

R.O. Draft 3/15-1971

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

CONTRACT BETWEEN THE UNITED STATES OF AMERICA
 AND SAN JOAQUIN COUNTY FLOOD CONTROL AND WATER
 CONSERVATION DISTRICT PROVIDING FOR WATER SERVICE

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1 UNITED STATES
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5 CONTRACT BETWEEN THE UNITED STATES OF AMERICA
6 AND SAN JOAQUIN COUNTY FLOOD CONTROL AND WATER
7 CONSERVATION DISTRICT PROVIDING FOR WATER SERVICE

8 THIS CONTRACT, made this ____ day of _____, 19____,
9 in pursuance generally of the Act of June 17, 1902 (32 Stat. 388),
10 and acts amendatory thereof or supplementary thereto, all collectively
11 hereinafter referred to as the Federal reclamation laws, between THE
12 UNITED STATES OF AMERICA, hereinafter referred to as the United States,
13 and SAN JOAQUIN COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT,
14 hereinafter referred to as the District or the Contractor, a public agency of
15 the State of California, duly organized, existing, and acting pursuant
16 to the laws thereof, with its principal place of business in Stockton,
17 California,

18 WITNESSETH, That:

19 EXPLANATORY RECITALS

20 WHEREAS, the United States is constructing and operating the
21 Central Valley Project, California, for the purpose, among others, of
furnishing water for irrigation, municipal, industrial, domestic, and
other beneficial uses; and

Preamble
Explanatory Recitals--

1 WHEREAS, the United States is constructing the Folsom-South
2 Canal, which will be operated and used, in part, for the furnishing
3 of water to the Contractor pursuant to the terms of this contract;
4 and

5 WHEREAS, certain areas within the boundaries of the
6 District have not formed public agencies for the purpose of contracting
7 for a water supply; and

8 WHEREAS, the Contractor desires to contract, pursuant
9 to the Federal reclamation laws and the laws of the State of California,
10 for the furnishing by the United States of a supplemental water
11 supply from the Project to said unorganized areas within the boundaries
12 of the District for which the Contractor will make payment to
13 the United States upon the basis, at the rates, and pursuant to
14 the conditions hereinafter set forth; and

15 WHEREAS, investigations of the Contractor's lands indicate
16 that there is a present need for additional water for irrigation
17 and municipal, industrial, and domestic purposes; that certain
18 parts of said areas have a potential need of water for irrigation
19 and municipal, industrial, and domestic purposes; that groundwater
20 underlying the District is seriously depleted and in need of replenishment;
21 and that an additional water supply to meet these needs can be
22 made available by and through the works constructed and to be
23 constructed by the United States; and

1 future storage facilities in the American River Basin,
2 and present and future inter-Basin Project storage and
3 transfer facilities, all of which do or will contribute
4 substantial quantities of Project water to the Sacramento-
5 San Joaquin Delta water supply, and present and future
6 Project facilities which convey Project water across or
7 around the Sacramento-San Joaquin Delta, but excluding
8 intake works or extensions to such intake works, which
9 deliver water to other Project conveyance facilities or
10 other Project water users;

11 (d) "Canal" shall mean the Folsom South Canal of
12 the Auburn-Folsom South Unit, American River Division, of
13 the Project;

14 (e) "initial delivery date" shall mean January 1 of
15 the year in which the Secretary announces that water from
16 the Canal is first available for delivery to the Contractor
17 under this contract;

18 (f) "agricultural water" shall mean water used primarily
19 in the commercial production of agricultural crops or live-
20 stock, including domestic use incidental thereto, on tracts
21 of land operated in units of more than 2 acres;

22 (g) "municipal, industrial, and domestic water" shall
23 mean water used for other than agricultural purposes;

1 (h) "year" shall mean a calendar year;

2 (i) "fiscal year" shall mean the period commencing July 1
3 and ending the following June 30;

4 (j) "unorganized areas" shall mean those areas of the
5 District which are within the service area of the Canal as
6 generally delineated on Exhibit A, attached hereto and made
7 a part hereof, and have not by the effective date of this
8 contract organized into public agencies; and

9 (k) "subcontractor" shall mean an unorganized area which
10 after the effective date of this contract organizes into
11 a public agency for the purpose of entering into a contract
12 with the Contractor for the payment for water to be furnished
13 by the United States pursuant to this contract.

14 TERM OF CONTRACT--BENEFICIAL USE

15 2. (a) This contract shall be effective on the date first
16 hereinabove written and shall remain in effect for a period of
17 40 years, commencing with the year in which the Contracting Officer
18 announces that water is available from the Canal to any customer
19 holding a long-term contract for service therefrom: Provided,
20 That this contract shall terminate 5 years from the initial delivery
21 date, if by that date the Contractor has not entered into subcontracts
22 with public agencies nor obligated itself by written notice to

1 the Contracting Officer under the terms of which the Contractor
2 or subcontractors are obligated to pay for as a minimum 25,000
3 acre-feet: Provided further, That under terms and conditions
4 agreeable to the parties hereto, renewals of this contract may
5 be made for successive periods not to exceed 40 years each. The
6 terms and conditions of each renewal shall be agreed upon not
7 later than 1 year prior to the expiration of the then existing
8 contract: And provided further, That upon written request of
9 the Contractor to the Secretary not later than 1 year prior to
10 the expiration of this contract, insofar as it relates to agricultural
11 water, whenever, account being taken of the amount then credited
12 to the costs of construction of water supply works, the remaining
13 amount of construction costs of water supply works which is properly
14 assignable for ultimate return by the Contractor, as established
15 by the Secretary of the Interior pursuant to (3) of Section 1 of
16 Public Law 84-643 (70 Stat. 483), probably can be repaid to the
17 United States within the term of a contract under subsection (d),
18 Section 9 of the Reclamation Project Act of 1939 (53 Stat. 1187),
19 the portions of this contract pertaining to the furnishing of
20 agricultural water may be converted to a contract under said subsection (d)
21 upon terms and conditions agreeable to the United States and the
22 Contractor.

1 (b) The right to the beneficial use of water furnished
2 to the Contractor pursuant to this contract and any renewal hereof
3 shall not be disturbed so long as the Contractor fulfills all of
4 its obligations under this contract and such renewal.

5 WATER TO BE FURNISHED TO THE CONTRACTOR

6 3. (a) The United States shall make available to the Contractor
7 and the Contractor shall pay for agricultural water as provided
8 in subdivision (b) of Article 6 in accordance with the following:

9 (1) Each year, for the first 5 years commencing
10 with the year in which the initial delivery date occurs, the
11 quantities specified in the schedule submitted by the Contractor
12 in accordance with Article 4;

13 (2) Each year, for the next 10 years, a minimum
14 of 25,000 acre-feet of water: Provided, That if in any year
15 during this period the Contractor takes a larger quantity,
16 such increased quantity shall constitute a new minimum for
17 the succeeding years and the United States shall make available
18 and the Contractor shall pay for such increased quantity.

19 At any time that the Contractor takes more than the revised
20 minimum, the increased quantity shall again become the new
21 minimum for the succeeding years: Provided further, That
22 in the event the District by the end of the 5th year has not

1 executed contracts with subcontractors nor obligated itself
2 by written notice to the Contracting Officer to provide to
3 unorganized areas 50,000 acre-feet of water per year during
4 the term of this contract, the quantity which the United States
5 is obligated to furnish pursuant to subdivision (c) of this
6 article shall be reduced in the ratio that the quantity of
7 water which the Contractor has obligated itself to provide
8 to unorganized areas and subcontractors by the end of the
9 5th year bears to 50,000 acre-feet; and

10 (3) In the 16th year after the initial delivery
11 date and each year thereafter for the remainder of the term
12 of this contract, a quantity of water equal to the quantity
13 paid for in the 15th year, or such greater quantity as may
14 be scheduled in the 16th year, but in no event shall the quantity
15 of water furnished be in excess of 100,000 acre-feet: Provided,
16 however, That the parties may by agreement at any time or
17 times after the 15th year decrease the quantity of water required
18 thereafter to be paid for by the Contractor during the remainder
19 of the term of this contract.

20 (b) The United States shall make available to the Contractor
21 the quantities of municipal, industrial, and domestic water specified
22 in the schedule submitted by the Contractor in accordance with

1 Article 4 and the Contractor shall pay for said water in accordance
2 with the provisions of subdivision (c) of Article 6: Provided,
3 That the United States shall make available municipal, industrial,
4 and domestic water and the Contractor shall pay for as a minimum
5 the quantities set forth in the following table. The quantity
6 the United States shall make available and the Contractor shall
7 pay for in the 35th year and each year thereafter during the term
8 of this contract shall be _____ acre-feet: Provided, however,
9 That at any time or times after the Contractor's requirement for
10 municipal, industrial, and domestic water exceeds _____ acre-feet
11 per year, any or all of the Project water to be furnished for agricultural
12 use, as specified in subdivision (a) of this article, may be used
13 for municipal, industrial, and domestic purposes and shall become
14 the minimum quantity the Contractor shall pay for as municipal,
15 industrial, and domestic water to be furnished to the Contractor
16 each year thereafter during the term of this contract. Years shown
17 in the table refer to the years following the year of the initial
18 delivery date. The amount of revenue received in any year in excess
19 of the payment for the cumulative minimum requirement in the following
20 table for such year may be used in succeeding years to meet the payment
21 for the cumulative minimum requirement for water not actually used
22 during such years. The amount of revenue received for water paid for
23 within the cumulative minimum requirement for any year but not used
24 during such year may be applied to meet the payment for any succeeding
25 year to offset quantities used in excess of the cumulative minimum
26 requirement for such year.

TABLE

	<u>Year</u>	<u>Cumulative Minimum (in acre-feet)</u>
1		
2		
3	—	—
4	—	—
5	—	—
6	—	—
7	—	—
8	—	—
9	—	—
10	—	—
11	—	—
12	—	—
13	—	—
14	—	—
15	—	—
16	—	—
17	—	—
18	—	—
19	—	—
20	—	—
21	—	—
22	—	—

1 (c) In no event shall the United States be obligated to
2 furnish more than 100,000 acre-feet of water during any year of the
3 term of this contract: Provided, however, That this quantity may be
4 increased pursuant to subdivision (e) hereof.

5 (d) In the 16th year of each long-term water service contract
6 in the San Joaquin County portion of the Canal service area, if it is
7 determined by the Contracting Officer that a Contractor has not obligated
8 itself to accept and pay for the maximum quantity of agricultural water
9 provided in its contract, all other long-term contractors within the
10 San Joaquin County portion of the Canal service area will be notified of
11 the availability of such unobligated supply. Such water shall be prorated
12 by the Contracting Officer to all contractors within said portion of the
13 Canal service area that request additional water and can demonstrate to
14 the satisfaction of the Contracting Officer a need for additional water:
15 Provided, That the quantity allocated to a contractor shall not exceed its
16 demonstrated additional quantity needed: And provided further, That the
17 quantity of water so prorated to the Contractor in accordance with the
18 Contractor's request for such a prorated supply shall be paid for in the
19 year when the prorated supply is first available and each year thereafter
20 during the remainder of the term of the contract in addition to those
21 quantities which the Contractor is obligated to pay for pursuant to
22 subdivisions (a) and (b) of this article.

1 month of each year thereafter until the Contractor desires
2 to accept delivery of municipal, industrial, and domestic
3 water, the Contractor shall pay for one-twelfth of the
4 quantity of water that will fulfill the cumulative minimum
5 quantity requirement for that year specified in subdivision (b)
6 of Article 3;

7 (3) Prior to the date on which the Contractor wishes
8 to accept the first delivery of water hereunder the Contractor
9 shall pay for the water scheduled to be delivered for agri-
10 cultural and municipal, industrial, and domestic purposes
11 during the first 2 calendar months. Before the end of the
12 first month of delivery and before the end of each month
13 thereafter, the Contractor shall pay for the water to be
14 delivered pursuant to the latest approved schedule during
15 the second month immediately following. Water furnished
16 pursuant to subdivision (e) of Article 3 shall be paid for
17 in full at the time or times such requests are made;

18 (4) Adjustment for any difference between the pay-
19 ment for the scheduled quantities of water and payment for the
20 quantities of water actually delivered in any month shall be
21 made in the payment in the month immediately following:
22 Provided, That the payment for agricultural water shall be

1 no less than the minimum quantity specified in subsections (2)
2 and (3) of subdivision (a) of Article 3 as applicable: Provided
3 further, That the quantity of municipal, industrial, and
4 domestic water paid for in any year shall not be less than the
5 quantity necessary to fulfill the cumulative minimum quantity
6 requirement for that year and _____ acre-feet, or such greater
7 quantity converted from agricultural use to municipal, industrial,
8 and domestic use specified and provided in subdivision (b) of
9 Article 3. Any additional payment required shall be made in
10 December of that year; and

11 (5) In the event the Contractor is unable, fails,
12 or refuses to accept delivery of the quantities of water avail-
13 able for delivery to it and which it is required to pay for
14 pursuant to this contract, or in the event that the Contractor
15 in any year fails to submit schedules as provided in Article 4,
16 said inability, failure, or refusal shall not relieve the
17 Contractor of the obligation to pay for such water, and the
18 Contractor agrees to make payment in the same manner as if
19 such water had been delivered and accepted by the Contractor
20 in accordance with this contract.

21 (b) The rate to be paid by the Contractor for agricultural
22 water furnished pursuant to this contract shall consist of:

1 (1) A Canal operation, maintenance, and replace-
2 ment component of \$1 per acre-foot for the period ending
3 the 5th fiscal year following the fiscal year in which water
4 is available from the Canal to any customer holding a long-
5 term contract for water service. Prior to June 15 of the
6 last fiscal year of said period and June 15 of each succeeding
7 5th fiscal year thereafter, the Canal operation, maintenance,
8 and replacement component per acre-foot shall be redetermined
9 by the Contracting Officer for the succeeding 5 fiscal years
10 by dividing the estimated average annual operation, maintenance,
11 and replacement costs of the Canal for that period, less the
12 estimated incremental annual operation, maintenance, and replace-
13 ment costs for said 5 fiscal years attributable to the East Side
14 Division, by 600,000 or the total quantity of water that users
15 of water from the Canal are obligated to pay for during the 5th
16 fiscal year of the previous 5-fiscal-year period, whichever is
17 the greater. When the quantity of water delivered during the
18 5th fiscal year of the preceding 5-fiscal-year period is less
19 than 600,000 acre-feet, the operation, maintenance, and replace-
20 ment expenses may exceed the operation, maintenance, and
21 replacement revenues. The deficit for each fiscal year during
22 such period shall be added to the construction cost of the Canal.

1 When the total water paid for during the 5th fiscal year
2 of the preceding 5-fiscal-year period is greater than
3 600,000 acre-feet, and each 5th fiscal year thereafter,
4 an adjustment will be made in the estimated cost in
5 computing the component for the next 5-fiscal-year period
6 to reflect the difference in the actual and estimated water
7 use and the operation, maintenance, and replacement costs
8 for the preceding 5 fiscal years; and

9 (2) A capital component of \$1.75 per acre-foot
10 until December 31, 1995. Prior to the end of 1995 and of
11 2005 this component shall be adjusted for the following
12 period so that the sum of the operation, maintenance, and
13 replacement component, as determined pursuant to subsection (1)
14 of this subdivision, and this component amount to approximately 75%
15 of the payment capacity of the irrigable lands in the Contractor's
16 service area. Such payment capacity shall be determined by
17 the Contracting Officer. The Contractor will be consulted
18 before rate adjustments are put into effect. If agreement
19 cannot be reached between the Contractor and the Contracting
20 Officer regarding an adjustment, the matter will be referred
21 to the Secretary for decision. The Secretary will appoint a
22 panel of three persons to advise him before he reaches a
23 decision. One member of the panel will be selected by the

1 Secretary from persons recommended by the Contractor, one
2 by the Commissioner of Reclamation, and the third person
3 will be recommended by the first two. Revenues from this
4 component will be credited to repayment of the following
5 costs allocated to agriculture and in the order of priority
6 as listed:

7 a. Delta service facility operation, mainte-
8 nance, and replacement costs;

9 b. Conveyance construction costs; and

10 c. Delta service facility construction costs.

11 (c) The rate to be paid by the Contractor for municipal,
12 industrial, and domestic water furnished pursuant to this contract
13 shall consist of:

14 (1) A Delta service component of \$9 per acre-foot
15 until December 31, 1995. On January 1, 1996, and at any time
16 or times thereafter, but not more than once in any 5-year
17 period, this component may be adjusted so that it will provide
18 revenues which, when added to the revenues received from Delta
19 service components paid and anticipated to be paid during the
20 Project repayment period, hereafter described in this article,
21 by the Contractor and by all other purchasers of Project water
22 for municipal, industrial, and domestic use who are subject to
23 the Delta service component, will:

1 a. Reimburse the United States for the
2 portion of the operation and maintenance costs of
3 the Delta service facilities properly allocable to
4 municipal, industrial, and domestic service;

5 b. Reimburse the United States for
6 interest on the unpaid balance of the capital
7 costs of the Delta service facilities properly
8 allocable to municipal, industrial, and domestic
9 service;

10 c. Reimburse the United States for the
11 portion of the capital costs of the Delta service
12 facilities properly allocable to municipal, industrial,
13 and domestic service; and

14 d. Provide additional revenues not to exceed
15 20% of the total revenues received and estimated to be
16 received pursuant to subparagraphs a., b., and c. hereof
17 which shall be credited against the cost of the Project
18 properly allocable to agricultural use: Provided,
19 however, That revenues shall not be so credited until
20 after the interest referred to in subparagraph b. and
21 the capital costs referred to in subparagraph c. hereof
22 shall have been paid in full.

1 All funds received as the Delta service component shall be
2 credited in the order and manner set forth above. Computations
3 of adjustments of the component shall be on the basis that the
4 Project repayment period began in 1941 and will continue for
5 50 years after completion of the last addition to the Project,
6 and interest rates shall be as determined by the Secretary at
7 the time of each such addition, all pursuant to Project
8 authorizing legislation. No adjustment shall increase or
9 decrease the amount of the Delta service component by more
10 than 20%. Before announcing an adjustment of the component,
11 the Contracting Officer will make available to the Contractor
12 the date and computations upon which a proposed adjustment is
13 based and will afford the Contractor not less than 3 months to
14 study and to comment thereon. Final determination of an adjust-
: ment will be announced by the Contracting Officer after
16 consideration of the Contractor's comments, but not less than
17 6 months prior to the effective date thereof;

18 (2) A Canal operation, maintenance, and replacement
19 component of \$1 per acre-foot for the period ending the 5th
20 fiscal year following the fiscal year in which water is
21 available from the Canal to any customer holding a long-term
22 contract for water service. Prior to June 15 of the last

1 fiscal year of said period and June 15 of each succeeding 5th
2 fiscal year thereafter, this component per acre-foot shall be
3 redetermined in accordance with the procedure set forth in
4 subsection (1) of subdivision (b) of this article; and

5 (3) A conveyance component of \$6 per acre-foot
6 for the period ending the 5th fiscal year following the
7 fiscal year in which water is available from the Canal to
8 any customer holding a long-term contract for water service.
9 This component is intended to repay the Contractor's share
10 of the capital cost of the Canal on the unpaid balance at
11 3.225% per annum within the computation period. Prior to
12 June 15 of the last fiscal year of that period and June 15
13 of each succeeding 5th fiscal year thereafter, the Contracting
14 Officer will redetermine the conveyance component for the
15 succeeding 5 fiscal years in accordance with the following:

16 a. As used herein, the term:

17 1. "capital cost" shall mean the
18 construction cost of the Canal, including the
19 estimated cost of portions of the Canal yet to
20 be constructed, plus the deficit in operation,
21 maintenance, and replacement costs, as determined
22 pursuant to subsection (1) of subdivision (b) of

1 this article, and interest during construction
2 at the rate of 3.225% per annum, less the
3 incremental portion of the aforesaid costs
4 attributable to the East Side Division;

5 2. "computation period" shall mean
6 a period commencing July 1 of the fiscal year
7 following the fiscal year water is first avail-
8 able for delivery from the Canal and extending
9 to June 30 of the 50th fiscal year after water
10 is first available for delivery from the last
11 major reach of the Canal;

12 3. "present worth" shall mean the sum
13 of discounted annual quantities of municipal,
14 industrial, and domestic water use at 3.225%
15 per annum;

16 4. "Contractor's total municipal,
17 industrial, and domestic water use" shall mean
18 either the annual quantities determined from
19 subdivision (b) of Article 3 and _____ acre-
20 feet or such larger quantities as provided for
21 in the second proviso in subdivision (b) of
22 Article 3 extended annually through the remainder
23 of the computation period, or the Contractor's

1 past annual municipal, industrial, and domestic
2 water quantities paid for plus its estimated
3 future municipal, industrial, and domestic
4 deliveries projected through the computation
5 period, whichever is the greater; and

6 5. "Contractor's projected municipal,
7 industrial, and domestic water use" shall mean
8 that portion of the Contractor's municipal,
9 industrial, and domestic water use which is to
10 take place in the future, estimated as of the
11 beginning of the period for which the conveyance
12 component is redetermined.

13 b. The Contractor's share of the capital cost
14 shall be determined each fiscal year by dividing the
15 present worth, as of the beginning of the computation
16 period, of the Contractor's total municipal, industrial,
17 and domestic water use by 14,364,000 (which is the
18 present worth of the estimated deliveries of 36,168,000
19 acre-feet through the Canal during the computation period),
20 and then multiplying this quotient by the capital cost;

21 c. The amount of the Contractor's unpaid balance
22 shall be determined by the Contracting Officer as of June 30
23 of each fiscal year, and shall be the Contractor's share of
24 the capital cost determined pursuant to subparagraph b. hereof

1 for said year, plus interest at 3.225% per annum
2 charged on the amount of the Contractor's unpaid
3 balance, less the accumulated conveyance component
4 revenues paid by the Contractor prior to the date of
5 determination: Provided, That no interest shall accrue
6 on the unexpended portion of capital cost; and

7 d. The conveyance component will be re-
8 determined by dividing the amount of the Contractor's
9 then current unpaid balance (as adjusted by discounting
10 at 3.225% per annum to the beginning of the 5-year period
11 those portions of capital cost estimated to be expended
12 in the future) by the present worth, at the time of re-
13 determination, of the Contractor's projected municipal,
14 industrial, and domestic water use.

15 RENEGOTIATION

16 7. If, hereafter, the United States enters into, renews, or
17 amends any contract for water from the Project which, because of a change
18 in general Reclamation law or generally applicable policy, contains terms
19 and conditions substantially more favorable with respect to matters
20 similar to those contained in this contract, the United States, upon
21 the Contractor's request, will renegotiate this contract for the purpose
22 of providing comparable terms in accordance with the new law or policy.

1 (c) All water delivered from the Canal shall be measured
2 by the Contracting Officer with equipment furnished, operated, and
3 maintained by the United States. The measuring equipment shall be
4 installed by the Contractor at its expense after submitting installa-
5 tion drawings to the Contracting Officer and obtaining his written
6 approval thereto. All determinations relating to the measurement of
7 such water shall be made by the Contracting Officer after consultation
8 with the Contractor. Upon the request of the Contractor, the accuracy
9 of such measurements will be investigated by the Contracting Officer and
10 any errors appearing therein adjusted.

11 (d) Agricultural, municipal, industrial, and domestic surface
12 water furnished by the Contractor shall be measured by the Contractor
13 at its point or points of delivery thereof to the Contractor's sub-
14 contractors. All measuring equipment pursuant to this subdivision
15 shall be furnished, installed, operated, and maintained by the Contractor.
16 Said equipment and its installation, service, and use shall be approved
17 by the Contracting Officer: Provided, That at least once each year, or
18 upon the request of the Contracting Officer, the Contractor shall
19 investigate the accuracy of all measuring equipment installed by the
20 Contractor and shall adjust any errors disclosed by such investigation.
21 The United States shall be afforded reasonable opportunity to be present
22 during the inspecting and testing procedure by the Contractor and the

1 United States shall have full and free access at all reasonable
2 times to inspect said measuring equipment for the purpose of
3 determining the accuracy and condition thereof. If said facilities
4 are found to be defective or inaccurate they shall be readjusted or
5 repaired, or both, or replaced by the Contractor. In the event the
6 Contractor neglects or fails to make such repairs or replacements
7 within a reasonable time as may be necessary to satisfy the operating
8 requirements of the Contracting Officer, the United States may cause
9 the repairs or replacements to be made and the costs thereof charged
10 to the Contractor, which charge the Contractor shall pay to the United
11 States on or before March 1 of the year following that in which the
12 cost was incurred and a statement thereof furnished by the United States.

13 (e) The Contractor shall maintain, in a manner satisfactory
14 to the Contracting Officer, records of the quantities of water measured
15 by the Contractor pursuant to subdivision (d) of this article and will
16 submit a report to the Contracting Officer before the 7th day of each
17 month following the month in which water is so measured.

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20
21
22

1 MAINTENANCE OF FLOWS AND LEVELS--TEMPORARY REDUCTIONS--RETURN
2 FLOWS--UNITED STATES TO BE HELD HARMLESS

3 10. (a) The United States shall make all reasonable efforts,
4 consistent with the most efficient overall operation of the Project,
5 to maintain sufficient flows and levels of water in the Canal to
6 furnish water to the Contractor at the full designed capacity of the
7 turnouts established as the delivery points pursuant to this article.

8 (b) The United States may temporarily discontinue or reduce
9 the quantity of water to be furnished to the Contractor as herein pro-
10 vided for the purposes of such investigation, inspection, maintenance,
11 repair, or replacement of any of the Project facilities or any part
12 thereof necessary for the furnishing of water to the Contractor, but so
13 far as feasible the United States will give the Contractor due notice
14 in advance of such temporary discontinuance or reduction, except in case
15 of emergency, in which case no notice need be given: Provided, however,
16 That the United States shall use its best efforts to avoid any dis-
17 continuance or reduction in service for a period longer than 3 days.
18 Upon resumption of service after such reduction and if requested by the
19 Contractor, the United States will attempt to deliver the quantity of
20 water which would have been furnished hereunder in the absence of such
21 contingency.

22 (c) The United States reserves the right to all waste, seepage,
and return-flow water derived from water furnished to the Contractor or

1 any subcontractor which escapes or is discharged beyond boundaries
2 of the District and beyond the boundaries of the subcontractors.
3 Nothing herein shall be construed as claiming for the United States
4 any right, as waste, seepage, or return flow, to water being used
5 pursuant to this contract for surface irrigation or underground
6 storage within the District's or subcontractors' boundaries by the
7 Contractor, or subcontractors, or those claiming by or through the
8 Contractor or subcontractors.

9 (d) The United States shall not be responsible for the
10 control, carriage, handling, use, disposal, or distribution of water
11 beyond the delivery points and the Contractor shall hold the United
12 States harmless on account of damage or claim of damage of any nature
13 whatsoever for which there is legal responsibility, including property
14 damage, personal injury or death arising out of or connected with the
15 control, carriage, handling, use, disposal, or distribution of such
16 water.

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WATER SHORTAGE AND APPORTIONMENT

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2 11. In its operation of the Project the United States will use
3 all reasonable means to guard against a condition of shortage in the
4 quantity of water available to the District pursuant to this contract.
5 If, nevertheless, a shortage does occur during any year on account of
6 drought, errors in operation, or other causes, which, in the opinion of
7 the Contracting Officer, are beyond the control of the United States, in
8 no event shall any liability accrue against the United States or any of its
9 officers, agents, or employees for any damage, direct or indirect, arising
10 therefrom. In a year in which the Contracting Officer determines that there
11 is a shortage in the quantity of water available to customers of the
12 United States from the Project, the Contracting Officer will apportion
13 the available water among the water users capable of receiving water
14 from the same Project water supply in such manner as he deems equitable
15 and physically possible, subject to the following limitations: The
16 quantities to water users receiving municipal, industrial, and domestic
17 water service shall not be reduced until the reduction assigned to
18 agricultural water users amounts to 25% of the agricultural contractual
19 commitments for that year. In the event further reductions are necessary,
20 the supplies for both municipal, industrial, and domestic and agricultural
21 users shall be reduced by the same percentages: Provided, That the fore-
22 going shall not affect the obligations of the United States under contracts
23 entered into prior to the date of this contract, or under water rights
24 settlements.

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DRAINAGE STUDIES AND FACILITIES

12. To aid in determining the source and solution of future potential drainage problems, the Contractor shall provide for observation wells, in a manner satisfactory to the Contracting Officer, and furnish annually to the Contracting Officer records and analyses of well readings as they relate to potential drainage problems. If and when needed, the Contractor shall construct drainage works to protect the irrigability of lands within the District.

RULES, REGULATIONS, AND DETERMINATIONS

13. (a) The Contracting Officer shall have the right to make, after an opportunity has been offered to the Contractor for consultation, rules and regulations consistent with the provisions of this contract, the laws of the United States and the State of California, to add to or to modify them as may be deemed proper and necessary to carry out this contract, and to supply necessary details of its administration which are not covered by express provisions of this contract. The Contractor shall observe such rules and regulations.

1 (b) Where the terms of this contract provide for action to
2 be based upon the opinion or determination of either party to this
3 contract, whether or not stated to be conclusive, said terms shall not
4 be construed as permitting such action to be predicated upon arbitrary,
5 capricious, or unreasonable opinions or determinations. In the event
6 that the Contractor questions any factual determination made by the
7 Contracting Officer, the findings as to the facts shall be made by the
8 Secretary only after consultation with the Contractor and shall be
9 conclusive upon the parties.

10 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

11 14. (a) The obligation of the Contractor to pay to the United
12 States as provided in this contract is a general obligation of the
13 Contractor notwithstanding the manner in which the obligation may be
14 distributed among the Contractor's subcontractors and notwithstanding
15 the default of individual water users in their obligations to the sub-
16 contractors.

17 (b) The payment of charges becoming due hereunder is a
18 condition precedent to receiving benefits under this contract.

19 PENALTY FOR DELINQUENT PAYMENTS

20 15. The Contractor shall pay a penalty on installments or charges
21 which become delinquent computed at the rate of 1% per month of the
22 amount of such delinquent installments or charges for each day from

1 such delinquency until paid: Provided, That no penalty shall be
2 charged to the Contractor unless such delinquency continues for
3 more than 30 days in which event the penalty shall accrue from the
4 initial date of delinquency.

5 QUALITY OF WATER

6 16. The operation and maintenance of Project facilities shall
7 be performed in such manner as is practicable to maintain the quality
8 of raw water made available through such facilities at the highest
9 level reasonably attainable as determined by the Contracting Officer.
10 The United States does not warrant the quality of water and is under
11 no obligation to furnish water treatment facilities to maintain or
12 better the quality of water.

13 WATER POLLUTION CONTROL

14 17. The Contractor shall, within its legal authority, comply fully
15 with all applicable Federal laws, orders, and regulations, and the laws
16 of the State of California, all as administered by appropriate
17 authorities, concerning the pollution of streams, reservoirs, ground-
18 water, or water courses with respect to thermal pollution or the
19 discharge of refuse, garbage, sewage effluent, industrial waste, oil,
20 mine tailings, mineral salts or other pollutants.

1 (c) The Contractor will send to each labor union or
2 representative of workers with which it has a collective
3 bargaining agreement or other contract or understanding, a
4 notice, to be provided by the Contracting Officer, advising
5 the labor union or workers' representative of the Contractor's
6 commitments under this Equal Opportunity clause, and shall
7 post copies of the notice in conspicuous places available to
8 employees and applicants for employment.

9 (d) The Contractor will comply with all provisions of
10 Executive Order No. 11246 of September 24, 1965, as amended,
11 and of the rules, regulations, and relevant orders of the
12 Secretary of Labor.

13 (e) The Contractor will furnish all information and
14 reports required by said amended Executive Order and by the
15 rules, regulations, and orders of the Secretary of Labor, or
16 pursuant thereto, and will permit access to its books, re-
17 cords, and accounts by the Contracting Officer and the
18 Secretary of Labor for purposes of investigation to ascertain
19 compliance with such rules, regulations, and orders.

20 (i) In the event of the Contractor's noncompliance with
21 the Equal Opportunity clause of this contract or with any of
22 the said rules, regulations, or orders, this contract may be
23 canceled, terminated, or suspended, in whole or in part, and

1 The Contractor may be declared ineligible for further Govern-
2 ment contracts in accordance with procedures authorized in
3 said amended Executive Order, and such other sanctions may be
4 imposed and remedies invoked as provided in said Executive
5 Order, or by rule, regulation, or order of the Secretary of
6 Labor, or as otherwise provided by law.

7 (g) The Contractor will include the provisions of sub-
8 divisions (a) through (g) in every subcontract or purchase order
9 unless exempted by rules, regulations, or orders of the
10 Secretary of Labor issued pursuant to Section 204 of said amended
11 Executive Order, so that such provisions will be binding upon
12 each subcontractor or vendor. The Contractor will take such
13 action with respect to any subcontract or purchase order as
14 the Contracting Officer may direct as a means of enforcing
15 such provisions, including sanctions for noncompliance:
16 Provided, however, That in the event the Contractor becomes
17 involved in, or is threatened with, litigation with a subcon-
18 tractor or vendor as a result of such direction by the Con-
19 tracting Officer, the Contractor may request the United States
20 to enter into such litigation to protect the interests of the
21 United States.

1 (c) This assurance is given in consideration of and for the
2 purpose of obtaining any and all Federal grants, loans, contracts,
3 property, discounts, or other Federal financial assistance extended
4 after the date hereof to the Contractor by the United States, includ-
5 ing installment payments after such date on account of arrangements
6 for Federal financial assistance which were approved before such date.
7 The Contractor recognizes and agrees that such Federal financial assist-
8 ance will be extended in reliance on the representations and agreements
9 made in this assurance, and that the United States shall reserve the
10 right to seek judicial enforcement of this assurance. This assurance
11 is binding on the Contractor, its successors, transferees, and assignees.

1 LANDS NOT TO RECEIVE WATER FURNISHED TO CONTRACTOR BY
2 UNITED STATES UNTIL OWNERS THEREOF EXECUTE CERTAIN CONTRACTS

3 20. (a) No water made available to a subcontractor pursuant
4 to this contract shall be furnished to any excess lands as defined
5 in Article 22 hereof unless the owners thereof shall have executed
6 valid recordable contracts in form prescribed by the United States,
7 agreeing to the provisions of this article and Articles 21 and 22
8 hereof, agreeing to the appraisal provided for in Article 21 hereof
9 and that such appraisal shall be made on the basis of the actual bona
10 fide value of such lands at the date of the appraisal without reference
11 to the construction of the Project, all as hereinafter provided, and
12 agreeing to the sale of such excess lands under terms and conditions
13 satisfactory to the Secretary and at prices not to exceed those fixed,
14 as hereinafter provided. No sale of any excess lands shall carry the
15 right to receive water made available pursuant to this contract, unless
16 and until the purchase price involved in such sale is approved by the
17 Contracting Officer and upon proof of fraudulent representation as to
18 the true consideration involved in such sales the United States may
19 instruct the subcontractor by written notice to refuse to furnish any
20 water subject to this contract to the land involved in such fraudulent
21 sales and the subcontractor thereafter shall not furnish said water to
such land.

1 (b) If Project water furnished to the subcontractor
2 pursuant to this contract reaches the underground strata of excess
3 land owned by a large landowner, as defined in Article 22, who has
4 not executed a recordable contract and the large landowner pumps
5 such Project water from the underground, the subcontractor will not
6 be deemed to have furnished such water to said lands within the
7 meaning of this contract if such water reached the underground strata
8 of the aforesaid excess land as an unavoidable result of the furnishing
9 of Project water by the subcontractor to nonexcess lands, or to excess
10 lands with respect to which a recordable contract has been executed.

11 VALUATION AND SALE OF EXCESS LANDS

12 21. (a) The value of the excess irrigable lands within each
13 subcontractor's service area as defined in Article 22, held in private
14 ownership of large landowners as defined in said article, for the
15 purposes of this contract, shall be appraised in a manner to be pre-
16 scribed by the Secretary. At the option of the large landowner, however,
17 the value of such land may be appraised, subject to the approval thereof
18 by the Secretary, by three appraisers. One of said appraisers shall be
19 designated by the Secretary and one shall be designated by the Contractor
20 and the two appraisers so appointed shall name the third. If the
21 appraisers so designated by the Secretary and the Contractor are unable
22 to agree upon the appointment of the third, the Presiding Justice of
23 the Third District Court of Appeal of the State of California shall be
24 requested to name the third appraiser.

1 (b) The following principles shall govern the appraisal:

2 (1) No value shall be given such lands on account
3 of the existing or prospective possibility of securing water
4 from the Project; and

5 (2) The value of improvements on the land at the
6 time of said appraisal shall be included therein, but shall
7 also be set forth separately in such appraisal.

8 (c) The excess land of any large landowner shall be re-
9 appraised in the manner provided in subdivision (a) hereof at the
10 instance of the United States or at the request of said landowner.
11 The cost of the first two appraisals of each tract of excess land
12 shall be paid by the United States. The cost of each appraisal
13 thereafter shall be paid by the party requesting such appraisal.

14 (d) Any improvements made or placed on the appraised land
15 after the appraisal hereinabove provided for prior to sale of the
16 land by a large landowner may be appraised in like manner.

17 (e) Excess irrigable lands sold by large landowners
18 within the subcontractor's service area shall not carry the right
19 to receive water made available pursuant to this contract for such
20 land and the Contractor agrees to refuse to furnish such water to lands
21 so sold until, in addition to compliance with the other provisions
22 hereof, a verified statement showing the sale price upon any such

Article 21(b) - (e)--

1 sale shall have been filed with the Contractor and said sale price
2 is not in excess of the appraised value as provided herein.

3 (f) The Contractor agrees to take all reasonable steps
4 requested by the Contracting Officer to ascertain the occurrence
5 and conditions of all sales of irrigable lands of large landowners
6 in the subcontractor's service area made subsequent to the execution
7 of this contract and to inform the United States concerning the same.

8 (g) A true copy of this contract, of each recordable
9 contract executed pursuant to this article and Articles 20 and 22
10 hereof, and of each appraisal made pursuant thereto shall be furnished
11 to the District by the United States and shall be maintained on file
12 in the office of the District and like copies in such offices of the
13 Bureau of Reclamation as may be designated by the Contracting Officer
14 and shall be made available for examination during the usual office
15 hours by all persons who may be interested therein.

16 EXCESS LANDS

17 22. (a) As used herein, the term "excess land" means that part
18 of the irrigable land in excess of 160 acres held within the
19 District in the beneficial ownership of any single person whether
20 a natural person, a corporation, or the beneficiary of a trust approved
21 by the Contracting Officer. With respect to land held in co-ownership
22 such as tenancy in common, joint tenancy, or community property,

1 the beneficial ownership of each co-owner shall be that fraction of
2 the total acreage held in co-ownership which equals the co-owner's
3 fractional interest therein. The term "large landowner" means an
4 owner of excess lands, and the term "nonexcess land" means all
5 irrigable land within the subcontractor's service area which is not
6 excess land as defined herein. Lands owned by the State, its political
7 subdivisions, and agencies shall be administered in accordance with
8 Public Law 91-310.

9 (b) Each large landowner as a condition precedent to the
10 right to receive water made available pursuant to this contract for
11 any of his excess lands shall:

12 (1) Before any water is furnished a subcontractor
13 to or for his excess land within such subcontractor's service
14 area, execute a valid recordable contract in form prescribed
15 by the United States, agreeing to the provisions contained
16 in this article and Articles 20 and 21 hereof and agreeing
17 to dispose of his excess lands in accordance therewith to
18 persons who can take title thereto as nonexcess land as
19 herein provided and at a price not to exceed the approved,
20 appraised value of such excess land and within a period of
21 10 years after the date of the execution of said recordable
22 contract and agreeing further that if said land is not so

1 disposed of within said period of 10 years, the Secretary
2 shall have the power to dispose of said land at the appraised
3 value thereof fixed as provided herein or such lower price as
4 may be approved by the owner of such land, subject to the same
5 conditions on behalf of such large landowner; and the Contractor
6 shall require each subcontractor to agree that it will refuse
7 to furnish said water to any large landowner other than for
8 his nonexcess lands until such owner meets the conditions
9 precedent herein stated; and

10 (2) Within 30 days after the date of notice from
11 the United States requesting such large landowner to designate
12 his irrigable lands within the subcontractor's service area
13 which he desires to designate as nonexcess lands, file in the
14 office of the subcontractor, in duplicate, one copy thereof to
15 be furnished by the subcontractor to the Bureau of Reclamation,
16 his written designation and description of lands so selected to
17 be nonexcess lands and upon failure to do so the subcontractor
18 shall make such designation and mail a notice thereof to such
19 large landowner, and in the event the subcontractor fails to
20 act within such period of time as the Contracting Officer
21 considers reasonable, such designation will be made by the
22 Contracting Officer, who will mail a notice thereof to the

1 subcontractor and the large landowner. The large landowner
2 shall become bound by any such action on the part of the
3 subcontractor or the Contracting Officer and the subcontractor
4 will furnish said water only to the land so designated to be
5 nonexcess land. A large landowner may with the consent of
6 the Contracting Officer designate land other than that
7 previously designated as nonexcess land: Provided, That an
8 equal acreage of the land previously designated as nonexcess
9 shall, upon such new designation, become excess land thereafter
10 subject to the provisions of this article and Articles 20 and 21
11 hereof, and shall be described in an amendment of such recordable
12 contract as may have been executed by the large landowner, in
13 the same manner as if such land had been excess land at the
14 time of the original designation.

15 REPEAL OR AMENDMENT OF FEDERAL RECLAMATION LAWS

16 23. In the event that the Congress of the United States repeals
17 the so-called excess-land provisions of the Federal reclamation laws,
18 Articles 20, 21, and 22 of this contract will no longer be of any
19 force or effect, and, in the event that the Congress amends the
20 excess-land provisions or other provisions of the Federal reclamation
21 laws, the United States agrees, at the option of the Contractor, to
22 negotiate amendments of appropriate articles of this contract, all
23 consistently with the provisions of such amendment.

1 WATER ACQUIRED BY CONTRACTOR OTHER THAN FROM THE UNITED STATES

2 24. (a) The provisions of this contract shall not be
3 applicable to or affect water or water rights now owned or hereafter
4 acquired by the Contractor or subcontractors within the District other
5 than from the United States: Provided, That such water is not trans-
6 ported through Contractor facilities constructed by the United States.
7 Water obtained other than from the United States and Project water
8 furnished pursuant to this contract may be transported through
9 distribution facilities of the Contractor other than those constructed
10 by the United States if the Contracting Officer determines that such
11 mingling is necessary to avoid a duplication of facilities; and notwith-
12 standing such mingling of water the provisions of this contract shall be
13 applicable to the quantity of water furnished to the Contractor pursuant
14 to the terms hereof, and such mingling of water shall not in any manner
15 subject to the provisions of this contract the quantity of water acquired
16 by or available to the Contractor or landowners within the District other
17 than from the United States.

18 (b) With respect to distribution works or portions thereof in
19 which mingling is permitted as provided in subdivision (a) hereof, the
20 Contractor:

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1 (1) Will be responsible for the operation and
2 maintenance of the separate outlets from the distribution system
3 for nonexcess and excess lands as defined in Article 22 hereof.
4 At the request of the Contracting Officer, the Contractor will
5 be responsible for the installation, operation, and maintenance
6 of water measuring equipment at delivery points to excess lands
7 and, further, will be responsible for the installation, operation,
8 and maintenance of similar equipment for measuring the water avail-
9 able to the Contractor or landowners within the District other than
10 from the Project, and the Contracting Officer may check and inspect
11 said equipment at any time; and

12 (2) Agrees that the quantity of water furnished to it
13 by the United States during each 24-hour period will be delivered
14 by the Contractor only to eligible lands through the aforesaid
15 outlets to eligible lands. The Contractor shall be deemed to be
16 in breach of this article and Articles 20, 21, and 22 of this
17 contract if at any time there is furnished to all excess lands
18 not covered by recordable contracts and served by the distri-
19 bution works or portions thereof in which mingling is permitted
20 a quantity of water which is greater than that which the Contractor
21 or subcontractors have introduced into said system from the supply
22 available other than pursuant to this contract.

BOOKS, RECORDS, AND REPORTS

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25. (a) The Contractor shall establish and maintain accounts and other books and records pertaining to its financial transactions, land use and crop census, water use, and to other matters as the Contracting Officer may require. Reports thereon shall be furnished to the Contracting Officer in such form and on such date or dates as he may require. Subject to applicable laws and regulations, each party shall have the right during office hours to examine and make copies of each other's books and records relating to matters covered by this contract.

(b) The Contracting Officer will furnish the Contractor with a copy of each annual financial analysis of the Project, which shall include a separate statement of financial status of the Project elements involved in supplying and delivering municipal, industrial, and domestic water under this contract, promptly after the same is prepared. The first of such analyses shall be furnished not later than June 1, 19___. Such analyses will be in accordance with sound accounting principles consistently applied and will include a summary of cost allocations and schedules of past and projected repayments. No analysis will preclude the United States from thereafter changing Project cost allocations or accounting methods.

1 CHANGES IN DISTRICT OR SUBCONTRACTOR ORGANIZATION

2 26. While this contract is in effect, no change shall be made
3 in that part of the District which is within the Canal service area,
4 as delineated in Exhibit A, or a subcontractor's service area, by
5 exclusion of lands, by dissolution, consolidation, merger or otherwise,
6 except upon the Contracting Officer's written consent: Provided, That
7 unorganized areas may be annexed to public agencies having a contract
8 with the United States for water from the Canal or which organize into
9 public agencies for the purpose of entering into a contract with the
10 Contractor without the Contracting Officer's approval.

11 NOTICES

12 27. Any notice, demand, or request authorized or required by
13 this contract shall be deemed to have been given when mailed, postage
14 prepaid, or delivered to the Regional Director, Region 2, Bureau of
15 Reclamation, 2800 Cottage Way, Sacramento, California 95825, on
16 behalf of the United States and to the Board of Directors, of the
17 Contractor, 222 East Weber Avenue, Stockton, California 95202, on
18 behalf of the Contractor. The designation of the addressee or the
19 address may be changed by notice given in the same manner as provided
20 in this article for other notices.

1 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

2 28. The provisions of this contract shall apply to and bind
3 the successors and assigns of the parties hereto, but no assignment
4 or transfer of this contract or any part or interest therein shall
5 be valid until approved by the Contracting Officer.

6 OFFICIALS NOT TO BENEFIT

7 29. (a) No Member of or Delegate to Congress or Resident
8 Commissioner shall be admitted to any share or part of this contract
9 or to any benefit that may arise herefrom. This restriction shall
10 not be construed to extend to this contract if made with a corporation
11 or company for its general benefit.

12 (b) No official of the Contractor shall receive any benefit
13 that may arise by reason of this contract other than as a landowner
14 within the Project and in the same manner as other landowners within
15 the Project.

16 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

17 30. The expenditure or advance of any money or the performance
18 of any work by the United States hereunder which may require appropri-
19 ation of money by the Congress or the allotment of funds shall be
20 contingent upon such appropriation or allotment being made. The
21 failure of the Congress so to appropriate funds or the absence of
22 any allotment of funds shall not relieve the Contractor from any
23 obligations under this contract. No liability shall accrue to the
24 United States in case such funds are not appropriated or allotted.

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CONFIRMATION OF CONTRACT

31. The execution of this contract shall be authorized or ratified by the qualified electors of the Contractor at an election held for that purpose. The Contractor, after the election and upon the execution of this contract, shall promptly secure a final decree of the proper court of the State of California approving and confirming the contract and decreeing and adjudging it and the apportionment of the benefits made thereunder to be lawful, valid, and binding on the Contractor. The Contractor shall furnish to the United States a certified copy of such decree and of all pertinent supporting records.

IN WITNESS WHEREOF, the parties have executed this contract the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Regional Director, Region 2
Bureau of Reclamation

SAN JOAQUIN COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT

(SEAL)

By _____
President

ATTEST

Secretary