

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

INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES
AND
THE CITY OF SHASTA LAKE
PROVIDING FOR PROJECT WATER SERVICE

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THIS CONTRACT, made this 28th day of February 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. 1262), 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 THE CITY OF SHASTA LAKE, 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 Shasta Lake, 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

1 beneficial uses, of waters of the Sacramento River, the American River, the Trinity River, and
2 the San Joaquin River and their tributaries; and

3 WHEREAS, the United States constructed the Shasta Dam pumping facilities and
4 the Toyon Pipeline, which will be used in part for the furnishing of water to the Contractor
5 pursuant to the terms of this interim renewal contract; and

6 WHEREAS, on August 12, 1948, the Shasta Dam Area Public Utility District
7 (Shasta Dam Area) and the United States entered into Contract No. I1r-1515, which contract, as
8 amended on September 15, 1955 and July 16, 1957, provided for the furnishing of municipal and
9 industrial water to the Shasta Dam Area from the Project through August 12, 1988; and

10 WHEREAS, the Summit City Public Utility District (Summit City) and the
11 United States entered into Contract No. I1r-1523, as amended on July 19, 1966, which contract,
12 as modified by letter dated December 9, 1975, provided for the furnishing of municipal and
13 industrial water to Summit City from the Project through October 22, 1988; and

14 WHEREAS, in 1978 the Shasta Dam Area assumed, by assignment, the
15 administration of Contract No. I1r-1523, as amended; and

16 WHEREAS, the Shasta Dam Area requested to renew both contracts and merge
17 its contractual entitlement to Project municipal and industrial water; and

18 WHEREAS, the Shasta Dam Area and the United States entered into temporary
19 Contract Nos. 8-07-20-W0715, dated August 22, 1988, which expired August 12, 1990; 0-07-20-
20 W0885 dated September 19, 1990, which expired August 12, 1992; and 2-07-20-W1024, dated
21 September 24, 1992, which expired February 28, 1994, to provide for continued deliveries of
22 Project Water to said District, pending completion of the appropriate environmental analysis; and

1 WHEREAS, in July 1993, the Shasta Dam Area was dissolved, and Contract
2 No. 2-07-20-W1024 was assumed by the Contractor; and

3 WHEREAS, the Contractor and the United States entered into interim renewal
4 contract No. 4-07-20-W1134, dated March 3, 1994, which renewed Contract Nos. I1r-1515 and
5 I1r-523 and provided for continued Project Water service to the Contractor from the Shasta Lake
6 through Toyon Pipeline for the period March 1, 1994, through February 28, 1995; and

7 WHEREAS, the Contractor and the United States entered into interim renewal
8 contract(s) identified as Contract No(s). 4-07-20-W1134-IR2, 4-07-20-W1134-IR3, 4-07-20-
9 W1134-IR4, 4-07-20-W1134-IR5, and 4-07-20-W1134-IR6, 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

1 WHEREAS, rights of renewal of Contract No. 4-07-20-W1134 and to convert
2 said contract to a contract as provided by subsection (d), Section 9 of the Act of August 4, 1939
3 (53 Stat. 1187) are set forth in said contract; and

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

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

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

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

WHEREAS, the United States and the Contractor entered into Agreement No. 6-FC-20-03740, for the purposes of allowing the Contractor to use certain federal lands, storage tanks, and miscellaneous piping for the purposes of construction and operation of a water treatment plant and related facilities; and

WHEREAS, the Contractor has assumed under Agreement No. 6-FC-20-03740,
the operation, maintenance, and normal repair of such facilities.

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 CVPIA;

(c) "Contractor's Service Area" shall mean the area to which the Contractor is permitted to provide Project Water under this interim renewal contract, and shall include that area formerly served by the Shasta Dam Area Public Utility District, now served by the City of Shasta Lake, all as shown on Exhibit "A". This Service Area can be expanded to include all areas within the boundaries of the City of Shasta Lake, upon completion of appropriate environmental documentation, and approval of the Contracting Officer;

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

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

6 (f) "Full Cost Rate" shall mean that water rate described in Sections 205(a)(3)
7 or 202(3) of the Reclamation Reform Act of October 12, 1982 (96 Stat. 1263), as
8 amended, hereinafter referred to as RRA, whichever is applicable;

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

12 (h) "M&I Water" shall mean water made available from the Project for
13 purposes such as human consumption, the watering of landscaping or pasture for animals
14 (e.g., horses) which are kept for personal enjoyment;

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

17 (j) "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 (k) "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 (l) "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 (m) "Reclaimed Water" shall mean waste water which, as a result of
5 treatment, is suitable for a direct beneficial use or a controlled use that would
6 not otherwise occur;

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

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

11 TERM OF CONTRACT - RIGHT TO USE OF WATER

12 2. (a) This interim renewal contract shall be effective from March 1, 2001 and
13 shall remain in effect through February 28, 2002, and thereafter will be renewed as described in
14 this article. Except as provided in subdivision (b) of this Article, until completion of all
15 appropriate environmental review, and provided that the Contractor has complied with all the
16 terms and conditions of the interim renewal contract in effect for the period immediately
17 preceding the requested successive interim renewal contract, this interim renewal contract will be
18 renewed, upon request of the Contractor, for successive interim periods each of which shall be no
19 more than two (2) Years in length. Also, except as provided in subdivision (b) of this Article, in
20 order to promote orderly and cost effective contract administration, the terms and conditions in
21 subsequent interim renewal contracts shall be identical to the terms and conditions in the interim
22 renewal contract immediately preceding the subsequent interim renewal contract: Provided,
23 however, That each party preserves the right to propose modification(s) in any interim renewal

1 contract other than those described in subdivision (b) of this Article, in which case the parties
2 shall negotiate in good faith appropriate modification(s) to be included in any successive interim
3 renewal contracts. Said modification(s) of each successive interim renewal contract shall be
4 agreed upon within a reasonable time prior to the expiration of the then existing interim renewal
5 contract. Nothing in this Article shall in any way alter the obligation that, upon final completion
6 of the PEIS and any necessary supplemental environmental documentation, the Secretary shall,
7 pursuant to Federal Reclamation law, upon request of the Contractor, enter into a long-term
8 renewal contract for a period of twenty-five (25) Years and may thereafter renew such long-term
9 renewal contracts for successive periods not to exceed twenty-five (25) Years each. The
10 Contractor asserts that Contract No. 4-07-20-W1134 and existing law go beyond the preceding
11 sentence to give it enforceable rights to successive long-term renewal contracts. The Contracting
12 Officer disagrees with that assertion. The parties agree that this interim renewal contract
13 preserves the rights and positions of the parties and that the omission of language in this interim
14 renewal contract setting out the rights asserted by the Contractor to successive renewals is not
15 intended to be, nor shall it be interpreted as, a waiver of any such rights to the extent any such
16 rights are later determined to exist by a court of competent jurisdiction or by mutual agreement of
17 the parties. If a court of competent jurisdiction or the parties by mutual agreement determine that
18 incorporation of such language in this interim renewal contract is necessary to preserve such
19 rights, this interim renewal contract shall be construed as incorporating such language as though
20 fully set forth herein as of the effective date hereof.

21 (b) The parties anticipate that they will engage in good faith negotiations
22 intended to permit the execution of a twenty-five (25) Year long-term renewal contract
23 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. In the event of such notice, the parties will immediately agree to a schedule and process

1 for negotiating the terms (other than any terms that would impair continuity of water supply or
2 continuity of contract) of and executing an interim renewal contract; provided that neither party
3 will propose for inclusion in the interim renewal contract any provision not previously included
4 in an existing interim renewal contract which it had previously proposed for inclusion in the
5 long-term renewal contract and which was the subject of an impasse in the long-term renewal
6 contract negotiations. The schedule will provide for completion of the negotiations of the terms
7 of that contract by February 1, 2002, and for execution of the contract on or about February 15,
8 2002. The parties each acknowledge the right of either party to seek judicial relief in connection
9 with any impasse reached in connection with negotiation of the long-term renewal contract
10 and/or an interim renewal contract that would become effective on or after February 28, 2002.

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

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

7 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

8 3. (a) Subject to the provisions set forth in Articles 10 and 11 hereof, and
9 consistent with applicable State water rights, permits and licenses, the Contractor is entitled to,
10 and the Contracting Officer shall be obligated to make available to the Contractor up to 2,413
11 acre-feet of Project Water for municipal and industrial purposes during the term of this interim
12 renewal contract. The Contractor may request and the Contracting Officer shall be obligated to
13 make available to the Contractor an additional 337 acre-feet of Project Water for a total of 2,750
14 acre-feet of Project Water: Provided, That, the requirements of Federal law, if any, which apply
15 to the delivery and use of such additional quantities of Project Water have been met. The
16 quantity of Project Water delivered to the Contractor in accordance with this Article 3(a) in any
17 Year shall be scheduled and paid for pursuant to the provisions of Articles 4 and 7 hereof, and
18 shall not exceed the quantity of Project Water the Contractor intends to put to reasonable
19 beneficial use within the Contractor's Service Area or sold, transferred, or exchanged pursuant to
20 Article 8 during the term of this interim renewal contract.

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

6 (c) The Contractor shall make reasonable and beneficial use of Project Water
7 or other water furnished pursuant to this interim renewal contract.

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

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

20 (f) The Contractor's right pursuant to Federal Reclamation law and applicable
21 State law to the beneficial use of water furnished pursuant to this interim renewal contract, any
22 subsequent interim renewal contract and, as described in Article 2(a), any long-term renewal

1 contract, shall not be disturbed so long as the Contractor shall fulfill all of its obligations under
2 this interim renewal contract and any such renewal thereof. Nothing in the preceding sentence
3 shall affect the Contracting Officer's ability to impose shortages under Article 11(b) of this
4 interim renewal contract and the applicable provisions of any such renewal thereof.

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

9 TIME FOR DELIVERY OF WATER

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

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

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

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

8 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

9 5. (a) The Project Water to be furnished to the Contractor pursuant to this
10 interim renewal contract shall be made available to the Contractor at the 16-inch water meter
11 located at the interconnection of the pumping plant discharge line at the water treatment facilities
12 which are located adjacent to the Shasta Dam visitor area, and any additional point or points of
13 delivery either on Project facilities or another location or locations mutually agreed to in writing
14 by the Contracting Officer and the Contractor.

15 (b) The Contracting Officer shall make all reasonable efforts to maintain
16 sufficient flows to furnish Project Water to the Contractor at the design capacity of the pumping
17 station plant minus losses due to the Contractor's treatment facilities and delivery pipe sizes.

18 (c) All Project Water delivered to the Contractor pursuant to this interim
19 renewal contract shall be measured and recorded with equipment furnished, installed, operated
20 and maintained by the Contractor at the point or points of delivery established pursuant to
21 subdivision (a) of this Article. Upon the request of either party to this interim renewal contract,
22 the Contracting Officer shall investigate the accuracy of such measurements and shall take any

1 necessary steps to adjust any errors appearing therein. The Contractor shall advise the
2 Contracting Officer on or before the 10th calendar day of each month of the quantity of M&I
3 Water taken during the preceding month.

4 (d) The United States shall not be responsible for the control, carriage,
5 handling, use, disposal, or distribution of Project Water made available to the Contractor
6 pursuant to this interim renewal contract beyond the delivery points specified in subdivision (a)
7 of this Article. The Contractor shall indemnify the United States, its officers, employees, agents
8 and assigns, on account of damage or claim of damage of any nature whatsoever for which there
9 is legal responsibility, including property damage, personal injury or death arising out of or
10 connected with the control, carriage, handling, use, disposal, or distribution of such Project
11 Water beyond such delivery points, except for any damage or claim arising out of (i) acts
12 performed by the United States or any of its officers, employees, agents or assigns, with the
13 intent of creating the situation resulting in any damage or claim, (ii) willful misconduct of the
14 United States or any of its officers, employees, agents or assigns, or (iii) negligence of the
15 United States or any of its officers, employees, agents or assigns.

16 MEASUREMENT OF WATER WITHIN THE CITY

17 6. (a) The Contractor has implemented a measurement program satisfactory to
18 the Contracting Officer, whereby all surface water delivered within the Contractor's Service Area
19 for municipal and industrial purposes is measured at each municipal and industrial service
20 connection, and all Reclaimed Water from the Contractor's waste treatment facilities, which is
21 applied outside the Contractor's Service Area, is also measured. All water measuring devices or
22 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 Article 23(d).

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

(c) 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 its 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

1 regulations. The Rates and Charges applicable upon execution of this interim renewal contract
2 are set forth in Exhibit "B".

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

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

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

20 (c) At the time the Contractor submits the initial schedule for the delivery of
21 Project Water for each Year pursuant to Article 4(b) of this interim renewal contract, the
22 Contractor shall pay the United States the total amount payable pursuant to the applicable Rate(s)

1 for all Project Water scheduled to be delivered pursuant to this interim renewal contract during
2 the first two (2) calendar months of the Year. Before the end of the first month or part thereof of
3 the Year, and before the end of each calendar month thereafter, the Contractor shall pay pursuant
4 to the applicable Rate(s) for all Project Water scheduled to be delivered pursuant to this interim
5 renewal contract during the second month immediately following. Adjustments between the
6 payments for the scheduled amount of Project Water and the appropriate payments for quantities
7 of Delivered Water furnished pursuant to this interim renewal contract each month shall be made
8 before the end of the following month: Provided, That any revised schedule submitted by the
9 Contractor pursuant to Article 4 which increases the amount of Project Water to be delivered
10 pursuant to this interim renewal contract during any month shall be accompanied with
11 appropriate payment for Rates to assure that Project Water is not furnished to the Contractor in
12 advance of such payment. In any month in which the quantity of Delivered Water furnished to
13 the Contractor pursuant to this interim renewal contract equals the quantity of Project Water
14 scheduled and paid for by the Contractor, no additional Project Water shall be made available to
15 the Contractor unless and until payment of Rates for such additional Project Water is made.
16 Final adjustment between the payments of Rates for the Project Water scheduled and the
17 quantities of Delivered Water furnished during each Year pursuant to its contract shall be made
18 as soon as possible but no later than
19 April 30th of the following Year.

20 (d) The Contractor shall pay all Charges owing for Delivered Water before the
21 end of the month following the month of delivery. Such amounts shall be consistent with the
22 quantities of M&I Water shown in the United States' water delivery report for the subject month.

1 The water delivery report shall be regarded by the Contractor as a bill for the payment of
2 appropriate Charges. Any monthly adjustment for overpayment or underpayment of Charges
3 shall be accomplished through the adjustment of Charges due to the United States in the next
4 month. By March 31, of each Year, the Contractor shall make any additional payment of
5 Charges it is obligated to make for Delivered Water furnished to the Contractor pursuant to its
6 contract for the previous Year. The amount to be paid for past due payment of Charges shall be
7 computed pursuant to Article 17 of this interim renewal contract.

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

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

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

19 (h) At the Contractor's request, the Contracting Officer shall provide to the
20 Contractor an accounting of all of the expenses allocated and the disposition of all revenues
21 received pursuant to this interim renewal contract in sufficient detail to allow the Contractor to
22 determine that the allocation of expenses and disposition of all revenues received was

1 accomplished in conformance with Federal Reclamation law and the associated regulations. The
2 Contracting Officer and the Contractor shall enter into good faith negotiations to resolve any
3 discrepancies or disputes arising out of said accounting of the Contractor's review thereof.

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

11 TRANSFERS OR EXCHANGES OF WATER

12 8. The right to Project Water provided for in this interim renewal contract may be
13 sold, transferred, or exchanged to others for beneficial uses within the State of California if such
14 sale, transfer or exchange is authorized by applicable Federal laws, State laws, and applicable
15 guidelines or regulations then in effect. The right to sell, transfer or exchange Project Water
16 shall include, and the Contracting Officer shall apply this Article in a manner that does not
17 impede or restrict, lawful short-term sales, transfers, or exchanges of the type the Contractor
18 historically carried out with approval of the Contracting Officer under Contract No. 4-07-20-
19 W1134. No sale, transfer or exchange of the right to Project Water under this interim renewal
20 contract may take place without the prior written approval of the Contracting Officer.

1 APPLICATION OF PAYMENTS AND ADJUSTMENTS

2 9. (a) The amount of any overpayment by the Contractor shall be applied first to
3 any accrued indebtedness arising out of this interim renewal contract then due and payable by the
4 Contractor. Any amount of such overpayment then remaining shall, at the option of the
5 Contractor, be refunded to the Contractor or credited upon amounts to become due to the United
6 States from the Contractor under the provisions hereof in the following months. With respect to
7 overpayment, such adjustment shall constitute the sole remedy of the Contractor or anyone
8 having or claiming to have the right to the use of any of the water supply provided for herein.

9 (b) All advances for miscellaneous costs incurred for work requested by the
10 Contractor pursuant to Article 22 shall be adjusted to reflect the actual costs when the work has
11 been completed. If the advances exceed the actual costs incurred, the difference will be refunded
12 to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be
13 billed for the additional costs pursuant to Article 22.

14 TEMPORARY REDUCTIONS--RETURN FLOWS

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

19 (b) The United States may temporarily discontinue or reduce the quantity of
20 Project Water to be delivered to the Contractor as herein provided for the purposes of
21 investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or
22 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: 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 by the Contractor or those claiming by, through, or under the Contractor. If approved, in writing, by the Contracting Officer, Reclaimed Water from the Contractor's waste treatment facilities shall not be considered return flow for purposes of this contract: Provided, That such water is applied to land(s) for beneficial use adjacent to the Contractor's boundaries, or to such other locations for consumptive use, as may be agreed upon in writing between the Contractor and the Contracting Officer, for consumptive use, and if such application is for the sole purpose of disposal of such water in an economically and environmentally acceptable manner. Such water shall not be considered as exported or transferred Project Water.

1 WATER SHORTAGE AND APPORTIONMENT

2 11. (a) The United States shall use all reasonable means in its operation and
3 management of the Project to make full supplies of Project Water specified in this contract
4 available to the Contractor during each Year. If there is a reduction in the total water supply
5 available to the Contractor during any Year because of errors in physical operations of the
6 Project, drought, other physical causes beyond the control of the Contracting Officer or actions
7 taken by the Contracting Officer to meet legal obligations, no liability shall accrue against the
8 United States or any of its officers, agents, or employees for any damages, direct or indirect,
9 arising therefrom, so long as actions based upon the opinions or determinations of the
10 Contracting Officer are consistent with the standards in Article 16.

11 (b) During any Year in which the Contracting Officer determines that the
12 United States will be unable to make the full supply of Project Water specified in this contract
13 available to the Contractor, the Contracting Officer shall, to the extent permitted by applicable
14 law and existing contracts, declare that a water shortage exists and the basis for the shortage, and
15 shall apportion the available Project Water among the water users of the Project by reducing the
16 quantities of Project Water made available to such users: Provided, That no reduction shall be
17 made to M&I water made available to the Contractor unless and until reductions have also been
18 imposed on irrigation users receiving water from the integrated Project Water supply,
19 irrespective of water allocations as determined by the Contracting Officer made to prevent undue
20 hardship: and Provided Further, That in no Year of shortage shall the Contracting Officer reduce
21 the quantity of M&I water made available to the Contractor by more than 25 percent of historical
22 use, as defined in subdivision (d) of this Article, unless the type of water shortage emergency

condition described in subdivision (e) of this Article exists. The quantity of Project Water made available to the Contractor shall be determined in accordance with the following subdivisions of this Article.

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

(d) **Water Shortages.** During any Year in which the Contracting Officer determines that the United States will be unable to provide the fully supply of Project Water specified in this contract, and the basis of this determination is a shortage of water, the quantity of water the Contracting Officer will make available to the Contractor for M&I use shall be a percentage, of historical use, as defined below. The amount of water made available to the Contractor for M&I use pursuant to this subdivision shall not be less than 75 percent of historical use. Historical use shall be the average quantity of Project Water put to beneficial use within the Service Area during the last three years of water deliveries not affected by water shortages adjusted for growth.

(e) **Minimum Public Health.** During any Year in which the Contracting Officer determines that the United States will be unable to provide the full supply of Project Water specified in this contract to the Contractor, and the basis of that determination is that the Project Water supply is so severe that shortages beyond those in subdivision (b) are deemed

1 necessary for Project M&I users, the Contracting Officer shall declare that a state of water
2 shortage emergency exists with respect to water available to M&I users. A state of water
3 shortage emergency shall not be declared for M&I users unless Project agricultural water users'
4 allocation is being established on a case-by-case basis for sustaining the life of trees and vines.
5 During a water shortage emergency, M&I water service contractor allocations, including the
6 Contractor, shall be sufficient to satisfy public health and safety requirements, as calculated by
7 the Contractor, pursuant to its then current water shortage contingency plan.

8 (f) Upon filing of the Record of Decision associated with the environmental
9 documentation mandated by Section 3409 of P.L. 102-575, or upon negotiation of the next
10 successive interim renewal, whichever is earlier in time, the Contractor and the Contracting
11 Officer shall renegotiate the provisions of this Article. The renegotiation of this Article will be
12 for the purpose of modifying this Article consistent with the then existing Project shortage
13 policy.

14 COMPLIANCE WITH FEDERAL RECLAMATION LAW

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

17 WATER AND AIR POLLUTION CONTROL

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

22 HAZARDOUS MATERIAL

23
24 14. With respect both to this interim renewal contract and, anything therein to
25
26

1 the contrary notwithstanding, Agreement No. 6-FC-20-03740;

2
3 (a) The Contractor shall comply with all applicable Federal, State, and local
4 laws and regulations, and Reclamation policies and instructions, existing or hereafter enacted or
5 promulgated, concerning any hazardous material that will be used, produced, transported, stored
6 or disposed of on or in lands, waters or facilities, owned by the United States or administered by
7 Reclamation.

8
9 (b) "Hazardous material" means any substance, pollutant or contaminant listed
10 as hazardous under the Comprehensive Environmental Response, Compensation, and Liability
11 Action of 1980, as amended, 42, U.S.C. 1901, et seq., and the regulations promulgated pursuant
12 to that Act.

13
14 (c) The Contractor may not allow contamination of lands, waters, or facilities
15 owned by the United States or administered by Reclamation by hazardous materials, thermal
16 pollution, refuse, garbage, sewage effluent, industrial waste, petroleum products, mine tailings,
17 mineral salts, pesticides (including, but not limited to, the misuse of pesticides, pesticide
18 containers or any other pollutants).

19
20 (d) The Contractor shall report to Reclamation, within 12 hours of its
21 occurrence, any event which may or does result in pollution or contamination adversely affecting
22 lands, water or facilities owned by the United States or administered by Reclamation.

23
24 (e) Violation of any of the provisions of this Article shall constitute grounds
25 for immediate termination of this contract. Furthermore, such violations shall make the
26 Contractor liable for the cost of full and complete remediation and/or restoration of any Federal,
27 governmental, or private resources or facilities that are adversely affected as a result of the
28 violation.

29
30 (f) The Contractor agrees to include the provision contained in paragraphs (a)
31 through (e) of this Article in any subcontract or third party contract it may enter into pursuant to
32 this contract.

33
34 (g) Reclamation agrees to provide information necessary for the Contractor,
35 using reasonable diligence, to comply with the provision of this Article.

36 37 QUALITY OF WATER

38
39 15. (a) Project facilities used to make available and deliver Project Water to the
40 Contractor pursuant to this interim renewal contract shall be operated and maintained to enable
41 the United States to make available and deliver Project Water to the Contractor in accordance

1 with the water quality standards specified in subsection 2(b) of the Act of August 26, 1937 (50
2 Stat. 865), as added by Section 101 of the Act of October 27, 1986 (100 Stat. 3050) or other
3 existing Federal laws. The United States is under no obligation to construct or furnish water
4 treatment facilities to maintain or to better the quality of Project Water furnished to the
5 Contractor pursuant to this contract. The United States does not warrant the quality of Project
6 Water made available and delivered to the Contractor pursuant to this contract.

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

15 OPINIONS AND DETERMINATIONS

16
17 16. (a) Where the terms of this interim renewal contract provide for actions to be
18 based upon the opinion or determination of either party to this contract, said terms shall not be
19 construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable
20 opinions or determinations. Both parties, notwithstanding any other provisions of this contract,
21 expressly reserve the right to seek relief from and appropriate adjustment, including monetary
22 damages, for any such arbitrary, capricious or unreasonable opinion or determination. Each
23 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

17. (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 received 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

18. 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,

1 including apprenticeship. The Contractor agrees to post in conspicuous places, available
2 to employees and applicants for employment, notices to be provided by the Contracting
3 Officer setting forth the provisions of this nondiscrimination clause.
4

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

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

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

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

27 (6) In the event of the Contractor's noncompliance with the nondiscrimination
28 clauses of this contract or with any of the said rules, regulations, or orders, this contract
29 may be canceled, terminated, or suspended, in whole or in part, and the Contractor may
30 be declared ineligible for further Government contracts in accordance with procedures
31 authorized in said amended Executive Order, and such other sanctions may be imposed
32 and remedies invoked as provided in said Executive Order, or by rule, regulation, or order
33 of the Secretary of Labor, or as otherwise provided by law.
34

35 (7) The Contractor will include the provisions of paragraphs (1)
36 through (7) in every subcontract or purchase order unless exempted by the rules,
37 regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of said
38 amended Executive Order, so that such provisions will be binding upon each
39 subcontractor or vendor. The Contractor will take such action with respect to any
40 subcontract or purchase order as may be directed by the Secretary of Labor as a means of
41 enforcing such provisions, including sanctions for noncompliance: Provided, however,
42 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

4 GENERAL OBLIGATION--BENEFITS
5 CONDITIONED UPON PAYMENT
6

7 19. (a) The obligation of the Contractor to pay the United States as provided in
8 this contract is a general obligation of the Contractor notwithstanding the manner in which the
9 obligation may be distributed among the Contractor's water users and notwithstanding the default
10 of individual water users in their obligations to the Contractor.
11

12 (b) The payment of charges becoming due hereunder is a condition precedent
13 to receiving benefits under this contract. The United States shall not make water available to the
14 Contractor through project facilities during any period in which the Contractor may be in arrears
15 in the advance payment of water rates due the United States. The Contractor shall not furnish
16 water made available pursuant to this contract for lands or parties which are in arrears in the
17 advance payment of water rates levied or established by the Contractor.
18

19 COMPLIANCE WITH CIVIL RIGHTS LAWS
20 AND REGULATIONS
21

22 20. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964
23 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the
24 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights
25 laws, as well as with their respective implementing regulations and guidelines imposed by the
26 U.S. Department of the Interior and/or Bureau of Reclamation.
27

28 (b) These statutes require that no person in the United States shall, on the
29 grounds of race, color, national origin, handicap, or age, be excluded from participation in, be
30 denied the benefits of, or be otherwise subjected to discrimination under any program or activity
31 receiving financial assistance from the Bureau of Reclamation. By executing this contract, the
32 Contractor agrees to immediately take any measures necessary to implement this obligation,
33 including permitting officials of the United States to inspect premises, programs, and documents.
34

35 (c) The Contractor makes this agreement in consideration of and for the
36 purpose of obtaining any and all Federal grants, loans, contracts, property discounts or other
37 Federal financial assistance extended after the date hereof to the Contractor by the Bureau of
38 Reclamation, including installment payments after such date on account of arrangements for
39 Federal financial assistance which were approved before such date. The Contractor recognizes
40 and agrees that such Federal assistance will be extended in reliance on the representations and
41 agreements made in this Article, and that the United States reserves the right to seek judicial
42 enforcement thereof.
43

1 PRIVACY ACT COMPLIANCE

2
3 21. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a)
4 (the Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et
5 seq.) in maintaining landholder acreage certification and reporting records, required to be
6 submitted to the Contractor for compliance with sections 206 and 228 of the Reclamation
7 Reform Act of 1982 (96 Stat. 1266), and pursuant to 43 CFR 426.10.

8
9 (b) With respect to the application and administration of the criminal penalty
10 provisions of the Act (5 U.S.C. 552a(i)), the Contractor and the Contractor's employees
11 responsible for maintaining the certification and reporting records referenced in (a) above are
12 considered to be employees of the Department of the Interior. See 5 U.S.C. 552a(m).

13
14 (c) The Contracting Officer or a designated representative shall provide the
15 Contractor with current copies of the Interior Department Privacy Act regulations and the Bureau
16 of Reclamation Federal Register Privacy Act System of Records Notice (Acreage Limitation--
17 Interior, Reclamation-31) which govern the maintenance, safeguarding, and disclosure of
18 information contained in the landholder's certification and reporting records.

19
20 (d) The Contracting Officer shall designate a full-time employee of the Bureau
21 of Reclamation to be the System Manager who shall be responsible for making decisions on
22 denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The
23 Contractor is authorized to grant requests by individuals for access to their own records.

24
25 (e) The Contractor shall forward promptly to the System Manager each
26 proposed denial of access under 43 CFR 2.64; and each request for amendment of records filed
27 under 43 CFR 2.71; notify the requester accordingly of such referral; and provide the System
28 Manager with information and records necessary to prepare an appropriate response to the
29 requester. These requirements do not apply to individuals seeking access to their own
30 certification and reporting forms filed with the Contractor pursuant to 43 CFR 426.10, unless the
31 requester elects to cite the Privacy Act as a basis for the request.

32
33 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

34
35 22. In addition to all other payments to be made by the Contractor pursuant to this
36 contract, the Contractor shall pay to the United States, within sixty (60) days after receipt of a bill
37 and detailed statement submitted by the Contracting Officer to the Contractor for such specific
38 items of direct cost incurred by the United States for work requested by the Contractor associated
39 with this interim renewal contract plus a percentage of such direct costs for administrative and

1 general overhead in accordance with applicable Bureau of Reclamation policy and procedures.
2 All such amounts referred to in this Article shall not exceed the amount agreed to in writing in
3 advance by the Contractor. This Article shall not apply to costs for routine contract
4 administration.

5 WATER CONSERVATION

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

13 (b) Should the combined amount of M&I Water delivered pursuant to
14 subdivision (a) of Article 3 during the term of this interim renewal contract equal or exceed
15 2,000 acre-feet, the Contractor shall implement the Best Management Practices identified by and
16 the time frames issued by the California Urban Water Conservation Council unless any such
17 practice is determined by the Contracting Officer to be inappropriate for the Contractor.

18 (c) As part of the water conservation program, the Contractor shall develop
19 and be implementing a tiered block water pricing program that promotes conservation and the
20 efficient management of Project Water during the term of this contract. Such pricing program for
21 Project Water shall take into account all relevant circumstances, including without limitation,
22 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 23, 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

24. 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 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 acquires or has available under any other contract pursuant to the Federal Reclamation law.

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

25. 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

26. 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

27. (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

28. 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

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

15 OFFICIALS NOT TO BENEFIT

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

20 CHANGES IN CONTRACTOR'S BOUNDARIES

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

26 NOTICES

27 31. Any notice, demand, or request authorized or required by this contract shall be
28 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or
29 delivered to the Area Manager, Bureau of Reclamation, Northern California Area Office, 16349
30 Shasta Dam Boulevard, Shasta Lake, California 96019-8400, and on behalf of the United States,
31

1 when mailed, postage prepaid, or delivered to the City Mayor of the City of Shasta Lake, PO Box
2 777, 1650 Stanton Drive, Shasta Lake, California 96019. The designation of the addressee or the
3 address may be changed by notice given in the same manner as provided in this Article for other
4 notices.

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

3
4 THE UNITED STATES OF AMERICA

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

11
12
13
14 (SEAL)

CITY OF SHASTA LAKE

15
16
17
18 By: /s/ Jim Cain
19 ~~Mayor~~ City Manager

20
21
22 Attest:

23
24
25
26 /s/ Rae Morrow
27 City Clerk

APPROVED AS TO LEGAL
FORM AND SUFFICIENCY

/s/ James E. Turner

OFFICE OF REGIONAL SOLICITOR
DEPARTMENT OF THE INTERIOR