APPENDIX B

EXISTING
INTERIM RENEWAL CONTRACT SAMPLE

Irrigation and M&I
R.O. Draft 05/27-1994
Rev. R.O. 06/21-1994
Rev. R.O. 07/11-1994
Rev. R.O. 07/19-1994
Rev. R.O. 08/09-1994
Rev. R.O. 08/15-1994
Rev. R.O. 08/19-1994
Rev. R.O. 02/17-1995
Rev. R.O. 08/13-1997
Rev. R.O. 09/29-1999
Rev. R.O. 09/30-1999
Rev. R.O. 11/03-1999
Rev. R.O. 08/25-2000
Rev. R.O. 09/14-2000
Rev. R.O. 12/08-2000
R.O. 01/30-2001

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

INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES
AND

PROVIDING FOR PROJECT WATER SERVICE

THIS CONTRACT, made this ___ day of _____ 2001, in pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or supplementary thereto, including, but not limited to, the acts of August 26, 1937 (50 Stat. 844), as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1261), as

amended and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter referred to as the Federal Reclamation law, between THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, and _____, hereinafter referred to as the Contractor, a public agency of the State of California, duly organized, existing, and acting pursuant to the laws thereof, with its principal place of business in _____, California;

WITNESSETH, That:

EXPLANATORY RECITALS

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

[DIVISIONAL ISSUE] WHEREAS, the United States constructed _____, hereinafter collectively referred to as the _____ facilities, which will be used in part for the furnishing of water to the Contractor pursuant to the terms of this interim renewal contract; and

[DISTRICT ISSUE] WHEREAS, the Contractor and the United States entered into Contract No. _____ as amended, which provided the Contractor, Central Valley

Project water from the _____ from _____ to _____ and

WHEREAS, the Contractor and the United States entered into interim renewal contract(s) identified as Contract No(s). _____, the latter of which is hereinafter referred to as the Existing Interim Renewal Contract, which provided Project Water to the Contractor from _____ through _____; and

WHEREAS, the Contractor has requested a subsequent interim renewal contract pursuant to the Existing Interim Renewal Contract, Federal Reclamation law and the laws of the State of California, for water service from the Central Valley Project; and

WHEREAS, the United States and the Contractor believe that either further negotiations on a long-term renewal contract for the Contractor would be beneficial and mutually commit to continue to negotiate to seek to reach agreement or the Contractor's proposed long-term renewal contract's required environmental review necessary to execute a long-term renewal contract has not been completed, and the Contractor has requested a subsequent interim renewal contract pursuant to Article 2 (b)(1) of the existing Interim Renewal Contract; and

WHEREAS, the United States has determined that the Contractor has to date fulfilled all of its obligations under the Existing Interim Renewal Contract; and

WHEREAS, The Contracting Officer has determined that the Contractor has the capability to fully utilize for reasonable and beneficial use, or shown projected future reasonable and beneficial use for, the quantity of Project Water to be made available to it pursuant to this interim renewal contract; and

[DISTRICT ISSUE] WHEREAS, rights of renewal of Contract No. _____ and to convert said contract to a contract as provided by subsection (d), Section 9 of the Act of August 4, 1939 (53 Stat. 1187), are set forth in said contract; and

WHEREAS, Section 3404 of the CVPIA, precludes long-term renewal of water service contracts until the completion of appropriate environmental documentation, including a programmatic environmental impact statement ("PEIS") pursuant to the National Environmental Policy Act analyzing the direct and indirect impacts and benefits of implementing the CVPIA and the potential renewal of all existing contracts for Project Water; and

WHEREAS, in order to continue water service provided under Project water service contracts that expire prior to the completion of the PEIS, the United States intends to execute interim renewal contracts for a period not to exceed three (3) Years in length, and for successive interim periods of not more than two (2)Years in length, until appropriate environmental documentation, including the PEIS, is finally completed, at which time the Secretary shall, pursuant to Federal Reclamation law, upon request of the Contractor, enter into a long-term renewal contract for a period of twenty-five (25)Years; and may thereafter renew such long-term renewal contracts for successive periods not to exceed twenty-five (25) Years each; and

WHEREAS, the Secretary intends to assure uninterrupted water service and continuity of contract through the process set forth in Article 2 hereof; and

WHEREAS, the United States is willing to renew the Existing Interim Renewal Contract pursuant to Section 3404(c)(1) of the CVPIA on the terms and conditions set forth below;

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

DEFINITIONS

1. When used herein unless otherwise distinctly expressed, or manifestly incompatible with the intent hereof, the term:

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

(b) "Charges" shall mean the payments in addition to the Rates determined annually by the Contracting Officer, required by the Federal Reclamation law, including Section 3407 of the CVPIA;

(c) [District Issue] "Contractor's Service Area/boundaries" shall mean the area to which the Contractor is permitted to provide Project Water under this interim renewal contract;

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

(e) "Delivered Water" shall mean Project Water made available to the Contractor and diverted at the point(s) of delivery approved by the Contracting Officer;

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

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

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

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

(j) "Irrigation Water" shall mean Project Water which is used primarily in the production of agricultural crops or livestock, including domestic use incidental thereto, and watering of livestock;

(k) "Landholder" shall mean an individual or entity attributed with the total irrigable acreage of one or more tracts of land situated in one or more districts owned and/or operated under a lease which is served with Irrigation Water pursuant to a contract with the United States;

(l) "M&I Water" shall mean water made available from the Project other than Irrigation Water. M&I Water shall include water used for purposes such as the watering of landscaping or pasture for animals (e.g., horses) which are kept for personal enjoyment or water delivered to landholding operated in units of less than _____ acres unless the

Contractor establishes to the satisfaction of the Contracting Officer that the use of water delivered to any such landholding is a use described in subdivision (j) of this Article;

(m) "O&M" shall mean normal and reasonable care, control, operation, repair, replacement, and maintenance of Project facilities;

(n) "Operating Non-Federal Entity" shall mean a Non-Federal entity which has the obligation to operate and maintain all or a portion of the [Division] facilities pursuant to an agreement with the United States;

(o) "Project" shall mean the Central Valley Project owned by the United States and operated by the Department of the Interior, Bureau of Reclamation;

(p) "Project Water" shall mean all water that is developed, diverted, stored, or delivered by the United States in accordance with the statutes authorizing the Project and in accordance with the terms and conditions of applicable water rights permits and licenses acquired by and/or issued to the United States pursuant to California law;

(q) "Rates" shall mean the payments determined annually by the Contracting Officer in accordance with the then current applicable water ratesetting policies for the Project;

(r) "Secretary" or "Contracting Officer" shall mean the Secretary of the United States Department of the Interior or his duly authorized representative;

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

TERM OF CONTRACT - RIGHT TO USE OF WATER

2. (a) This interim renewal contract shall be effective from March 1, 2001 and shall remain in effect through February 28, 2002, and thereafter will be renewed as described in this article. Except as provided in subdivision (b) of this Article, until completion of all appropriate environmental review, and provided that the Contractor has complied with all the terms and conditions of the interim renewal contract in effect for the period immediately preceding the requested successive interim renewal contract, this interim renewal contract will be renewed, upon request of the Contractor, for successive interim periods each of which shall be no more than two (2) Years in length. Also, except as provided in subdivision (b) of this Article, in order to promote orderly and cost effective contract administration, the terms and conditions in subsequent interim renewal contracts shall be identical to the terms and conditions in the interim renewal contract immediately preceding the subsequent interim renewal contract: Provided, however, That each party preserves the right to propose modification(s) in any interim renewal contract other than those described in subdivision (b) of this Article, in which case the parties shall negotiate in good faith appropriate modification(s) to be included in any successive interim renewal contracts. Said modification(s) of each successive interim renewal contract shall be agreed upon within a reasonable time prior to the expiration of the then existing interim renewal contract. Nothing in this Article shall in any way alter the obligation that, upon final completion of the PEIS and any necessary supplemental environmental documentation, the Secretary shall, pursuant to Federal Reclamation law, upon request of the Contractor, enter into a long-term renewal contract for a period of twenty-five (25) Years and may thereafter renew such long-term renewal contracts for successive periods not to exceed twenty-five (25) Years each. The Contractor asserts that Contract No. _____ and existing law go beyond the preceding

sentence to give it enforceable rights to successive long-term renewal contracts. The Contracting Officer disagrees with that assertion. The parties agree that this interim renewal contract preserves the rights and positions of the parties and that the omission of language in this interim renewal contract setting out the rights asserted by the Contractor to successive renewals is not intended to be, nor shall it be interpreted as, a waiver of any such rights to the extent any such rights are later determined to exist by a court of competent jurisdiction or by mutual agreement of the parties. If a court of competent jurisdiction or the parties by mutual agreement determine that incorporation of such language in this interim renewal contract is necessary to preserve such rights, this interim renewal contract shall be construed as incorporating such language as though fully set forth herein as of the effective date hereof.

(b) The parties anticipate that they will engage in good faith negotiations intended to permit the execution of a twenty-five (25) Year long-term renewal contract contemplated by Section 3404 (c) of the CVPIA, hereinafter referred to as a "long-term renewal contract", by the end of the term hereof. The parties recognize the possibility that this schedule may not be met. Accordingly:

(1) In the event (i) the Contractor and Contracting Officer have reached agreement on the terms of the Contractor's long-term renewal contract or (ii) the Contractor and Contracting Officer have not completed the negotiations on the Contractor's long-term renewal contract, believe that further negotiations on that contract would be beneficial, and mutually commit to continue to negotiate to seek to reach agreement, but (iii) all environmental documentation required to allow execution of the Contractor's long-term renewal

contract by both parties has not been completed in time to allow execution of the Contractor's long-term renewal contract by November 30, 2001, then (iv) the parties will expeditiously complete the environmental documentation required of each of them in order to execute the Contractor's long-term renewal contract at the earliest practicable date. In addition, the Contractor's then current interim renewal contract will be renewed without change upon the request of either party through the agreed-upon effective date of the Contractor's long-term renewal contract or, in the absence of agreement on the terms of the Contractor's long-term renewal contract, through the succeeding February 28.

(2) Provided that this interim renewal contract is not subject to renewal under the terms described in subdivision (1) of this Article, if a party determines that the parties have reached an impasse which they have been unable to resolve and which precludes agreement on the long-term renewal contract, that party may notify the other that it has concluded that there is no reasonable likelihood of reaching agreement on the terms of a long-term renewal contract prior to November 1, 2001. In the event of such notice, the parties will immediately agree to a schedule and process for negotiating the terms (other than any terms that would impair continuity of water supply or continuity of contract) of and executing an interim renewal contract; provided that neither party will propose for inclusion in the interim renewal contract any provision not previously included in an existing interim renewal contract which it had previously proposed for inclusion in the long-term renewal contract and which was the subject of an impasse in the long-term renewal contract negotiations. The schedule will provide for completion of the negotiations of the terms of that contract by February 1, 2002, and

for execution of the contract on or about February 15, 2002. The parties each acknowledge the right of either party to seek judicial relief in connection with any impasse reached in connection with negotiation of the long-term renewal contract and/or an interim renewal contract that would become effective on or after February 28, 2002.

(c) The parties acknowledge that the Contractor asserts that it is entitled as a matter of law to an interim renewal contract of longer duration than twelve (12) months, and that the Contracting Officer asserts that it is under no obligation to provide the Contractor with an interim renewal contract of any particular duration. Accordingly, the parties further acknowledge that (i) the foregoing process represents a mutual accommodation to facilitate their joint desire to proceed with the development of a long-term renewal contract in an expeditious and orderly manner, (ii) they each preserve their respective rights and positions relative to the entitlement of the Contractor to subsequent interim renewal contracts should they become necessary, and the terms thereof, and (iii) their agreement to the process and interim renewal contract terms described above is in no way intended to be, nor will it be interpreted as, a waiver of any such rights or positions, all of which are and will be expressly preserved.

(d) [DISTRICT ISSUE] The omission of language in this interim renewal contract providing for conversion of this interim renewal contract or any subsequent renewals thereof to a repayment contract, pursuant to the Act of July 2, 1956 (70 Stat. 483), shall not prejudice the Contractor's right to assert a right to have such language included in subsequent renewals of this interim renewal contract or to exercise such conversion, all as provided by law,

or to negotiate the language regarding such conversion to be included in subsequent renewal contracts.

WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

3. (a) Subject to the provisions set forth in Articles 11 and 12 hereof, and consistent with applicable State water rights, permits and licenses, the Contractor is entitled to, and the Contracting Officer shall be obligated to make available to the Contractor up to _____ acre-feet of Project Water for irrigation and/or municipal and industrial purposes during the term of this interim renewal contract. The quantity of Project Water delivered to the Contractor in accordance with this Article 3(a) in any Year shall be scheduled and paid for pursuant to the provisions of Articles 4 and 7 hereof, and shall not exceed the quantity of Project Water the Contractor intends to put to reasonable beneficial use within the Contractor's Service Area/boundaries or sold, transferred, or exchanged pursuant to Article 9 during the term of this interim renewal contract.

(b) The Contractor shall utilize the Project Water made available to it pursuant to this interim renewal contract in accordance with all applicable requirements of any Biological Opinion addressing the execution of this interim renewal contract developed pursuant to Section 7 of the Endangered Species Act of 1973 as amended, and in accordance with environmental documentation as may be required for specific activities, including conversion of Irrigation Water to M&I Water.

(c) The Contractor shall make reasonable and beneficial use of Project Water or other water furnished pursuant to this interim renewal contract. [Divisional Issue] In addition,

use of Project Water in a ground-water recharge program shall be permitted under this contract to the extent that it is carried out in accordance with California law; Provided, however, that such ground-water recharge program cannot be undertaken unless and until the Contractor submits a ground-water management plan pursuant to California law that demonstrates that such ground-water recharge program will result in a reasonable and beneficial use of such water.

(d) If the Contracting Officer determines that Project Water, or other water available to the Project, can be made available to the Contractor in addition to the quantity of Project Water made available to the Contractor pursuant to subdivision (a) of this Article, the Contracting Officer shall so notify the Contractor. If the Contractor requests the delivery of any quantity of such water, the Contracting Officer shall make such water available to the Contractor in accordance with applicable statutes, regulations, guidelines, and policies.

(e) [DIVISIONAL ISSUE] If the Contractor requests permission to reschedule for use during the subsequent Year some or all of the Project Water made available to the Contractor during the current Year or to use, during the current Year, that quantity of Project Water the United States has agreed to make available to the Contractor during the subsequent Yyear, the Contracting Officer may permit such uses in accordance with applicable statutes, regulations, guidelines, and policies.

(f) The Contractor's right pursuant to Federal Reclamation law and applicable State law to the beneficial use of water furnished pursuant to this interim renewal contract, any subsequent interim renewal contract and, as described in Article 2(a), any long-term renewal contract, shall not be disturbed so long as the Contractor shall fulfill all of its obligations under

this interim renewal contract and any such renewal thereof. Nothing in the preceding sentence shall affect the Contracting Officer's ability to impose shortages under subdivision (b) of Article 12 of this interim renewal contract and the applicable provisions of any such renewal thereof.

(g) Notwithstanding subdivisions (j) and (l) of Article 1, Project Water furnished to the Contractor pursuant to this interim renewal contract may be delivered for purposes other than those described in subdivisions (j) and (l) of Article 1 upon written approval by the Contracting Officer in accordance with the terms and conditions of such approval.

TIME FOR DELIVERY OF WATER

4. (a) On or about February 15, of each Calendar Year, the Contracting Officer shall declare the amount of Project Water estimated to be made available to the Contractor pursuant to this interim renewal contract for the upcoming Year. The declaration will be updated monthly, as necessary, based on current hydrologic conditions. The Contracting Officer shall make available the forecast of Project operations, with relevant supporting information, upon the written request of the Contractor or its representatives. Upon written request of the Contractor, the Contracting Officer shall provide the basis of the estimate which shall include, but not be limited to, a monthly pumping forecast for the O'Neill Pumping Plant, the projected carryover of Project reservoirs, projected CVPIA impacts, projected Endangered Species Act, and all other regulatory impacts.

(b) On or before each March 1, the Contractor shall submit to the Contracting Officer and at such other times as necessary, a written schedule, satisfactory to the Contracting Officer, showing the times, and quantities of Project Water to be delivered by the United States

to the Contractor during the upcoming Year pursuant to this interim renewal contract, and, consistent with subdivision (a) of Article 3 herein.

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

POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

5. (a) The Project Water to be furnished to the Contractor pursuant to this interim renewal contract shall be made available to the Contractor at _____ and any additional point or points of delivery either on Project facilities or another location or locations mutually agreed to in writing by the Contracting Officer and the Contractor.

(b) [DISTRICT ISSUE] The Contracting Officer shall make all reasonable efforts to maintain sufficient flows and levels of water in the _____ Canal to furnish Project Water to the Contractor at the turnout(s) established as a delivery point(s) pursuant to (a) of this Article.

(c) Irrigation Water furnished to the Contractor pursuant to this interim renewal contract shall be delivered by the Contractor in accordance with any applicable land classification provisions of Federal Reclamation law and the associated regulations. Project Water shall not be delivered to land outside the Contractor's Service Area/boundaries unless approved in advance by the Contracting Officer.

(d) All Project Water delivered to the Contractor pursuant to this interim renewal contract shall be measured and recorded with equipment furnished, installed, operated, and maintained by the United States or the responsible Operating Non-Federal Entity at the point or points of delivery established pursuant to subdivision (a) of this Article. Upon the request of either party to this interim renewal contract, the Contracting Officer shall investigate the accuracy of such measurements and shall take any necessary steps to adjust any errors appearing therein. The Contractor shall advise the Contracting Officer on or before the 10th calendar day of each month of the quantity of M&I Water taken during the preceding month.

(e) Neither the United States nor any Operating Non-Federal Entity shall be responsible for the control, carriage, handling, use, disposal, or distribution of Project Water made available to the Contractor pursuant to this interim renewal contract beyond the delivery points specified in subdivision (a) of this Article. The Contractor shall indemnify the United States its officers, employees, agents, and assigns on account of damage or claim of damage of any nature whatsoever for which there is legal responsibility, including property damage, personal injury, or death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such Project Water beyond such delivery points, except for any damage or claim arising out of (i) acts performed by the United States or any of its officers, employees, agents, or assigns, including any responsible Operating Non-Federal Entity, with the intent of creating the situation resulting in any damage or claim, (ii) willful misconduct of the United States or any of its officers, employees, agents, or assigns, including any responsible

Operating Non-Federal Entity, or (iii) negligence of the United States or any of its officers, employees, agents, or assigns including any responsible Operating Non-Federal Entity.

MEASUREMENT OF WATER WITHIN THE DISTRICT

6. (a) [Contract Unique Issue] The Contractor shall ensure that, unless the Contractor has established an alternative measurement program satisfactory to the Contracting Officer, all surface water delivered for irrigation purposes within the Contractor's Service Area/boundaries is measured at each agricultural turnout and such water delivered for municipal and industrial purposes is measured at each municipal and industrial service connection. All water measuring devices or water measuring methods of comparable effectiveness must be acceptable to the Contracting Officer. The Contractor shall be responsible for installing, operating, and maintaining and repairing all such measuring devices and implementing all such water measuring methods at no cost to the United States. The Contractor shall use the information obtained from such water measuring devices or water measuring methods to ensure proper management of the water; to bill water users for water delivered by the Contractor; and, if applicable, to record water delivered for municipal and industrial purposes by customer class as defined in its water conservation plan. Nothing herein contained, however, shall preclude the Contractor from establishing and collecting any charges, assessments, or other revenues authorized by California law. The Contractor shall include a summary of its annual surface water deliveries in the annual report described in subdivision (d) of Article 25.

(b) [Contract Unique Issue] To the extent the information has not otherwise been provided, upon execution of this interim renewal contract, the Contractor shall provide to

the Contracting Officer a written report describing the measurement devices or water measuring methods used or to be used to implement subdivision (a) of this Article and identifying the agricultural turnouts and the municipal and industrial service connections or alternative measurement programs approved by the Contracting Officer, at which such measurement devices or water measuring methods are being used, and, if applicable, identifying the locations at which such devices and/or methods are not yet being used including a time schedule for implementation at such locations. The Contracting Officer shall advise the Contractor in writing within ninety (90) days as to the adequacy of, and necessary modifications, if any, of the measuring devices or water measuring methods identified in the Contractor's report and if the Contracting Officer does not respond in such time, they shall be deemed adequate. Within six (6) months following the Contracting Officer's response, the parties shall negotiate in good faith the earliest practicable date by which the Contractor shall modify said measuring devices and/or measuring methods as required by the Contracting Officer to ensure compliance with subdivision (a) of this Article.

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

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

RATES AND METHOD OF PAYMENT FOR WATER

7. (a) The Contractor shall pay the United States in monthly payments as provided in this Article for the quantities of Delivered Water furnished to the Contractor pursuant to this interim renewal contract. Such payments shall consist of the applicable Rates and Charges determined annually in accordance with applicable Federal law and associated regulations. The Rates and Charges applicable upon execution of this interim renewal contract are set forth in Exhibit "A."

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

(1) Prior to July 1, of each Calendar Year, the Contracting Officer shall provide the Contractor the preliminary calculation of the Charges that will be applied for the period October 1 of the current Calendar Year, through September 30, of the following Calendar Year, and identify the statutes, regulations and guidelines used as the basis for such calculations. On or before September 15 of each Calendar Year, the Contracting Officer shall notify the Contractor in writing of the Charges to be in effect during the period October 1 of the current Calendar Year, through September 30 of the following Calendar Year, and such notification shall revise Exhibit "A."

(2) Prior to October 1 of each Calendar Year, the Contracting Officer shall make available to the Contractor an estimate of the Rates of payment for the following Year and the computations and cost allocations upon which those Rates are based. The Contractor shall be allowed not less than two months to review and comment on such computations and cost allocations. By December 31 of each Calendar Year, the Contracting Officer shall provide the

Contractor with the final Rates to be in effect for the upcoming Year, and such notification shall revise Exhibit "A."

(c) At the time the Contractor submits the initial schedule for the delivery of Project Water for each Year pursuant to subdivision (b) of Article 4 of this interim renewal contract, the Contractor shall pay the United States the total amount payable pursuant to the applicable Rate(s) for all Project Water scheduled to be delivered pursuant to this interim renewal contract during the first two (2) calendar months of the Year. Before the end of the first month or part thereof of the Year, and before the end of each calendar month thereafter, the Contractor shall pay pursuant to the applicable Rate(s) for all Project Water scheduled to be delivered pursuant to this interim renewal contract during the second month immediately following. Adjustments between the payments for the scheduled amount of Project Water and the appropriate payments for quantities of Delivered Water furnished pursuant to this interim renewal contract each month shall be made before the end of the following month: Provided, That any revised schedule submitted by the Contractor pursuant to Article 4 which increases the amount of Project Water to be delivered pursuant to this interim renewal contract during any month shall be accompanied with appropriate payment for Rates to assure that Project Water is not furnished to the Contractor in advance of such payment. In any month in which the quantity of Delivered Water furnished to the Contractor pursuant to this interim renewal contract equals the quantity of Project Water scheduled and paid for by the Contractor, no additional Project Water shall be made available to the Contractor unless and until payment of Rates for such additional Project Water is made. Final adjustment between the payments of Rates for the

Project Water scheduled and the quantities of Delivered Water furnished during each Year pursuant to its contract shall be made as soon as possible but no later than April 30th of the following Year.

(d) The Contractor shall pay all Charges owing for Delivered Water before the end of the month following the month of delivery. Such amounts shall be consistent with the quantities of Irrigation Water and M&I Water shown in the United States' water delivery report for the subject month. The water delivery report shall be regarded by the Contractor as a bill for the payment of appropriate Charges. Any monthly adjustment for overpayment or underpayment of Charges shall be accomplished through the adjustment of Charges due to the United States in the next month. By March 31, of each Year, the Contractor shall make any additional payment of Charges it is obligated to make for Delivered Water furnished to the Contractor pursuant toits contract for the previous Year. The amount to be paid for past due payment of Charges shall be computed pursuant to Article 19 of this interim renewal contract.

(e) The Contractor shall pay for any Project Water provided under subdivision (d) or (e) of Article 3 as determined by the Contracting Officer pursuant to applicable statutes, regulations, guidelines, and policies.

(f) Payments to be made by the Contractor to the United States under this interim renewal contract may be paid from any revenues available to the Contractor.

(g) Revenues received by the United States pursuant to this interim renewal contract shall be allocated and applied in accordance with Federal Reclamation law, including but not limited to, subsection 3 of Section 1 of the Act of July 2, 1956 (70 Stat. 483), and

subsection (f) of Section 3405, subsection (c)(1) of Section 3406 and subsection (d)(2)(A) of Section 3407 of the CVPIA, and the associated regulations, including but not limited to, the Project Irrigation Water ratesetting policy and the Project M&I ratesetting policy promulgated pursuant to the Administrative Procedures Act.

(h) At the Contractor's request, the Contracting Officer shall provide to the Contractor an accounting of all of the expenses allocated and the disposition of all revenues received pursuant to this interim renewal contract in sufficient detail to allow the Contractor to determine that the allocation of expenses and disposition of all revenues received was accomplished in conformance with Federal Reclamation law and the associated regulations. The Contracting Officer and the Contractor shall enter into good faith negotiations to resolve any discrepancies or disputes arising out of said accounting of the Contractor's review thereof.

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

NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

8. [Contract Unique Issue] The Contractor and the Contracting Officer have entered into a written agreement specifying a mutually acceptable mechanism through which the

Contractor will retired its outstanding non-interest bearing operation and maintenance deficits. [Alternative Language] The Contractor and the Contracting Officer concur that at the time of execution of this interim renewal contract, the Contractor has no non-interest bearing operation and maintenance deficits and shall have no further liability therefor.

TRANSFERS OR EXCHANGES OF WATER

9. The right to Project Water provided for in this interim renewal contract may be sold, transferred, or exchanged to others for beneficial uses within the State of California if such sale, transfer or exchange is authorized by applicable Federal laws, State laws, and applicable guidelines or regulations then in effect. The right to sell, transfer, or exchange Project Water shall include, and the Contracting Officer shall apply this Article in a manner that does not impede or restrict, lawful short-term sales, transfers, or exchanges of the type the Contractor historically carried out with approval of the Contracting Officer under Contract No. _____. No sale, transfer, or exchange of the right to Project Water under this interim renewal contract may take place without the prior written approval of the Contracting Officer.

APPLICATION OF PAYMENTS AND ADJUSTMENTS

10. (a) The amount of any overpayment by the Contractor shall be applied first to any accrued indebtedness arising out of this interim renewal contract then due and payable by the Contractor. Any amount of such overpayment then remaining shall, at the option of the Contractor, be refunded to the Contractor or credited upon amounts to become due to the United States from the Contractor under the provisions hereof in the following months. With respect to

overpayment, such adjustment shall constitute the sole remedy of the Contractor or anyone having or claiming to have the right to the use of any of the water supply provided for herein.

(b) All advances for miscellaneous costs incurred for work requested by the Contractor pursuant to Article 24 shall be adjusted to reflect the actual costs when the work has been completed. If the advances exceed the actual costs incurred, the difference will be refunded to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be billed for the additional costs pursuant to Article 24.

TEMPORARY REDUCTIONS--RETURN FLOWS

11. (a) Subject to: (i) the authorized purposes and priorities of the Project; and (ii) the obligations of the United States under existing contracts, or renewals thereof, providing for water deliveries from the Project, the Contracting Officer shall make all reasonable efforts to optimize Project Water deliveries to the Contractor as provided in the contract.

(b) The United States may temporarily discontinue or reduce the quantity of Project Water to be delivered to the Contractor as herein provided for the purposes of investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or any part thereof necessary for the delivery of Project Water to the Contractor, but so far as feasible the Contracting Officer will give the Contractor due notice in advance of such temporary discontinuance or reduction, except in case of emergency, in which case no notice need be given: Provided, That the United States shall use its best efforts to avoid any discontinuance or reduction in such service. Upon resumption of service after such reduction or discontinuance, and if requested by the Contractor, the United States will, if possible, deliver the quantity of

Project Water, which would have been delivered hereunder in the absence of such discontinuance or reduction: Provided further, That with respect to any quantity of Project Water not delivered after a discontinuance or reduction the Contractor shall be relieved of its scheduling and payment obligations for such quantity of Project Water.

(c) The United States reserves the right to all seepage and return flow water derived from water delivered to the Contractor hereunder which escapes or is discharged beyond the Contractor's Service Area/boundaries: Provided, That this shall not be construed as claiming for the United States any right to seepage or return flow being put to reasonable and beneficial use pursuant to this interim renewal contract within the Contractor's Service Area/boundaries by the Contractor or those claiming by, through, or under the Contractor.

WATER SHORTAGE AND APPORTIONMENT

12. (a) In its operation of the Project, the Contracting Officer will use all reasonable means to guard against a condition of shortage in the quantity of water to be made available to the Contractor pursuant to this contract. Insofar as determined by the Contracting Officer to be practicable, the Contracting Officer will, in the event a shortage appears probable, notify the Contractor of such determinations as soon as possible.

(b) If there is a reduction in the total water supply available to the Contractor during any Year because of errors in physical operations of the Project, drought, other physical causes beyond the control of the Contracting Officer or actions taken by the Contracting Officer to meet legal obligations, no liability shall accrue against the United States or any of its officers, agents, or employees for any damage, direct or indirect, arising therefrom, so long as actions

based upon the opinions or determinations of the Contracting Officer are consistent with the standards in Article 18.

(c) In any Year in which there may occur a shortage for any of the reasons specified in subdivision (b) above, the Contracting Officer shall apportion the available Project Water supply among the Contractor and others entitled, under existing contracts and future contracts (to the extent such future contracts are permitted under subsections (a) and (b) of Section 3404 of the CVPIA) and renewals thereof, to receive Project Water consistent with the contractual obligations of the United States.

(d) [Divisional Issue].

UNAVOIDABLE GROUND-WATER PERCOLATION

13. The Contractor shall not be deemed to have furnished Irrigation Water to Excess Lands or Ineligible Lands within the meaning of this interim renewal contract if such lands are irrigated with ground water that reaches the underground strata as an unavoidable result of the furnishing of Irrigation Water by the Contractor to Eligible Lands.

COMPLIANCE WITH FEDERAL RECLAMATION LAW

14. This interim renewal contract shall be implemented in accordance with all applicable provisions of Federal Reclamation law, as amended and supplemented.

WATER AND AIR POLLUTION CONTROL

15. The Contractor, in carrying out this contract, shall comply with all applicable water and air pollution laws and regulations of the United States and the State of California, and shall obtain all required permits or licenses from the appropriate Federal, State, or local authorities.

QUALITY OF WATER

16. (a) Project facilities used to make available and deliver Project Water to the Contractor pursuant to this interim renewal contract shall be operated and maintained to enable the United States to make available and deliver Project Water to the Contractor in accordance with the water quality standards specified in subsection 2(b) of the Act of August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act of October 27, 1986 (100 Stat. 3050), or other existing Federal laws. The United States is under no obligation to construct or furnish water treatment facilities to maintain or to better the quality of Project Water furnished to the Contractor pursuant to this contract. The United States does not warrant the quality of Project Water made available and delivered to the Contractor pursuant to this contract.

(b) The operation and maintenance of Project facilities shall be performed in such manner as is practicable to maintain the quality of raw water made available through such facilities at the highest level reasonably attainable as determined by the Contracting Officer. The Contractor shall be responsible for compliance with all State and Federal water quality standards applicable to surface and subsurface agricultural drainage discharges generated through the use of Federal or Contractor facilities or Project Water provided by the Contractor within the Contractor's Service Area/boundaries. This Article shall not affect or alter any legal obligations of the Secretary to provide drainage services.

WATER ACQUIRED BY THE CONTRACTOR OTHER THAN FROM THE UNITED STATES

17. Water or water rights now owned or hereafter acquired by the Contractor other than from the United States and Irrigation Water furnished pursuant to the terms of this interim renewal contract may be simultaneously transported through the same distribution facilities of the Contractor subject to the following: (i) if the facilities utilized for commingling Irrigation Water and non-Project water were constructed without funds made available pursuant to Federal Reclamation law, the provisions of Federal Reclamation law will be applicable only to the Landholders of lands which receive Irrigation Water; (ii) the eligibility of land to receive Irrigation Water must be established through the certification requirements as specified in the Acreage Limitation Rules and Regulations (43 CFR Part 426); (iii) the water requirements of Eligible Lands within the Contractor's Service Area/boundaries can be established and the quantity of Irrigation Water to be utilized is less than or equal to the quantity necessary to irrigate such Eligible Lands; and (iv) if the facilities utilized for commingling Irrigation Water and non-Project water are constructed with funds made available pursuant to Federal Reclamation law, the non-Project water will be subject to Federal Reclamation law, until such funds have been repaid.

OPINIONS AND DETERMINATIONS

18. (a) Where the terms of this interim renewal contract provide for actions to be based upon the opinion or determination of either party to this contract, said terms shall not be construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or determinations. Both parties, notwithstanding any other provisions of this contract, expressly reserve the right to seek relief from and appropriate adjustment, including monetary

damages, for any such arbitrary, capricious, or unreasonable opinion or determination. Each opinion or determination by either party shall be provided in a timely manner.

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

CHARGES FOR DELINQUENT PAYMENTS

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

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

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

EQUAL OPPORTUNITY

20. During the performance of this contract, the Contractor agrees as follows:

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

(2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without discrimination because of race, color, religion, sex, or national origin.

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

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

(5) The Contractor will furnish all information and reports required by said amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Contracting Officer and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

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

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

GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

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

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

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

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

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

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

PRIVACY ACT COMPLIANCE

23. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a) (the Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et seq.) in maintaining landholder acreage certification and reporting records, required to be submitted to the Contractor for compliance with Sections 206 and 228 of the Reclamation Reform Act of 1982 (96 Stat. 1266), and pursuant to 43 CFR 426.10.

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

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

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

(e) The Contractor shall forward promptly to the System Manager each proposed denial of access under 43 CFR 2.64; and each request for amendment of records filed under 43 CFR 2.71; notify the requester accordingly of such referral; and provide the System Manager with information and records necessary to prepare an appropriate response to the requester. These requirements do not apply to individuals seeking access to their own certification and reporting forms filed with the Contractor pursuant to 43 CFR 426.10, unless the requester elects to cite the Privacy Act as a basis for the request.

CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

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

WATER CONSERVATION

25. (a) Prior to the delivery of water provided from or conveyed through Federally constructed or Federally financed facilities pursuant to this contract, the Contractor shall be implementing an effective water conservation program based on the Contractor's water conservation plan that has been determined by the Contracting Officer to meet the conservation and efficiency criteria established under Federal law. The water conservation program shall contain definite water conservation objectives, appropriate economically feasible water conservation measures, and time schedules for meeting those objectives.

(b) Should the combined amount of M&I Water delivered pursuant to subdivision (a) of Article 3 during the term of this interim renewal contract equal or exceed 2,000 acre-feet , the Contractor shall implement the Best Management Practices identified by and the time frames issued by the California Urban Water Conservation Council unless any such practice is determined by the Contracting Officer to be inappropriate for the Contractor.

(c) As part of the water conservation program, the Contractor shall develop and be implementing a tiered block water pricing program that promotes conservation and the efficient management of Project Water during the term of this contract. Such pricing program for Project Water shall take into account all relevant circumstances, including without limitation, water shortages imposed under this interim renewal contract and the availability and cost of the Contractor's and individual water user's non-Project alternative sources of supply, including ground water and other non-Project water supplies, so that the Contractor's pricing structure provides incentives for conservation and the efficient management of overall water supply available to water users served by the Contractor. Provided, That no such tiered block water pricing program need be implemented by the Contractor if the Contracting Officer determines, based on information provided by the Contractor, that (i) such a pricing structure will not result in significant conservation of water available for use within the Contractor's service area, including ground water or (ii) other pricing program, conservation or management measures are more appropriate and/or will result in comparable or better conservation of the water supplies available within the Contractor's boundaries. Provided further, If the Contractor fails to, or elects not to, comply with this subdivision of Article 25, then any subsequent interim renewal contract shall contain a tiered pricing contractual provision pursuant to subsection (d) of Section 3405 of the CVPIA.

(d) The Contractor shall submit to the Contracting Officer by December 31, of each Calendar Year, an annual report on the status of its implementation of the water conservation program.

EXISTING OR ACQUIRED WATER OR WATER RIGHTS

26. Except as specifically provided in Article 17 of this contract, the provisions of this interim renewal contract shall not be applicable to or affect water or water rights now owned or hereafter acquired by the Contractor or any user of such water within the Contractor's Service Area/boundaries from other than the United States by the Contractor. Any such water shall not be considered Project Water under this contract. In addition, this interim renewal contract shall not be construed as limiting or curtailing any rights which the Contractor or any water user within the Contractor's Service Area/boundaries acquires or has available under any other contract pursuant to the Federal Reclamation law.

OPERATION AND MAINTENANCE BY NON-FEDERAL ENTITY

27. [DIVISIONAL ISSUE] (a) The responsibility for performing and, in some cases funding the operation and/or maintenance (O&M) of all or any portion or portions of the [division] facilities may be transferred to an Operating-Non-Federal Entity by one or more separate agreements between the United States and the Operating Non-Federal Entity. Any such agreements shall require the Operating Non-Federal Entity to perform the O&M in compliance with the provisions of this Contract and shall not interfere with the rights and obligations of the Contractor or the United States hereunder.

(b) If so notified in writing by the Contracting Officer, the Contractor shall pay directly to such Operating Non-Federal Entity in accordance with such notice, (1) that portion of the Rate (s) to be paid the United States pursuant to this Contract which the Contracting Officer determines is the Contractor's appropriate share of the costs of the O&M of the [division] facilities transferred to the Operating Non-Federal Entity for O&M; and (2) all appropriate additional amounts charged or assessed by the Operating Non-Federal Entity for the O&M of the [division] facilities. Such direct payments to such Operating Non-Federal Entity

shall not relieve the Contractor of its obligation to pay directly to the United States its allocated share of the remaining costs for the O&M of the Project.

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

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

BOOKS, RECORDS, AND REPORTS

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

ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

30. (a) The provisions of this contract shall apply to and bind the successors and assigns of the parties hereto, but no assignment or transfer of this contract or any right or interest therein shall be valid until approved in writing by the Contracting Officer.

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

SEVERABILITY

31. In the event that a person or entity who is neither (i) a party to a Project interim renewal contract, nor (ii) a person or entity that receives Project Water from a party to a Project interim renewal contract, nor (iii) an association or other form of organization whose primary function is to represent parties to Project interim renewal contracts, brings an action in a court of

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

OFFICIALS NOT TO BENEFIT

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

CHANGES IN CONTRACTOR'S BOUNDARIES

33. While this contract is in effect, no change may be made in the Contractor's boundaries, by inclusion or exclusion of lands, dissolution, consolidation, merger or otherwise, except upon the Contracting Officer's written consent.

NOTICES

34. Any notice, demand, or request authorized or required by this contract shall be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered to the Area Manager _____, and on behalf of the United States, when mailed, postage prepaid, or delivered to the Board of Directors of the _____. The designation of the addressee or the address may be changed by notice given in the same manner as provided in this Article for other notices.

IN WITNESS WHEREOF, the parties hereto have executed this interim renewal contract as of the day and year first above written.

THE UNITED STATES OF AMERICA

By: _____
Regional Director, Mid-Pacific Region
Bureau of Reclamation

(SEAL)

NAME OF DISTRICT/ENTITY

By: _____
President

Attest:

_____
Secretary

APPENDIX B(2)

EXISTING
INTERIM RENEWAL CONTRACT SAMPLE

used for six contractors in the Delta-Mendota Canal Unit
(Coelho Family Trust, Fresno Slough WD, James ID, RD 1606,
Tranquillity ID, and Tranquillity PUD)

Irrigation and/or M&I
R.O. Draft 12/12-2003
R.O. Draft 11/06-2003
Contract No. _____

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

INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES
AND
NAME OF ENTITY/DISTRICT
PROVIDING FOR PROJECT WATER SERVICE

THIS CONTRACT, made this _____ day of _____, 20____, in pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or supplementary thereto, including, but not limited to, the acts of August 26, 1937 (50 Stat. 844), as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1263), as amended and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter referred to as Federal Reclamation law, between THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, and ,

_____ hereinafter referred to as the Contractor, a public agency of the State of California, duly organized, existing, and acting pursuant to the laws thereof, with its principal place of business in _____(City), California;

WITNESSETH, That:

EXPLANATORY RECITALS

WHEREAS, the United States and the Contractor entered into an interim renewal contract identified as Contract No. _____-IR1, from _____ (insert beginning date, e.g., December 23, 2003) through February 29, 2004, hereinafter referred to as the Existing

Interim Renewal Contract, which provided for the continued water service to the Contractor following expiration of Contract No _____ (insert original contract number);

WHEREAS, the United States and the Contractor have made significant progress in their negotiations of a long-term renewal contract, believe that further negotiations on the long-term renewal contract would be beneficial, and mutually commit to continue to negotiate to seek to reach agreement, but anticipate that the environmental documentation necessary for execution of any long-term renewal contract will be delayed at least an additional 7 months, and may be delayed further for reasons beyond the control of the parties; and

WHERAS, the Contractor has requested a subsequent interim renewal contract pursuant to Subdivision (b) of Article 2 of the Existing Interim Renewal Contract; and

WHEREAS, the United States has determined that the Contractor has to date fulfilled all of its obligations under the Existing Interim Renewal Contract; and

WHEREAS, the United States is willing to renew the Existing Interim Renewal Contract pursuant to the terms and conditions set forth below;

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

INCORPORATION AND REVISION OF EXISTING INTERIM RENEWAL CONTRACT

1. The terms and conditions of the Existing Interim Renewal Contract are hereby incorporated by reference into this Contract with the same force and effect as if they were included in full text with the exception of Article 2 thereof, which is revised as follows:

(a) The first sentence in Subdivision (a) of Article 2 of the Existing Interim Renewal Contract is modified as follows: "This interim renewal contract shall be effective from March 1, 2004, and shall remain in effect through February 28, 2006, and thereafter will be renewed as described in Subdivision (a) of Article 2 of the Existing Interim Renewal Contract

if a long-term renewal contract has not been executed with an effective commencement date of March 1, 2006; Provided, that if a long-term renewal contract has been executed with an effective commencement date of March 1, 2005, this interim renewal contract shall expire on February 28, 2005."

(b) Subdivision (b) of Article 2 of the Existing Interim Renewal Contract is amended by deleting the date "February 15, 2004," and replacing same with the date "February 15, 2006."

(c) Subdivision (c) of Article 2 of the Existing Interim Renewal Contract is amended by deleting the dates "February 1, 2004," "February 15, 2004," and "February 29, 2004," and replacing same with the dates "February 1, 2006," "February 15, 2006," and "February 28, 2006," respectively.

IN WITNESS WHEREOF, the parties hereto have executed this interim renewal contract as of the day and year first above written.

THE UNITED STATES OF AMERICA

By: _____
Regional Director, Mid-Pacific Region
Bureau of Reclamation

(SEAL)

NAME OF ENTITY/DISTRICT

By: _____
President

Attest:

_____

Secretary

(I:\Interim Renewal Contracts - Drafts, charts, etc.\12 Month IRC 2004 (3-1-04 - 2-28-05).doc)