

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

INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES  
AND  
BELLA VISTA WATER DISTRICT  
PROVIDING FOR PROJECT WATER SERVICE

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7 INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES  
8 AND  
9 BELLA VISTA WATER DISTRICT  
10 PROVIDING FOR PROJECT WATER SERVICE

11 THIS CONTRACT, made this 9<sup>th</sup> day of February 2001, in pursuance generally  
12 of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or supplementary thereto,  
13 including, but not limited to, the acts of August 26, 1937 (50 Stat. 844), as amended and  
14 supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, July 2, 1956 (70  
15 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1262), as amended and Title  
16 XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter referred to as  
17 the Federal Reclamation law, between THE UNITED STATES OF AMERICA, hereinafter  
18 referred to as the *United States*, and BELLA VISTA WATER DISTRICT, hereinafter referred to  
19 as the Contractor, a public agency of the State of California, duly organized, existing, and acting  
20 pursuant to the laws thereof, with its principal place of business in Redding, California;

21 WITNESSETH, That:

22 EXPLANATORY RECITALS

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

1           WHEREAS, the United States constructed the Cow Creek Unit, which will be  
2 used for the furnishing of water to the Contractor pursuant to the terms of this interim renewal  
3 contract; and

4           WHEREAS, the Contractor and the United States entered into Contract No. 14-  
5 06-200-851A dated April 3, 1964, which provided the Contractor Central Valley Project water  
6 from the Cow Creek Unit; and

7           WHEREAS, the Contractor and the United States entered into interim renewal  
8 contract(s) identified as Contract No(s). 14-06-200-851A-IR1, 14-06-200-851A-IR2, and 14-06-  
9 200-851A-IR3, 14-06-200-851A-IR4, and 14-06-200-851A-IR5, the latter of which is hereinafter  
10 referred to as the Existing Interim Renewal Contract, which provided for the continued water  
11 service to the Contractor from December 1, 2000 through February 28, 2001; and

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

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

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

21           WHEREAS, rights of renewal of Contract No. 14-06-200-851A and to convert  
22 said contract to a contract as provided by subsection (d), Section 9 of the Act of August 4, 1939  
23 (53 Stat. 1187) are set forth in said contract; and



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

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

6 (c) "Contractor's Service Area" shall mean the area within the legally  
7 described boundaries of the Contractor. The Contractor's current Service Area is  
8 identified in the map attached hereto as Exhibit "B". The Contractor's Service Area and  
9 Exhibit "B" may be modified on approval of the Contracting Officer, without amendment  
10 of this contract;

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

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

15 (f) "Eligible Lands" shall mean all lands to which Irrigation Water may be  
16 delivered in accordance with Section 204 of the Reclamation Reform Act of October 12,  
17 1982 (96 Stat. 1263), as amended, hereinafter referred to as RRA;

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

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

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

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

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

8           (l) "M&I Water" shall mean water made available from the Project other than  
9 Irrigation Water. M&I Water shall include water used for purposes such as the watering  
10 of landscaping or pasture for animals (e.g., horses) which are kept for personal enjoyment  
11 or water delivered to landholdings operated in units of less than two (2) acres unless the  
12 Contractor establishes to the satisfaction of the Contracting Officer that the use of water  
13 delivered to any such landholding is a use described in subdivision (j) of this Article;

14           (m) "O&M" shall mean normal and reasonable care, control, operation, repair,  
15 replacement, administration of federal lands and facilities, and maintenance of the  
16 Transferred Works;

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

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

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

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

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

8 (s) "Project Works" shall mean the Wintu Pumping Plant, the Bella Vista  
9 conduit, and all necessary federal lands and related facilities and structures located  
10 thereon;

11 (t) "Distribution System" shall mean the general distribution and lateral  
12 system, and related works or a portion or portions thereof, constructed by the United  
13 States pursuant to Contract No. 14-06-200-851A, and all federal lands and federal  
14 interests in lands held in connection therewith;

15 (u) "Transferred Works" shall mean "Project Works" or "Distribution System"  
16 or both, as defined herein, or portions thereof which have been transferred to the  
17 Contractor for operation and maintenance, pursuant to the terms of Contract No. 14-06-  
18 200-851A.

19 TERM OF CONTRACT - RIGHT TO USE OF WATER

20 2. (a) This interim renewal contract shall be effective from March 1, 2001 and  
21 shall remain in effect through February 28, 2002, and thereafter will be renewed as described in  
22 this article. Except as provided in subdivision (b) of this Article, until completion of all  
23 appropriate environmental review, and provided that the Contractor has complied with all the  
24 terms and conditions of the interim renewal contract in effect for the period immediately



1 preceding the requested successive interim renewal contract, this interim renewal contract will be  
2 renewed, upon request of the Contractor, for successive interim periods each of which shall be no  
3 more than two (2) Years in length. Also, except as provided in subdivision (b) of this Article, in  
4 order to promote orderly and cost effective contract administration, the terms and conditions in  
5 subsequent interim renewal contracts shall be identical to the terms and conditions in the interim  
6 renewal contract immediately preceding the subsequent interim renewal contract: Provided,  
7 however, That each party preserves the right to propose modification(s) in any interim renewal  
8 contract other than those described in subdivision (b) of this Article, in which case the parties  
9 shall negotiate in good faith appropriate modification(s) to be included in any successive interim  
10 renewal contracts. Said modification(s) of each successive interim renewal contract shall be  
11 agreed upon within a reasonable time prior to the expiration of the then existing interim renewal  
12 contract. Nothing in this Article shall in any way alter the obligation that, upon final completion  
13 of the PEIS and any necessary supplemental environmental documentation, the Secretary shall,  
14 pursuant to Federal Reclamation law, upon request of the Contractor, enter into a long-term  
15 renewal contract for a period of twenty-five (25) Years and may thereafter renew such long-term  
16 renewal contracts for successive periods not to exceed twenty-five (25) Years each. The  
17 Contractor asserts that Contract No. 14-06-200-851A and existing law go beyond the preceding  
18 sentence to give it enforceable rights to successive long-term renewal contracts. The Contracting  
19 Officer disagrees with that assertion. The parties agree that this interim renewal contract  
20 preserves the rights and positions of the parties and that the omission of language in this interim  
21 renewal contract setting out the rights asserted by the Contractor to successive renewals is not  
22 intended to be, nor shall it be interpreted as, a waiver of any such rights to the extent any such  
23 rights are later determined to exist by a court of competent jurisdiction or by mutual agreement of  
24 the parties. If a court of competent jurisdiction or the parties by mutual agreement determine that

1 incorporation of such language in this interim renewal contract is necessary to preserve such  
2 rights, this interim renewal contract shall be construed as incorporating such language as though  
3 fully set forth herein as of the effective date hereof.

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

9 (1) In the event (i) the Contractor and Contracting Officer have  
10 reached agreement on the terms of the Contractor's long-term renewal contract or (ii) the  
11 Contractor and Contracting Officer have not completed the negotiations on the Contractor's  
12 long-term renewal contract, believe that further negotiations on that contract would be beneficial,  
13 and mutually commit to continue to negotiate to seek to reach agreement, but (iii) all  
14 environmental documentation required to allow execution of the Contractor's long-term renewal  
15 contract by both parties has not been completed in time to allow execution of the Contractor's  
16 long-term renewal contract by November 30, 2001, then (iv) the parties will expeditiously  
17 complete the environmental documentation required of each of them in order to execute the  
18 Contractor's long-term renewal contract at the earliest practicable date. In addition, the  
19 Contractor's then current interim renewal contract will be renewed without change upon the  
20 request of either party through the agreed-upon effective date of the Contractor's long-term  
21 renewal contract or, in the absence of agreement on the terms of the Contractor's long-term  
22 renewal contract, through the succeeding February 28.

23 (2) Provided that this interim renewal contract is not subject to  
24 renewal under the terms described in subdivision (1) of this Article, if a party determines that the

1 parties have reached an impasse which they have been unable to resolve and which precludes  
2 agreement on the long-term renewal contract, that party may notify the other that it has concluded  
3 that there is no reasonable likelihood of reaching agreement on the terms of a long-term renewal  
4 contract. In the event of such notice, the parties will immediately agree to a schedule and process  
5 for negotiating the terms (other than any terms that would impair continuity of water supply or  
6 continuity of contract) of and executing an interim renewal contract; provided that neither party  
7 will propose for inclusion in the interim renewal contract any provision not previously included  
8 in an existing interim renewal contract which it had previously proposed for inclusion in the  
9 long-term renewal contract and which was the subject of an impasse in the long-term renewal  
10 contract negotiations. The schedule will provide for completion of the negotiations of the terms  
11 of that contract by February 1, 2002, and for execution of the contract on or about February 15,  
12 2002. The parties each acknowledge the right of either party to seek judicial relief in connection  
13 with any impasse reached in connection with negotiation of the long-term renewal contract  
14 and/or an interim renewal contract that would become effective on or after February 28, 2002.

15 (c) The parties acknowledge that the Contractor asserts that it is entitled as a  
16 matter of law to an interim renewal contract of longer duration than twelve (12) months, and that  
17 the Contracting Officer asserts that it is under no obligation to provide the Contractor with an  
18 interim renewal contract of any particular duration. Accordingly, the parties further acknowledge  
19 that (i) the foregoing process represents a mutual accommodation to facilitate their joint desire to  
20 proceed with the development of a long-term renewal contract in an expeditious and orderly  
21 manner, (ii) they each preserve their respective rights and positions relative to the entitlement of  
22 the Contractor to subsequent interim renewal contracts should they become necessary, and the  
23 terms thereof, and (iii) their agreement to the process and interim renewal contract terms

1 described above is in no way intended to be, nor will it be interpreted as, a waiver of any such  
2 rights or positions, all of which are and will be expressly preserved.

3 (d) The omission of language in this interim renewal contract providing for  
4 conversion of this interim renewal contract or any subsequent renewals thereof to a repayment  
5 contract, pursuant to the Act of July 2, 1956 (70 Stat. 483), shall not prejudice the Contractor's  
6 right to assert a right to have such language included in subsequent renewals of this interim  
7 renewal contract or to exercise such conversion, all as provided by law, or to negotiate the  
8 language regarding such conversion to be included in subsequent renewal contracts.

9 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

10 3. (a) Subject to the provisions set forth in Articles 11 and 12 hereof, and  
11 consistent with applicable State water rights, permits and licenses, the Contractor shall be  
12 entitled to a maximum of 24,000 acre-feet of Project Water during any Year for irrigation and/or  
13 municipal and industrial purposes. However, the Contracting Officer shall be obligated to  
14 deliver not more than 18,725 acre-feet of Project Water for irrigation and/or municipal and  
15 industrial purposes during the term of this interim renewal contract. The Contractor may request,  
16 and the Contracting Officer shall be obligated to deliver to the Contractor, such additional  
17 amounts of Project Water, up to the above stated Contractor's maximum entitlement, Provided  
18 that the requirements of Federal law, if any, which apply to the delivery and use of such  
19 additional quantities of Project Water have been met, and Provided Further, that the Contractor  
20 does not waive its rights to assert that Federal laws do not apply to the delivery and use of such  
21 additional quantities of Project Water other than as set forth in other provisions or subdivisions  
22 of this interim renewal contract. The quantity of Project Water delivered to the Contractor in  
23 accordance with this Article 3(a) in any Year shall be scheduled and paid for pursuant to the  
24 provisions of Articles 4 and 7 hereof, and shall not exceed the quantity of Project Water the

1 Contractor intends to put to reasonable beneficial use within the Contractor's Service Area or  
2 sold, transferred, or exchanged pursuant to Article 9, or sold pursuant to Article 27 hereof, during  
3 the term of this interim renewal contract.

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

10 (c) The Contractor shall make reasonable and beneficial use of Project Water  
11 or other water furnished pursuant to this interim renewal contract. Use of Project Water in a  
12 groundwater recharge program shall be permitted under this contract to the extent that it is  
13 recognized as a reasonable and beneficial use of water under California law and is otherwise  
14 carried out in accordance with California law; Provided, however, that such a groundwater  
15 recharge program cannot be undertaken until the Contractor submits a groundwater management  
16 plan that is consistent and in compliance with any Central Valley Project-wide groundwater  
17 recharge policies that may hereafter be adopted by the Bureau of Reclamation and that  
18 demonstrates to the Contracting Officer's satisfaction that groundwater recharge will enhance the  
19 Contractor's use and management of its overall water supply. Further, the use of Project Water  
20 by sale to certain water users outside the Contractor's Service Area, as authorized under Article  
21 27 hereof and approved by the Contracting Officer, shall be considered a reasonable and  
22 beneficial use of Project Water.

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

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

13 (f) The Contractor's right pursuant to Federal Reclamation law and applicable  
14 State law to the beneficial use of water furnished pursuant to this interim renewal contract, any  
15 subsequent interim renewal contract and, as described in Article 2(a), any long-term renewal  
16 contract, shall not be disturbed so long as the Contractor shall fulfill all of its obligations under  
17 this interim renewal contract and any such renewal thereof. Nothing in the preceding sentence  
18 shall affect the Contracting Officer's ability to impose shortages under Article 12 of this interim  
19 renewal contract and the applicable provisions of any such renewal thereof.

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

1 TIME FOR DELIVERY OF WATER

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

12 (b) On or before each March 1, the Contractor shall submit to the Contracting  
13 Officer and at such other times as necessary, a written schedule, satisfactory to the Contracting  
14 Officer, showing the times, and quantities of Project Water to be delivered by the United States  
15 to the Contractor during the upcoming Year pursuant to this interim renewal contract, and,  
16 consistent with subdivision (a) of Article 3 herein.

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

22 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

23 5. (a) The Project Water to be furnished to the Contractor pursuant to this  
24 interim renewal contract shall be made available to the Contractor at the Sacramento River at the

1 Wintu Pumping Plant and any additional point or points of delivery either on Project facilities or  
2 another location or locations mutually agreed to in writing by the Contracting Officer and the  
3 Contractor.

4 (b) The Contracting Officer shall make all reasonable efforts to maintain  
5 sufficient flows and levels of water in the Sacramento River to furnish Project Water to the  
6 Contractor at the Wintu Pumping Plant established as a delivery point pursuant to subparagraph  
7 (a) of this Article 5.

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

13 (d) All Project Water delivered to the Contractor pursuant to this interim  
14 renewal contract shall be measured and recorded with equipment originally furnished and  
15 installed by the United States, and operated, maintained, and replaced as necessary by the  
16 Contractor at the point or points of delivery established pursuant to subdivision (a) of this  
17 Article. Upon the request of either party to this interim renewal contract, the Contracting Officer  
18 shall investigate the accuracy of such measurements and shall take any necessary steps to adjust  
19 any errors appearing therein. The Contractor shall advise the Contracting Officer on or before the  
20 10th calendar day of each month of the quantity of M&I and Irrigation Water taken during the  
21 preceding month.

22 (e) The United States shall not be responsible for the control, carriage,  
23 handling, use, disposal, or distribution of Project Water made available to the Contractor  
24 pursuant to this interim renewal contract beyond the delivery points specified in subdivision (a)



1 of this Article. The Contractor shall indemnify the United States, its officers, employees, agents  
2 and assigns on account of damage or claim of damage of any nature whatsoever for which there  
3 is legal responsibility, including property damage, personal injury or death arising out of or  
4 connected with the control, carriage, handling, use, disposal, or distribution of such Project  
5 Water beyond such delivery points, except for any damage or claim arising out of (i) acts  
6 performed by the United States or any of its officers, employees, agents or assigns, with the  
7 intent of creating the situation resulting in any damage or claim, (ii) willful misconduct of the  
8 United States or any of its officers, employees, agents, or assigns, or (iii) negligence of the  
9 United States or any of its officers, employees, agents or assigns.

10 (f) The United States shall furnish such power as may be necessary to deliver  
11 Project Water through the Project Works. The costs for such power are included within the  
12 Rates set forth in Exhibit "A" attached hereto, and as such exhibit may be amended from Year to  
13 Year.

#### 14 MEASUREMENT OF WATER WITHIN THE DISTRICT

15 6. (a) As of the date hereof, the Contractor measures all deliveries of Irrigation  
16 Water and M&I Water at its agricultural turnouts or service connections, respectively, and the  
17 Contracting Officer acknowledges that such water measurement devices are acceptable and are in  
18 use. All new surface water delivery systems installed within the Contractor's Service Area after  
19 the effective date of this interim renewal contract shall also be equipped with water measuring  
20 devices acceptable to the Contracting Officer. The Contractor shall be responsible for  
21 maintaining, repairing, installing and operating all such measuring devices at no cost to the  
22 United States. The Contractor shall use the information obtained from such water measuring  
23 devices or water measuring methods to ensure proper management of the water; to bill water  
24 users for water delivered by the Contractor; and, if applicable, to record water delivered for

1 municipal and industrial purposes by customer class as defined in its water conservation plan.  
2 Nothing herein contained, however, shall preclude the Contractor from establishing and  
3 collecting any charges, assessments or other revenues authorized by California law. The  
4 Contractor shall include a summary of its annual surface water deliveries in the annual report  
5 described in Article 25(d).

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

9 (c) The Contractor shall be responsible for ascertaining whether the Project  
10 Water delivered by it is put to use as Irrigation Water or M&I Water and for reporting changes in  
11 usage to the Contracting Officer so that the Contracting Officer can prospectively make any  
12 necessary adjustments to the Rates and Charges. The Contractor shall continuously collect such  
13 information and take such other steps as may be necessary in this regard.

#### 14 RATES AND METHOD OF PAYMENT FOR WATER

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

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

23 (1) Prior to July 1, of each Calendar Year, the Contracting Officer  
24 shall provide the Contractor the preliminary calculation of the Charges that will be applied for

1 the period October 1, of the current Calendar Year, through September 30, of the following  
2 Calendar Year, and identify the statutes, regulations and guidelines used as the basis for such  
3 calculations. On or before September 15, of each Calendar Year, the Contracting Officer shall  
4 notify the Contractor in writing of the Charges to be in effect during the period October 1, of the  
5 current Calendar Year, through September 30, of the following Calendar Year, and such  
6 notification shall revise Exhibit "A."

7 (2) Prior to October 1 of each Calendar Year, the Contracting Officer  
8 shall make available to the Contractor an estimate of the Rates of payment for the following Year  
9 and the computations and cost allocations upon which those Rates are based. The Contractor  
10 shall be allowed not less than two months to review and comment on such computations and cost  
11 allocations. By December 31 of each Calendar Year, the Contracting Officer shall provide the  
12 Contractor with the final Rates to be in effect for the upcoming Year, and such notification shall  
13 revise Exhibit "A."

14 (c) At the time the Contractor submits the initial schedule for the delivery of  
15 Project Water for each Year pursuant to Article 4(b) of this interim renewal contract, the  
16 Contractor shall pay the United States the total amount payable pursuant to the applicable Rate(s)  
17 for all Project Water scheduled to be delivered pursuant to this interim renewal contract during  
18 the first two (2) calendar months of the Year. Before the end of the first month or part thereof of  
19 the Year, and before the end of each calendar month thereafter, the Contractor shall pay pursuant  
20 to the applicable Rate(s) for all Project Water scheduled to be delivered pursuant to this interim  
21 renewal contract during the second month immediately following. Adjustments between the  
22 payments for the scheduled amount of Project Water and the appropriate payments for quantities  
23 of Delivered Water furnished pursuant to this interim renewal contract each month shall be made  
24 before the end of the following month: Provided, That any revised schedule submitted by the

1 Contractor pursuant to Article 4 which increases the amount of Project Water to be delivered  
2 pursuant to this interim renewal contract during any month shall be accompanied with  
3 appropriate payment for Rates to assure that Project Water is not furnished to the Contractor in  
4 advance of such payment. In any month in which the quantity of Delivered Water furnished to  
5 the Contractor pursuant to this interim renewal contract equals the quantity of Project Water  
6 scheduled and paid for by the Contractor, no additional Project Water shall be made available to  
7 the Contractor unless and until payment of Rates for such additional Project Water is made.  
8 Final adjustment between the payments of Rates for the Project Water scheduled and the  
9 quantities of Delivered Water furnished during each Year pursuant to its contract shall be made  
10 as soon as possible but no later than April 30th of the following Year.

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

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

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

3 (g) Revenues received by the United States pursuant to this interim renewal  
4 contract shall be allocated and applied in accordance with Federal Reclamation law, including  
5 but not limited to, subsection 3 of Section 1 of the Act of July 2, 1956 (70 Stat. 483), and  
6 subsection (f) of Section 3405, subsection (c)(1) of Section 3406 and subsection (d)(2)(A) of  
7 Section 3407 of the CVPIA, and the associated regulations, including but not limited to, the  
8 Project Irrigation Water ratesetting policy and the Project M&I ratesetting policy promulgated  
9 pursuant to the Administrative Procedures Act.

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

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

1                   NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

2           8.       The Contractor and the Contracting Officer concur that at the time of execution of  
3 this interim renewal contract, the Contractor has no non-interest bearing operation and  
4 maintenance deficits and shall have no further liability therefor.

5                   TRANSFERS OR EXCHANGES OF WATER

6           9.       (a)     The right to Project Water provided for in this interim renewal contract  
7 may be sold, transferred, or exchanged to others for beneficial uses within the State of California  
8 if such sale, transfer or exchange is authorized by applicable Federal laws, State laws, and  
9 applicable guidelines or regulations then in effect. The right to sell, transfer or exchange Project  
10 Water shall include, and the Contracting Officer shall apply this Article in a manner that does not  
11 impede or restrict, lawful short-term sales, transfers, or exchanges of the type the Contractor  
12 historically carried out with approval of the Contracting Officer under Contract No. 14-06-200-  
13 851A. No sale, transfer or exchange of the right to Project Water under this interim renewal  
14 contract may take place without the prior written approval of the Contracting Officer.

15                   (b)     For the purpose of determining whether section 3405(a)(1)(M) of the  
16 CVPIA applies to the Contractor as a transferor or a transferee of Project Water, the Contracting  
17 Officer acknowledges that the Contractor is within a county, watershed, or other area of origin, as  
18 those terms are utilized under California law, of water that constitutes the natural flow of the  
19 Sacramento River and its tributaries above the confluence of the American and Sacramento  
20 Rivers.

21                   APPLICATION OF PAYMENTS AND ADJUSTMENTS

22           10.     (a)     The amount of any overpayment by the Contractor shall be applied first to  
23 any accrued indebtedness arising out of this interim renewal contract then due and payable by the  
24 Contractor. Any amount of such overpayment then remaining shall, at the option of the

1 Contractor, be refunded to the Contractor or credited upon amounts to become due to the United  
2 States from the Contractor under the provisions hereof in the following months. With respect to  
3 overpayment, such adjustment shall constitute the sole remedy of the Contractor or anyone  
4 having or claiming to have the right to the use of any of the water supply provided for herein.

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

10 TEMPORARY REDUCTIONS--RETURN FLOWS

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

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

1 reduction: Provided Further, That with respect to any quantity of Project Water not delivered  
2 after a discontinuance or reduction the Contractor shall be relieved of its scheduling and payment  
3 obligations for such quantity of Project Water.

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

#### 10 WATER SHORTAGE AND APPORTIONMENT

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

16 (b) If there is a reduction in the total water supply available to the Contractor  
17 during any Year because of errors in physical operations of the Project, drought, other physical  
18 causes beyond the control of the Contracting Officer or actions taken by the Contracting Officer  
19 to meet legal obligations, no liability shall accrue against the United States or any of its officers,  
20 agents, or employees for any damages, direct or indirect, arising therefrom, so long as actions  
21 based upon the opinions or determinations of the Contracting Officer are consistent with the  
22 standards in Article 18.

23 (c) In any Year in which there may occur a shortage for any of the reasons  
24 specified in subdivision (b) above, the Contracting Officer shall apportion the available Project



1 Water supply among the Contractor and others entitled, under existing contracts and future  
2 contracts (to the extent such future contracts are permitted under subsections (a) and (b) of  
3 Section 3404 of the CVPIA) and renewals thereof, to receive Project Water consistent with the  
4 contractual obligations of the United States, Provided, That no reduction shall be made to M&I  
5 Water made available to the Contractor unless and until reductions have also been imposed on  
6 irrigation users receiving water from the integrated Project Water supply, irrespective of water  
7 allocations as determined by the Contracting Officer made to prevent undue hardship: Provided  
8 Further, That in no Year of shortage shall the Contracting Officer reduce the quantity of M&I  
9 Water made available to the Contractor by more than 25 percent of historical use, as defined in  
10 subdivision (e) of this Article, unless the type of water shortage emergency condition described  
11 in subdivision (f) of this Article exists. The quantity of Project Water made available to the  
12 Contractor shall be determined in accordance with the following subdivisions of this Article.

13 (d) Regulatory Restrictions. During any Year in which the Contracting Officer  
14 determines that the United States will be unable to provide the full supply of Project Water  
15 specified in this contract, and the basis of that determination is regulatory restrictions on the  
16 delivery of Project Water to the Contractor, the minimum amount of M&I Water the Contracting  
17 Officer will make available to the Contractor for municipal and industrial use shall be 85 percent  
18 of historical use, as defined below.

19 (e) Water Shortages. During any Year in which the Contracting Officer  
20 determines that the United States will be unable to provide the full supply of Project Water  
21 specified in this contract, and the basis of this determination is a shortage of M&I Water, the  
22 quantity of M&I Water the Contracting Officer will make available to the Contractor for  
23 municipal and industrial use shall be a percentage of historical use as defined below. The amount  
24 of M&I Water made available to the Contractor for municipal and industrial use pursuant to this

1 subdivision shall not be less than 75 percent of historical use. Historical use shall be the average  
2 quantity of M&I Water put to beneficial use within the Contractor's Service Area during the last  
3 three years of water deliveries not affected by water shortages, including adjustment for growth.

4 (f) Minimum Public Health. During any Year in which the Contracting  
5 Officer determines that the United States will be unable to provide the full supply of Project  
6 Water specified in this contract to the Contractor, and the basis of that determination is that the  
7 Project Water supply is so severe that shortages beyond those in subdivision (c) are deemed  
8 necessary for Project municipal and industrial users, the Contracting Officer shall declare that a  
9 state of water shortage emergency exists with respect to water available to municipal and  
10 industrial users. A state of water shortage emergency shall not be declared for municipal and  
11 industrial users unless Project agricultural water users' allocation is being established on a case-  
12 by case basis for sustaining the life of trees and vines. During a water shortage emergency,  
13 municipal and industrial water service contractor allocations, including the Contractor, shall be  
14 sufficient to satisfy public health and safety requirements, as calculated by the Contractor,  
15 pursuant to its then current water shortage contingency plan.

16 (g) Upon filing of the Record of Decision associated with the environmental  
17 documentation mandated by Section 3409 of P.L. 102-575, or upon negotiation of the next  
18 successive interim renewal contract, whichever is earlier in time, the Contractor and the  
19 Contracting Officer shall renegotiate the provisions of this Article. The renegotiation of this  
20 Article will be for the purpose of modifying this Article consistent with the then existing Project  
21 shortage policy.

#### 22 UNAVOIDABLE GROUNDWATER PERCOLATION

23 13. The Contractor shall not be deemed to have furnished Irrigation Water to Excess  
24 Lands or Ineligible Lands within the meaning of this interim renewal contract if such lands are

1 irrigated with groundwater that reaches the underground strata as an unavoidable result of the  
2 furnishing of Irrigation Water by the Contractor to Eligible Lands.

3 COMPLIANCE WITH FEDERAL RECLAMATION LAW

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

6 WATER AND AIR POLLUTION CONTROL

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

11 QUALITY OF WATER

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

21 (b) The operation and maintenance of Project facilities shall be performed in  
22 such manner as is practicable to maintain the quality of raw water made available through such  
23 facilities at the highest level reasonably attainable as determined by the Contracting Officer. The  
24 Contractor shall be responsible for compliance with all State and Federal water quality standards  
25 applicable to surface and subsurface agricultural drainage discharges generated through the use of

1 Federal or Contractor facilities or Project Water provided by the Contractor within the  
2 Contractor's Service Area. This Article shall not affect or alter any legal obligations of the  
3 Secretary to provide drainage services.

4 WATER ACQUIRED BY THE CONTRACTOR OTHER THAN  
5 FROM THE UNITED STATES

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

21 OPINIONS AND DETERMINATIONS

22 18. (a) Where the terms of this interim renewal contract provide for actions to be  
23 based upon the opinion or determination of either party to this contract, said terms shall not be  
24 construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable

1 opinions or determinations. Both parties, notwithstanding any other provisions of this contract,  
2 expressly reserve the right to seek relief from and appropriate adjustment, including monetary  
3 damages, for any such arbitrary, capricious or unreasonable opinion or determination. Each  
4 opinion or determination by either party shall be provided in a timely manner.

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

#### 10 CHARGES FOR DELINQUENT PAYMENTS

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

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

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

#### 28 EQUAL OPPORTUNITY

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

30 (1) The Contractor will not discriminate against any employee or applicant for  
31 employment because of race, color, religion, sex, or national origin. The Contractor will  
32 take affirmative action to ensure that applicants are employed, and that employees are

1 treated during employment, without regard to their race, color, religion, sex, or national  
2 origin. Such action shall include, but not be limited to, the following: Employment,  
3 upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or  
4 termination, rates of payment or other forms of compensation; and selection for training,  
5 including apprenticeship. The Contractor agrees to post in conspicuous places, available  
6 to employees and applicants for employment, notices to be provided by the Contracting  
7 Officer setting forth the provisions of this nondiscrimination clause.

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

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

18 (4) The Contractor will comply with all provisions of Executive Order No.  
19 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant  
20 orders of the Secretary of Labor.

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

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

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

1 with a subcontractor or vendor as a result of such direction, the Contractor may request  
2 the United States to enter into such litigation to protect the interests of the United States.

3 GENERAL OBLIGATION--BENEFITS  
4 CONDITIONED UPON PAYMENT

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

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

15 COMPLIANCE WITH CIVIL RIGHTS LAWS  
16 AND REGULATIONS

17 22. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964  
18 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the  
19 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights  
20 laws, as well as with their respective implementing regulations and guidelines imposed by the  
21 U.S. Department of the Interior and/or Bureau of Reclamation.

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

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

36 PRIVACY ACT COMPLIANCE

37 23. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a)  
38 (the Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et

1 seq.) in maintaining landholder acreage certification and reporting records, required to be  
2 submitted to the Contractor for compliance with sections 206 and 228 of the Reclamation  
3 Reform Act of 1982 (96 Stat. 1266), and pursuant to 43 CFR 426.10.

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

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

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

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

#### 24 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

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



## WATER CONSERVATION

1  
2           25.   (a)   Prior to the delivery of water provided from or conveyed through Federally  
3 constructed or Federally financed facilities pursuant to this contract, the Contractor shall be  
4 implementing an effective water conservation program based on the Contractor's water  
5 conservation plan that has been determined by the Contracting Officer to meet the conservation  
6 and efficiency criteria established under Federal law. The water conservation program shall  
7 contain definite water conservation objectives, appropriate economically feasible water  
8 conservation measures, and time schedules for meeting those objectives.

9           (b)   Should the combined amount of M&I Water delivered pursuant to  
10 subdivision (a) of Article 3 during the term of this interim renewal contract equal or exceed  
11 2,000 acre-feet, the Contractor shall implement the Best Management Practices identified by and  
12 the time frames issued by the California Urban Water Conservation Council unless any such  
13 practice is determined by the Contracting Officer to be inappropriate for the Contractor.

14           (c)   As part of the water conservation program, the Contractor shall develop  
15 and be implementing a tiered block water pricing program that promotes conservation and the  
16 efficient management of Project Water during the term of this contract. Such pricing program for  
17 Project Water shall take into account all relevant circumstances, including without limitation,  
18 water shortages imposed under this interim renewal contract and the availability and cost of the  
19 Contractor's and individual water user's non-Project alternative sources of supply, including  
20 ground water and other non-Project water supplies, so that the Contractor's pricing structure  
21 provides incentives for conservation and the efficient management of overall water supply  
22 available to water users served by the Contractor. Provided, That no such tiered block water  
23 pricing program need be implemented by the Contractor if the Contracting Officer determines,  
24 based on information provided by the Contractor, that (i) such a pricing structure will not result

1 in significant conservation of water available for use within the Contractor's service area,  
2 including ground water or (ii) other pricing program, conservation or management measures are  
3 more appropriate and/or will result in comparable or better conservation of the water supplies  
4 available within the Contractor's boundaries. Provided further, If the Contractor fails to, or elects  
5 not to, comply with this subdivision of Article 25, then any subsequent interim renewal contract  
6 shall contain a tiered pricing contractual provision pursuant to subsection (d) of Section 3405 of  
7 the CVPIA.

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

#### 11 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

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

#### 20 SALES AND DELIVERY OUTSIDE OF CONTRACTOR'S SERVICE AREA

21 27. The Contractor may enter into contracts for the sale or delivery of Project Water  
22 to certain water-users or water-user organizations who are located outside the Service Area of the  
23 Contractor and who are not under contract with the United States for supply of Project Water;  
24 Provided, That the validity of any such contract shall be expressly conditioned upon prior

1 approval by the Contracting Officer; Provided, That any such contract for sale of Project Water  
2 to an entity, organization, or person which resells or redistributes the water to end-users shall  
3 require that the water-purchaser submit a water conservation plan or program to the Contracting  
4 Officer—or a substitute acceptable to the Contracting Officer—in a form acceptable to the  
5 Contracting Officer, and subject to ongoing monitoring and enforcement by the Contracting  
6 Officer.

7 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

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

13 BOOKS RECORDS AND REPORTS

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

23 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

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

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

1 SEVERABILITY

2 31. In the event that a person or entity who is neither (i) a party to a Project interim  
3 renewal contract, nor (ii) a person or entity that receives Project Water from a party to a Project  
4 interim renewal contract, nor (iii) an association or other form of organization whose primary  
5 function is to represent parties to Project interim renewal contracts, brings an action in a court of  
6 competent jurisdiction challenging the legality or enforceability of a provision included in this  
7 interim renewal contract and said person, entity, association, or organization obtains a final court  
8 decision holding that such provision is legally invalid or unenforceable and the Contractor has  
9 not intervened in that lawsuit in support of the plaintiff(s), the parties to this interim renewal  
10 contract shall use their best efforts to (i) within thirty (30) days of the date of such final court  
11 decision identify by mutual agreement the provisions in this interim renewal contract which must  
12 be revised, and (ii) within three (3) months thereafter promptly agree on the appropriate  
13 revision(s). The time periods specified above may be extended by mutual agreement of the  
14 parties. Pending the completion of the actions designated above, to the extent it can do so  
15 without violating any applicable provisions of law, the United States shall continue to make the  
16 quantities of Project Water specified in this interim renewal contract available to the Contractor  
17 pursuant to the provisions of this interim renewal contract which were not found to be legally  
18 invalid or unenforceable in the final court decision.

19 OFFICIALS NOT TO BENEFIT

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

23 CHANGES IN CONTRACTOR'S BOUNDARIES

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

1 NOTICES

2 34. Any notice, demand, or request authorized or required by this contract shall be  
3 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or  
4 delivered to the Area Manager, Bureau of Reclamation, Northern California Area Office, 16349  
5 Shasta Dam Boulevard, Shasta Lake, CA 96019-8400, and on behalf of the United States, when  
6 mailed, postage prepaid, or delivered to the Board of Directors of the Bella Vista Water District,  
7 11368 East Stillwater Way, Redding CA 96003. The designation of the addressee or the address  
8 may be changed by notice given in the same manner as provided in this Article for other notices.

9 AMENDATORY CONTRACT

10 35. The parties hereto acknowledge and agree that Part A (i.e., Articles 2 through 10)  
11 of Contract No. 14-06-200-851A, is replaced by this interim renewal contract. The respective  
12 duties, covenants and obligations of the parties in Contract No. 14-06-200-851A which are not  
13 replaced by this interim renewal contract shall continue in full force and effect pending prompt  
14 completion of good faith negotiations between the parties to agree upon an amendatory contract.

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

3 THE UNITED STATES OF AMERICA  
4

5 By: /s/ Lowell F. Ploss  
6 FOR Regional Director, Mid-Pacific Region  
7 Bureau of Reclamation

8 BELLA VISTA WATER DISTRICT

9 By: /s/ Todd R. Sikes  
10 President

11 Attest:

12 /s/ Robert W. Dietz  
13 Robert W. Dietz, Secretary

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

14 (SEAL)

2001 Water Rates and Charges for Interim Renewal Contract No. 14-06-200-851-A-IR6  
Bella Vista Water District - Cow Creek Unit

	<u>Cost of Service</u>		<u>Calculated</u>
	<u>Irrigation</u>	<u>M&amp;I</u>	<u>Payment Capacity 1/ Irrigation</u>
<u>COST OF SERVICE RATES:</u>			
Capital Rates	\$9.66	\$21.04	\$ 0.00
O&M Rates:			
Water Marketing	6.91	7.00	6.91
Storage	4.23	4.47	4.23
Direct Pumping	5.09	5.09	5.09
Deficit Rates:			
Interest Bearing	<u>0.00</u>	<u>21.93</u>	<u>0.00</u>
TOTAL	<u>\$25.89</u>	<u>\$59.53</u>	<u>\$16.23</u>

FULL-COST RATES: 2/

CHARGES UNDER P.L. 102-575 TO THE  
RESTORATION FUND 3/

Restoration Payments (3407(d) (2) (A))	<u>\$ 7.28</u>	<u>\$14.56</u>	<u>\$ 0.00</u>
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- 1/ Established pursuant to the results of the Payment Capacity Analysis for the Clear Creek CSD and Bella Vista WD as announced by letter dated October 2, 1996.
- 2/ These rates will be provided separately as needed.
- 3/ Restoration fund charges are payments in addition to the water rates and were determined pursuant to Title XXXIV of Public Law 102-575. Restoration fund charges are on a fiscal year basis (10/1 - 9/30).