the period from and including November 1 of each Year through and including the last day of February of that Year, request delivery of any amount of the Class 1 Water estimated by the Contracting Officer to be made available to it during the following Year. The Contractor may, during the period from and including January 1 of each Year (or such earlier date as may be determined by the Contracting Officer) through and including the last day of February of that Year, request delivery of any amount of Class 2 Water estimated by the Contracting Officer to be made available to it during the following Year. Such water shall hereinafter be referred to as pre-use water. Such request must be submitted in writing by the Contractor for a specified quantity of pre-use and shall be subject to the approval of the Contracting Officer. Payment for pre-use water so requested shall be at the appropriate Rate(s) for the following Year in accordance with Article 7 of this Contract and shall be made in advance of delivery of any pre-use water. The Contracting Officer shall deliver such pre-use water in accordance with a schedule or any revision thereof submitted by the Contractor and

approved by the Contracting Officer, to the extent such water is available and to the extent such deliveries will not interfere with the delivery of Project Water entitlements to other Friant Division contractors or the physical maintenance of the Project facilities. The quantities of pre-use Water Delivered pursuant to this subdivision shall be deducted from the quantities of water that the Contracting Officer would otherwise be obligated to make available to the Contractor during the following Year; Provided, That the quantity of pre-use water to be deducted from the quantities of either Class 1 Water or Class 2 Water to be made available to the Contractor in the following Year shall be specified by the Contractor at the time the pre-use water is requested or as revised in its first schedule for the following Year submitted in accordance with subdivision (b) of this Article of this Contract, based on the availability of the following Year water supplies as determined by the Contracting Officer.

POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this Contract shall be delivered to the Contractor at a point or points of delivery either on Project facilities or another location or locations mutually agreed to in writing by the Contracting Officer and the Contractor.

(b) The Contracting Officer, the Operating Non-Federal Entity, or other appropriate entity shall make all reasonable efforts to maintain sufficient flows and levels of water in the Friant-Kern Canal to deliver Project Water to the Contractor at specific turnouts established pursuant to subdivision (a) of this Article of this Contract.

(c) The Contractor shall not deliver Project Water to land outside the

Contractor's Service Area unless approved in advance by the Contracting Officer. The Contractor shall deliver Project Water in accordance with applicable Federal Reclamation law.

(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, the Operating Non-Federal Entity or other appropriate entity as designated by the Contracting Officer (hereafter "other appropriate entity") at the point or points of delivery established pursuant to subdivision (a) of this Article of this Contract. Upon the request of either party to this Contract, the Contracting Officer shall investigate, or cause to be investigated by the responsible Operating Non-Federal Entity, 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 and the responsible Operating Non-Federal Entity prior to making a final determination of the quantity delivered for that period of time.

(e) Neither the Contracting Officer nor any Operating Non-Federal Entity shall be responsible for the control, carriage, handling, use, disposal, or distribution of Project Water Delivered to the Contractor pursuant to this Contract beyond the delivery points specified in subdivision (a) of this Article of this Contract. The Contractor shall indemnify the United States, its officers, employees, agents, and assigns on account of damage or claim of damage of any nature whatsoever for which there is legal responsibility, including property damage, personal injury, or death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such Project Water beyond such delivery points, except for any

damage or claim arising out of: (i) acts or omissions of the Contracting Officer or any of its officers, employees, agents, or assigns, including any responsible Operating Non-Federal Entity, with the intent of creating the situation resulting in any damage or claim; (ii) willful misconduct of the Contracting Officer or any of its officers, employees, agents, or assigns, including any responsible Operating Non-Federal Entity; (iii) negligence of the Contracting Officer or any of its officers, employees, agents, or assigns including any responsible Operating Non-Federal Entity; or (iv) damage or claims resulting from a malfunction of facilities owned and/or operated by the United States or responsible Operating Non-Federal Entity; Provided, That the Contractor is not the Operating Non-Federal Entity that owned or operated the malfunctioning facility(ies) from which the damage claim arose.

MEASUREMENT OF WATER WITHIN THE SERVICE AREA

6. (a) The Contractor has established a measurement program satisfactory to the Contracting Officer; all surface water delivered for irrigation purposes within the Contractor's Service Area is measured at each agricultural turnout; and water delivered for M&I purposes is measured at each M&I service connection. The water measuring devices or water measuring methods of comparable effectiveness must be acceptable to the Contracting Officer. The Contractor shall be responsible for installing, operating, and maintaining and repairing all such measuring devices and implementing all such water measuring methods at no cost to the United States. The Contractor shall use the information obtained from such water measuring devices or water measuring methods to ensure its proper management of the water, to bill water users for water delivered by the Contractor; and, if applicable, to record water delivered for M&I purposes

by customer class as defined in the Contractor's water conservation plan provided for in Article 27 of this Contract. Nothing herein contained, however, shall preclude the Contractor from establishing and collecting any charges, assessments, or other revenues authorized by California law.

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

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

(d) The Contractor shall inform the Contracting Officer and the State of California in writing by April 30 of each Year of the monthly volume of surface water delivered within the Contractor's Service Area during the previous Year.

(e) The Contractor shall inform the Contracting Officer and the Operating Non-Federal Entity on or before the twentieth (20th) calendar day of each month of the quantity of Irrigation and M&I Water taken during the preceding month.

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

7. (a) The Contractor's cost obligations for all Delivered Water shall be determined in accordance with: (i) the Secretary's ratesetting policy for Irrigation Water adopted in 1988 and the Secretary's then-existing ratesetting policy for M&I Water, consistent with the SJRRSA, and such ratesetting policies shall be amended, modified, or superseded only through a public notice and comment procedure; (ii) applicable Federal Reclamation law and associated rules and regulations, or policies; and (iii) other applicable provisions of this Contract.

(1) The Contractor shall pay the United States as provided for in this Article of this Contract for the Delivered Water at Rates and Charges determined in accordance with policies for Irrigation Water and M&I Water. The Contractor's Rates shall be established to recover its estimated reimbursable costs included in the O&M component of the Rate and amounts established to recover other charges and deficits, other than the construction costs. The

Rates for O&M costs and Charges shall be adjusted, as appropriate, in accordance with the provisions of the SJRRSA.

(2) Omitted.

(A) Omitted.

(B) Project construction costs or other capitalized costs

attributable to capital additions to the Project incurred after the effective date of this Contract or that are not reflected in the schedules referenced in Exhibits “C-1” and “C-2” and properly assignable to the Contractor, shall be repaid as prescribed by the SJRRSA without interest except as required by law. Consistent with Federal Reclamation law, interest shall continue to accrue on the M&I portion of unpaid Project construction costs or other capitalized cost assigned to the Contractor until such costs are paid. Increases or decreases in Project construction costs or other capitalized costs assigned to the Contractor caused solely by annual adjustment of Project construction costs or other capitalized costs assigned to each Central Valley Project contractor by the Secretary shall not be considered in determining the amounts to be paid pursuant to this subdivision (a)(2)(B), but will be considered under subdivision (b) of this Article. A separate repayment agreement shall be established by the Contractor and the Contracting Officer to accomplish repayment of all additional Project construction costs or other capitalized costs assigned to the Contractor within the timeframe prescribed by the SJRRSA subject to the following:

(1) If the collective annual Project construction costs or

other capitalized costs that are incurred after the effective date of this Contract and properly

assignable to the contractors are less than \$5,000,000, then the portion of such costs properly assignable to the Contractor shall be repaid in not more than five (5) years after notification of the allocation. This amount is the result of a collective annual allocation of Project construction costs to the contractors exercising contract conversions; Provided, That the reference to the amount of \$5,000,000 shall not be a precedent in any other context.

(2) If the collective annual Project construction costs or other capitalized costs that are incurred after the effective date of this Contract and properly assignable to the contractors are \$5,000,000 or greater, then the portion of such costs properly assignable to the Contractor shall be repaid as provided by applicable Federal Reclamation law. This amount is the result of a collective annual allocation of Project construction costs to the contractors exercising contract conversions; Provided, That the reference to the amount of \$5,000,000 shall not be a precedent in any other context.

(b) Consistent with Section 10010(b) of the SJRRSA, following a final cost allocation by the Secretary upon completion of the construction of the Central Valley Project, the amounts paid by the Contractor shall be subject to adjustment to reflect the effect of any reallocation of Project construction costs or other capitalized costs assigned to the Contractor that may have occurred between the determination of Contractor's Existing Capital Obligation and the final cost allocation. In the event that the final cost allocation, as determined by the Secretary, indicates that the costs properly assignable to the Contractor, as determined by the Contracting Officer, are greater than the Existing Capital Obligation and other amounts of Project construction costs or other capitalized costs paid by the Contractor, then the Contractor

shall be obligated to pay the remaining allocated costs. The term of such additional repayment contract shall be no less than one (1) year and no more than ten (10) years, however, mutually agreeable provisions regarding the rate of repayment of such amount may be developed by the parties. In the event that the final cost allocation, as determined by the Secretary, indicates that the costs properly assignable to the Contractor, as determined by the Contracting Officer, are less than the Existing Capital Obligation and other amounts of Project construction costs or other capitalized costs paid by the Contractor, then the Contracting Officer shall credit such overpayment as an offset against any outstanding or future obligation of the Contractor, consistent with the SJRRSA. This Contract shall be implemented in a manner consistent with Section 10010(f) of the SJRRSA.

(c) Prior to July 1 of each Calendar Year, the Contracting Officer shall provide the Contractor an estimate of the Charges for Project Water that will be applied to the period October 1, of the current Calendar Year, through September 30, of the following Calendar Year, and the basis for such estimate. The Contractor shall be allowed not less than two (2) months to review and comment on such estimates. On or before September 15 of each Calendar Year, the Contracting Officer shall notify the Contractor in writing of the Charges to be in effect during the period October 1 of the current Calendar Year, through September 30 of the following Calendar Year, and such notification shall revise Exhibit "B". Charges shall be subject to reduction consistent with the SJRRSA based upon the average annual delivery amount agreed to by the Contracting Officer and the Contractor.

(1) For the years 2020 through 2039 inclusive, Charges shall reflect the reduction on a per acre-foot basis consistent with Section 10010(d)(1) of the SJRRSA. Exhibit "D" sets forth the reduction in Charges to offset the Financing Costs as prescribed in Section 10010(d)(1) of the SJRRSA; Provided, That if the Secretary determines such Charges are otherwise needed, an equivalent reduction will be made to O&M costs consistent with such provisions of the SJRRSA. Consistent with Section 10010(d)(1) of the SJRRSA and as shown in Exhibit "D", the Friant Surcharge reduction has been calculated based upon the anticipated average annual water deliveries, for the purpose of this reduction only, mutually agreed upon by the Secretary and the Contractor for the period from January 1, 2020 through December 31, 2039. The Friant Surcharge reduction shall remain fixed and shall only be applied to Water Delivered pursuant to this Contract to which the Friant Surcharge applies (including but not limited to water transferred, banked, or exchanged), commencing on January 1, 2020 until such volume of Water Delivered equals 2,058,200 acre-feet or December 31, 2039, whichever occurs first.

(2) Further, to fully offset the Financing Costs, Contractor shall be entitled to a reduction in other outstanding or future obligations of the Contractor in accordance with Section 10010(d)(2) of the SJRRSA. The amount of such further reduction in outstanding or future obligations of the Contractor after October 1, 2019 has been computed by the Contracting Officer, and as computed, such amount is set forth in Exhibit "D".

(d) Prior to October 1 of each Calendar Year, the Contracting Officer shall make available to the Contractor an estimate of the Rates for Project Water for the following

Year and the computations and cost allocations upon which those Rates are based. The Contractor shall be allowed not less than two (2) months to review and comment on such computations and cost allocations. By December 31 of each Calendar Year, the Contracting Officer shall provide the Contractor with the final Rates to be in effect for the upcoming Year, and such notification shall revise Exhibit "B". The O&M component of the Rate may be reduced as provided in the SJRRSA.

(e) At the time the Contractor submits the initial schedule for the delivery of Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the Contractor shall make an advance payment to the United States equal to the total amount payable pursuant to the applicable Rate(s) set under subdivision (a) of this Article of this Contract, for the Project Water scheduled to be delivered pursuant to this Contract during the first two (2) calendar months of the Year. Before the end of the first month and before the end of each calendar month thereafter, the Contractor shall make an advance payment to the United States, at the Rate(s) set under subdivision (a) of this Article of this Contract, for the Water Scheduled to be delivered pursuant to this Contract during the second month immediately following.

Adjustments between advance payments for Water Scheduled and payments at Rates due for Water Delivered shall be made before the end of the following month; Provided, That any revised schedule submitted by the Contractor pursuant to Article 4 of this Contract which increases the amount of Water Delivered pursuant to this Contract during any month shall be accompanied with appropriate advance payment, at the Rates then in effect, to assure that Project Water is not delivered to the Contractor in advance of such payment. In any month in which the

quantity of Water Delivered to the Contractor pursuant to this Contract equals the quantity of Water Scheduled and paid for by the Contractor, no additional Project Water shall be delivered to the Contractor unless and until an advance payment at the Rates then in effect for such additional Project Water is made. Final adjustment between the advance payments for the Water Scheduled and payments for the quantities of Water Delivered during each Year pursuant to this Contract shall be made as soon as practicable but no later than April 30th of the following Year, or sixty (60) days after the delivery of Project Water carried over under subdivision (g) of Article 3 of this Contract if such water is not delivered by the last day of February.

(f) The Contractor shall also make a payment in addition to the Rate(s) in subdivision (e) of this Article of this Contract to the United States for Water Delivered, at the Charges then in effect, before the end of the month following the month of delivery. The payments shall be consistent with the quantities of Irrigation Water and M&I Water Delivered as shown in the water delivery report for the subject month prepared by the Contracting Officer. Such water delivery report shall be the basis for payment of Charges by the Contractor, and shall be provided to the Contractor by the Contracting Officer (as applicable) within five (5) days after the end of the month of delivery. The water delivery report shall be deemed a bill basis for payment of Charges for Water Delivered. Adjustment for overpayment or underpayment of Charges shall be made through the adjustment of payments due to the United States for Charges for the next month. Any amount to be paid for past due payment of Charges shall be computed pursuant to Article 21 of this Contract.

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

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

(i) All revenues received by the United States from the Contractor relating to the delivery of Project Water or the delivery of non-project water through Project facilities shall be allocated and applied in accordance with Federal Reclamation law and the associated rules or regulations, the then-existing Project Ratesetting policies for M&I Water or Irrigation Water, and consistent with the SJRRSA.

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

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

(l) (1) Omitted.

(2) Omitted.

(3) Omitted.

(m) Rates under the respective ratesetting policies will be established to recover only reimbursable O&M (including any deficits) costs of the Project, as those terms are used in the then-existing Project ratesetting policies, and consistent with the SJRRSA, 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.

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

Contracting Officer in the delivery of the transferred Project Water to the transferee's point of delivery in accordance with the then-existing Central Valley Project Ratesetting Policy.

NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

8. The Contractor and the Contracting Officer concur that, as of the effective date of this Contract, the Contractor has no non-interest bearing operation and maintenance deficits and therefore shall have no further liability.

RECOVERED WATER ACCOUNT

9. (a) Notwithstanding any other provisions of this Contract, water delivered to the Contractor under its Recovered Water Account as provided at Paragraph 16(b) of the Settlement and affirmed by Section 10004(a)(5) of the SJRRSA shall be at the total cost of \$10.00 per acre foot. Recovered Water Account water provided to the Contractor shall be administered at a priority for delivery lower than Class 2 Water and higher than Section 215 Water.

(b) The manner in which the Recovered Water Account will be administered will be developed in accordance with subdivision (k) of Article 7 of this Contract, the SJRRSA, and Paragraph 16 of the Settlement.

SALES, TRANSFERS, AND EXCHANGES OF WATER

10. (a) The right to receive Project Water provided for in this Contract may be sold, transferred, or exchanged to others for reasonable and beneficial uses within the State of California if such sale, transfer, or exchange is authorized by applicable Federal and State laws, and applicable guidelines or regulations then in effect. No sale, transfer, or exchange of Project

Water under this Contract may take place without the prior written approval of the Contracting Officer, except as provided for in subdivisions (b) and (c) of this Article of this Contract. No such Project Water sales, transfers, or exchanges shall be approved, where approval is required, absent compliance with appropriate environmental documentation including but not limited to the National Environmental Policy Act and the Endangered Species Act. Such environmental documentation must include, as appropriate, an analysis of groundwater impacts and economic and social effects, including environmental justice, of the proposed Project Water sales, transfers and exchanges on both the transferor/exchanger and transferee/exchange recipient.

(b) In order to facilitate efficient water management by means of Project Water sales, transfers, or exchanges of the type historically carried out among Project Contractors located within the same geographical area and to allow the Contractor to participate in an accelerated water transfer program, the Contracting Officer has prepared, as appropriate, necessary environmental documentation including, but not limited to, the National Environmental Policy Act and the Endangered Species Act analyzing annual Project Water sales, transfers, or exchanges among Contractors within the same geographical area and the Contracting Officer has determined that such Project Water sales, transfers, and exchanges comply with applicable law.

(c) Project Water sales, transfers, and exchanges analyzed in the environmental documentation referenced in subdivision (b) of this Article of this Contract, shall be conducted with advance notice to the Contracting Officer and the Contracting Officer's

written acknowledgement of the transaction, but shall not require prior written approval by the Contracting Officer.

(d) For Project Water sales, transfers, or exchanges to qualify under subdivision (b) of this Article of this Contract such Project Water sale, transfer, or exchange must: (i) be for irrigation purposes for lands irrigated within the previous three (3) years, for M&I use, groundwater recharge, groundwater banking, similar groundwater activities, surface water storage, or fish and wildlife resources; not lead to land conversion; and be delivered to established cropland, wildlife refuges, groundwater basins or M&I use; (ii) occur within a single Year; (iii) occur between a willing seller and a willing buyer or willing exchangers; (iv) convey water through existing facilities with no new construction or modifications to facilities and be between existing Project Contractors and/or the Contractor and the United States, Department of the Interior; and (v) comply with all applicable Federal, State, and local or tribal laws and requirements imposed for protection of the environment and Indian Trust Assets, as defined under Federal law.

(e) The environmental documentation and the Contracting Officer's compliance determination for transactions described in subdivision (b) of this Article of this Contract shall be reviewed every five (5) years and updated, as necessary, prior to the expiration of the then-existing five (5) year period. All subsequent environmental documentation shall include an alternative to evaluate not less than the quantity of Project Water historically sold, transferred, or exchanged within the same geographical area.

(f) Consistent with Section 10010(e)(l) of the SJRRSA, any agreement providing for sale, transfer, or exchange of Project Water that is not used for interim flows or restoration flows pursuant to Paragraphs 13 and 15 of the Settlement, shall be deemed to satisfy the requirements of CVPIA section 3405(a)(1)(A) and (I); Provided, That such sales, transfers, or exchanges comply with sub-division (f)(1) and (f)(2) below.

(1) Project Water sales, transfers, and exchanges conducted under the provisions of subdivision (f) of this Article of this Contract shall not require the Contracting Officer's concurrence as to compliance with CVPIA 3405(a)(1)(A) and (I); Provided, That the Contractor shall, for Project Water sales, transfers, or exchanges, with a term greater than one (1) year, provide ninety (90) days written advance notification to the Contracting Officer and similarly thirty (30) days written advance notification of any Project Water sale, transfer, or exchange with a term of less than one (1) year. The Contracting Officer shall promptly make such notice publicly available.

(2) The Contractor's thirty (30) days or ninety (90) days advance written notification pursuant to subdivision (f)(1) of this Article of this Contract shall explain how the proposed Project Water sales, transfers, or exchanges are intended to reduce, avoid, or mitigate impacts to Project Water deliveries caused by interim or restoration flows or is otherwise intended to facilitate the Water Management Goal as described in the SJRRSA. The Contracting Officer shall promptly make such notice publicly available.

(3) In addition, the Contracting Officer shall, at least annually, make available publicly a compilation of the number of Project Water sales, transfers, and exchange

agreements implemented in accordance with sub-divisions (f)(1) and (f)(2) of this Article of this Contract.

(4) Project Water sold, transferred, or exchanged under an agreement that meets the terms of subdivisions (f)(1) and (f)(2) of this Article of this Contract shall not be counted as a replacement or an offset for purposes of determining reductions to Project Water deliveries to any Friant Division Project Contractor except as provided in Paragraph 16(b) of the Settlement.

(g) Notwithstanding any Additional Capital Obligation that may later be established, in the case of a sale or transfer of Irrigation Water to another contractor which is otherwise subject to the acreage limitations, reporting, and Full Cost pricing provisions of the Reclamation Reform Act of 1982, as amended, hereinafter referred to as the RRA, such sold or transferred Irrigation Water shall not be subject to such RRA provisions, however, in the case of a sale or transfer of Irrigation Water to the Contractor from another contractor which is subject to RRA provisions, such RRA provisions shall apply to delivery of such water.

APPLICATION OF PAYMENTS AND ADJUSTMENTS

11. (a) The amount of any overpayment by the Contractor of the Contractor's O&M, Capital, and deficit (if any) obligations for the Year shall be applied first to any current liabilities of the Contractor arising out of this Contract then due and payable. Overpayments of more than One Thousand Dollars (\$1,000) shall be refunded at the Contractor's request. In lieu of a refund, any amount of such overpayment, at the option of the Contractor, may be credited against amounts to become due to the United States by the Contractor. With respect to

overpayment, such refund or adjustment shall constitute the sole remedy of the Contractor or anyone having or claiming to have the right to the use of any of the Project Water supply provided for herein. All credits and refunds of overpayments shall be made within thirty (30) days of the Contracting Officer obtaining direction as to how to credit or refund such overpayment in response to the notice to the Contractor that it has finalized the accounts for the Year in which the overpayment was made.

(b) All advances for miscellaneous costs incurred for work requested by the Contractor pursuant to Article 26 of this Contract shall be adjusted to reflect the actual costs when the work has been completed. If the advances exceed the actual costs incurred, the difference will be refunded to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be billed for the additional costs pursuant to Article 26 of this Contract.

TEMPORARY REDUCTIONS—RETURN FLOWS

12. (a) The Contracting Officer shall make all reasonable efforts to optimize delivery of the Contract Total subject to: (i) the authorized purposes and priorities of the Project; (ii) the requirements of Federal law and the Settlement; and (iii) the obligations of the United States under existing contracts, or renewals thereof, providing for water deliveries from the Project.

(b) The Contracting Officer or Operating Non-Federal Entity may temporarily discontinue or reduce the quantity of Water Delivered to the Contractor as herein provided for the purposes of investigation, inspection, maintenance, repair, or replacement of any of the

Project facilities or any part thereof necessary for the delivery of Project Water to the Contractor, but so far as feasible the Contracting Officer or Operating Non-Federal Entity will give the Contractor due notice in advance of such temporary discontinuance or reduction, except in case of emergency, in which case no notice need be given; Provided, That the United States shall use its best efforts to avoid any discontinuance or reduction in such service. Upon resumption of service after such reduction or discontinuance, and if requested by the Contractor, the United States will, if possible, deliver the quantity of Project Water which would have been delivered hereunder in the absence of such discontinuance or reduction.

(c) The United States reserves the right to all seepage and return flow water derived from Water Delivered to the Contractor hereunder which escapes or is discharged beyond the Contractor's Service Area; Provided, That this shall not be construed as claiming for the United States any right as seepage or return flow to water being used pursuant to this Contract for surface irrigation or underground storage either 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. For purposes of this subdivision, groundwater recharge, groundwater banking and all similar groundwater activities will be deemed to be underground storage.

CONSTRAINTS ON THE AVAILABILITY OF WATER

13. (a) In its operation of the Project, the Contracting Officer will use all reasonable means to guard against a Condition of Shortage in the quantity of water to be made available to the Contractor pursuant to this Contract. In the event the Contracting Officer

determines that a Condition of Shortage appears probable, the Contracting Officer will notify the Contractor of said determination as soon as practicable.

(b) If there is a Condition of Shortage because of 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 legal obligations, including but not limited to obligations pursuant to the Settlement then, except as provided in subdivision (a) of Article 19 of this Contract, no liability shall accrue against the United States or any of its officers, agents, or employees for any damage, direct or indirect, arising therefrom.

(c) The United States shall not execute contracts which together with this Contract, shall in the aggregate provide for furnishing Class 1 Water in excess of 800,000 acre-feet per Year or Class 2 Water in excess of 1,401,475 acre-feet per Year; Provided, That, subject to subdivision (l) of Article 3 of this Contract, the limitation placed on Class 2 Water contracts shall not prohibit the United States from entering into temporary contracts of one year or less in duration for delivery of Project Water to other entities if such water is not necessary to meet the schedules as may be submitted by all Friant Division Project Contractors entitled to receive Class 1 Water and/or Class 2 Water under their contracts. Nothing in this subdivision shall limit the Contracting Officer's ability to take actions that result in the availability of new water supplies to be used for Project purposes and allocating such new supplies; Provided, That the Contracting Officer shall not take such actions until after consultation with the Friant Division Project Contractors.

(d) The Contracting Officer shall not deliver any Class 2 Water pursuant to this or any other contract heretofore or hereafter entered into any Year unless and until the Contracting Officer determines that the cumulative total quantity of Class 1 Water specified in subdivision (c) of this Article of this Contract will be available for delivery in said Year. If the Contracting Officer determines there is or will be a shortage in any Year in the quantity of Class 1 Water available for delivery, the Contracting Officer shall apportion the available Class 1 Water among all Contractors entitled to receive such water that will be made available at Friant Dam in accordance with the following:

(1) A determination shall be made of the total quantity of Class 1 Water at Friant Dam which is available for meeting Class 1 Water contractual commitments, the amount so determined being herein referred to as the available supply.

(2) The total available Class 1 supply shall be divided by the Class 1 Water contractual commitments, the quotient thus obtained being herein referred to as the Class 1 apportionment coefficient.

(3) The total quantity of Class 1 Water under Article 3 of this Contract shall be multiplied by the Class 1 apportionment coefficient and the result shall be the quantity of Class 1 Water required to be delivered by the Contracting Officer to the Contractor for the respective Year, but in no event shall such amount exceed the total quantity of Class 1 Water specified in subdivision (a) of Article 3 of this Contract.

(e) If the Contracting Officer determines there is less than the quantity of Class 2 Water which the Contractor otherwise would be entitled to receive pursuant to Article 3

of this Contract, the quantity of Class 2 Water which shall be furnished to the Contractor by the Contracting Officer will be determined in the manner set forth in paragraphs (1), (2), and (3), of subdivision (d) of this Article of this Contract substituting the term “Class 2” for the term “Class 1.”

(f) In the event that in any Year there is made available to the Contractor, by reason of any shortage or apportionment as provided in subdivisions (a), (d), or (e) of this Article of this Contract, or any discontinuance or reduction of service as set forth in subdivision (b) of Article 12 of this Contract, less than the quantity of water which the Contractor otherwise would be entitled to receive hereunder, there shall be made an adjustment on account of the amounts already paid to the Contracting Officer by the Contractor for Class 1 Water and Class 2 Water for said Year in accordance with Article 11 of this Contract.

UNAVOIDABLE GROUNDWATER PERCOLATION

14. Omitted.

ACREAGE LIMITATION

15. (a) The Contractor has paid the Repayment Obligation, and notwithstanding any Additional Capital Obligation that may later be established, the provisions of section 213(a) and (b) of the RRA shall apply to lands in the Contractor’s Service Area, with the effect that acreage limitations, reporting, and Full Cost pricing provisions of the RRA shall no longer apply to lands in the Contractor’s Service Area with respect to Water Delivered pursuant to this Contract. Reclamation will conduct a final water district review for the purpose of determining compliance with the acreage limitations, reporting, and Full Cost pricing provisions of the RRA

from the date of the last water district review until the date when payment to Reclamation of the Repayment Obligation was completed.

(b) Project Water to which the Contractor is entitled through a separate contract, other than this Contract, that is subject to Federal Reclamation law, may be delivered to lands within the Contractor's Service Area. Notwithstanding any Additional Capital Obligation that may later be established, Project Water Delivered under this Contract may be mixed with Project Water Delivered pursuant to a contract with the United States, other than this Contract, to which acreage limitations, reporting, and the Full Cost pricing provisions of Federal Reclamation law apply without causing the application of the acreage limitations, reporting, and the Full Cost pricing provisions of Federal Reclamation law to the Water Delivered pursuant to this Contract; Provided, The terms and conditions in such other contract shall continue to apply, and if such terms and conditions so require, the lands to receive Project Water under such other contract shall be properly designated by the Contractor and such Project Water is to be delivered in accordance with the RRA including any applicable acreage limitations, reporting, and Full Cost pricing provisions.

COMPLIANCE WITH FEDERAL RECLAMATION LAW

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

(b) The terms of this Contract are subject to the Settlement and the SJRRSA. Nothing in this Contract shall be interpreted to limit or interfere with the full implementation of the Settlement and the SJRRSA.

PROTECTION OF WATER AND AIR QUALITY

17. (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: *Provided, That* the United States does not warrant the quality of the water delivered to the Contractor and is under no obligation to furnish or construct water treatment facilities to maintain or improve the quality of water delivered to the Contractor.

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

(c) This article shall not affect or alter any legal obligations of the Secretary to provide drainage or other discharge services.

WATER ACQUIRED BY THE CONTRACTOR
OTHER THAN FROM THE UNITED STATES

18. (a) Omitted.

(b) Notwithstanding any Additional Capital Obligation that may later be established, water or water rights now owned or hereafter acquired by the Contractor other than from the United States pursuant to this Contract and Irrigation Water furnished pursuant to the terms of this Contract may be simultaneously transported through the same distribution facilities of the Contractor without the payment of fees to the United States and without application of Federal Reclamation law to Water Delivered pursuant to this Contract or to lands which receive Water Delivered to Contractor pursuant to this Contract.

(c) Water or water rights now owned or hereafter acquired by the Contractor, other than from the United States or adverse to the Project or its contractors (i.e., non-project

water), may be stored, conveyed and/or diverted through Project facilities, other than Friant Division Facilities, subject to the completion of appropriate environmental documentation, with the approval of the Contracting Officer and the execution of any contract determined by the Contracting Officer to be necessary, consistent with the following provisions:

(1) The Contractor may introduce non-project water into Project facilities and deliver said water to lands within the Contractor's Service Area subject to payment to the United States and/or to any applicable Operating Non-Federal Entity of an appropriate rate as determined by the Contracting Officer. In addition, if electrical power is required to pump non-project water, the Contractor shall be responsible for obtaining the necessary power and paying the necessary charges therefor.

(2) Delivery of such non-project water in and through Project facilities shall only be allowed to the extent such deliveries do not: (i) interfere with other Project purposes as determined by the Contracting Officer; (ii) reduce the quantity or quality of water available to other Project Contractors; (iii) interfere with the delivery of contractual water entitlements to any other Project Contractors; (iv) interfere with the physical maintenance of the Project facilities; or (v) result in the United States incurring any liability or unreimbursed costs or expenses thereby.

(3) Neither the United States nor the Operating Non-Federal Entity shall be responsible for control, care or distribution of the non-project water before it is introduced into or after it is delivered from the Project facilities. The Contractor hereby releases and agrees to defend and indemnify the United States and the Operating Non-Federal Entity, and

their respective officers, agents, and employees, from any claim for damage to persons or property, direct or indirect, resulting from Contractor's diversion or extraction of non-project water from any source.

(4) Diversion of such non-project water into Project facilities shall be consistent with all applicable laws, and if involving groundwater, consistent with any groundwater management plan 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.

(d) Non-project water may be stored, conveyed and/or diverted through Friant Division Facilities, subject to the prior completion of appropriate environmental documentation and approval of the Contracting Officer without execution of a separate contract, consistent with subdivisions (c)(1) through (c)(5) of this Article and any other condition determined to be appropriate by the Contracting Officer.

OPINIONS AND DETERMINATIONS

19. (a) Where the terms of this Contract provide for actions to be based upon the opinion or determination of either party to this Contract, said terms shall not be construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or determinations. Both parties, notwithstanding any other provisions of this Contract, expressly

reserve the right to seek relief from and appropriate adjustment for any such arbitrary, capricious, or unreasonable opinion or determination. Each opinion or determination by either party shall be provided in a timely manner. Nothing in this Article 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 the State of California, and the rules and regulations promulgated by the Secretary. Such determinations shall be made in consultation with the Contractor to the extent reasonably practicable.

COORDINATION AND COOPERATION

20. (a) In order to further their mutual goals and objectives, the Contracting Officer and the Contractor shall communicate, coordinate, and cooperate with each other, and with other affected Project Contractors, in order to improve the operation and management of the Project. The communication, coordination, and cooperation regarding operations and management shall include, but not limited to, any action which will or may materially affect the quantity or quality of Project Water supply, the allocation of Project Water supply, and Project financial matters including, but not limited to, budget issues. The communication, coordination, and cooperation provided for hereunder shall extend to all provisions of this Contract. Each

party shall retain exclusive decision making authority for all actions, opinions, and determinations to be made by the respective party.

(b) It is the intent of the Secretary to improve water supply reliability. To carry out this intent:

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

(2) The Secretary will, as appropriate, pursue program and project implementation and authorization in coordination with Project Contractors to improve the water supply, water quality, and reliability of the Project for all Project purposes.

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

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

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

(c) Without limiting the contractual obligations of the Contracting Officer hereunder, nothing in this Contract shall be construed to limit or constrain the Contracting Officer's ability to communicate, coordinate, and cooperate with the Contractor or other

interested stakeholders or to make decisions in a timely fashion as needed to protect health, safety, physical integrity of structures or facilities, or the Contracting Officer's ability to comply with applicable laws.

CHARGES FOR DELINQUENT PAYMENTS

21. (a) The Contractor shall be subject to interest, administrative and penalty charges on delinquent installments or payments. When a payment is not received by the due date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond the due date. When a payment becomes sixty (60) days delinquent, the Contractor shall pay an administrative charge to cover additional costs of billing and processing the delinquent payment. When a payment is delinquent ninety (90) days or more, the Contractor shall pay an additional penalty charge of six (6) percent per year for each day the payment is delinquent beyond the due date. Further, the Contractor shall pay any fees incurred for debt collection services associated with a delinquent payment.

(b) The interest charge rate shall be the greater of the rate prescribed quarterly in the Federal Register by the Department of the Treasury for application to overdue payments, or the interest rate of one-half of one (0.5) percent per month prescribed by Section 6 of the Reclamation Project Act of 1939 (Public Law 76-260). The interest charge rate shall 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, second to the administrative charges, third to the accrued interest, and finally to the overdue payment.

EQUAL EMPLOYMENT OPPORTUNITY

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

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

1104 (b) The Contractor will, in all solicitations or advertisements for employees
1105 placed by or on behalf of the Contractor, state that all qualified applicants will receive
1106 consideration for employment without regard to race, color, religion, sex, disability, or national
1107 origin.

1108 (c) The Contractor will send to each labor union or representative of workers
1109 with which it has a collective bargaining agreement or other contract or understanding, a notice,
1110 to be provided by the Contracting Officer, advising the labor union or workers' representative of
1111 the Contractor's commitments under Section 202 of Executive Order 11246 of September 24,
1112 1965, and shall post copies of the notice in conspicuous places available to employees and
1113 applicants for employment.

1114 (d) The Contractor will comply with all provisions of Executive Order No.
1115 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary
1116 of Labor.

1117 (e) The Contractor will furnish all information and reports required by
1118 Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the
1119 Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and
1120 accounts by the Contracting Agency and the Secretary of Labor for purposes of investigation to
1121 ascertain compliance with such rules, regulations, and orders.

1122 (f) In the event of the Contractor's noncompliance with the nondiscrimination
1123 clauses of this contract or with any of such rules, regulations, or orders, this contract may be
1124 canceled, terminated or suspended in whole or in part and the Contractor may be declared
1125 ineligible for further Government contracts in accordance with procedures authorized in
1126 Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and
1127 remedies invoked as provided in Executive Order 11246 of September 24, 1965 or by rule,
1128 regulation, or order of the Secretary of Labor, or as otherwise provided by law.

1129 (g) The Contractor will include the provisions of paragraphs (1) through (7) in
1130 every subcontract or purchase order unless exempted by the rules, regulations, or orders of the
1131 Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24,
1132 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor
1133 will take such action with respect to any subcontract or purchase order as may be directed by the
1134 Secretary of Labor as a means of enforcing such provisions, including sanctions for
1135 noncompliance: *Provided, however*, that in the event the Contractor becomes involved in, or is
1136 threatened with, litigation with a subcontractor or vendor as a result of such direction, the
1137 Contractor may request the United States to enter into such litigation to protect the interests of
1138 the United States.

GENERAL OBLIGATION—BENEFITS CONDITIONED UPON PAYMENT

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

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

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

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

24. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights laws, as well as with their respective implementing regulations and guidelines imposed by the U.S. Department of the Interior and/or Bureau of Reclamation.

(b) These statutes require that no person in the United States shall, on the grounds of race, color, national origin, handicap, or age, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving financial assistance from the Bureau of Reclamation. By executing this Contract, the Contractor agrees to immediately take any measures necessary to implement this obligation, including permitting officials of the United States to inspect premises, programs, and documents.

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

PRIVACY ACT COMPLIANCE

25. Omitted.

CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

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

WATER CONSERVATION

27. (a) Prior to the delivery of water provided from or conveyed through Federally constructed or Federally financed facilities pursuant to this Contract, the Contractor shall 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 meet the conservation and efficiency criteria for evaluating water conservation plans established under Federal law. The water conservation and efficiency program shall contain definite water conservation objectives, appropriate economically feasible water conservation measures, and time schedules for meeting those objectives. Continued Project Water delivery pursuant to this Contract shall be contingent upon the Contractor's continued implementation of such water

conservation program. In the event the Contractor's water conservation plan or any revised water conservation plan completed pursuant to subdivision (d) of this Article 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 two thousand (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.

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

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

conservation and efficiency criteria for evaluating water conservation plans established under Federal law.

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

EXISTING OR ACQUIRED WATER OR WATER RIGHTS

28. Except as specifically provided in Article 18 of this Contract, the provisions of this Contract shall not be applicable to or affect non-project water or water rights now owned or hereafter acquired by the Contractor or any user of such water within the Contractor's Service Area. Any such water shall not be considered Project Water under this Contract. In addition, this Contract shall not be construed as limiting or curtailing any rights which the Contractor or any water user within the Contractor's Service Area acquires or has available under any other contract pursuant to Federal Reclamation law.

OPERATION AND MAINTENANCE BY OPERATING NON-FEDERAL ENTITY

29. (a) The O&M of a portion of the Project facilities which serve the Contractor, and responsibility for funding a portion of the costs of such O&M, have been transferred to the Operating Non-Federal Entity by separate agreement between the United States and the Operating Non-Federal Entity. That separate agreement shall not interfere with or affect the rights or obligations of the Contractor or the United States hereunder.

(b) The Contracting Officer has previously notified the Contractor in writing that the O&M of a portion of the Project facilities which serve the Contractor has been transferred to the Operating Non-Federal Entity, and therefore, the Contractor shall pay directly

to the Operating Non-Federal Entity, or to any successor approved by the Contracting Officer under the terms and conditions of the separate agreement between the United States and the Operating Non-Federal Entity described in subdivision (a) of this Article of this Contract, all rates, charges or assessments of any kind, including any assessment for reserve funds, which the Operating Non-Federal Entity or such successor determines, sets or establishes for (i) the O&M of the portion of the Project facilities operated and maintained by the Operating Non-Federal Entity or such successor, or (ii) the Friant Division's share of the operation, maintenance and replacement costs for physical works and appurtenances associated with the Tracy Pumping Plant, the Delta-Mendota Canal, the O'Neill Pumping/Generating Plant, the federal share of the O'Neill Forebay, the Mendota Pool, and the federal share of San Luis Unit joint use conveyance and conveyance pumping facilities. Such direct payments to the Operating Non-Federal Entity or such successor shall not relieve the Contractor of its obligation to pay directly to the United States the Contractor's share of the Project Rates and Charges, except to the extent the Operating Non-Federal Entity collects payments on behalf of the United States in accordance with the separate agreement identified in subdivision (a) of this Article of this Contract.

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

(d) In the event the O&M of the Project facilities operated and maintained by the Operating Non-Federal Entity is re-assumed by the United States during the term of this Contract, the Contracting Officer shall so notify the Contractor, in writing, and present to the Contractor a revised Exhibit "B" which shall include the portion of the Rates to be paid by the Contractor for Project Water under this Contract representing the O &M costs of the portion of such Project facilities which have been re-assumed. The Contractor shall, thereafter, in the absence of written notification from the Contracting Officer to the contrary, pay the Rates and Charges specified in the revised Exhibit "B" directly to the United States in compliance with Article 7 of this Contract.

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

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

BOOKS, RECORDS, AND REPORTS

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

(b) Notwithstanding the provisions of subdivision (a) of this Article of this Contract, no books, records, or other information shall be requested from the Contractor by the

Contracting Officer unless such books, records, or information are reasonably related to the administration or performance of this Contract. Any such request shall allow the Contractor a reasonable period of time within which to provide the requested books, records, or information.

(c) At such time as the Contractor provides information to the Contracting Officer pursuant to subdivision (a) of this Article of this Contract, a copy of such information shall be provided to the Operating Non-Federal Entity.

ASSIGNMENT LIMITED—SUCCESSORS AND ASSIGNS OBLIGATED

32. (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 shall be valid until approved in writing by the Contracting Officer.

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

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

SEVERABILITY

33. In the event that a person or entity who is neither (i) a party to a Project contract, nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii) an association or other form of organization whose primary function is to represent parties to Project contracts, brings an action in a court of competent jurisdiction challenging the legality or enforceability of a provision included in this Contract and said person, entity, association, or organization obtains a final court decision holding that such provision is legally invalid or

unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s), the parties to this Contract shall use their best efforts to (i) within thirty (30) days of the date of such final court decision identify by mutual agreement the provisions in this Contract which must be revised and (ii) within three (3) months thereafter promptly agree on the appropriate revision(s). The time periods specified above may be extended by mutual agreement of the parties. Pending the completion of the actions designated above, to the extent it can do so without violating any applicable provisions of law, the United States shall continue to make the quantities of Project Water specified in this Contract available to the Contractor pursuant to the provisions of this Contract which were not found to be legally invalid or unenforceable in the final court decision.

RESOLUTION OF DISPUTES

34. Should any dispute arise concerning any provisions of this Contract, or the parties' rights and obligations thereunder, the parties shall meet and confer in an attempt to resolve the dispute. Prior to the Contractor commencing any legal action, or the Contracting Officer referring any matter to Department of Justice, the party shall provide to the other party thirty (30) days written notice of the intent to take such action; Provided, That such notice shall not be required where a delay in commencing an action would prejudice the interests of the party that intends to file suit. During the thirty (30) day notice period, the Contractor and the Contracting Officer shall meet and confer in an attempt to resolve the dispute. Except as specifically provided, nothing herein is intended to waive or abridge any right or remedy that the Contractor or the United States may have.

OFFICIALS NOT TO BENEFIT

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

CHANGES IN CONTRACTOR'S SERVICE AREA

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

(b) Within thirty (30) days of receipt of a request for such a change, the Contracting Officer will notify the Contractor of any additional information required by the Contracting Officer for processing said request, and both parties will meet to establish a mutually agreeable schedule for timely completion of the process. Such process will analyze whether the proposed change is likely to: (i) result in the use of Project Water contrary to the terms of this Contract; (ii) impair the ability of the Contractor to pay for Project Water furnished under this Contract or to pay for any Federally-constructed facilities for which the Contractor is responsible; and (iii) have an impact on any Project Water rights applications, permits, or licenses. In addition, the Contracting Officer shall comply with the National Environmental Policy Act and the Endangered Species Act. The Contractor will be responsible for all costs incurred by the Contracting Officer in this process, and such costs will be paid in accordance with Article 26 of this Contract.

FEDERAL LAWS

37. By entering into this Contract, the Contractor does not waive its rights to contest the validity or application in connection with the performance of the terms and conditions of this

Contract of any Federal law or regulation; Provided, That the Contractor agrees to comply with the terms and conditions of this Contract unless and until relief from application of such Federal law or regulation to the implementing provision of the Contract is granted by a court of competent jurisdiction.

EMERGENCY RESERVE FUND

38. The Contractor and Contracting Officer acknowledge that the requirements to establish and maintain a minimum reserve fund account to finance extraordinary O&M costs of Friant Division Facilities is and will continue to be administered under Contract No. 8-07-20-X0356 titled Agreement To Transfer The Operation, Maintenance And Replacement And Certain Financial And Administrative Activities Related To The Friant-Kern Canal And Associated Works, dated March 1, 1998 as amended, supplemented, assigned, or renewed.

MEDIUM FOR TRANSMITTING PAYMENT

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

(b) 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.

NOTICES

40. Any notice, demand, or request authorized or required by this Contract shall be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered to the Area Manager, South-Central California Area Office, 1243 "N" Street, Fresno, California 93721, and on behalf of the United States, when mailed, postage prepaid, or delivered to the Board of Directors of the Delano-Earlimart Irrigation District, 14181 Avenue 24, Delano,

1374 California 93215. The designation of the addressee or the address may be changed by notice
1375 given in the same manner as provided in this Article of this Contract for other notices.

1376 CONFIRMATION OF CONTRACT

1377 41. The Contractor, after the execution of this Contract, shall promptly provide to the
1378 Contracting Officer a decree of a court of competent jurisdiction of the State of California,
1379 confirming the execution of this Contract. The Contractor shall furnish the United States a
1380 certified copy of the final decree, the validation proceedings, and all pertinent supporting records
1381 of the court approving and confirming this Contract, and decreeing and adjudging it to be lawful,
1382 valid, and binding on the Contractor.

1383 CONTRACT DRAFTING CONSIDERATIONS

1384 42. Articles 1 through 15, subdivision (c) of Article 16, Articles 18 through 20,
1385 subdivision (c) of Article 23, Articles 26 through 29, subdivisions (b) and (c) of Article 31,
1386 subdivisions (b) and (c) of Article 32, Articles 33 through 34, subdivision (b) of Article 36, and
1387 Articles 37 through 38 of this Contract have been drafted, negotiated, and reviewed by the
1388 parties hereto, each of whom is sophisticated in the matters to which this Contract pertains, and
1389 no one party shall be considered to have drafted the stated Articles.

Contract No. I75r-3327D

1390 IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the day
1391 and year first above written.

**RESOLUTION NO. 10-06
of the
DELANO-EARLIMART IRRIGATION DISTRICT**

**APPROVING AND AUTHORIZING THE EXECUTION OF
CONTRACT NO. 175r-3327D BETWEEN THE UNITED STATES AND
DELANO-EARLIMART IRRIGATION DISTRICT PROVIDING FOR PROJECT
WATER SERVICE, FACILITIES REPAYMENT AND AUTHORIZING
COMMENCEMENT OF VALIDATION ACTION**

WHEREAS, , the United States of America ("United States") has constructed and is operating the Central Valley Project ("Project") in California, for diversion, storage, carriage, distribution and beneficial use, for flood control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and restoration, generation and distribution of electric energy, salinity control, navigation and other beneficial uses, of the waters of the Sacramento River, the American River, the Trinity River, and the San Joaquin River and their tributaries ("Project Water"); and

WHEREAS, the United States constructed Friant Dam (thereby creating Millerton Lake) and the Friant-Kern and Madera Canals, hereinafter collectively referred to as the Friant Division Facilities, which will be used in part for the furnishing of Project Water to Delano-Earlimart Irrigation District ("District"); and

WHEREAS, the United States and the District have, continuously, since August 11, 1951, been parties to a contract, as amended and as renewed periodically, providing for water service from the Friant Division Facilities to the District (the "Existing Contract"); and

WHEREAS, Federal law, and the Existing Contract in accordance with Article 2(d) thereof, provide for conversion to a repayment contract under subsection (d) of Section 9 of the Act of August 4, 1939 which conversion, upon District's payment of its share of the remaining amount of Project construction costs, would grant the District a permanent right to a stated share or quantity of Project Water without need for renewal; relieve its landowners of the acreage limitation and full cost pricing provisions of Reclamation Law; and, relieve the District of tiered pricing provisions in the Existing Contract; and

WHEREAS, as a result of litigation entitled "Natural Resources Defense Council, et al. v Kirk Rogers, et al." No. CIV-S-88-1658LLK/GGH, certain Friant Division contractors entered into a Stipulation of Settlement dated September 13, 2006 (the "Settlement"), which Settlement was subsequently confirmed and implemented through Title X, Subtitle A, of the Act of March 30, 2009 (123 Stat. 1349), known as the San Joaquin River Restoration Settlement Act and hereinafter referred to as "SJRRSA"; and

WHEREAS, the SJRRSA authorizes and directs the Secretary to convert the Existing Contract to a repayment contract under subsection (d) of Section 9 of the Act of August

4, 1939, no later than December 31, 2010, under mutually agreeable terms and conditions; and

WHEREAS, the District and United States have concluded negotiations on all substantive terms and conditions of a repayment contract entitled "Contract between the United States and the Delano-Earlimart Irrigation District Providing for Project Water Service from Friant Division and for Facilities Repayment", a true and correct copy of which is attached hereto as Exhibit A and incorporated herein by this reference ("Repayment Contract"); and

WHEREAS, consistent with the provisions of the SJRRSA and other laws, the Repayment Contract includes provisions improving water management, including provisions expediting water transfers by the District; and

WHEREAS, upon completing accelerated repayment of its allocated share of capital obligations as required therein, the Repayment Contract provides that: (i) the District is vested with the permanent right to a stated share or quantity of water from the Project for beneficial use by the District; (ii) its landholders will be relieved of the acreage limitation and full cost pricing provisions of Reclamation Law; and (iii) the District will be relieved of tiered pricing provisions; and

WHEREAS, the District intends to finance its capital cost repayment obligations under the Repayment Contract through issuance of notes, bonds or other form of indebtedness; and

WHEREAS, the Repayment Contract requires that the District provide the United States with a final decree of a court of competent jurisdiction in the State of California confirming the validity of the Repayment Contract; and

WHEREAS, the Board of Directors has reviewed the Repayment Contract and finds that conversion from the Existing Contract to the Repayment Contract is in the best interests of the District and its landowners, and that the Repayment Contract should be executed in substantially the form attached as Exhibit A hereto, which execution shall occur upon the completion of proceedings necessary to validate the Repayment Contract and upon obtaining the financing sufficient for retiring its repayment obligations under terms satisfactory to the Board of Directors; and

WHEREAS, federal law requires that the Repayment Obligation (as defined in the Repayment Contract) be determined according to the Treasury Rate (as defined in the Repayment Contract) on October 1, 2010, and that Exhibit Nos. C-1, C-2 and D of the Repayment Contract, which exhibits set forth the Repayment Obligation of the District, are based upon the current Treasury Rate and that adjustments to the Treasury Rate could occur before October 1, 2010, and such adjustment will require corresponding adjustment of the Repayment Obligation currently described in Exhibit Nos. C1, C2 and D prior to execution of the Repayment Contract.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the District:

1. Determines that the foregoing recitals and findings are true and correct, and incorporates them herein by this reference.
2. Approves and authorizes execution of the Repayment Contract by the President and Secretary as attached in Exhibit A, which execution shall be subject to and occur upon: (i) the successful completion of proceedings necessary to validate the Repayment Contract; (ii) the final determination of the Treasury Rate on October 1, 2010 and the resulting final determination of the Repayment Obligation set forth in Exhibit Nos. C1, C2 and D of the Repayment Contract; and (iii) the District obtaining financing of its repayment obligations under terms satisfactory to the Board of Directors.
3. Authorizes and directs the District's legal counsel to initiate and prosecute a validation proceeding pursuant to Code of Civil Procedure section 860, et seq., as necessary to confirm the validity of the Repayment Contract, and to do all things necessary and appropriate to prosecute said action.
4. Authorizes and directs the District's Secretary to the Board to provide certified copies of the foregoing resolution to the Bureau of Reclamation.
5. Authorizes the President and Secretary of the Board to approve corrections to the Repayment Contract as may be necessary provided any such modifications are necessary to correct non-substantive errors and omissions in the Repayment Contract and do not result in any substantive changes in the contract attached as Exhibit A.
6. Authorizes and directs the District's officers, staff and consultants to take all additional actions they deem necessary or appropriate to facilitate the conversion to the Repayment Contract and obtain appropriate financing of the Repayment Obligation.

BE IT FURTHER RESOLVED that until the Repayment Contract in substantially the form as Exhibit A is executed by the District and the United States, the Existing Contract shall continue in full force and effect in accordance with its terms.

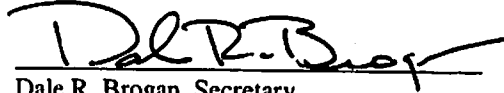
ADOPTED: June 3, 2010 upon motion of Director Hronis, seconded by Director Caratan and passed by the following vote:

AYES:	5
NOES:	0
ABSTAIN:	0
ABSENT:	0

CERTIFICATE OF SECRETARY

I do hereby certify that I am the Secretary of the Delano-Earlimart Irrigation District, an irrigation district organized and existing under the laws of the State of California, and that the foregoing Resolution was duly adopted by the Board of Directors of said District at a meeting thereof duly held at the office of the said District at 14181 Avenue 24, Delano, California on the 3rd day of June, 2010, at which meeting a quorum of said Board of Directors was at all times present and acting, and that said Resolution has not been rescinded or amended in whole or any part thereof, and remains in force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of the Delano-Earlimart Irrigation District this 3rd day of June, 2010.

A handwritten signature in black ink, appearing to read "Dale R. Brogan", written over a horizontal line.

Dale R. Brogan, Secretary
Delano-Earlimart Irrigation District

APPENDIX L

Comments Received Prior to
Completion of the 2020 GSP

APPENDIX L-1

Summary of Comments Received on Plan

Comment Response Summary

DEID GSA Public Review Draft Groundwater Sustainability Plan dated November 15, 2019

Comment letters on the DEID GSA Draft GSP were received from the following entities/individuals:

Comment Letter	Entity/Individual	Abbreviation
A	Arvin Edison Water Storage District / Shafter-Wasco Irrigation District	AEWSD / SWID
B	Audubon California / The Nature Conservancy	AC / TNC
C	Bureau of Reclamation	BR
D	California Department of Fish and Wildlife	CDFW
E	Friant Water Authority	FWA
F	Lindsay-Strathmore Irrigation District	LSID
G	The County of Tulare	TC
H	Westchester Group Investment Management, Inc.	WGIM
I	Western Management Area Landowners	WMA

Review comments have been grouped by similar topic and summarized, with a response from the GSA.

Topics	
1. Subsidence/ Infrastructure Impacts	6. Land Use (Future Growth)
2. Environmental	-Tulare County
-Groundwater Dependent Ecosystems	-Disadvantage Communities
3. Beneficial Users Identification	7. Water Budget/Technical Issues
-Disadvantage Communities	8. Generalized Comments
-Public Water Systems	-GSA Policies
-Domestic Wells	-Basin Setting
4. Water Quality	-Sustainable Management Criteria
-Disadvantage Communities	-Projects & Management Actions
5. Public Participation	

Subsidence/ Infrastructure Impacts			Comments received from: AEWS-D-SWID, BR, FWA, LSID, WMA
Response to these comments are provided in Master Response 1			
Comment #	GSP Reference	Review Comment Summary*	
A.1	3.5.2.4	Minimum thresholds are not protective of beneficial users' ability to receive FKC water deliveries downstream of the Tule Subbasin due to subsidence in the Tule Subbasin.	
A.2	5.2	Tule Subbasin GSPs should include P&MAs that allow zero additional subsidence beyond legacy.	
A.3	TSCA - 4.3.4	UR be defined at each RMS for Subsidence on the FKC. Incorporate RMS at 1-mile intervals along FKC. GSP does not identify P&MA's that will be taken to avoid subsidence UR along the FKC.	
A.4	5.2.1	Mitigation to damages to the FKC should be proposed from the use of Transitional Pumping.	
A.5	TSCA - 4.2	The Sustainability Goal in the TSCA and the Tule Subbasin GSPs is not fully consistent with the General Principles laid forth in the GSP Regulations.	
A.6	TSCA - 4.3	The definition of Undesirable Results in the TSCA and the Tule Subbasin GSPs is not compliant with the GSP Regulations.	
A.7	2.3.5	The Basin Setting information lacks sufficient discussion of the serious issue of subsidence.	
A.8	4.2.3.5	The Monitoring Network for subsidence in the vicinity of the FKC is inadequate.	
A.9	3.5.1.4	The proposed Sustainable Management Criteria for subsidence are insufficient in their consideration of impacts on adjacent basins.	
A.10	5.2	The proposed Projects and Management Actions do not adequately address and mitigate impacts from subsidence.	
A.11	3.5.1.4	The "Undesirable Results for Land Subsidence" were not adequately defined regarding subsidence related impacts on the FKC.	
A.12	3.4; TSCA - 4.3.4	Allowing less than 50% of the Representative Monitoring Sites (RMSs) to exceed the Minimum Thresholds (MT) criterion might not be protective of adequate conveyance capacity of the FKC.	
A.13	3.5.2.5.3	The FKC current and projected conveyance capacity based on SMC should be defined.	
A.14	3.5.1.4	The relationship between the FKC Conveyance Capacity and Measurable Objectives (MOs).	
A.16	DEID GSA	Insufficient RMSs along the FKC in the DEID GSA MA.	
A.17	4	RMSs at river crossing might not be approximate	
A.18	4.2.3.5	There are not RMSs dedicated to address the concern of FKC structural damages.	
A.19	DEID GSA	The FKCSMA does not include the portions of FKC in the ET and DEID GSA MA. Although historical subsidence along the FKC in the DEID GSA MA has been small, future subsidence will increase if groundwater extraction increases in the vicinity of the FKC.	
A.21	General	Subsidence and associated ground deformation are mostly irreversible	
A.22	5.2	Curtailement of groundwater extraction near the FKC should be included in Projects & Management Actions.	

* Review comments have been grouped by similar topic and summarized. For full text of comment, see respective comment letter as noted.

Subsidence/ Infrastructure Impacts			Comments received from: AEWSD-SWID, BR, FWA, LSID, WMA
Response to these comments are provided in Master Response 1			
Comment #	GSP Reference	Review Comment Summary*	
C.1	General	Concurrence with FWA letter to Tule Subbasin GSA's	
E.1	5.2.1	Mitigation for additional subsidence along the FKC caused from "Transitional Pumping".	
E.2	ETGSA	Undesirable Result would occur if Minimum Threshold occurred at 1 RMS.	
E.3	ETGSA	Incorporate additional RMS along the FKC, spaced no more than 1 mile apart.	
E.4	ETGSA	Develop a "Friant-Kern Canal Subsidence Management Area".	
F.1	General	Concurrence with FWA letter to Tule Subbasin GSA's	
F.2	3	Unacceptable to allow 3 additional feet of subsidence and for 50% of RMS to reach their MT before an UR occurs.	
I.1	5.2.2.2.10	Timing and amount of FKC mitigation fee is a concern.	
I.3	5.2.2.2.10	WMA landowners preservation of rights to contest legal responsibility to pay FKC subsidence impact fees.	

Environmental/ Groundwater Dependent Ecosystems			Comments received from: AC-TNC, CDFW
Response to these comments are provided in Master Response 2			
Comment #	GSP Reference	Review Comment Summary*	
B.8	1.4.1.4.2.1	Identification of potential GDEs should include: Characterization of biological resources for each GDE unit with baseline conditions, a description of data gaps, and plans to reconcile data gaps in the monitoring networks.	
B.12	3.5.1	Take into consideration GDEs and ISWs when setting SMCs and addressing impacts to beneficial users.	
B.13	2	GDEs can be further analyzed using the TNC GDE Pulse web application.	
B.17	5	Environmental resources protection needs should be considered in establishing project priorities.	
B.18	5.2.1.4	Consider using recharge projects as multi-benefit projects to benefit environmental users.	
D.1	2.2.7; Figure 2-6	GDE identification s based on limited information to thoroughly identify GDEs and risk exclusion of potential GDEs.	
D.2	1.5.1	Environmental beneficial uses and users are not identified.	

* Review comments have been grouped by similar topic and summarized. For full text of comment, see respective comment letter as noted.

Environmental/ Groundwater Dependent Ecosystems			Comments received from: AC-TNC, CDFW
Response to these comments are provided in Master Response 2			
Comment #	GSP Reference	Review Comment Summary*	
B.12	3.5.1	Take into consideration GDEs and ISWs when setting SMCs and addressing impacts to beneficial users.	
B.13	2	GDEs can be further analyzed using the TNC GDE Pulse web application.	
B.17	5	Environmental resources protection needs should be considered in establishing project priorities.	
B.18	5.2.1.4	Consider using recharge projects as multi-benefit projects to benefit environmental users.	

Beneficial Users Identification			Comments received from: AC- TNC, TC
Response to these comments are provided in Master Response 3			
Comment #	GSP Reference	Review Comment Summary*	
B.1	1.5.1	The draft GSP identifies classes of beneficial users but does not include a section specifically describing the beneficial users within the GSA area or how they were engaged throughout the development of the GSP.	
B.3	4	The GSP should include detailed information about domestic wells. Maps of the monitoring networks should be provided overlying DACs, domestic wells, community water systems, GDEs and other beneficial users. Also, the GSP should present historical and current groundwater conditions near previously listed beneficial user and more thoroughly identify habitat near GDEs.	
B.7	4	Management and monitoring area should be protective of all beneficial users, including DACs and anticipated impacts to these management areas should be discussed.	
B.10	3	Impact analysis of SMCs established for groundwater levels relative to DACs.	
B.11	3.4; 3.5	Provide justification for continued groundwater level decline and how it will result in sustainable conditions for groundwater users.	
B.14	5	The likely benefits and impacts to DAC members by the proposed projects and management actions are not clearly identified in the GSP.	
B.15	5	Develop an assistance program for potentially impacted beneficial users.	
B.16	5	Identify groundwater accounting program for each type of user to create individual tailored allocations or identify policies that will ensure domestic water users have access to safe, clean affordable and accessible drinking water.	
G.19	3.5.2.5.3	Unclear if some domestic well impacts are expected and if so, how they will be mitigated.	

* Review comments have been grouped by similar topic and summarized. For full text of comment, see respective comment letter as noted.

Beneficial Users Identification			Comments received from: AC- TNC, TC
Response to these comments are provided in Master Response 3			
Comment #	GSP Reference	Review Comment Summary*	
G.21	5.2.1.1	The importation of water supplies will stabilize water levels for rural domestic users in the DEID management area.	
G.23	5.2.2.2.4	All domestic wells that go dry due to excessive extraction are mitigated.	
G.24	5.2.3.1.1	Management Actions for PUDs and CSDs to be coordinated with the County and recommended to update LAFCo MSR's for all PUD. and CSDs.	
G.25	6.5.2	A different assessment rate should be considered for de minimis users.	

Water Quality			Comments received from: TC
Response to these comments are provided in Master Response 4			
Comment #	GSP Reference	Review Comment Summary*	
G.22	5.2.1.4.1	Recharge projects have the potential to transport water quality constituents into drinking water sources.	

Public Participation			Comments received from: AC-TNC
Response to these comments are provided in Master Response 5			
Comment #	GSP Reference	Review Comment Summary*	
B.9	3	DACs members were not adequately considered in the discussion of URs, MOs, and MTs for groundwater levels and Water Quality.	

* Review comments have been grouped by similar topic and summarized. For full text of comment, see respective comment letter as noted.

Land Use (Future Growth)		Comments received from: TC
Response to these comments are provided in Master Response 6		
Comment #	GSP Reference	Review Comment Summary*
E.32	3.3	Clearly and transparently describe the basis for water quality sustainable management criteria.
G.1	Pg. 1-6	Tulare County maintains land use and zoning authority in LAFCo designated PUD and CSD through administration of the County general plan, zoning ordinance, and ordinance code.
G.2	1.4.1.3	Describe and reference Land Use Designation rather than existing land uses in the Communities, Hamlets, and Legacy Communities.
G.3	Table 1-2	Count of domestic wells seems low. Please note if unknown category includes domestic wells.
G.5	Pg. 1-21	Community growth for municipal water budgets stops in 2040. The GSP should incorporate growth through 20170.
G.7	1.4.4.4	The County maintains and does not abdicate its authority regarding the application of land use and zoning regulations as feasible and of the county general plan, zoning ordinance, and ordinance code.
G.8	1.4.4.5	Clarify that the plans active in DEID GSA jurisdiction should not be assumed to reflect a 2070 population.
G.9	Pg. 1-28	The County's planned growth seemed to be protected from implementation of the GSP.
G.10	Pg. 1-29	The County will interact with the GSA through review and input on permitting of wells.
G.18	2.5	Ensure management area boundaries around communities will match county future land use plans.
G.20	5.2	The County will have a role in projects as they relate to supporting Community Plans.

Water Budgets		Comments received from: AEWSW-SWID, AC-TNC, TC, WGIM
Response to these comments are provided in Master Response 7		
Comment #	GSP Reference	Review Comment Summary*
A.20	2.4.2.4	Overdraft in the subbasin was defined based on averaged hydrology from the years 1990/91 through 2009/10. The average condition between 1990/91 and 2009/10 might not be representative of the long-term average condition.
B.4	2.4.5	The water budget does not clearly identify how climate change will affect specific elements of it.
B.5	2.4.8	It is not clear how sustainable yield allocations protect drinking water users.
B.6	2.4.4	The GSP should provide separate evapotranspiration by land use types.

* Review comments have been grouped by similar topic and summarized. For full text of comment, see respective comment letter as noted.

Water Budgets			Comments received from: AEWS-D-SWID, AC-TNC, TC, WGIM
Response to these comments are provided in Master Response 7			
Comment #	GSP Reference	Review Comment Summary*	
G.11	1.4.4.7	Municipal growth rates in water budget seem to be consistent with Community Plans. If budget is low, it should be adjusted accordingly.	
G.12	Pg. 2-1	General statement about DEID GSA water budget pertaining to current and projected municipal water use.	
G.13	Pg. 2-13	Clarify the cause of subsurface inflow and outflow in the GSA is due to neighboring GSAs over extraction.	
G.14	2.4.1.1.5	Current municipal water use should be used in lieu of average water use.	
G.15	2.4.1.2.5.3	Percolation of applied municipal irrigation should be shown as a range, not an average, with the most recent value reflecting current population conditions.	
G.16	2.4.1.2.9	Municipal consumptive use should be shown as a range rather than an average, with the most recent value reflecting current population conditions.	
G.17	2.4.4.1	Municipal pumping should be shown as a range rather than an average, with the most recent value reflecting current population conditions.	
G.26	CA, Att. 2, 2.3.1.1.5	Urban water use is going to continue to grow with population.	
H.1	2.4.8	Clarify Sustainable Yield calculation for the water budget and landowner allocations.	

Generalized Comments			Comments received from: AEWS-D-SWID-GSI, WGIM AC-CWC-TNC, CWC, HFS, TC, WPUD, WMA
Response to these comments are provided in Master Response 8			
Comment #	GSP Reference	Review Comment Summary*	
A.15	3	Model uncertainties and margin of error should be incorporated into subsidence related SMC.	
B.2	5	It is important that stakeholder engagement be maintained through the development of future projects and management actions and other SGMA compliance and implementation steps.	
G.4	1.4.1.4.2.2	The County appreciates the GSA calling attention to the needs to protect water sources for DACs.	
G.6	Pg. 1-25	Good recognition of cooperative nature necessary between the GSA and County.	
H.2	General	GSA to use best available data when applying pumping restrictions. Sustainable Yield allocations and pumping allowances should be consistent across the entire subbasin.	

* Review comments have been grouped by similar topic and summarized. For full text of comment, see respective comment letter as noted.

Generalized Comments		
Comments received from: AEWSO-SWID-GSI, WGIM AC-CWC-TNC, CWC, HFS, TC, WPUD, WMA		
Response to these comments are provided in Master Response 8		
Comment #	GSP Reference	Review Comment Summary*
H.3	General	Sustainable Yield allocations, initial pumping allowances and ramp down schedules should be consistent across the entire subbasin.
H.4	General	GSAs should implement a coordinated subbasin wide DMS and measurement methodology.
H.5	General	GSA's to develop quality assurance process for ET consumptive use calculations.
I.2	5.2.2.2.2/10	Access and discretion by WMA landowners of "project funds"
I.4	General	How will precipitation accruals to groundwater be calculated?
I.5	General	Measuring use of groundwater use is not in GSP.

* Review comments have been grouped by similar topic and summarized. For full text of comment, see respective comment letter as noted.

APPENDIX L-2

Staff Report Responding to Comments Received

STAFF REPORT-GLOBAL RESPONSES TO COMMENTS ON THE DEID GSP RECEIVED BY DEID GSA

Staff reviewed and has drafted the responses below to written comments received since the release of the draft Groundwater Sustainability Plan (GSP) covering that portion of the Tule Subbasin falling within the jurisdictional boundaries of the Delano-Earlimart Irrigation District Groundwater Sustainability Agency (DEID GSA). The responses are organized by common topics and issues raised by the various commenters, in the order shown in the summary matrix attached to this report. In addition to the comments below, a written response to the comments received from Tulare County was sent to the county on January 23, 2020, consistent with Section 10728.4 of the Water Code, a copy of which is attached to this report.

Any edits to the GSP deemed necessary as a result of the comments or following guidance received from the Board at public meetings held since the GSP was first released, are indicated in the redline version of the GSP attached to this report.

I. SUBSIDENCE / INFRASTRUCTURE IMPACTS

a. COMMENTERS

Bureau of Reclamation; Friant Water Authority; Arvin Edison Water Storage District; Shafter-Wasco Irrigation District; and Lindsay-Strathmore Irrigation District, Western Management Area landowners.

b. COMMENTS SUMMARY

Commenters expressed concerns that land subsidence on the Friant-Kern Canal (FKC) was not sufficiently addressed in the GSP and that the criteria for undesirable results as relate to land subsidence defined in the Coordination Agreement, at or around the time the comments were received, as “the unreasonable subsidence below minimum thresholds at greater than 50% of GSA Management Area RMS resulting in significant impacts to critical infrastructure.” The commenters also suggested that the Minimum Thresholds set in the GSP are not sufficiently protective of beneficial users of the FKC, do not sufficiently consider impacts on adjacent basins, and that projects and management actions must be included in the GSP that would allow no further subsidence beyond legacy as result of transitional pumping, and adequately mitigate impacts from subsidence. Commenters also stated that the Monitoring Network for subsidence in the vicinity of the FKC is not sufficient. Comments were received regarding implementation and amount of any FKC subsidence fee assessed and preservation to contest any fees assessed.

c. RESPONSE TO COMMENTS

The issue of land subsidence, particularly land subsidence impacting the conveyance capacity of the FKC is a very important issue to the DEID GSA. The undesirable results associated with land subsidence are discussed fully and

throughout the GSP. Land subsidence is a slow-occurring process that takes time to halt. Addressing this issue requires working cooperatively with our neighboring GSAs because much of the FKC and pumping impacting the FKC fall outside the jurisdiction of the DEID GSA. To that end, the DEID GSA has been actively engaged in negotiations over the past several months with the other GSAs covering the Tule Subbasin, in order to more effectively address the issue of land subsidence as it relates to the FKC. The negotiations resulted in the acknowledgment by all GSAs of the need for an additional standard of a localized nature, and the successful inclusion of an additional criteria for undesirable result related to land subsidence affecting the FKC. (*See* Section 4.3.4.2 of the Tule Subbasin Coordination Agreement, as revised.) In addition to the new localized criteria for land subsidence undesirable results, the Coordination Agreement was revised to include an acknowledgment that improved monitoring alone is not sufficient to address this issue and that it must necessarily be accompanied by projects and management actions by the GSAs to either prevent or mitigate post-2020 subsidence affecting the FKC “upon or before the occurrence of any localized” land subsidence undesirable result. (*See* Section VI of the Tule Subbasin Coordination Agreement, as revised.) Further, the GSP’s project and management action associated with transitional pumping, as described in Section 5.1.1.2 of the GSP, specifies that a mitigation fee would be imposed on pumpers engaged in transitional pumping that would be used to mitigate the impact of that transitional pumping on the FKC in a manner that is proportionate with the pumpers’ share of responsibility. The DEID GSA has been and will continue to work with DEID GSA landowners potentially affected by implementation of FKC mitigation fees and related issues. The surrounding GSAs have also committed to consider implementing other or similar mitigation actions, as reflected in the revised Section VI of the Coordination Agreement. The DEID GSA believes that these commitments, if carried into action by our neighboring GSAs would, in combination with the DEID GSA’s proposed actions and in cooperation with the Friant Water Authority, adequately address land subsidence that impacts the conveyance capacity of the FKC.

d. STAFF RECOMMENDATION

Staff recommends the Board approve the changes made to the GSP, Section 5.1.1.2 and to Sections 4.3.4.2 and Section VI of the Coordination Agreement, described above and attached herein, as responsive to comments received on the issue of land subsidence and impacts on the FKC.

II. ENVIRONMENTAL / GROUNDWATER DEPENDENT ECOSYSTEMS

a. COMMENTERS

The Nature Conservancy; Audubon California; and the California Department of Fish and Wildlife.

b. COMMENTS SUMMARY

The comments centered around consideration of Groundwater Dependent Ecosystems (GDEs) in determining project priorities and the need to expand monitoring in order to better identify and address GDEs as beneficial uses.

c. RESPONSE TO COMMENTS

The Sustainable Groundwater Management Act (SGMA) regulations define GDEs to mean “ecological communities or species that depend on groundwater emerging from aquifers or on groundwater occurring near the ground surface.” (Cal. Code Regs., tit. 23, § 351(m).) This definition goes hand-in-hand with a finding that interconnected surface water exists within the subbasin area. The GSP identified and addressed the GDEs using that definition as its guide. The hydrologists who studied the Tule Subbasin and assisted in drafting the GSP found no interconnected surface water systems and no areas of surface water that meet SGMA’s definition of GDEs due to the depth to groundwater being below the root zone reach of native vegetation. (*See* Sections 2.3.6 and 2.3.7 of the GSP.) Although seasonal ecological systems may emerge on a seasonal basis in portions of upstream surface water streams, hydrogeological studies have shown that the Tule Subbasin is detached from any surface water ecological assets that fall within SGMA’s definition of GDEs.

The DEID GSA will continue to work with its consultants on updating the information as the monitoring network is expanded and new data is collected regarding GDEs. If GDEs or interconnected surface water are identified in the future, the GSP will be updated to address them in accordance with SGMA.

d. STAFF RECOMMENDATION

Staff believes GDEs are adequately addressed in the GSP based on currently available information and best available science. Staff will present the Board with updates related to that issue as more data is collected during the GSP implementation period that reveals relevant information that require further action, consistent with SGMA.

III. BENEFICIAL USERS IDENTIFICATION

a. COMMENTERS

The Nature Conservancy; Audubon California; and the County of Tulare.

b. COMMENTS SUMMARY

Commenters suggested that domestic wells, particularly in Disadvantaged Communities (DACs), must be identified in more detail and that the GSP includes an analysis regarding impacts to domestic wells as a result of lowering groundwater levels and a related mitigation plan. Commenters also suggested creating an accounting program for each type of user and to create individually

tailored allocations and replenishment assessment for domestic water users in those communities.

c. RESPONSE TO COMMENTS

The projects and management actions contemplated in the GSP are intended to prevent water levels from dropping to a level that would impact wells, regardless of whether the wells are for domestic or irrigation/agricultural use. However, this may be negatively influenced by continued pumping in surrounding GSA areas beyond the Subbasin-wide minimum thresholds. Within the context of the proposed transitional pumping project (*See* Section 5.2.2 of the GSP), an analysis of potential impacts to the DEID Management Area (DEID MA) has been evaluated through a study done by Thomas Harder and Associates using the groundwater model developed for the Subbasin. The study is not the definitive analysis of the impacts of Western Management Area (WMA) pumping to the DEID MA, but it is indicative of anticipated impacts. Further study and analysis will be modeled to determine the impacts with actual groundwater elevations used to confirm those impacts. DEID GSA intends to address potential negative well impacts through a mitigation program with other Tule Subbasin GSAs in accordance with the Coordination Agreement. Any assessments imposed by the DEID GSA must be applied equitably and consistent with state law.

With respect to identifying domestic wells in more detail, as noted in section 1.4.1.4.1 of the GSP, the well density count within the DEID GSA was based on the Department of Water Resources (DWR) Well Completion Report Map Application tool. This tool only reports wells with well completion reports on file. Section 1.4.1.4.1 was modified to clarify this point and recognize that additional wells may be present that were not included in the DWR reporting tool. The DEID GSA looks forward to working cooperatively with Tulare County on projects and management actions impacting the County's plans and with other stakeholders to address their concerns as more data becomes available.

d. STAFF RECOMMENDATION

Staff recommends the Board approves the changes made to the GSP, Section 1.4.1.4.1 described above and attached herein, as responsive to comments received on the issue of identification of domestic wells. Staff believes the GSP adequately addresses DACs based on currently available information. Staff will present the Board with updates related to that issue as more data is collected during the GSP implementation period that reveals relevant information that require further action, consistent with SGMA.

IV. WATER QUALITY

a. COMMENTERS

The County of Tulare.

b. COMMENTS SUMMARY

The County expressed concerns that the recharge projects proposed in the GSP may negatively impact water quality and drinking sources.

c. RESPONSE TO COMMENTS

DEID GSA intends to implement all projects and management actions consistent with the sustainable management criteria set forth in Section 3 of the GSP, including groundwater quality (*See* Section 3.5.1.3 of the GSP)

d. STAFF RECOMMENDATION

Staff believes water quality issues are adequately addressed in the GSP based on currently available information. Staff will present the Board with updates related to that issue as more data is collected during the GSP implementation period that reveals relevant information that require further action, consistent with SGMA

V. PUBLIC PARTICIPATION

a. COMMENTERS

The Nature Conservancy and Audubon California.

b. COMMENTS SUMMARY

Commenters expressed a concern that DACs were not adequately considered in the discussion of Unreasonable Results, Measurable Objectives and Minimum Thresholds for water levels and water quality.

c. RESPONSE TO COMMENTS

The DEID GSA complied with applicable statutory noticing requirements in the release and evaluation of its GSP. Section 1.5 of the GSP provides an overview of the public engagement opportunities provided by the DEID GSA, inviting stakeholders, including DACs, to participate in the GSP development process. A list of all public meetings held is attached to the GSP as Appendix D. Comments were invited and encouraged during the meetings and the DEID GSA endeavored to address those comments as the GSP was being drafted.

d. STAFF RECOMMENDATION

Staff believes the DEID GSA complied with all SGMA requirements related to inviting and encouraging public participation during the GSP development period.

VI. LAND USE (FUTURE GROWTH)

a. COMMENTERS

The County of Tulare.

b. COMMENTS SUMMARY

The County sought confirmation of its land use and zoning authority, making sure the County is involved in the implementation of projects impacting its plans and that projected population growth estimates are not to be assumed to reflect 2070 population.

c. RESPONSE TO COMMENTS

The DEID GSA recognizes the County's land use, zoning and well permitting authority in certain portions of the DEID GSA jurisdictional area. (*See* Sections 1.4.4.1 and 1.4.4.6 of the GSP.) Further clarification was added to Section 1.4.1.3 referencing the County General Plan land use designations. As recognized by the County's comment, the water budget in the GSP reflects higher muni demand and may incorporate all of the projected growth for the communities within the DEID GSA. Clarification was added to Section 1.4.4.5 of the GSP regarding not assuming 2070 population.

d. STAFF RECOMMENDATION

Staff recommends the Board approves the changes made to the GSP, Sections 1.4.1.3 and 1.4.4.5 described above and attached herein, as responsive to comments received on the issue of population growth estimates. Staff will present the Board with updates related to that issue as more data becomes available.

VII. WATER BUDGET

a. COMMENTERS

Arvin Edison Water Storage District; Shafter-Wasco Irrigation District; The Nature Conservancy; Audubon California; the County of Tulare; and Westchester Group Investment Management, Inc.

b. COMMENTS SUMMARY

Commenters stated that the 1990/91 through 2009/10 may not be a representative period of overdraft or long-term average conditions in the subbasin. Commenters raised a question as to how climate change would affect the water budget, how sustainable yield calculations protect drinking water users and whether the water budget should be adjusted to reflect projected growth in municipal water use. Other comments were related to inflow and outflow due to over extraction in neighboring GSAs, showing certain calculations, such as municipal pumping, percolation of applied native groundwater for municipal irrigation, municipal consumptive use and municipal groundwater pumping as a range as opposed to an average.

c. RESPONSE TO COMMENTS

Many of the details requested in these comments are provided in various analyses included in appendices to the GSP, in particular the Tule Subbasin Coordination Agreement and the studies attached to the GSP and the Coordination Agreement. Given the complex and technical nature of those attachments, the GSP itself was drafted in a manner to provide sufficient specificity while leaving the finer details to the appendices. Thus, recognizing that much of the information sought by the commenters can be found in the appendices, no further changes were made to the GSP with the exception of clarifications added to Sections 2.4.1.1.5; 2.4.1.2.5.3; 2.4.1.2.9; and 2.4.4.1 related to use of ranges instead of the above-noted averages.

With respect to inflows and outflows impacted by neighboring GSAs, DEID GSA met with the other GSAs within the Tule Subbasin on numerous occasions to address this issue. It is the expectation of the DEID GSA that surrounding GSAs will implement projects and management actions, including potential mitigation of negative impacts to the DEID GSA, to address this issue consistent with the Coordination Agreement and SGMA requirements.

d. STAFF RECOMMENDATION

Staff recommends the Board approves the changes made to the GSP, Sections 2.4.1.1.5; 2.4.1.2.5.3; 2.4.1.2.9; and 2.4.4.1 as described above and attached herein. Staff will present the Board with updates related to the water budget as more data becomes available that require further action, consistent with SGMA requirements.

VIII. OTHER GENERAL COMMENTS RECEIVED

a. COMMENTERS

Arvin Edison Water Storage District; Shafter-Wasco Irrigation District; Audubon California; The Nature Conservancy; the County of Tulare; and Westchester Group Investment Management, Inc., Western Management Area landowners.

b. COMMENTS SUMMARY

Commenters generally expressed concerns with the model uncertainties, the need to maintain stakeholder involvement throughout the GSP implementation period, use of mitigation funds collected, questions concerning implementation of the GSP, and how allocations would be implemented consistently across the subbasin.

c. RESPONSE TO COMMENTS

A certain level of uncertainty is inherent in any modeling effort. Such uncertainties are only narrowed as more monitoring is implemented and data is collected. The DEID GSA is committed to this effort, as stated in the GSP and the Coordination Agreement. The DEID GSA will comply with all public noticing

and stakeholder engagement required under SGMA and work cooperatively with stakeholders in implementing the proposed projects and management actions. It is DEID GSA's expectation that commitments made in the Coordination Agreements will be carried to fruition by all GSAs in order to meet the subbasin's sustainability goal. Specific implementation actions that will be taken by the DEID GSA will be identified through additional stakeholder input on rules and regulations that will be developed.

d. STAFF RECOMMENDATION

Staff believes the GSP and Coordination Agreement adequately addresses these comments and that no further edits are necessary at this time. Staff will present the Board with updates related to these issues as more data becomes available that require further action, consistent with SGMA requirements.

IX. ADDITIONAL ITEMS PRESENTED BY STAFF FOR THE BOARD'S CONSIDERATION

a. FURTHER CHANGES TO THE GSP

In addition to the above, the following edits were incorporated into the GSP hereby presented to the Board for adoption, as well as other minor edits, corrections and clarifications, as shown in the redline attached hereto:

- **Section 1**, highlighting past and current groundwater management actions implemented by the Delano-Earlimart Irrigation District (DEID), including importation of water which far exceed pumping level within the DEID service area.
- **Section 2**, clarifying that DEID is a net depositor of water within the DEID GSA area through past and current investments, projects and management actions, including purchase and delivery of imported water.
- **Section 3**, modified the definition of sustainable goal, consistent with language in Section 4.2 of the negotiated Coordination Agreement, as explained in Part IX.b below. Further, additional language was added to provide a comparison of groundwater levels with and without transition pumping proposed in areas outside the DEID service area, which operates sustainably, to help identify impacts subject to mitigation by those utilizing transitional pumping.
- **Sections 4, 6 and 7**, no changes since the most recent draft released on November 15, 2019.
- **Section 5**, clarifications and additional description to the mitigation projects and management actions associated with transitional pumping proposed in the Western Management Area (Section 5.1.1.2), consistent with the provisions of the Coordination Agreement.

b. FURTHER CHANGES TO THE COORDINATION AGREEMENT

As mentioned above, Staff has been engaged in active negotiations with the other GSAs with jurisdiction over portion of the Tule Subbasin. As a result, certain provisions of the draft Coordination Agreement were revised, in addition to the changes described above. Of note, are the following:

- **Section 1.3**, naming Mr. David De Groot, Principal Engineer with 4-Creeks as the Chairperson of the Tule Subbasin TAC, responsible, among other things, for submitting the GSPs and Coordination Agreement and future updates thereto, to DWR.
- **Section 3.3**, outlining methodologies for measuring or estimating groundwater extraction in the Tule Subbasin to be deployed by the GSAs.
- **Section 4.2**, defining the sustainability goal of the Tule Subbasin in a manner that better aligns with SGMA language, i.e., as “the absence of undesirable results, accomplished by 2040 and achieved through a collaborative, Subbasin-wide program of sustainable groundwater management by the various Tule Subbasin GSAs” with the ultimate goal being “avoidance of undesirable results caused by groundwater conditions throughout the Subbasin.”
- **Section 4.2.1**, clarifying that the sustainable yield for the Tule Subbasin as a whole is 130,000 afy, which, for purposes of developing individual GSA water budgets and GSPs, shall be divided amongst the GSAs by multiplying that GSAs proportionate areal coverage of the Tule Subbasin times the total Subbasin sustainable yield. This method was selected because it represents the currently readily-available and implementable manner of accounting for the water budget and will be revisited in future GSP updates as more reliable data becomes available. This section also clarifies that the division of the water budget and sustainable yield amongst the GSAs is not an allocation or final determination of any water rights.
- **Section 4.3.1.1**, defining an undesirable result for groundwater levels as “significant and unreasonable if there is basin-wide loss of well pumping capacity, which cannot be remedied.”
- **Section 4.3.4.1**, more expressly stating the connection between land subsidence and the FKC’s conveyance capacity and specifying that GSAs will implement projects and management actions “to decelerate and eventually arrest land subsidence” by 2040, “including measures necessary to reduce or eliminate land subsidence significantly and unreasonably affecting the functionality or a structure or facility, such as the FKC.”

- **Section 4.3.4.2**, adding, as stated in the response to comments above, a localized criteria for an undesirable result whereby “an undesirable result will also occur if land subsidence in particularized areas within a given GSA causes significant and unreasonable adverse effects on the functionality of a structure or facility, such as the FKC, regardless of whether the more than 50% of the GSA Management Area RMS locations indicate exceedance of the subsidence standard.”
- **Section VI**, reiterating the GSAs commitments to work individually and together towards achieving the sustainability goal of the Tule Subbasin. Also repeated here is an acknowledgment by all GSAs that monitoring in and by itself is not sufficient to address land subsidence issues affecting the FKC and that it “necessarily must be accompanied by projects and management actions to address the impacts of post-2020 subsidence levels, including consideration of actions such as the collection of mitigation fees to have the responsible party or entity bear their proportionate share of responsibility in relation to impacts reasonable attributable to such party or entity.” Additional provisions were also added to confirm a commitment to working with “Friant Water Authority on the development of a Friant-Kern Canal mitigation program, potentially to include targeted pumping reductions and mitigation fees, to be imposed by GSAs within specific areas, based on an analysis of each GSA’s likely proportional impact on post 2020 subsidence.” Finally, provisions were added whereby the GSAs “agree to work diligently to develop an initial localized mitigation program based on the best available information related to the projects cause of post 2020 subsidence, with the intent to have said mitigation program effective upon or before the occurrence of any localized or basin wide subsidence undesirable result.”
- **Section 7.1.8**, clarifying that the “resolution of any dispute or claim related to a water right” by any GSA is outside the scope of the Coordination Agreement.
- **Section 7.8**, expressly stating that nothing in the Coordination Agreement “is intended to modify the water rights of any Party or Person” nor an admission by any GSA regarding any water right or priority of any water right that is claimed by any GSA or person or the sufficiency to any such claim or defenses thereto, and that the GSA do not waive their election to assert a legal claim or argument as to “water, water right or any subject matter of this Coordination agreement or defenses thereto.”
- **Section 7.9**, clarified that the Coordination Agreement supersedes the MOU to Develop and Implement a Coordination Agreement and any oral understanding relating to the subject matter thereof.
- Other minor edits and clarifications in various sections of the Coordination Agreement shown in the redline attached hereto.