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

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Contract No.  
14-06-200-3365A-IR5-A

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

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INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES  
AND  
MERCY SPRINGS WATER DISTRICT  
PROVIDING FOR PROJECT WATER SERVICE

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THIS CONTRACT, made this 28<sup>th</sup> 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. 1261), as  
amended and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively

1 hereinafter referred to as the Federal Reclamation law, between THE UNITED STATES OF  
2 AMERICA, hereinafter referred to as the United States, and MERCY SPRINGS WATER  
3 DISTRICT, hereinafter referred to as the Contractor, a public agency of the State of California,  
4 duly organized, existing, and acting pursuant to the laws thereof, with its principal place of  
5 business in Firebaugh, California;

6 WITNESSETH, That:

7 EXPLANATORY RECITALS

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

14 WHEREAS, the United States constructed the Delta-Mendota Canal and related  
15 facilities, hereinafter collectively referred to as the Delta-Division facilities, which will be used  
16 in part for the furnishing of water to the Contractor pursuant to the terms of this interim renewal  
17 contract; and

18 WHEREAS, the Contractor and the United States entered into Contract No. 14-  
19 06-200-3365A dated June 21, 1967, which provided the Contractor, Central Valley Project water  
20 from the Delta-Mendota Canal from June 21, 1967 to February 28, 1995; and

1           WHEREAS, the Contractor and the United States entered into interim renewal  
2 contract(s) identified as Contract No(s). 14-06-200-3365A-IR1 and 14-06-200-3365A-IR2,  
3 which provided Project Water to the Contractor from March 1, 1998 through February 29, 2000;  
4 and

5           WHEREAS, Contract No. 14-06-200-3365-IR2 provided for the delivery of up to  
6 13,300 acre-feet of Central Valley Project water for irrigation and/or municipal and industrial  
7 purposes; and

8           WHEREAS, the Contractor entered into the "Agreement for Partial Assignment  
9 of Water Service Contract" dated May 14, 1999, assigning 6,260 acre-feet of its contract water  
10 supply to Pajaro Valley Water Management Agency, Westlands Water District Distribution  
11 District No. 1, and Santa Clara Valley Water District; and

12           WHEREAS, the Contractor and the United States entered into interim renewal  
13 contract(s) identified as Contract No(s) 14-06-200-3365A-IR3-A and 14-06-200-3365A-IR4-A,  
14 the latter of which is hereinafter referred to as the Existing Interim Renewal Contract, which  
15 provided Project Water to the Contractor from December 1, 2000 through February 28, 2001; and

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

19           WHEREAS, the United States and the Contractor believe that either further  
20 negotiations on a long-term renewal contract for the Contractor would be beneficial and mutually  
21 commit to continue to negotiate to seek to reach agreement or the Contractor's proposed long-

1 term renewal contract required environmental review necessary to execute a long-term renewal  
2 contract has not been completed, and the Contractor has requested a subsequent interim renewal  
3 contract pursuant to Article 2 (b)(1) of the Existing Interim Renewal Contract; and

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

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

10 WHEREAS, rights of renewal of Contract No. 14-06-200-3365A and to convert  
11 said contract to a contract as provided by subsection (d), Section 9 of the Act of August 4, 1939  
12 (53 Stat. 1187), are set forth in said contract; and

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

18 WHEREAS, in order to continue water service provided under Project water  
19 service contracts that expire prior to the completion of the PEIS, the United States intends to  
20 execute interim renewal contracts for a period not to exceed three (3) Years in length, and for  
21 successive interim periods of not more than two (2) Years in length, until appropriate

1 environmental documentation, including the PEIS, is finally completed, at which time the  
2 Secretary shall, pursuant to Federal Reclamation law, upon request of the Contractor, enter into a  
3 long-term renewal contract for a period of twenty-five (25) Years; and may thereafter renew such  
4 long-term renewal contracts for successive periods not to exceed twenty-five (25) Years each;  
5 and

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

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

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

13 DEFINITIONS

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

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

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

1 (c) "Contractor's Boundaries" shall mean the area to which the Contractor is  
2 permitted to provide Project Water under this interim renewal contract;

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

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

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

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

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

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

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

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

5           (l) "M&I Water" shall mean water made available from the Project other than  
6 Irrigation Water. M&I Water shall include water used for purposes such as the watering  
7 of landscaping or pasture for animals (e.g., horses) which are kept for personal enjoyment  
8 or water delivered to landholding operated in units of less than 5 acres unless the  
9 Contractor establishes to the satisfaction of the Contracting Officer that the use of water  
10 delivered to any such landholding is a use described in subdivision (k) of this Article;

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

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

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

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

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

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

8 TERM OF CONTRACT - RIGHT TO USE OF WATER

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



1 renewal contracts. Said modification(s) of each successive interim renewal contract shall be  
2 agreed upon within a reasonable time prior to the expiration of the then existing interim renewal  
3 contract. Nothing in this Article shall in any way alter the obligation that, upon final completion  
4 of the PEIS and any necessary supplemental environmental documentation, the Secretary shall,  
5 pursuant to Federal Reclamation law, upon request of the Contractor, enter into a long-term  
6 renewal contract for a period of twenty-five (25) Years and may thereafter renew such long-term  
7 renewal contracts for successive periods not to exceed twenty-five (25) Years each. The  
8 Contractor asserts that Contract No. 14-06-200-3365A and existing law go beyond the preceding  
9 sentence to give it enforceable rights to successive long-term renewal contracts. The Contracting  
10 Officer disagrees with that assertion. The parties agree that this interim renewal contract  
11 preserves the rights and positions of the parties and that the omission of language in this interim  
12 renewal contract setting out the rights asserted by the Contractor to successive renewals is not  
13 intended to be, nor shall it be interpreted as, a waiver of any such rights to the extent any such  
14 rights are later determined to exist by a court of competent jurisdiction or by mutual agreement of  
15 the parties. If a court of competent jurisdiction or the parties by mutual agreement determine that  
16 incorporation of such language in this interim renewal contract is necessary to preserve such  
17 rights, this interim renewal contract shall be construed as incorporating such language as though  
18 fully set forth herein as of the effective date hereof.

19 (b) The parties anticipate that they will engage in good faith negotiations  
20 intended to permit the execution of a twenty-five (25) Year long-term renewal contract  
21 contemplated by Section 3404 (c) of the CVPIA, hereinafter referred to as a "long-term renewal

1 contract", by the end of the term hereof. The parties recognize the possibility that this schedule  
2 may not be met. Accordingly:

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

17 (2) Provided that this interim renewal contract is not subject to  
18 renewal under the terms described in subdivision (1) of this Article, if a party determines that the  
19 parties have reached an impasse which they have been unable to resolve and which precludes  
20 agreement on the long-term renewal contract, that party may notify the other that it has concluded  
21 that there is no reasonable likelihood of reaching agreement on the terms of a long-term renewal

1 contract prior to November 1, 2001. In the event of such notice, the parties will immediately  
2 agree to a schedule and process for negotiating the terms (other than any terms that would impair  
3 continuity of water supply or continuity of contract) of and executing an interim renewal  
4 contract; provided that neither party will propose for inclusion in the interim renewal contract  
5 any provision not previously included in an existing interim renewal contract which it had  
6 previously proposed for inclusion in the long-term renewal contract and which was the subject of  
7 an impasse in the long-term renewal contract negotiations. The schedule will provide for  
8 completion of the negotiations of the terms of that contract by February 1, 2002, and for  
9 execution of the contract on or about February 15, 2002. The parties each acknowledge the right  
10 of either party to seek judicial relief in connection with any impasse reached in connection with  
11 negotiation of the long-term renewal contract and/or an interim renewal contract that would  
12 become effective on or after February 28, 2002.

13 (c) The parties acknowledge that the Contractor asserts that it is entitled as a  
14 matter of law to an interim renewal contract of longer duration than twelve (12) months, and that  
15 the Contracting Officer asserts that it is under no obligation to provide the Contractor with an  
16 interim renewal contract of any particular duration. Accordingly, the parties further acknowledge  
17 that (i) the foregoing process represents a mutual accommodation to facilitate their joint desire to  
18 proceed with the development of a long-term renewal contract in an expeditious and orderly  
19 manner, (ii) they each preserve their respective rights and positions relative to the entitlement of  
20 the Contractor to subsequent interim renewal contracts should they become necessary, and the  
21 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 is entitled to,  
12 and the Contracting Officer shall be obligated to make available to the Contractor up to 7,040  
13 cre-feet of Project Water for irrigation and/or municipal and industrial purposes during the term  
14 of this interim renewal contract. The quantity of Project Water delivered to the Contractor in  
15 accordance with this Article 3(a) in any Year shall be scheduled and paid for pursuant to the  
16 provisions of Articles 4 and 7 hereof, and shall not exceed the quantity of Project Water the  
17 Contractor intends to put to reasonable beneficial use within the Contractor's Boundaries or sold,  
18 transferred, or exchanged pursuant to Article 9 during the term of this interim renewal contract.

19 (b) The Contractor shall utilize the Project Water made available to it pursuant  
20 to this interim renewal contract in accordance with all applicable requirements of any Biological  
21 Opinion addressing the execution of this interim renewal contract developed pursuant to Section

1 7 of the Endangered Species Act of 1973 as amended, and in accordance with environmental  
2 documentation as may be required for specific activities, including conversion of Irrigation Water  
3 to M&I Water.

4 (c) The Contractor shall make reasonable and beneficial use of Project Water  
5 or other water furnished pursuant to this interim renewal contract. In addition, use of Project  
6 Water in a ground water recharge program shall be permitted under this contract to the extent  
7 that it is carried out in accordance with California law; Provided, however, that such ground  
8 water recharge program cannot be undertaken unless and until the Contractor submits a ground  
9 water management plan pursuant to California law that demonstrates that such ground water  
10 recharge program will result in a reasonable and beneficial use of such water.

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

17 (e) If the Contractor requests permission to reschedule for use during the  
18 subsequent Year some or all of the Project Water made available to the Contractor during the  
19 current Year or to use, during the current Year, that quantity of Project Water the United States  
20 has agreed to make available to the Contractor during the subsequent Year, the Contracting

1 Officer may permit such uses in accordance with applicable statutes, regulations, guidelines, and  
2 policies.

3 (f) The Contractor's right pursuant to Federal Reclamation law and applicable  
4 State law to the beneficial use of water furnished pursuant to this interim renewal contract, any  
5 subsequent interim renewal contract and, as described in Article 2(a), any long-term renewal  
6 contract, shall not be disturbed so long as the Contractor shall fulfill all of its obligations under  
7 this interim renewal contract and any such renewal thereof. Nothing in the preceding sentence  
8 shall affect the Contracting Officer's ability to impose shortages under subdivision (b) of Article  
9 12 of this interim renewal contract and the applicable provisions of any such renewal thereof.

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

#### 14 TIME FOR DELIVERY OF WATER

15 4. (a) On or about February 15, of each Calendar Year, the Contracting Officer  
16 shall declare the amount of Project Water estimated to be made available to the Contractor  
17 pursuant to this interim renewal contract for the upcoming Year. The declaration will be updated  
18 monthly, as necessary, based on current hydrologic conditions. The Contracting Officer shall  
19 make available the forecast of Project operations, with relevant supporting information, upon the  
20 written request of the Contractor or its representatives. Upon written request of the Contractor,  
21 the Contracting Officer shall provide the basis of the estimate which shall include, but not be

1 limited to, a monthly pumping forecast for the O'Neill Pumping Plant, the projected carryover of  
2 Project reservoirs, projected CVPIA impacts, projected Endangered Species Act, and all other  
3 regulatory impacts.

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

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

14 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

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

19 (b) The Contracting Officer shall make all reasonable efforts to maintain  
20 sufficient flows and levels of water in the Delta-Mendota Canal to furnish Project Water to the  
21 Contractor at the turnout(s) established as a delivery point(s) pursuant to (a) of this Article.

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

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

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



1 damage or claim arising out of (i) acts performed by the United States or any of its officers,  
2 employees, agents, or assigns, including any responsible Operating Non-Federal Entity, with the  
3 intent of creating the situation resulting in any damage or claim, (ii) willful misconduct of the  
4 United States or any of its officers, employees, agents, or assigns, including any responsible  
5 Operating Non-Federal Entity, or (iii) negligence of the United States or any of its officers,  
6 employees, agents, or assigns including any responsible Operating Non-Federal Entity.

7 MEASUREMENT OF WATER WITHIN THE DISTRICT

8 6. (a) The Contractor shall ensure that, unless the Contractor has established an  
9 alternative measurement program satisfactory to the Contracting Officer, all surface water  
10 delivered for irrigation purposes within the Contractor's Boundaries is measured at each  
11 agricultural turnout and such water delivered for municipal and industrial purposes is measured  
12 at each municipal and industrial service connection. All water measuring devices or water  
13 measuring methods of comparable effectiveness must be acceptable to the Contracting Officer.  
14 The Contractor shall be responsible for installing, operating, and maintaining and repairing all  
15 such measuring devices and implementing all such water measuring methods at no cost to the  
16 United States. The Contractor shall use the information obtained from such water measuring  
17 devices or water measuring methods to ensure proper management of the water; to bill water  
18 users for water delivered by the Contractor; and, if applicable, to record water delivered for  
19 municipal and industrial purposes by customer class as defined in its water conservation plan.  
20 Nothing herein contained, however, shall preclude the Contractor from establishing and  
21 collecting any charges, assessments, or other revenues authorized by California law. The

1 Contractor shall include a summary of its annual surface water deliveries in the annual report  
2 described in subdivision (d) of Article 25.

3 (b) Omitted.

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

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

10 RATES AND METHOD OF PAYMENT FOR WATER

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

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

19 (1) Prior to July 1, of each Calendar Year, the Contracting Officer  
20 shall provide the Contractor the preliminary calculation of the Charges that will be applied for  
21 the period October 1 of the current Calendar Year, through September 30, of the following

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

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

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

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

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

1 contract for the previous Year. The amount to be paid for past due payment of Charges shall be  
2 computed pursuant to Article 19 of this interim renewal contract.

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

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

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

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

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

8           NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

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

12           TRANSFERS OR EXCHANGES OF WATER

13           9.     The right to Project Water provided for in this interim renewal contract may be  
14 sold, transferred, or exchanged to others for beneficial uses within the State of California if such  
15 sale, transfer or exchange is authorized by applicable Federal laws, State laws, and applicable  
16 guidelines or regulations then in effect. The right to sell, transfer, or exchange Project Water  
17 shall include, and the Contracting Officer shall apply this Article in a manner that does not  
18 impede or restrict, lawful short-term sales, transfers, or exchanges of the type the Contractor  
19 historically carried out with approval of the Contracting Officer under Contract No. 14-06-200-  
20 3365A. No sale, transfer, or exchange of the right to Project Water under this interim renewal  
21 contract may take place without the prior written approval of the Contracting Officer.

1  
2                                   APPLICATION OF PAYMENTS AND ADJUSTMENTS

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

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

15                                   TEMPORARY REDUCTIONS--RETURN FLOWS

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

20                   (b)   The United States may temporarily discontinue or reduce the quantity of  
21 Project Water to be delivered to the Contractor as herein provided for the purposes of

1 investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or  
2 any part thereof necessary for the delivery of Project Water to the Contractor, but so far as  
3 feasible the Contracting Officer will give the Contractor due notice in advance of such temporary  
4 discontinuance or reduction, except in case of emergency, in which case no notice need be given:  
5 Provided, That the United States shall use its best efforts to avoid any discontinuance or  
6 reduction in such service. Upon resumption of service after such reduction or discontinuance,  
7 and if requested by the Contractor, the United States will, if possible, deliver the quantity of  
8 Project Water, which would have been delivered hereunder in the absence of such discontinuance  
9 or reduction: Provided further, That with respect to any quantity of Project Water not delivered  
10 after a discontinuance or reduction the Contractor shall be relieved of its scheduling and payment  
11 obligations for such quantity of Project Water.

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

#### 18 WATER SHORTAGE AND APPORTIONMENT

19 12. (a) In its operation of the Project, the Contracting Officer will use all  
20 reasonable means to guard against a condition of shortage in the quantity of water to be made  
21 available to the Contractor pursuant to this contract. Insofar as determined by the Contracting



1 Officer to be practicable, the Contracting Officer will, in the event a shortage appears probable,  
2 notify the Contractor of such determinations as soon as possible.

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

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

16 (d) Subject to subdivisions (c) of this Article, in any Year in which there  
17 may occur a shortage for any of the reasons specified in subdivision (b) above, the Contracting  
18 Officer shall apportion the available Project Water among the Contractor and others entitled to  
19 receive Project Water from the Delta-Mendota Canal as follows:

20 (1) A determination shall be made of the total quantity of water  
21 scheduled to be delivered during the respective Year under all contracts then in force

1 for the delivery of water from the Delta-Mendota Canal, the quantity so determined  
2 being herein referred to as the contractual commitments from the Delta-Mendota Canal.

3 (2) The total quantity of water scheduled to be delivered to the  
4 Contractor from the Delta-Mendota Canal during the respective Year under subdivision  
5 (a) of Article 3 shall be divided by the contractual commitments, the quotient thus  
6 obtained being herein referred to as the Contractor's contractual entitlement from the  
7 Delta-Mendota Canal.

8 (3) The supply determined by the Contracting Officer to be available  
9 from the Delta-Mendota Canal shall be multiplied by the Contractor's contractual  
10 entitlement and the result shall be the quantity of water required to be delivered by the  
11 United States to the Contractor for the respective Year from the Delta-Mendota Canal.

#### 12 UNAVOIDABLE GROUND-WATER PERCOLATION

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

#### 17 COMPLIANCE WITH FEDERAL RECLAMATION LAW

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



1                                    WATER ACQUIRED BY THE CONTRACTOR OTHER THAN  
2                                    FROM THE UNITED STATES

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

18                                    OPINIONS AND DETERMINATIONS

19            18.    (a)    Where the terms of this interim renewal contract provide for actions to be  
20 based upon the opinion or determination of either party to this contract, said terms shall not be  
21 construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable  
22 opinions or determinations. Both parties, notwithstanding any other provisions of this contract,

1 expressly reserve the right to seek relief from and appropriate adjustment, including monetary  
2 damages, for any such arbitrary, capricious, or unreasonable opinion or determination. Each  
3 opinion or determination by either party shall be provided in a timely manner.

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

#### 9 CHARGES FOR DELINQUENT PAYMENTS

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

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

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

#### 27 EQUAL OPPORTUNITY

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

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

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

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

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

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

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

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

11 GENERAL OBLIGATION--BENEFITS  
12 CONDITIONED UPON PAYMENT

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

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

23 COMPLIANCE WITH CIVIL RIGHTS LAWS  
24 AND REGULATIONS

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

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

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

#### 9 PRIVACY ACT COMPLIANCE

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

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

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

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

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

#### 35 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

36 24. In addition to all other payments to be made by the Contractor pursuant to this  
37 contract, the Contractor shall pay to the United States, within sixty (60) days after receipt of a bill



1 and detailed statement submitted by the Contracting Officer to the Contractor for such specific  
2 items of direct cost incurred by the United States for work requested by the Contractor associated  
3 with this interim renewal contract plus a percentage of such direct costs for administrative and  
4 general overhead in accordance with applicable Bureau of Reclamation policy and procedures.  
5 All such amounts referred to in this Article shall not exceed the amount agreed to in writing in  
6 advance by the Contractor. This Article shall not apply to costs for routine contract  
7 administration.

### 8 WATER CONSERVATION

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

16 (b) Should the combined amount of M&I Water delivered pursuant to  
17 subdivision (a) of Article 3 during the term of this interim renewal contract equal or exceed  
18 2,000 acre-feet, the Contractor shall implement the Best Management Practices identified by and  
19 the time frames issued by the California Urban Water Conservation Council unless any such  
20 practice is determined by the Contracting Officer to be inappropriate for the Contractor.

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

1 water shortages imposed under this interim renewal contract and the availability and cost of the  
2 Contractor's and individual water user's non-Project alternative sources of supply, including  
3 ground water and other non-Project water supplies, so that the Contractor's pricing structure  
4 provides incentives for conservation and the efficient management of overall water supply  
5 available to water users served by the Contractor. Provided, That no such tiered block water  
6 pricing program need be implemented by the Contractor if the Contracting Officer determines,  
7 based on information provided by the Contractor, that (i) such a pricing structure will not result  
8 in significant conservation of water available for use within the Contractor's service area,  
9 including ground water or (ii) other pricing program, conservation or management measures are  
10 more appropriate and/or will result in comparable or better conservation of the water supplies  
11 available within the Contractor's boundaries. Provided further, If the Contractor fails to, or elects  
12 not to, comply with this subdivision of Article 25, then any subsequent interim renewal contract  
13 shall contain a tiered pricing contractual provision pursuant to subsection (d) of Section 3405 of  
14 the CVPIA.

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

18 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

19 26. Except as specifically provided in Article 17 of this contract, the provisions of this  
20 interim renewal contract shall not be applicable to or affect water or water rights now owned or  
21 hereafter acquired by the Contractor or any user of such water within the Contractor's Boundaries  
22 from other than the United States by the Contractor. Any such water shall not be considered  
23 Project Water under this contract. In addition, this interim renewal contract shall not be  
24 construed as limiting or curtailing any rights which the Contractor or any water user within the

1 Contractor's Boundaries acquires or has available under any other contract pursuant to the  
2 Federal Reclamation law.

3 OPERATION AND MAINTENANCE BY NON-FEDERAL ENTITY

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

11 (b) If so notified in writing by the Contracting Officer, the Contractor shall  
12 pay directly to such Operating Non-Federal Entity in accordance with such notice, (1) that  
13 portion of the Rate(s) to be paid the United States pursuant to this Contract which the  
14 Contracting Officer determines is the Contractor's appropriate share of the costs of the O&M of  
15 the Delta-Division facilities transferred to the Operating Non-Federal Entity for O&M; and (2)  
16 all appropriate additional amounts charged or assessed by the Operating Non-Federal Entity for  
17 the O&M of the Delta-Division facilities. Such direct payments to such Operating Non-Federal  
18 Entity shall not relieve the Contractor of its obligation to pay directly to the United States its  
19 allocated share of the remaining costs for the O&M of the Project.

20 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

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

1   BOOKS, RECORDS, AND REPORTS

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

11   ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

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

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

18   SEVERABILITY

19           31.     In the event that a person or entity who is neither (i) a party to a Project interim  
20    renewal contract, nor (ii) a person or entity that receives Project Water from a party to a Project  
21    interim renewal contract, nor (iii) an association or other form of organization whose primary  
22    function is to represent parties to Project interim renewal contracts, brings an action in a court of  
23    competent jurisdiction challenging the legality or enforceability of a provision included in this  
24    interim renewal contract and said person, entity, association, or organization obtains a final court  
25    decision holding that such provision is legally invalid or unenforceable and the Contractor has  
26    not intervened in that lawsuit in support of the plaintiff(s), the parties to this interim renewal  
27    contract shall use their best efforts to (i) within thirty (30) days of the date of such final court  
28    decision identify by mutual agreement the provisions in this interim renewal contract which must  
29    be revised, and (ii) within three (3) months thereafter promptly agree on the appropriate

1 revision(s). The time periods specified above may be extended by mutual agreement of the  
2 parties. Pending the completion of the actions designated above, to the extent it can do so  
3 without violating any applicable provisions of law, the United States shall continue to make the  
4 quantities of Project Water specified in this interim renewal contract available to the Contractor  
5 pursuant to the provisions of this interim renewal contract, which were not found to be legally  
6 invalid or unenforceable in the final court decision.

7 OFFICIALS NOT TO BENEFIT

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

11 CHANGES IN CONTRACTOR'S BOUNDARIES

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

15 NOTICES

16 34. Any notice, demand, or request authorized or required by this contract shall be  
17 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or  
18 delivered to the Area Manager, South-Central California Area Office, 1243 N Street, Fresno, CA  
19 97321-1813, and on behalf of the United States, when mailed, postage prepaid, or delivered to  
20 the Board of Directors of the Mercy Springs Water District, 52027 West Althea Avenue,  
21 Firebaugh, California 93622. The designation of the addressee or the address may be changed by  
22 notice given in the same manner as provided in this Article for other 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   THE UNITED STATES OF AMERICA

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

7    (SEAL)   MERCY SPRINGS WATER DISTRICT

8   By: /s/ Ed Koda  
9   President of the Board of Directors

10    Attest:

11    /s/ Marcos Hedrick  
12    Secretary

APPROVED AS TO LEGAL  
FORM AND SUFFICIENCY

*/s/ James E. Turner*

OFFICE OF REGIONAL SOLICITOR  
DEPARTMENT OF THE INTERIOR

2001 Water Rates for Interim Renewal Contract No. 14-06-200-3365A-IR5-A  
Mercy Springs Water District - Delta-Mendota Canal

	<u>2001 Rates per Acre-Foot</u>	
	<u>Irrigation Water</u>	<u>M&amp;I Water</u>
<u>COST-OF-SERVICE RATES:</u>		
Capital Rates	\$12.18	1/
O&M Rates:		
Water Marketing	6.91	
Storage	4.23	
Conveyance		
Conveyance Pumping		
Deficit Rates:		
Non-Interest Bearing		
Interest Bearing	<u>          </u>	<u>          </u>
TOTAL COST-OF-SERVICE-RATES	<u>\$23.32</u>	<u>1/</u>

FULL-COST RATES:

Section 202(3) Rate is applicable to a Qualified Recipient or to a Limited Recipient receiving irrigation water on or before October 1, 1981. \$32.53

Section 205(a)(3) Rate is applicable to a Limited Recipient that did not receive irrigation water on or before October 1, 1981. \$39.77

CHARGES UNDER P.L. 102-575 TO RESTORATION FUND 2/

Restoration Payments (3407(d)(2)(A))	<u>\$ 7.28</u>	<u>\$14.56</u>
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- 1/ Will be provided as needed. Contractor does not currently receive M&I water and is not projected to take any in the near future.
- 2/ 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).

(01MSA.EXB)