

AGREEMENT
BETWEEN
THE DEPARTMENT OF THE ARMY
AND
THE SAN JUAN WATER DISTRICT AND ORANGE VALE WATER COMPANY
FOR
DESIGN AND CONSTRUCTION ASSISTANCE
FOR THE
DRINKING WATER SYSTEM IMPROVEMENTS

THIS AGREEMENT is entered into this 24 day of JANUARY, 2024, by and between the Department of the Army (hereinafter the "Government"), represented by the District Commander for Sacramento District (hereinafter the "District Commander") and the San Juan Water District represented by its General Manager and Orange Vale Water Company, represented by its Board President (hereinafter collectively the "Non-Federal Sponsors").

WITNESSETH, THAT:

WHEREAS, the provision of design and construction assistance for the non-Federal project for Drinking Water System Improvements at Orangevale, Sacramento County, California was authorized by Section 219 (f)(23) of the Water Resources Development Act of 1992, Public Law 102-580, as amended (hereinafter "Section 219");

WHEREAS, the Government will provide design and construction assistance by undertaking increment(s) of work, as defined in Article I.A. of this Agreement;

WHEREAS, Section 219(b) specifies applicable cost-sharing requirements; and

WHEREAS, the Government and the Non-Federal Sponsors have the full authority and capability to perform in accordance with the terms of this Agreement and acknowledge that this Agreement shall be enforceable in the appropriate district court of the United States.

NOW, THEREFORE, the parties agree as follows:

ARTICLE I - DEFINITIONS

A. The term "increment of work" means design and construction of features, as generally described in a Letter Report, and approved by the Division Commander for South Pacific Division. The initial increment of work consists of completion of water treatment system and other equipment procurement, delivery and installation bid package requirements, exploration program engineering support (drilling contract documents and field support during exploration), right-of-way and land acquisition to include solicitation and award of water treatment system and other equipment, and field exploration, drilling and lab testing contract and NEPA(Environmental compliance and cultural) document, as generally described in the Letter Report for Section 219 Orange Vale Water Company Drinking Water System Improvements,

dated December 2023 and approved by the Division Commander for South Pacific Division on January 12, 2024. Each additional increment of work, if any, will be described in a separate Letter Report, which will specify the amount of Federal funds available for such work. In the event of a conflict between this Agreement and a Letter Report, this Agreement will control.

B. The term “HTRW” means hazardous, toxic, and radioactive wastes, which includes any material listed as a “hazardous substance” (42 U.S.C. 9601(14)) regulated under the Comprehensive Environmental Response, Compensation, and Liability Act (hereinafter “CERCLA”) (42 U.S.C. 9601-9675) and any other regulated material in accordance with applicable laws and regulations.

C. The term “construction costs” means all costs incurred by the Government and Non-Federal Sponsors in accordance with the terms of this Agreement that are directly related to design and construction of an increment of work and cost shared. The term includes the Government’s costs of engineering, design, including preparation of Letter Reports and conducting environmental compliance activities, and construction; the Government’s supervision and administration costs; the Non-Federal Sponsors’ creditable costs for providing real property interests, relocations, and in-kind contributions, if any; and the costs of historic preservation activities except for data recovery for historic properties, if any. The term does not include any costs for operation and maintenance; HTRW cleanup and response; dispute resolution; participation by the Government and the Non-Federal Sponsors in the Coordination Team to discuss significant issues and actions; audits; betterments; or the Non-Federal Sponsors’ cost of negotiating this Agreement.

D. The term “real property interests” means lands, easements, and rights-of-way, including those required for relocations and borrow and dredged material placement areas. Acquisition of real property interests may require the performance of relocations.

E. The term “relocation” means the provision of a functionally equivalent facility to the owner of a utility, cemetery, highway, railroad, or public facility when such action is required in accordance with applicable legal principles of just compensation. Providing a functionally equivalent facility may include the alteration, lowering, raising, or replacement and attendant demolition of the affected facility or part thereof.

F. The term “in-kind contributions” means those services undertaken or materials provided by the Non-Federal Sponsors after the date of approval of the Letter Report for the increment of work that are identified as being integral to the design or construction of that increment of work, and approved in writing, by the Division Commander for South Pacific Division (hereinafter the “Division Commander”). To be integral, the service or material must be part of work that the Government would otherwise have undertaken for design or construction of that increment of work. The in-kind contributions also include any initial investigations performed by the Non-Federal Sponsors to identify the existence and extent of any HTRW that may exist in, on, or under real property interests required for an increment of work; however, it does not include HTRW cleanup and response.

G. The term “betterments” means a difference in design or construction of an increment of work that results from the application of standards that the Government determines exceed those that the Government would otherwise apply to design or construction of that work.

H. The term “fiscal year” means one year beginning on October 1st and ending on September 30th of the following year.

ARTICLE II - OBLIGATIONS OF THE PARTIES

A. In accordance with Federal laws, regulations, and policies, the Government shall design and construct each increment of work using funds appropriated by the Congress and funds provided by the Non-Federal Sponsors. If after completion of the design portion of an increment of work, the parties mutually agree in writing not to proceed with construction of that increment of work, the parties shall conclude their activities relating to that increment of work and proceed to a final accounting in accordance with Article VI.E. In carrying out its obligations under this Agreement, the Non-Federal Sponsors shall comply with all requirements of applicable Federal laws and implementing regulations, including but not limited to, if applicable, Section 601 of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d), and Department of Defense Directive 5500.11 issued pursuant thereto; the Age Discrimination Act of 1975 (42 U.S.C. 6102); and the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), and Army Regulation 600-7 issued pursuant thereto.

B. The amount of Federal funds for each increment of work is limited to the amount identified in the Letter Report for that increment of work, with the Non-Federal Sponsors responsible for all costs in excess of that amount.

C. The Non-Federal Sponsors shall contribute for each increment of work at least 25 percent of construction costs, as follows:

1. In accordance with Article III, the Non-Federal Sponsors shall provide the real property interests and relocations required for construction and operation and maintenance of each increment of work.

2. If providing in-kind contributions for an increment of work, the Non-Federal Sponsors shall obtain all applicable licenses and permits necessary for such work. The Non-Federal Sponsors shall begin operation and maintenance as functional portions of such work are completed. Upon completion of the work, the Non-Federal Sponsors shall so notify the Government within 30 calendar days and provide the Government with a copy of as-built drawings for the work.

3. After considering the estimated amount of credit that will be afforded to the Non-Federal Sponsors pursuant to paragraphs C.1. and C.2., above, the Government shall determine the estimated amount of funds required from the Non-Federal Sponsors to meet its minimum 25 percent cost share for the then-current fiscal year. No later than 60 calendar days

after receipt of notification from the Government, the Non-Federal Sponsors shall provide the full amount of such required funds to the Government in accordance with Article VI.C.

4. No later than August 1st prior to each subsequent fiscal year, the Government shall provide the Non-Federal Sponsors with a written estimate of the full amount of funds required from the Non-Federal Sponsors during that fiscal year to meet its cost share. No later than September 1st prior to that fiscal year, the Non-Federal Sponsors shall provide the full amount of such required funds to the Government in accordance with Article VI.C.

5. If all Federal funds available for an increment of work will be exhausted prior to completion of such work, the Government shall notify the Non-Federal Sponsors of the full amount of funds required to complete the increment of work, and the Non-Federal Sponsors shall provide the full amount of such required funds to the Government in accordance with Article VI.C. within 60 days of such notification or shall complete such work as in-kind contributions in accordance with paragraph C.2. above.

D. To the extent practicable and in accordance with Federal law, regulations, and policies, the Government shall afford the Non-Federal Sponsors the opportunity to review and comment on contract solicitations, including relevant plans and specifications, prior to the Government's issuance of such solicitations; proposed contract modifications, including change orders; and contract claims prior to resolution thereof. Ultimately, the contents of solicitations, award of contracts, execution of contract modifications, and resolution of contract claims shall be exclusively within the control of the Government.

E. The Government, as it determines necessary, shall undertake actions associated with historic preservation, including, but not limited to, the identification and treatment of historic properties as those properties are defined in the National Historic Preservation Act of 1966, as amended (54 U.S.C. 300101-307108). All costs incurred by the Government for such work (including the mitigation of adverse effects other than data recovery) shall be included in construction costs and shared in accordance with the provisions of this Agreement. If historic properties are discovered during construction and the effect(s) of construction are determined to be adverse, strategies shall be developed to avoid, minimize, or mitigate these adverse effects. In accordance with 54 U.S.C. 312507, up to 1 percent of the total amount available for each increment of work may be applied toward data recovery of historic properties and such costs shall be borne entirely by the Government. In the event that costs associated with data recovery of historic properties exceed 1 percent of the total amount authorized to be appropriated for each increment of work, in accordance with 54 U.S.C. 312508, the Government will seek a waiver from the 1 percent limitation under 54 U.S.C. 312507 and upon receiving the waiver, will proceed with data recovery at full Federal expense. Nothing in this Agreement shall limit or otherwise prevent the Non-Federal Sponsors from voluntarily contributing costs associated with data recovery that exceed 1 percent.

F. When the District Commander determines that construction of an increment of work is complete, the District Commander shall so notify the Non-Federal Sponsors in writing within 30 calendar days of such determination. The Non-Federal Sponsors are responsible for operation and maintenance of such increment of work, at no cost to the Government. The Government

shall furnish the Non-Federal Sponsors with a copy of the as-built drawings for the completed work.

G. The Non-Federal Sponsors shall not use Federal program funds to meet any of its obligations under this Agreement unless the Federal agency providing the funds verifies in writing that the funds are authorized to be used for the increment of work. Federal program funds are those funds provided by a Federal agency, plus any non-Federal contribution required as a matching share therefor.

H. In addition to the ongoing, regular discussions between the parties, the Government and the Non-Federal Sponsors may establish a Coordination Team to discuss significant issues or actions. Neither the Government's nor the Non-Federal Sponsors' costs for participation on the Coordination Team shall be included in construction costs for cost-sharing purposes.

I. The Non-Federal Sponsors may request in writing that the Government perform betterments on the Non-Federal Sponsors' behalf. Each request shall be subject to review and written approval by the Division Commander. If the Government agrees to such request, the Non-Federal Sponsors, in accordance with Article VI.F., must provide funds sufficient to cover the costs of the betterments in advance of the Government performing the work. In addition, the Non-Federal Sponsors are responsible for providing the real property interests and relocations required for construction, operation, and maintenance of such work at no cost to the Government.

ARTICLE III - REAL PROPERTY INTERESTS AND RELOCATIONS

A. The Government, after consultation with the Non-Federal Sponsors, shall determine the real property interests required for construction, operation, and maintenance of each increment of work. The Government shall provide the Non-Federal Sponsors with general written descriptions, including maps as appropriate, of the real property interests that the Government determines the Non-Federal Sponsors must provide for construction, operation, and maintenance of such work, and provide the Non-Federal Sponsors with a written notice to proceed with acquisition. The Non-Federal Sponsors shall acquire the real property interests and shall provide the Government with authorization for entry thereto according to the Government's construction schedule for such work. The Non-Federal Sponsors shall ensure that real property interests provided for such work are retained in public ownership and, in accordance with Article IV.A., that the real property interests are investigated and that HTRW does not exist in, on, or under the real property interests.

B. The Government, after consultation with the Non-Federal Sponsors, shall determine the relocations required for construction, operation, and maintenance of each increment of work, provide the Non-Federal Sponsors with general written descriptions, including maps as appropriate, of such relocations, and provide the Non-Federal Sponsors with a written notice to proceed with such relocations. The Non-Federal Sponsors shall perform or ensure the performance of these relocations in accordance with the Government's construction schedule for such work.

C. In acquiring the real property interests for the Project, the Non-Federal Sponsors assure the Government that it will comply with the following:

(1) fair and reasonable relocation payments and assistance shall be provided to or for displaced persons, as are required to be provided by a Federal agency under 42 U.S.C. 4622, 4623 and 4624;

(2) relocation assistance programs offering the services described in 42 U.S.C. 4625 shall be provided to such displaced persons;

(3) within a reasonable period of time prior to displacement, comparable replacement dwellings will be available to displaced persons in accordance with 42 U.S.C. 4625(c)(3);

(4) in acquiring real property, the Non-Federal Sponsors will be guided, to the greatest extent practicable under State law, by the land acquisition policies in 42 U.S.C. 4651 and the provisions of 42 U.S.C. 4652; and

(5) property owners will be paid or reimbursed for necessary expenses as specified in 42 U.S.C. 4653 and 4654.

ARTICLE IV - HTRW

A. The Non-Federal Sponsors shall be responsible for undertaking any investigations to identify the existence and extent of any HTRW regulated under applicable law, that may exist in, on, or under real property interests for construction, operation, and maintenance of each increment of work.

B. In the event it is discovered that HTRW exists in, on, or under any of the required real property interests needed for construction, operation, and maintenance of an increment of work, the Non-Federal Sponsors and the Government shall provide written notice to each other within 15 calendar days of such discovery, in addition to providing any other notice required by applicable law. If HTRW is discovered prior to acquisition, the Non-Federal Sponsors shall not proceed with the acquisition of such real property interests until the parties agree that the Non-Federal Sponsors should proceed. If HTRW is discovered after acquisition of the real property interests, no further activities within the contaminated area of that increment of work shall proceed until the parties agree on an appropriate course of action.

C. If HTRW is found to exist in, on, or under any required real property interests, the parties shall consider any liability that might arise under applicable law and determine whether to initiate construction, or if already initiated, whether to continue, suspend, or terminate construction.

1. Should the parties initiate or continue construction, the Non-Federal Sponsors shall be solely responsible, as between the Government and the Non-Federal Sponsors, for the

performance and costs of cleanup and response of the HTRW, including the costs of any studies and investigations necessary to determine an appropriate response to the contamination. The Non-Federal Sponsors shall pay such costs without reimbursement or credit by the Government. In no event will the Government proceed with that construction before the Non-Federal Sponsors have completed the required cleanup and response actions.

2. In the event the parties cannot reach agreement on how to proceed or the Non-Federal Sponsors fail to discharge their responsibilities under this Article upon direction by the Government, the Government may suspend or terminate construction. Additionally, the Government may undertake any actions it determines necessary to avoid a release of such HTRW with the Non-Federal Sponsors responsible for such costs without credit or reimbursement by the Government.

D. In the event of a HTRW discovery, the Non-Federal Sponsors and the Government shall initiate consultation with each other within 15 calendar days in an effort to ensure that responsible parties bear any necessary cleanup and response costs as required by applicable law. Any decision made pursuant to this Article shall not relieve any third party from any HTRW liability that may arise under applicable law.

E. To the maximum extent practicable, the Government and Non-Federal Sponsors shall perform their responsibilities under this Agreement in a manner that will not cause HTRW liability to arise under applicable law.

F. As between the Government and the Non-Federal Sponsors, the Non-Federal Sponsors shall be considered the owner and operator of each increment of work for purposes of CERCLA liability or other applicable law.

ARTICLE V - CREDIT FOR REAL PROPERTY INTERESTS, RELOCATIONS, AND CREDIT FOR IN-KIND CONTRIBUTIONS

A. The Government and the Non-Federal Sponsors agree that the Non-Federal Sponsors' costs that are eligible for inclusion in the construction costs for an increment of work and credited towards the Non-Federal Sponsors' share of such costs shall be determined in accordance with the following procedures, requirements, and conditions and subject to audit in accordance with Article X.B. to determine reasonableness, allocability, and allowability of costs.

1. Real Property Interests.

a. General Procedure. The Government shall include in construction costs and credit towards the Non-Federal Sponsors' share of such costs the value of required real property interests acquired from private owners after the date of approval of the Letter Report for an increment of work except that the value of real property interests donated to the Non-Federal Sponsors are not eligible for credit. The Non-Federal Sponsors shall obtain, for each creditable real property interest, an appraisal of the fair market value of such interest that is prepared by a qualified appraiser who is acceptable to the parties. Subject to valid jurisdictional exceptions,

the appraisal shall conform to the Uniform Standards of Professional Appraisal Practice. The appraisal must be prepared in accordance with the applicable rules of just compensation, as specified by the Government. To the maximum extent practicable, no later than 3 months after it provides the Government with authorization for entry onto a real property interest or pays compensation to the owner for an increment of work, whichever occurs later, the Non-Federal Sponsors shall provide documentation, satisfactory to the Government, for the Government to determine the value of the required real property interests that are creditable to the Non-Federal Sponsors' share of such construction costs.

(1) Date of Valuation. The fair market value of real property interests acquired from private owners by the Non-Federal Sponsors after the date of approval of the Letter Report for an increment of work shall be the fair market value of such real property interests at the time the interests are acquired.

(2) Except for real property interests acquired through eminent domain proceedings instituted after the date of approval of the Letter Report for an increment of work, the Non-Federal Sponsors shall submit an appraisal for each real property interest to the Government for review and approval no later than, to the maximum extent practicable, 60 calendar days after the Non-Federal Sponsors provide the Government with an authorization for entry for such interest or concludes the acquisition of the interest, whichever occurs later. If, after coordination and consultation with the Government, the Non-Federal Sponsors are unable to provide an appraisal that is acceptable to the Government, the Government shall obtain an appraisal to determine the fair market value of the real property interest for crediting purposes.

(3) The Government shall credit the Non-Federal Sponsors the appraised amount approved by the Government. Where the amount paid or proposed to be paid by the Non-Federal Sponsors exceeds the approved appraised amount, the Government, at the Non-Federal Sponsors' request, shall consider all factors relevant to determining fair market value and, in its sole discretion, after consultation with the Non-Federal Sponsors, may approve in writing an amount greater than the appraised amount for crediting purposes.

b. Eminent Domain Procedure. For real property interests acquired by eminent domain proceedings instituted after the date of approval of the Letter Report for an increment of work, the Non-Federal Sponsors shall notify the Government in writing of its intent to institute such proceedings and submit the appraisals of the specific real property interests to be acquired for review and approval by the Government. If the Government provides written approval of the appraisals, the Non-Federal Sponsors shall use the amount set forth in such appraisals as the estimate of just compensation for the purpose of instituting the eminent domain proceeding. If the Government provides written disapproval of the appraisals, the Government and the Non-Federal Sponsors shall consult to promptly resolve the issues that are identified in the Government's written disapproval. In the event that the issues cannot be resolved, the Non-Federal Sponsors may use the amount set forth in its appraisal as the estimate of just compensation for the purpose of instituting the eminent domain proceeding. The fair market value for crediting purposes shall be either the amount of the court award for the real property interests taken or the amount of any stipulated settlement or portion thereof that the Government approves in writing.

c. Waiver of Appraisal. Except as required by paragraph C.1.b. of this Article, the Government may waive the requirement for an appraisal pursuant to this paragraph if, in accordance with 49 C.F.R. Section 24.102(c)(2), the Non-Federal Sponsors determine that an appraisal is unnecessary because the valuation problem is uncomplicated and the anticipated value of the real property interest proposed for acquisition is estimated at \$25,000 or less, based on a review of available data. When the Non-Federal Sponsors determine that an appraisal is unnecessary, the Non-Federal Sponsors shall prepare the written waiver valuation required by 49 C.F.R. Section 24.102(c)(2) and submit a copy thereof to the Government for approval. When the anticipated value of the real property interest exceeds \$10,000, up to a maximum of \$25,000, the Non-Federal Sponsors must offer the owner the option of having the Non-Federal Sponsors appraise the real property interest.

d. Incidental Costs. The Government shall include in construction costs and credit towards the Non-Federal Sponsors' share of such costs, the incidental costs, documented to the satisfaction of the Government, that the Non-Federal Sponsors incurred in acquiring required real property interests from private owners required for an increment of work after the date of approval of the Letter Report for such work. Such incidental costs include closing and title costs, appraisal costs, survey costs, attorney's fees, plat maps, mapping costs, actual amounts expended for payment of any relocation assistance benefits provided in accordance with Article III.C., and other payments by the Non-Federal Sponsors for items that are generally recognized as compensable, and required to be paid, by applicable state law due to the acquisition of required real property interests.

e. Any publicly owned real property interests or real property interests owned by the Non-Federal Sponsors on the date of approval of the Letter Report and required for an increment of work will be provided by the Non-Federal Sponsors at no cost to the Government.

2. Relocations. The Government shall include in construction costs and credit towards the Non-Federal Sponsors' share of such costs, the costs of required relocations performed by the Non-Federal Sponsors after approval of the Letter Report for an increment of work. As relocations are completed for an increment of work and no later than 90 calendar days after such completion, the Non-Federal Sponsors shall provide documentation, satisfactory to the Government, for the Government to determine the costs that are creditable to the Non-Federal Sponsors' share of such construction costs.

a. For a relocation other than a highway, creditable costs shall be only that portion of relocation costs that the Government determines is necessary to provide a functionally equivalent facility, reduced by depreciation, as applicable, and the salvage value of any removed items.

b. For a relocation of a highway, which is any highway, roadway, or street, including any bridge thereof, that is owned by a public entity, creditable costs shall be only that portion of relocation costs that would be necessary to accomplish the relocation in

accordance with the design standard that the State of California would apply under similar conditions of geography and traffic load, reduced by the salvage value of any removed items.

c. Relocation costs, as determined by the Government, include actual costs of performing the relocation; planning, engineering, and design costs; and supervision and administration costs. Relocation costs do not include any costs associated with betterments, as determined by the Government, nor any additional cost of using new material when suitable used material is available.

3. In-Kind Contributions. The Government shall include in construction costs for an increment of work and credit towards the Non-Federal Sponsors' share of such costs, the costs of in-kind contributions performed by the Non-Federal Sponsors after the date of approval of the Letter Report for such work.

a. As in-kind contributions are completed for an increment of work and no later than 90 calendar days after such completion, the Non-Federal Sponsors shall provide documentation, satisfactory to the Government, for the Government to determine the costs that are creditable to the Non-Federal Sponsors' share of such construction costs. Appropriate documentation includes invoices and certification of specific payments to contractors, suppliers, and the Non-Federal Sponsors' employees.

b. The following costs are not eligible for inclusion in construction costs for an increment of work or creditable against the Non-Federal Sponsors' share of such costs: interest charges, or any adjustment to reflect changes in price levels between the time the in-kind contributions are completed and credit is afforded; in-kind contributions obtained at no cost to the Non-Federal Sponsors; or costs that exceed the Government's estimate of the cost for such in-kind contributions.

c. Although design performed by the Non-Federal Sponsors prior to approval of the Letter Report for an increment of work is not creditable as in-kind contributions under this Agreement, the Non-Federal Sponsors, at no cost to the Government, may voluntarily provide such design to the Government. The Government, in its sole discretion, may accept, modify, or reject such design, or any portion thereof, for use in constructing that increment of work. Prior to commencement of review by the Government of such design, the Non-Federal Sponsors shall provide a written certification and warranty to the Government that such design is free from any legal encumbrances and use restrictions, including but not limited to, any intellectual property rights and outstanding licensing requirements.

4. Compliance with Federal Labor Laws. In undertaking relocations and construction of in-kind contributions for an increment of work, the Non-Federal Sponsors shall comply with applicable Federal labor laws covering non-Federal construction, including, but not limited to, 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (labor standards originally enacted as the Davis-Bacon Act, the Contract Work Hours and Safety Standards Act, and the Copeland Anti-Kickback Act), and credit may be withheld, in whole or in part, as a result of the Non-Federal Sponsors' failure to comply with its obligations under these laws.

B. Notwithstanding any other provision of this Agreement, the Non-Federal Sponsors shall not be entitled to credit or reimbursement for any costs it incurs for real property interests, relocations, and in-kind contributions that exceed 25 percent of construction costs for an increment of work, and any such excess amount cannot be applied towards the non-Federal cost share for another increment of work; and for any costs incurred by the Non-Federal Sponsors prior to the effective date of this Agreement.

ARTICLE VI – PAYMENT OF FUNDS

A. As of the effective date of this Agreement, construction costs for the initial increment of work are projected to be \$2,259,100, with the amount of Federal funds available for such work limited to \$1,694,325. The Non-Federal Sponsors' share of construction costs for the initial increment of work is projected to be \$564,775, which includes creditable real property interests projected to be \$100,000, creditable relocations projected to be \$0, creditable in-kind contributions projected to be \$60,000, and the amount of funds required to meet its minimum 25 percent cost share projected to be \$404,775. The Letter Report for each additional increment of work will include information on the Federal funds available for the increment of work and the Non-Federal Sponsors' share of construction costs for such work. These amounts are estimates only that are subject to adjustment by the Government and are not to be construed as the total financial responsibilities of the Non-Federal Sponsors.

B. For each increment of work, the Government shall provide the Non-Federal Sponsors with monthly reports setting forth the estimated construction costs and the Government's and Non-Federal Sponsors' estimated shares of such costs; costs incurred by the Government, using both Federal and Non-Federal Sponsors funds, to date; the amount of funds provided by the Non-Federal Sponsors to date; the estimated amount of any creditable real property interests and relocations; the estimated amount of any creditable in-kind contributions; and the estimated amount of funds required from the Non-Federal Sponsors during the upcoming fiscal year.

C. The Non-Federal Sponsors shall provide the funds required to meet its share of construction costs by delivering a check payable to "FAO, USAED, Sacramento District (L2) to the District Commander, or verifying to the satisfaction of the Government that the Non-Federal Sponsors has deposited such required funds in an escrow or other account acceptable to the Government, with interest accruing to the Non-Federal Sponsors, or by providing an Electronic Funds Transfer of such required funds in accordance with procedures established by the Government.

D. The Government shall draw from the funds provided by the Non-Federal Sponsors to cover the non-Federal share of construction costs as those costs are incurred. If the Government determines at any time that additional funds are needed from the Non-Federal Sponsors to cover the Non-Federal Sponsors' required share of such construction costs, the Government shall provide the Non-Federal Sponsors with written notice of the amount of additional funds required. Within 60 calendar days from receipt of such notice, the Non-Federal Sponsors shall provide the Government with the full amount of such additional required funds.

E. Upon completion of each increment of work, including resolution of all relevant claims and appeals and eminent domain proceedings, the Government shall conduct a final accounting and furnish the Non-Federal Sponsors with the written results of such final accounting. Should such final accounting determine that additional funds are required from the Non-Federal Sponsors, the Non-Federal Sponsors, within 60 calendar days of receipt of written notice from the Government, shall provide the Government with the full amount of such additional required funds by delivering a check payable to "FAO, USAED, Sacramento District (L2) to the District Commander, or by providing an Electronic Funds Transfer of such required funds in accordance with procedures established by the Government. Such final accounting does not limit the Non-Federal Sponsors' responsibility to pay its share of construction costs, including contract claims or any other liability that may become known after the final accounting.

F. If the Government agrees to include betterments on the Non-Federal Sponsors' behalf, the Government shall provide written notice to the Non-Federal Sponsors of the amount of funds required to cover such costs. No later than 60 calendar days after receiving written notice from the Government, the Non-Federal Sponsors shall make the full amount of such required funds available to the Government through either payment method specified in Article VI.E. If at any time the Government determines that additional funds are required to cover such costs, the Non-Federal Sponsors shall provide those funds within 30 calendar days from receipt of written notice from the Government. If the Government determines that funds provided by the Non-Federal Sponsors exceed the amount required for the Government to complete such work, the Government shall refund any remaining unobligated amount.

ARTICLE VII - TERMINATION OR SUSPENSION

A. If at any time the Non-Federal Sponsors fail to fulfill its obligations under this Agreement, the Government may suspend or terminate design or construction.

B. In the event of termination, the parties shall conclude their activities relating to design and construction and conduct a final accounting in accordance with Article VI.E. To provide for this eventuality, the Government may reserve a percentage of available funds as a contingency to pay the costs of termination, including any costs of resolution of real property acquisition, resolution of contract claims, and resolution of contract modifications.

C. If HTRW is found to exist in, on, or under any required real property interests, the parties shall follow the procedures set forth in Article IV.

D. Any suspension or termination shall not relieve the parties of liability for any obligation incurred. Any delinquent payment owed by the Non-Federal Sponsors pursuant to this Agreement shall be charged interest at a rate, to be determined by the Secretary of the Treasury, equal to 150 per centum of the average bond equivalent rate of the 13 week Treasury bills auctioned immediately prior to the date on which such payment became delinquent, or auctioned immediately prior to the beginning of each additional 3 month period if the period of delinquency exceeds 3 months.

ARTICLE VIII - HOLD AND SAVE

The Non-Federal Sponsors shall hold and save the Government free from all damages arising from design, construction, or operation and maintenance of any work under this Agreement, except for damages due to the fault or negligence of the Government or its contractors.

ARTICLE IX - DISPUTE RESOLUTION

As a condition precedent to a party bringing any suit for breach of this Agreement, that party must first notify the other party in writing of the nature of the purported breach and seek in good faith to resolve the dispute through negotiation. If the parties cannot resolve the dispute through negotiation, they may agree to a mutually acceptable method of non-binding alternative dispute resolution with a qualified third party acceptable to the parties. Each party shall pay an equal share of any costs for the services provided by such a third party as such costs are incurred. The existence of a dispute shall not excuse the parties from performance pursuant to this Agreement.

ARTICLE X - MAINTENANCE OF RECORDS AND AUDITS

A. The parties shall develop procedures for the maintenance by the Non-Federal Sponsors of books, records, documents, or other evidence pertaining to costs and expenses for a minimum of three years after the final accounting. The Non-Federal Sponsors shall assure that such materials are reasonably available for examination, audit, or reproduction by the Government.

B. The Government may conduct, or arrange for the conduct of, audits. Government audits shall be conducted in accordance with applicable Government cost principles and regulations. The Government's costs of audits shall not be included in construction costs.

C. To the extent permitted under applicable Federal laws and regulations, the Government shall allow the Non-Federal Sponsors to inspect books, records, documents, or other evidence pertaining to costs and expenses maintained by the Government, or at the Non-Federal Sponsors' request, provide to the Non-Federal Sponsors or independent auditors any such information necessary to enable an audit of the Non-Federal Sponsors' activities under this Agreement. The Non-Federal Sponsors shall pay the costs of non-Federal audits without reimbursement or credit by the Government.

ARTICLE XI - RELATIONSHIP OF PARTIES

In the exercise of their respective rights and obligations under this Agreement, the Government and the Non-Federal Sponsors each act in an independent capacity, and neither is to be considered the officer, agent, or employee of the other. Neither party shall provide, without

the consent of the other party, any contractor with a release that waives or purports to waive any rights a party may have to seek relief or redress against that contractor.

ARTICLE XII - NOTICES

A. Any notice, request, demand, or other communication required or permitted to be given under this Agreement shall be deemed to have been duly given if in writing and delivered personally or mailed by registered or certified mail, with return receipt, as follows:

If to the Non-Federal Sponsors:

**General Manager
San Juan Water District
9935 Auburn Folsom Rd
Granite Bay, CA 95746**

And

**Board President
Orange Vale Water Company
9031 Central Ave
Orangevale, CA 95662**

If to the Government:

**District Commander
U.S. Army Corps of Engineers, Sacramento District
1325 J Street, 16th Floor
Sacramento, CA, 95814**

B. A party may change the recipient or address to which such communications are to be directed by giving written notice to the other party in the manner provided in this Article.

ARTICLE XIII - CONFIDENTIALITY

To the extent permitted by the laws governing each party, the parties agree to maintain the confidentiality of exchanged information when requested to do so by the providing party.

ARTICLE XIV - THIRD PARTY RIGHTS, BENEFITS, OR LIABILITIES

Nothing in this Agreement is intended, nor may be construed, to create any rights, confer any benefits, or relieve any liability, of any kind whatsoever in any third person not a party to this Agreement.

ARTICLE XV – JOINT AND SEVERAL RESPONSIBILITY OF THE
NON-FEDERAL SPONSORS

The obligations and responsibilities of the Non-Federal Sponsors shall be joint and several, such that each Non-Federal Sponsor shall be liable for the whole performance of the obligations and responsibilities of the Non-Federal Sponsors under the terms and provisions of this Agreement. The Government may demand the whole performance of said obligations and responsibilities from any of the entities designated herein as one of the Non-Federal Sponsors.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, which shall become effective upon the date it is signed by the District Commander.

DEPARTMENT OF THE ARMY

BY: 
Chad W. Caldwell
Colonel, U.S. Army,
District Commander

DATE: 1/24/24

THE SAN JUAN WATER DISTRICT

BY: 
Paul Helliker
General Manager

DATE: 1/22/24

THE ORANGE VALE WATER DISTRICT

BY: 
John Wingerter
Board President

DATE: 1-12-24