

Account”, “Restoration Goal”, and “Water Management Goal” have the meanings given the terms in the Settlement.

(2) The term “Secretary” means the Secretary of the Interior.

(3) The term “Settlement” means the Stipulation of Settlement dated September 13, 2006, in the litigation entitled Natural Resources Defense Council, et al. v. Kirk Rodgers, et al., United States District Court, Eastern District of California, No. CIV. S-88-1658-LKK/GGH.

**SEC. 10004. IMPLEMENTATION OF SETTLEMENT.**

(a) **IN GENERAL.**—The Secretary of the Interior is hereby authorized and directed to implement the terms and conditions of the Settlement in cooperation with the State of California, including the following measures as these measures are prescribed in the Settlement:

Memorandum.

(1) Design and construct channel and structural improvements as described in paragraph 11 of the Settlement, provided, however, that the Secretary shall not make or fund any such improvements to facilities or property of the State of California without the approval of the State of California and the State’s agreement in 1 or more memoranda of understanding to participate where appropriate.

(2) Modify Friant Dam operations so as to provide Restoration Flows and Interim Flows.

(3) Acquire water, water rights, or options to acquire water as described in paragraph 13 of the Settlement, provided, however, such acquisitions shall only be made from willing sellers and not through eminent domain.

(4) Implement the terms and conditions of paragraph 16 of the Settlement related to recirculation, recapture, reuse, exchange, or transfer of water released for Restoration Flows or Interim Flows, for the purpose of accomplishing the Water Management Goal of the Settlement, subject to—

(A) applicable provisions of California water law;

(B) the Secretary’s use of Central Valley Project facilities to make Project water (other than water released from Friant Dam pursuant to the Settlement) and water acquired through transfers available to existing south-of-Delta Central Valley Project contractors; and

(C) the Secretary’s performance of the Agreement of November 24, 1986, between the United States of America and the Department of Water Resources of the State of California for the coordinated operation of the Central Valley Project and the State Water Project as authorized by Congress in section 2(d) of the Act of August 26, 1937 (50 Stat. 850, 100 Stat. 3051), including any agreement to resolve conflicts arising from said Agreement.

(5) Develop and implement the Recovered Water Account as specified in paragraph 16(b) of the Settlement, including the pricing and payment crediting provisions described in paragraph 16(b)(3) of the Settlement, provided that all other provisions of Federal reclamation law shall remain applicable.

(b) **AGREEMENTS.**—

(1) **AGREEMENTS WITH THE STATE.**—In order to facilitate or expedite implementation of the Settlement, the Secretary

is authorized and directed to enter into appropriate agreements, including cost-sharing agreements, with the State of California.

(2) OTHER AGREEMENTS.—The Secretary is authorized to enter into contracts, memoranda of understanding, financial assistance agreements, cost sharing agreements, and other appropriate agreements with State, tribal, and local governmental agencies, and with private parties, including agreements related to construction, improvement, and operation and maintenance of facilities, subject to any terms and conditions that the Secretary deems necessary to achieve the purposes of the Settlement.

(c) ACCEPTANCE AND EXPENDITURE OF NON-FEDERAL FUNDS.—The Secretary is authorized to accept and expend non-Federal funds in order to facilitate implementation of the Settlement.

(d) MITIGATION OF IMPACTS.—Prior to the implementation of decisions or agreements to construct, improve, operate, or maintain facilities that the Secretary determines are needed to implement the Settlement, the Secretary shall identify—

(1) the impacts associated with such actions; and

(2) the measures which shall be implemented to mitigate impacts on adjacent and downstream water users and landowners.

(e) DESIGN AND ENGINEERING STUDIES.—The Secretary is authorized to conduct any design or engineering studies that are necessary to implement the Settlement.

(f) EFFECT ON CONTRACT WATER ALLOCATIONS.—Except as otherwise provided in this section, the implementation of the Settlement and the reintroduction of California Central Valley Spring Run Chinook salmon pursuant to the Settlement and section 10011, shall not result in the involuntary reduction in contract water allocations to Central Valley Project long-term contractors, other than Friant Division long-term contractors.

(g) EFFECT ON EXISTING WATER CONTRACTS.—Except as provided in the Settlement and this part, nothing in this part shall modify or amend the rights and obligations of the parties to any existing water service, repayment, purchase, or exchange contract.

(h) INTERIM FLOWS.—

(1) STUDY REQUIRED.—Prior to releasing any Interim Flows under the Settlement, the Secretary shall prepare an analysis in compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), including at a minimum—

Analysis.

(A) an analysis of channel conveyance capacities and potential for levee or groundwater seepage;

(B) a description of the associated seepage monitoring program;

(C) an evaluation of—

(i) possible impacts associated with the release of Interim Flows; and

(ii) mitigation measures for those impacts that are determined to be significant;

(D) a description of the associated flow monitoring program; and

(E) an analysis of the likely Federal costs, if any, of any fish screens, fish bypass facilities, fish salvage facilities, and related operations on the San Joaquin River south of the confluence with the Merced River required under

the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.) as a result of the Interim Flows.

(2) CONDITIONS FOR RELEASE.—The Secretary is authorized to release Interim Flows to the extent that such flows would not—

(A) impede or delay completion of the measures specified in Paragraph 11(a) of the Settlement; or

(B) exceed existing downstream channel capacities.

(3) SEEPAGE IMPACTS.—The Secretary shall reduce Interim Flows to the extent necessary to address any material adverse impacts to third parties from groundwater seepage caused by such flows that the Secretary identifies based on the monitoring program of the Secretary.

Evaluation.

(4) TEMPORARY FISH BARRIER PROGRAM.—The Secretary, in consultation with the California Department of Fish and Game, shall evaluate the effectiveness of the Hills Ferry barrier in preventing the unintended upstream migration of anadromous fish in the San Joaquin River and any false migratory pathways. If that evaluation determines that any such migration past the barrier is caused by the introduction of the Interim Flows and that the presence of such fish will result in the imposition of additional regulatory actions against third parties, the Secretary is authorized to assist the Department of Fish and Game in making improvements to the barrier. From funding made available in accordance with section 10009, if third parties along the San Joaquin River south of its confluence with the Merced River are required to install fish screens or fish bypass facilities due to the release of Interim Flows in order to comply with the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.), the Secretary shall bear the costs of the installation of such screens or facilities if such costs would be borne by the Federal Government under section 10009(a)(3), except to the extent that such costs are already or are further willingly borne by the State of California or by the third parties.

(i) FUNDING AVAILABILITY.—

Deadline.

(1) IN GENERAL.—Funds shall be collected in the San Joaquin River Restoration Fund through October 1, 2019, and thereafter, with substantial amounts available through October 1, 2019, pursuant to section 10009 for implementation of the Settlement and parts I and III, including—

(A) \$88,000,000, to be available without further appropriation pursuant to section 10009(c)(2);

(B) additional amounts authorized to be appropriated, including the charges required under section 10007 and an estimated \$20,000,000 from the CVP Restoration Fund pursuant to section 10009(b)(2); and

(C) an aggregate commitment of at least \$200,000,000 by the State of California.

(2) ADDITIONAL AMOUNTS.—Substantial additional amounts from the San Joaquin River Restoration Fund shall become available without further appropriation after October 1, 2019, pursuant to section 10009(c)(2).

(3) EFFECT OF SUBSECTION.—Nothing in this subsection limits the availability of funds authorized for appropriation pursuant to section 10009(b) or 10203(c).

(j) **SAN JOAQUIN RIVER EXCHANGE CONTRACT.**—Subject to section 10006(b), nothing in this part shall modify or amend the rights and obligations under the Purchase Contract between Miller and Lux and the United States and the Second Amended Exchange Contract between the United States, Department of the Interior, Bureau of Reclamation and Central California Irrigation District, San Luis Canal Company, Firebaugh Canal Water District and Columbia Canal Company.

**SEC. 10005. ACQUISITION AND DISPOSAL OF PROPERTY; TITLE TO FACILITIES.**

(a) **TITLE TO FACILITIES.**—Unless acquired pursuant to subsection (b), title to any facility or facilities, stream channel, levees, or other real property modified or improved in the course of implementing the Settlement authorized by this part, and title to any modifications or improvements of such facility or facilities, stream channel, levees, or other real property—

(1) shall remain in the owner of the property; and

(2) shall not be transferred to the United States on account of such modifications or improvements.

(b) **ACQUISITION OF PROPERTY.**—

(1) **IN GENERAL.**—The Secretary is authorized to acquire through purchase from willing sellers any property, interests in property, or options to acquire real property needed to implement the Settlement authorized by this part.

(2) **APPLICABLE LAW.**—The Secretary is authorized, but not required, to exercise all of the authorities provided in section 2 of the Act of August 26, 1937 (50 Stat. 844, chapter 832), to carry out the measures authorized in this section and section 10004.

(c) **DISPOSAL OF PROPERTY.**—

(1) **IN GENERAL.**—Upon the Secretary's determination that retention of title to property or interests in property acquired pursuant to this part is no longer needed to be held by the United States for the furtherance of the Settlement, the Secretary is authorized to dispose of such property or interest in property on such terms and conditions as the Secretary deems appropriate and in the best interest of the United States, including possible transfer of such property to the State of California.

(2) **RIGHT OF FIRST REFUSAL.**—In the event the Secretary determines that property acquired pursuant to this part through the exercise of its eminent domain authority is no longer necessary for implementation of the Settlement, the Secretary shall provide a right of first refusal to the property owner from whom the property was initially acquired, or his or her successor in interest, on the same terms and conditions as the property is being offered to other parties.

(3) **DISPOSITION OF PROCEEDS.**—Proceeds from the disposal by sale or transfer of any such property or interests in such property shall be deposited in the fund established by section 10009(c).

(d) **GROUNDWATER BANK.**—Nothing in this part authorizes the Secretary to operate a groundwater bank along or adjacent to the San Joaquin River upstream of the confluence with the Merced River, and any such groundwater bank shall be operated by a non-Federal entity.

Determination.

**SEC. 10006. COMPLIANCE WITH APPLICABLE LAW.****(a) APPLICABLE LAW.—**

(1) **IN GENERAL.**—In undertaking the measures authorized by this part, the Secretary and the Secretary of Commerce shall comply with all applicable Federal and State laws, rules, and regulations, including the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) and the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.), as necessary.

(2) **ENVIRONMENTAL REVIEWS.**—The Secretary and the Secretary of Commerce are authorized and directed to initiate and expeditiously complete applicable environmental reviews and consultations as may be necessary to effectuate the purposes of the Settlement.

(b) **EFFECT ON STATE LAW.**—Nothing in this part shall preempt State law or modify any existing obligation of the United States under Federal reclamation law to operate the Central Valley Project in conformity with State law.

**(c) USE OF FUNDS FOR ENVIRONMENTAL REVIEWS.—**

(1) **DEFINITION OF ENVIRONMENTAL REVIEW.**—For purposes of this subsection, the term “environmental review” includes any consultation and planning necessary to comply with subsection (a).

(2) **PARTICIPATION IN ENVIRONMENTAL REVIEW PROCESS.**—In undertaking the measures authorized by section 10004, and for which environmental review is required, the Secretary may provide funds made available under this part to affected Federal agencies, State agencies, local agencies, and Indian tribes if the Secretary determines that such funds are necessary to allow the Federal agencies, State agencies, local agencies, or Indian tribes to effectively participate in the environmental review process.

(3) **LIMITATION.**—Funds may be provided under paragraph (2) only to support activities that directly contribute to the implementation of the terms and conditions of the Settlement.

(d) **NONREIMBURSABLE FUNDS.**—The United States’ share of the costs of implementing this part shall be nonreimbursable under Federal reclamation law, provided that nothing in this subsection shall limit or be construed to limit the use of the funds assessed and collected pursuant to sections 3406(c)(1) and 3407(d)(2) of the Reclamation Projects Authorization and Adjustment Act of 1992 (Public Law 102-575; 106 Stat. 4721, 4727), for implementation of the Settlement, nor shall it be construed to limit or modify existing or future Central Valley Project ratesetting policies.

**SEC. 10007. COMPLIANCE WITH CENTRAL VALLEY PROJECT IMPROVEMENT ACT.**

Congress hereby finds and declares that the Settlement satisfies and discharges all of the obligations of the Secretary contained in section 3406(c)(1) of the Reclamation Projects Authorization and Adjustment Act of 1992 (Public Law 102-575; 106 Stat. 4721), provided, however, that—

(1) the Secretary shall continue to assess and collect the charges provided in section 3406(c)(1) of the Reclamation Projects Authorization and Adjustment Act of 1992 (Public Law 102-575; 106 Stat. 4721), as provided in the Settlement; and

Determination.

Assessment.  
Collections.

(2) those assessments and collections shall continue to be counted toward the requirements of the Secretary contained in section 3407(c)(2) of the Reclamation Projects Authorization and Adjustment Act of 1992 (Public Law 102-575; 106 Stat. 4726).

**SEC. 10008. NO PRIVATE RIGHT OF ACTION.**

(a) **IN GENERAL.**—Nothing in this part confers upon any person or entity not a party to the Settlement a private right of action or claim for relief to interpret or enforce the provisions of this part or the Settlement.

(b) **APPLICABLE LAW.**—This section shall not alter or curtail any right of action or claim for relief under any other applicable law.

**SEC. 10009. APPROPRIATIONS; SETTLEMENT FUND.**

(a) **IMPLEMENTATION COSTS.**—

(1) **IN GENERAL.**—The costs of implementing the Settlement shall be covered by payments or in-kind contributions made by Friant Division contractors and other non-Federal parties, including the funds provided in subparagraphs (A) through (D) of subsection (c)(1), estimated to total \$440,000,000, of which the non-Federal payments are estimated to total \$200,000,000 (at October 2006 price levels) and the amount from repaid Central Valley Project capital obligations is estimated to total \$240,000,000, the additional Federal appropriation of \$250,000,000 authorized pursuant to subsection (b)(1), and such additional funds authorized pursuant to subsection (b)(2); provided however, that the costs of implementing the provisions of section 10004(a)(1) shall be shared by the State of California pursuant to the terms of a memorandum of understanding executed by the State of California and the Parties to the Settlement on September 13, 2006, which includes at least \$110,000,000 of State funds.

(2) **ADDITIONAL AGREEMENTS.**—

(A) **IN GENERAL.**—The Secretary shall enter into 1 or more agreements to fund or implement improvements on a project-by-project basis with the State of California.

(B) **REQUIREMENTS.**—Any agreements entered into under subparagraph (A) shall provide for recognition of either monetary or in-kind contributions toward the State of California's share of the cost of implementing the provisions of section 10004(a)(1).

(3) **LIMITATION.**—Except as provided in the Settlement, to the extent that costs incurred solely to implement this Settlement would not otherwise have been incurred by any entity or public or local agency or subdivision of the State of California, such costs shall not be borne by any such entity, agency, or subdivision of the State of California, unless such costs are incurred on a voluntary basis.

(b) **AUTHORIZATION OF APPROPRIATIONS.**—

(1) **IN GENERAL.**—In addition to the funding provided in subsection (c), there are also authorized to be appropriated not to exceed \$250,000,000 (at October 2006 price levels) to implement this part and the Settlement, to be available until expended; provided however, that the Secretary is authorized to spend such additional appropriations only in amounts equal to the amount of funds deposited in the San Joaquin River

Restoration Fund (not including payments under subsection (c)(1)(B) and proceeds under subsection (c)(1)(C)), the amount of in-kind contributions, and other non-Federal payments actually committed to the implementation of this part or the Settlement.

(2) **USE OF THE CENTRAL VALLEY PROJECT RESTORATION FUND.**—The Secretary is authorized to use monies from the Central Valley Project Restoration Fund created under section 3407 of the Reclamation Projects Authorization and Adjustment Act of 1992 (Public Law 102-575; 106 Stat. 4727) for purposes of this part in an amount not to exceed \$2,000,000 (October 2006 price levels) in any fiscal year.

(c) **FUND.**—

(1) **IN GENERAL.**—There is hereby established within the Treasury of the United States a fund, to be known as the San Joaquin River Restoration Fund, into which the following funds shall be deposited and used solely for the purpose of implementing the Settlement except as otherwise provided in subsections (a) and (b) of section 10203:

(A) All payments received pursuant to section 3406(c)(1) of the Reclamation Projects Authorization and Adjustment Act of 1992 (Public Law 102-575; 106 Stat. 4721).

(B) The construction cost component (not otherwise needed to cover operation and maintenance costs) of payments made by Friant Division, Hidden Unit, and Buchanan Unit long-term contractors pursuant to long-term water service contracts or pursuant to repayment contracts, including repayment contracts executed pursuant to section 10010. The construction cost repayment obligation assigned such contractors under such contracts shall be reduced by the amount paid pursuant to this paragraph and the appropriate share of the existing Federal investment in the Central Valley Project to be recovered by the Secretary pursuant to Public Law 99-546 (100 Stat. 3050) shall be reduced by an equivalent sum.

(C) Proceeds from the sale of water pursuant to the Settlement, or from the sale of property or interests in property as provided in section 10005.

(D) Any non-Federal funds, including State cost-sharing funds, contributed to the United States for implementation of the Settlement, which the Secretary may expend without further appropriation for the purposes for which contributed.

(2) **AVAILABILITY.**—All funds deposited into the Fund pursuant to subparagraphs (A), (B), and (C) of paragraph (1) are authorized for appropriation to implement the Settlement and this part, in addition to the authorization provided in subsections (a) and (b) of section 10203, except that \$88,000,000 of such funds are available for expenditure without further appropriation; provided that after October 1, 2019, all funds in the Fund shall be available for expenditure without further appropriation.

(d) **LIMITATION ON CONTRIBUTIONS.**—Payments made by long-term contractors who receive water from the Friant Division and Hidden and Buchanan Units of the Central Valley Project pursuant to sections 3406(c)(1) and 3407(d)(2) of the Reclamation Projects

Effective date.

Authorization and Adjustment Act of 1992 (Public Law 102-575; 106 Stat. 4721, 4727) and payments made pursuant to paragraph 16(b)(3) of the Settlement and subsection (c)(1)(B) shall be the limitation of such entities' direct financial contribution to the Settlement, subject to the terms and conditions of paragraph 21 of the Settlement.

(e) NO ADDITIONAL EXPENDITURES REQUIRED.—Nothing in this part shall be construed to require a Federal official to expend Federal funds not appropriated by Congress, or to seek the appropriation of additional funds by Congress, for the implementation of the Settlement.

(f) REACH 4B.—

(1) STUDY.—

(A) IN GENERAL.—In accordance with the Settlement and the memorandum of understanding executed pursuant to paragraph 6 of the Settlement, the Secretary shall conduct a study that specifies—

(i) the costs of undertaking any work required under paragraph 11(a)(3) of the Settlement to increase the capacity of reach 4B prior to reinitiation of Restoration Flows;

(ii) the impacts associated with reinitiation of such flows; and

(iii) measures that shall be implemented to mitigate impacts.

(B) DEADLINE.—The study under subparagraph (A) shall be completed prior to restoration of any flows other than Interim Flows.

(2) REPORT.—

(A) IN GENERAL.—The Secretary shall file a report with Congress not later than 90 days after issuing a determination, as required by the Settlement, on whether to expand channel conveyance capacity to 4500 cubic feet per second in reach 4B of the San Joaquin River, or use an alternative route for pulse flows, that—

(i) explains whether the Secretary has decided to expand Reach 4B capacity to 4500 cubic feet per second; and

(ii) addresses the following matters:

(I) The basis for the Secretary's determination, whether set out in environmental review documents or otherwise, as to whether the expansion of Reach 4B would be the preferable means to achieve the Restoration Goal as provided in the Settlement, including how different factors were assessed such as comparative biological and habitat benefits, comparative costs, relative availability of State cost-sharing funds, and the comparative benefits and impacts on water temperature, water supply, private property, and local and downstream flood control.

(II) The Secretary's final cost estimate for expanding Reach 4B capacity to 4500 cubic feet per second, or any alternative route selected, as well as the alternative cost estimates provided by the State, by the Restoration Administrator, and by the other parties to the Settlement.

(III) The Secretary's plan for funding the costs of expanding Reach 4B or any alternative route selected, whether by existing Federal funds provided under this subtitle, by non-Federal funds, by future Federal appropriations, or some combination of such sources.

(B) DETERMINATION REQUIRED.—The Secretary shall, to the extent feasible, make the determination in subparagraph (A) prior to undertaking any substantial construction work to increase capacity in reach 4B.

(3) COSTS.—If the Secretary's estimated Federal cost for expanding reach 4B in paragraph (2), in light of the Secretary's funding plan set out in that paragraph, would exceed the remaining Federal funding authorized by this part (including all funds reallocated, all funds dedicated, and all new funds authorized by this part and separate from all commitments of State and other non-Federal funds and in-kind commitments), then before the Secretary commences actual construction work in reach 4B (other than planning, design, feasibility, or other preliminary measures) to expand capacity to 4500 cubic feet per second to implement this Settlement, Congress must have increased the applicable authorization ceiling provided by this part in an amount at least sufficient to cover the higher estimated Federal costs.

**SEC. 10010. REPAYMENT CONTRACTS AND ACCELERATION OF REPAYMENT OF CONSTRUCTION COSTS.**

Deadlines.

(a) CONVERSION OF CONTRACTS.—

(1) The Secretary is authorized and directed to convert, prior to December 31, 2010, all existing long-term contracts with the following Friant Division, Hidden Unit, and Buchanan Unit contractors, entered under subsection (e) of section 9 of the Act of August 4, 1939 (53 Stat. 1196), to contracts under subsection (d) of section 9 of said Act (53 Stat. 1195), under mutually agreeable terms and conditions: Arvin-Edison Water Storage District; Delano-Earlimart Irrigation District; Exeter Irrigation District; Fresno Irrigation District; Ivanhoe Irrigation District; Lindmore Irrigation District; Lindsay-Strathmore Irrigation District; Lower Tule River Irrigation District; Orange Cove Irrigation District; Porterville Irrigation District; Saucelito Irrigation District; Shafter-Wasco Irrigation District; Southern San Joaquin Municipal Utility District; Stone Corral Irrigation District; Tea Pot Dome Water District; Terra Bella Irrigation District; Tulare Irrigation District; Madera Irrigation District; and Chowchilla Water District. Upon request of the contractor, the Secretary is authorized to convert, prior to December 31, 2010, other existing long-term contracts with Friant Division contractors entered under subsection (e) of section 9 of the Act of August 4, 1939 (53 Stat. 1196), to contracts under subsection (d) of section 9 of said Act (53 Stat. 1195), under mutually agreeable terms and conditions.

(2) Upon request of the contractor, the Secretary is further authorized to convert, prior to December 31, 2010, any existing Friant Division long-term contract entered under subsection (c)(2) of section 9 of the Act of August 4, 1939 (53 Stat. 1194), to a contract under subsection (c)(1) of section 9 of said Act, under mutually agreeable terms and conditions.

(3) All such contracts entered into pursuant to paragraph (1) shall—

(A) require the repayment, either in lump sum or by accelerated prepayment, of the remaining amount of construction costs identified in the Central Valley Project Schedule of Irrigation Capital Rates by Contractor 2007 Irrigation Water Rates, dated January 25, 2007, as adjusted to reflect payments not reflected in such schedule, and properly assignable for ultimate return by the contractor, no later than January 31, 2011, or if made in approximately equal annual installments, no later than January 31, 2014; such amount to be discounted by  $\frac{1}{2}$  the Treasury Rate. An estimate of the remaining amount of construction costs as of January 31, 2011, as adjusted, shall be provided by the Secretary to each contractor no later than June 30, 2010;

Cost estimate.

(B) require that, notwithstanding subsection (c)(2), construction costs or other capitalized costs incurred after the effective date of the contract or not reflected in the schedule referenced in subparagraph (A), and properly assignable to such contractor, shall be repaid in not more than 5 years after notification of the allocation if such amount is a result of a collective annual allocation of capital costs to the contractors exercising contract conversions under this subsection of less than \$5,000,000. If such amount is \$5,000,000 or greater, such cost shall be repaid as provided by applicable Reclamation law, provided that the reference to the amount of \$5,000,000 shall not be a precedent in any other context;

(C) provide that power revenues will not be available to aid in repayment of construction costs allocated to irrigation under the contract; and

(D) conform to the Settlement and this part and shall continue so long as the contractor pays applicable charges, consistent with subsection (c)(2) and applicable law.

(4) All such contracts entered into pursuant to paragraph (2) shall—

(A) require the repayment in lump sum of the remaining amount of construction costs identified in the most current version of the Central Valley Project Schedule of Municipal and Industrial Water Rates, as adjusted to reflect payments not reflected in such schedule, and properly assignable for ultimate return by the contractor, no later than January 31, 2014. An estimate of the remaining amount of construction costs as of January 31, 2014, as adjusted, shall be provided by the Secretary to each contractor no later than June 30, 2013;

Cost estimate.

(B) require that, notwithstanding subsection (c)(2), construction costs or other capitalized costs incurred after the effective date of the contract or not reflected in the schedule referenced in subparagraph (A), and properly assignable to such contractor, shall be repaid in not more than 5 years after notification of the allocation if such amount is a result of a collective annual allocation of capital costs to the contractors exercising contract conversions under this subsection of less than \$5,000,000. If such amount is \$5,000,000 or greater, such cost shall be repaid

as provided by applicable Reclamation law, provided that the reference to the amount of \$5,000,000 shall not be a precedent in any other context; and

(C) conform to the Settlement and this part and shall continue so long as the contractor pays applicable charges, consistent with subsection (c)(2) and applicable law.

(b) FINAL ADJUSTMENT.—The amounts paid pursuant to subsection (a) shall be subject to adjustment following a final cost allocation by the Secretary upon completion of the construction of the Central Valley Project. In the event that the final cost allocation indicates that the costs properly assignable to the contractor are greater than what has been paid by the contractor, the contractor shall be obligated to pay the remaining allocated costs. The term of such additional repayment contract shall be no less than 1 year and no more than 10 years, however, mutually agreeable provisions regarding the rate of repayment of such amount may be developed by the parties. In the event that the final cost allocation indicates that the costs properly assignable to the contractor are less than what the contractor has paid, the Secretary is authorized and directed to credit such overpayment as an offset against any outstanding or future obligation of the contractor.

(c) APPLICABILITY OF CERTAIN PROVISIONS.—

(1) Notwithstanding any repayment obligation under subsection (a)(3)(B) or subsection (b), upon a contractor's compliance with and discharge of the obligation of repayment of the construction costs as provided in subsection (a)(3)(A), the provisions of section 213(a) and (b) of the Reclamation Reform Act of 1982 (96 Stat. 1269) shall apply to lands in such district.

(2) Notwithstanding any repayment obligation under paragraph (3)(B) or (4)(B) of subsection (a), or subsection (b), upon a contractor's compliance with and discharge of the obligation of repayment of the construction costs as provided in paragraphs (3)(A) and (4)(A) of subsection (a), the Secretary shall waive the pricing provisions of section 3405(d) of the Reclamation Projects Authorization and Adjustment Act of 1992 (Public Law 102-575) for such contractor, provided that such contractor shall continue to pay applicable operation and maintenance costs and other charges applicable to such repayment contracts pursuant to the then-current rate-setting policy and applicable law.

(3) Provisions of the Settlement applying to Friant Division, Hidden Unit, and Buchanan Unit long-term water service contracts shall also apply to contracts executed pursuant to this section.

(d) REDUCTION OF CHARGE FOR THOSE CONTRACTS CONVERTED PURSUANT TO SUBSECTION (A)(1).—

(1) At the time all payments by the contractor required by subsection (a)(3)(A) have been completed, the Secretary shall reduce the charge mandated in section 10007(1) of this part, from 2020 through 2039, to offset the financing costs as defined in section 10010(d)(3). The reduction shall be calculated at the time all payments by the contractor required by subsection (a)(3)(A) have been completed. The calculation shall remain fixed from 2020 through 2039 and shall be based upon anticipated average annual water deliveries, as mutually agreed upon by the Secretary and the contractor, for the period from

Waiver.  
Payments.

2020 through 2039, and the amounts of such reductions shall be discounted using the Treasury Rate; provided, that such charge shall not be reduced to less than \$4.00 per acre foot of project water delivered; provided further, that such reduction shall be implemented annually unless the Secretary determines, based on the availability of other monies, that the charges mandated in section 10007(1) are otherwise needed to cover ongoing federal costs of the Settlement, including any federal operation and maintenance costs of facilities that the Secretary determines are needed to implement the Settlement. If the Secretary determines that such charges are necessary to cover such ongoing federal costs, the Secretary shall, instead of making the reduction in such charges, reduce the contractor's operation and maintenance obligation by an equivalent amount, and such amount shall not be recovered by the United States from any Central Valley Project contractor, provided nothing herein shall affect the obligation of the contractor to make payments pursuant to a transfer agreement with a non-federal operating entity.

Deadline.  
Determination.

(2) If the calculated reduction in paragraph (1), taking into consideration the minimum amount required, does not result in the contractor offsetting its financing costs, the Secretary is authorized and directed to reduce, after October 1, 2019, any outstanding or future obligations of the contractor to the Bureau of Reclamation, other than the charge assessed and collected under section 3407(d) of Public law 102-575, by the amount of such deficiency, with such amount indexed to 2020 using the Treasury Rate and such amount shall not be recovered by the United States from any Central Valley Project contractor, provided nothing herein shall affect the obligation of the contractor to make payments pursuant to a transfer agreement with a non-Federal operating entity.

Effective date.

(3) Financing costs, for the purposes of this subsection, shall be computed as the difference of the net present value of the construction cost identified in subsection (a)(3)(A) using the full Treasury Rate as compared to using one half of the Treasury Rate and applying those rates against a calculated average annual capital repayment through 2030.

(4) Effective in 2040, the charge shall revert to the amount called for in section 10007(1) of this part.

Effective date.

(5) For purposes of this section, "Treasury Rate" shall be defined as the 20 year Constant Maturity Treasury (CMT) rate published by the United States Department of the Treasury as of October 1, 2010.

Effective date.

(e) SATISFACTION OF CERTAIN PROVISIONS.—

(1) IN GENERAL.—Upon the first release of Interim Flows or Restoration Flows, pursuant to paragraphs 13 or 15 of the Settlement, any short- or long-term agreement, to which 1 or more long-term Friant Division, Hidden Unit, or Buchanan Unit contractor that converts its contract pursuant to subsection (a) is a party, providing for the transfer or exchange of water not released as Interim Flows or Restoration Flows shall be deemed to satisfy the provisions of subsection 3405(a)(1)(A) and (I) of the Reclamation Projects Authorization and Adjustment Act of 1992 (Public Law 102-575) without the further concurrence of the Secretary as to compliance with said subsections if the contractor provides, not later than 90

Deadlines.  
Notice.

days before commencement of any such transfer or exchange for a period in excess of 1 year, and not later than 30 days before commencement of any proposed transfer or exchange with duration of less than 1 year, written notice to the Secretary stating how the proposed transfer or exchange is intended to reduce, avoid, or mitigate impacts to water deliveries caused by the Interim Flows or Restoration Flows or is intended to otherwise facilitate the Water Management Goal, as described in the Settlement. The Secretary shall promptly make such notice publicly available.

Public  
information.

(2) DETERMINATION OF REDUCTIONS TO WATER DELIVERIES.—Water transferred or exchanged under an agreement that meets the terms of this subsection shall not be counted as a replacement or an offset for purposes of determining reductions to water deliveries to any Friant Division long-term contractor except as provided in paragraph 16(b) of the Settlement. The Secretary shall, at least annually, make publicly available a compilation of the number of transfer or exchange agreements exercising the provisions of this subsection to reduce, avoid, or mitigate impacts to water deliveries caused by the Interim Flows or Restoration Flows or to facilitate the Water Management Goal, as well as the volume of water transferred or exchanged under such agreements.

Deadline.  
Public  
information.

(3) STATE LAW.—Nothing in this subsection alters State law or permit conditions, including any applicable geographical restrictions on the place of use of water transferred or exchanged pursuant to this subsection.

(f) CERTAIN REPAYMENT OBLIGATIONS NOT ALTERED.—Implementation of the provisions of this section shall not alter the repayment obligation of any other long-term water service or repayment contractor receiving water from the Central Valley Project, or shift any costs that would otherwise have been properly assignable to the Friant contractors absent this section, including operations and maintenance costs, construction costs, or other capitalized costs incurred after the date of enactment of this Act, to other such contractors.

(g) STATUTORY INTERPRETATION.—Nothing in this part shall be construed to affect the right of any Friant Division, Hidden Unit, or Buchanan Unit long-term contractor to use a particular type of financing to make the payments required in paragraph (3)(A) or (4)(A) of subsection (a).

**SEC. 10011. CALIFORNIA CENTRAL VALLEY SPRING RUN CHINOOK SALMON.**

(a) FINDING.—Congress finds that the implementation of the Settlement to resolve 18 years of contentious litigation regarding restoration of the San Joaquin River and the reintroduction of the California Central Valley Spring Run Chinook salmon is a unique and unprecedented circumstance that requires clear expressions of Congressional intent regarding how the provisions of the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.) are utilized to achieve the goals of restoration of the San Joaquin River and the successful reintroduction of California Central Valley Spring Run Chinook salmon.

(b) REINTRODUCTION IN THE SAN JOAQUIN RIVER.—California Central Valley Spring Run Chinook salmon shall be reintroduced in the San Joaquin River below Friant Dam pursuant to section

10(j) of the Endangered Species Act of 1973 (16 U.S.C. 1539(j)) and the Settlement, provided that the Secretary of Commerce finds that a permit for the reintroduction of California Central Valley Spring Run Chinook salmon may be issued pursuant to section 10(a)(1)(A) of the Endangered Species Act of 1973 (16 U.S.C. 1539(a)(1)(A)).

(c) FINAL RULE.—

(1) DEFINITION OF THIRD PARTY.—For the purpose of this subsection, the term “third party” means persons or entities diverting or receiving water pursuant to applicable State and Federal laws and shall include Central Valley Project contractors outside of the Friant Division of the Central Valley Project and the State Water Project.

(2) ISSUANCE.—The Secretary of Commerce shall issue a final rule pursuant to section 4(d) of the Endangered Species Act of 1973 (16 U.S.C. 1533(d)) governing the incidental take of reintroduced California Central Valley Spring Run Chinook salmon prior to the reintroduction.

(3) REQUIRED COMPONENTS.—The rule issued under paragraph (2) shall provide that the reintroduction will not impose more than de minimus: water supply reductions, additional storage releases, or bypass flows on unwilling third parties due to such reintroduction.

(4) APPLICABLE LAW.—Nothing in this section—

(A) diminishes the statutory or regulatory protections provided in the Endangered Species Act of 1973 for any species listed pursuant to section 4 of the Endangered Species Act of 1973 (16 U.S.C. 1533) other than the reintroduced population of California Central Valley Spring Run Chinook salmon, including protections pursuant to existing biological opinions or new biological opinions issued by the Secretary or Secretary of Commerce; or

(B) precludes the Secretary or Secretary of Commerce from imposing protections under the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.) for other species listed pursuant to section 4 of that Act (16 U.S.C. 1533) because those protections provide incidental benefits to such reintroduced California Central Valley Spring Run Chinook salmon.

(d) REPORT.—

(1) IN GENERAL.—Not later than December 31, 2024, the Secretary of Commerce shall report to Congress on the progress made on the reintroduction set forth in this section and the Secretary’s plans for future implementation of this section.

(2) INCLUSIONS.—The report under paragraph (1) shall include—

(A) an assessment of the major challenges, if any, to successful reintroduction;

(B) an evaluation of the effect, if any, of the reintroduction on the existing population of California Central Valley Spring Run Chinook salmon existing on the Sacramento River or its tributaries; and

(C) an assessment regarding the future of the reintroduction.

(e) FERC PROJECTS.—

(1) IN GENERAL.—With regard to California Central Valley Spring Run Chinook salmon reintroduced pursuant to the

Settlement, the Secretary of Commerce shall exercise its authority under section 18 of the Federal Power Act (16 U.S.C. 811) by reserving its right to file prescriptions in proceedings for projects licensed by the Federal Energy Regulatory Commission on the Calaveras, Stanislaus, Tuolumne, Merced, and San Joaquin rivers and otherwise consistent with subsection (c) until after the expiration of the term of the Settlement, December 31, 2025, or the expiration of the designation made pursuant to subsection (b), whichever ends first.

(2) EFFECT OF SUBSECTION.—Nothing in this subsection shall preclude the Secretary of Commerce from imposing prescriptions pursuant to section 18 of the Federal Power Act (16 U.S.C. 811) solely for other anadromous fish species because those prescriptions provide incidental benefits to such reintroduced California Central Valley Spring Run Chinook salmon.

(f) EFFECT OF SECTION.—Nothing in this section is intended or shall be construed—

(1) to modify the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.) or the Federal Power Act (16 U.S.C. 791a et seq.); or

(2) to establish a precedent with respect to any other application of the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.) or the Federal Power Act (16 U.S.C. 791a et seq.).

## **PART II—STUDY TO DEVELOP WATER PLAN; REPORT**

### **SEC. 10101. STUDY TO DEVELOP WATER PLAN; REPORT.**

(a) PLAN.—

(1) GRANT.—To the extent that funds are made available in advance for this purpose, the Secretary of the Interior, acting through the Bureau of Reclamation, shall provide direct financial assistance to the California Water Institute, located at California State University, Fresno, California, to conduct a study regarding the coordination and integration of sub-regional integrated regional water management plans into a unified Integrated Regional Water Management Plan for the subject counties in the hydrologic basins that would address issues related to—

- (A) water quality;
- (B) water supply (both surface, ground water banking, and brackish water desalination);
- (C) water conveyance;
- (D) water reliability;
- (E) water conservation and efficient use (by distribution systems and by end users);
- (F) flood control;
- (G) water resource-related environmental enhancement; and
- (H) population growth.

(2) STUDY AREA.—The study area referred to in paragraph (1) is the proposed study area of the San Joaquin River Hydrologic Region and Tulare Lake Hydrologic Region, as defined by California Department of Water Resources Bulletin 160–05, volume 3, chapters 7 and 8, including Kern, Tulare, Kings,

Fresno, Madera, Merced, Stanislaus, and San Joaquin counties in California.

(b) **USE OF PLAN.**—The Integrated Regional Water Management Plan developed for the 2 hydrologic basins under subsection (a) shall serve as a guide for the counties in the study area described in subsection (a)(2) to use as a mechanism to address and solve long-term water needs in a sustainable and equitable manner.

(c) **REPORT.**—The Secretary shall ensure that a report containing the results of the Integrated Regional Water Management Plan for the hydrologic regions is submitted to the Committee on Energy and Natural Resources of the Senate and the Committee on Natural Resources of the House of Representatives not later than 24 months after financial assistance is made available to the California Water Institute under subsection (a)(1).

(d) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated to carry out this section \$1,000,000 to remain available until expended.

### **PART III—FRIANT DIVISION IMPROVEMENTS**

#### **SEC. 10201. FEDERAL FACILITY IMPROVEMENTS.**

(a) The Secretary of the Interior (hereafter referred to as the “Secretary”) is authorized and directed to conduct feasibility studies in coordination with appropriate Federal, State, regional, and local authorities on the following improvements and facilities in the Friant Division, Central Valley Project, California:

Studies.

(1) Restoration of the capacity of the Friant-Kern Canal and Madera Canal to such capacity as previously designed and constructed by the Bureau of Reclamation.

(2) Reverse flow pump-back facilities on the Friant-Kern Canal, with reverse-flow capacity of approximately 500 cubic feet per second at the Poso and Shafter Check Structures and approximately 300 cubic feet per second at the Woollomes Check Structure.

(b) Upon completion of and consistent with the applicable feasibility studies, the Secretary is authorized to construct the improvements and facilities identified in subsection (a) in accordance with all applicable Federal and State laws.

(c) The costs of implementing this section shall be in accordance with section 10203, and shall be a nonreimbursable Federal expenditure.

#### **SEC. 10202. FINANCIAL ASSISTANCE FOR LOCAL PROJECTS.**

(a) **AUTHORIZATION.**—The Secretary is authorized to provide financial assistance to local agencies within the Central Valley Project, California, for the planning, design, environmental compliance, and construction of local facilities to bank water underground or to recharge groundwater, and that recover such water, provided that the project meets the criteria in subsection (b). The Secretary is further authorized to require that any such local agency receiving financial assistance under the terms of this section submit progress reports and accountings to the Secretary, as the Secretary deems appropriate, which such reports shall be publicly available.

Reports.  
Public  
information.

(b) **CRITERIA.**—

(1) A project shall be eligible for Federal financial assistance under subsection (a) only if all or a portion of the project is designed to reduce, avoid, or offset the quantity of the

expected water supply impacts to Friant Division long-term contractors caused by the Interim or Restoration Flows authorized in part I of this subtitle, and such quantities have not already been reduced, avoided, or offset by other programs or projects.

Applicability.

(2) Federal financial assistance shall only apply to the portion of a project that the local agency designates as reducing, avoiding, or offsetting the expected water supply impacts caused by the Interim or Restoration Flows authorized in part I of this subtitle, consistent with the methodology developed pursuant to paragraph (3)(C).

Determinations.

(3) No Federal financial assistance shall be provided by the Secretary under this part for construction of a project under subsection (a) unless the Secretary—

(A) determines that appropriate planning, design, and environmental compliance activities associated with such a project have been completed, and that the Secretary has been offered the opportunity to participate in the project at a price that is no higher than the local agency's own costs, in order to secure necessary storage, extraction, and conveyance rights for water that may be needed to meet the Restoration Goal as described in part I of this subtitle, where such project has capacity beyond that designated for the purposes in paragraph (2) or where it is feasible to expand such project to allow participation by the Secretary;

(B) determines, based on information available at the time, that the local agency has the financial capability and willingness to fund its share of the project's construction and all operation and maintenance costs on an annual basis;

(C) determines that a method acceptable to the Secretary has been developed for quantifying the benefit, in terms of reduction, avoidance, or offset of the water supply impacts expected to be caused by the Interim or Restoration Flows authorized in part I of this subtitle, that will result from the project, and for ensuring appropriate adjustment in the recovered water account pursuant to section 10004(a)(5); and

Contracts.

(D) has entered into a cost-sharing agreement with the local agency which commits the local agency to funding its share of the project's construction costs on an annual basis.

Deadline.  
Public comment.

(c) **GUIDELINES.**—Within 1 year from the date of enactment of this part, the Secretary shall develop, in consultation with the Friant Division long-term contractors, proposed guidelines for the application of the criteria defined in subsection (b), and will make the proposed guidelines available for public comment. Such guidelines may consider prioritizing the distribution of available funds to projects that provide the broadest benefit within the affected area and the equitable allocation of funds. Upon adoption of such guidelines, the Secretary shall implement such assistance program, subject to the availability of funds appropriated for such purpose.

(d) **COST SHARING.**—The Federal financial assistance provided to local agencies under subsection (a) shall not exceed—