

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

INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES
AND
EL DORADO IRRIGATION DISTRICT
PROVIDING FOR PROJECT WATER SERVICE
AND FOR
OPERATION AND MAINTENANCE BY THE DISTRICT
OF THE SLY PARK UNIT OF THE CENTRAL VALLEY PROJECT

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THIS CONTRACT, made this 9th day of March 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,

1 Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter referred to
2 as the Federal Reclamation law, between THE UNITED STATES OF AMERICA, hereinafter
3 referred to as the United States, and THE EL DORADO IRRIGATION DISTRICT, hereinafter
4 referred to as the Contractor, a public agency of the State of California, duly organized, existing, and
5 acting pursuant to the laws thereof, with its principal place of business in Placerville, 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 control,
10 irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and restoration,
11 generation and distribution of electric energy, salinity control, navigation and other beneficial uses,
12 of waters of the Sacramento River, the American River, the Trinity River, and the San Joaquin
13 River and their tributaries; and

14 WHEREAS, the United States constructed the Sly Park Unit on Sly Park Creek, a
15 tributary of the North Fork of the Cosumnes River, as part of the Central Valley Project for
16 furnishing water to the Contractor for agricultural and municipal and industrial purposes; and

17 WHEREAS, the Contractor and the United States entered into Contract
18 No. 14-06-200-949, which provided to the Contractor the Average Annual Yield of the Sly Park
19 Unit from March 1 of the initial year of water service (1955) to February 28 of the fortieth (40th)
20 year thereafter (1995); and

21 WHEREAS, the Contractor and the United States entered into the Interim Renewal
22 Contract identified as Contract No. 14-06-200-949-IR1, 14-06-200-949-IR2, 14-06-200-949-IR3,

1 and 14-06-200-949-IR, the latter of which is hereinafter referred to as the Existing Interim Renewal
2 Contract, which provided for the continued water service to the Contractor from
3 March 1, 2000, through February 28, 2001; and

4 WHEREAS, the Contractor has been operating and maintaining Sly Park Unit in
5 accordance with its existing water service contract since June 1, 1955, and

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

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

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

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

1 WHEREAS, rights of renewal of Contract No. 14-06-200-949 and to convert said
2 contract to a contract as provided by subsection (d), Section 9 of the Act of August 4, 1939 (53 Stat.
3 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 and
8 the potential renewal of all existing contracts for Project Water; and

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

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

19 WHEREAS, the Contractor and the Contracting Officer concur that at the time of the
20 execution of this interim renewal contract, the Contractor has no non-interest bearing operation and
21 maintenance deficits and shall have no further liability therefor: and

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

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

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

9 (h) "Full Cost Rate" shall mean that water rate described in Sections 205(a)(3) or
10 202(3) of the RRA, whichever is applicable;

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

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

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

20 (l) "M&I Water" shall mean water made available from the Project other than
21 Irrigation Water. M&I Water shall include water used for purposes such as the watering of
22 landscaping or pasture for animals (e.g., horses) which are kept for personal enjoyment or

1 water delivered to landholding operated in units of less than 5 acres unless the Contractor
2 establishes to the satisfaction of the Contracting Officer that the use of water delivered to
3 any such landholding is a use described in subdivision (j) of this Article;

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

6 (n) OMITTED;

7 (n.1) "Non-Project Water" shall mean water that is neither developed nor
8 appropriated by the United States, is either owned or hereafter acquired by the Contractor
9 other than from the United States, and which the United States is neither entitled to nor
10 responsible for as a Project Water supply

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

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

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

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

1 (s.1) "Sly Park Unit" shall mean the Sly Park Dam and Reservoir located on Sly
2 Park Creek (a tributary of the North Fork of the Cosumnes River), Camp Creek Diversion
3 Dam and Tunnel, Sly Park-Camino Conduit, and other appurtenant works;

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

6 TERM OF CONTRACT - RIGHT TO USE OF WATER

7 2. (a) This interim renewal contract shall be effective from March 1, 2001, and
8 shall remain in effect through February 28, 2002, and thereafter will be renewed as described in this
9 article. Except as provided in subdivision (b) of this Article, until completion of all appropriate
10 environmental review, and provided that the Contractor has complied with all the terms and
11 conditions of the interim renewal contract in effect for the period immediately preceding the
12 requested successive interim renewal contract, this interim renewal contract will be renewed, upon
13 request of the Contractor, for successive interim periods each of which shall be no more than two
14 (2) Years in length. Also, except as provided in subdivision (b) of this Article, in order to promote
15 orderly and cost effective contract administration, the terms and conditions in subsequent interim
16 renewal contracts shall be identical to the terms and conditions in the interim renewal contract
17 immediately preceding the subsequent interim renewal contract: Provided, however, That each
18 party preserves the right to propose modification(s) in any interim renewal contract other than those
19 described in subdivision (b) of this Article, in which case the parties shall negotiate in good faith
20 appropriate modification(s) to be included in any successive interim renewal contracts. Said
21 modification(s) of each successive interim renewal contract shall be agreed upon within a
22 reasonable time prior to the expiration of the then existing interim renewal contract. Nothing in this

1 Article shall in any way alter the obligation that, upon final completion of the PEIS and any
2 necessary supplemental environmental documentation, the Secretary shall, pursuant to Federal
3 Reclamation law, upon request of the Contractor, enter into a long-term renewal contract for a
4 period of twenty-five (25) Years and may thereafter renew such long-term renewal contracts for
5 successive periods not to exceed twenty-five (25) Years each. The Contractor asserts that Contract
6 No. 14-06-200-949 and existing law go beyond the preceding sentence to give it enforceable rights
7 to successive long-term renewal contracts. The Contracting Officer disagrees with that assertion.
8 The parties agree that this interim renewal contract preserves the rights and positions of the parties
9 and that the omission of language in this interim renewal contract setting out the rights asserted by
10 the Contractor to successive renewals is not intended to be, nor shall it be interpreted as, a waiver of
11 any such rights to the extent any such rights are later determined to exist by a court of competent
12 jurisdiction or by mutual agreement of the parties. If a court of competent jurisdiction or the parties
13 by mutual agreement determine that incorporation of such language in this interim renewal contract
14 is necessary to preserve such rights, this interim renewal contract shall be construed as incorporating
15 such language as though fully set forth herein as of the effective date hereof.

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

20 Accordingly:

21 (1) In the event (i) the Contractor and Contracting Officer have reached
22 agreement on the terms of the Contractor's long-term renewal contract or (ii) the Contractor and

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

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

1 provide for completion of the negotiations of the terms of that contract by February 1, 2002, and for
2 execution of the contract on or about February 15, 2002. The parties each acknowledge the right of
3 either party to seek judicial relief in connection with any impasse reached in connection with
4 negotiation of the long-term renewal contract and/or an interim renewal contract that would become
5 effective on or after February 28, 2002.

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

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

1 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

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

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

17 (c) The Contractor shall make reasonable and beneficial use of Project Water or
18 other water furnished pursuant to this interim renewal contract. In addition, use of Project Water in
19 a ground-water recharge program shall be permitted under this contract to the extent that it is carried
20 out in accordance with California law; Provided, however, that such ground-water recharge program
21 cannot be undertaken unless and until the Contractor submits a ground-water management plan

1 pursuant to California law that demonstrates that such ground-water recharge program will result in
2 a reasonable and beneficial use of such water.

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

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

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

21 (g) Notwithstanding subdivisions (j) and (l) of Article 1, Project Water furnished
22 to the Contractor pursuant to this interim renewal contract may be delivered for purposes other than

1 those described in subdivisions (j) and (l) of Article 1 upon written approval by the Contracting
2 Officer in accordance with the terms and conditions of such approval.

3 TIME FOR DELIVERY OF WATER

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

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

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

1 (d) Whenever mandatory releases of water stored by the Sly Park Unit are
2 required by law for the preservation of fish, the satisfaction of prior water rights, or other reasons,
3 such releases shall be made by the Contractor or the United States, whichever is then operating the
4 Project. The Contractor shall allow said water releases to freely pass any and all diversion or other
5 facilities owned or operated by the Contractor wherever located. Said water releases shall not be
6 included as part of the Average Annual Yield.

7 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

8 5. (a) The Project Water to be furnished to the Contractor pursuant to this interim
9 renewal contract shall be made available to the Contractor at the head of the Sly Park-Camino
10 Conduit.

11 (b) OMITTED

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

17 (d) All Project Water delivered to the Contractor pursuant to this interim renewal
18 contract shall be measured and recorded with equipment furnished, installed, operated, and
19 maintained by the United States or the responsible Operating Non-Federal Entity at the point or
20 points of delivery established pursuant to subdivision (a) of this Article. Upon the request of either
21 party to this interim renewal contract, the Contracting Officer shall investigate the accuracy of such
22 measurements and shall take any necessary steps to adjust any errors appearing therein. The

1 Contractor shall advise the Contracting Officer on or before the 10th calendar day of each month of
2 the quantity of M&I Water taken during the preceding month.

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

17 MEASUREMENT OF WATER WITHIN THE DISTRICT

18 6. (a) The Contractor shall ensure that, unless the Contractor has established an
19 alternative measurement program satisfactory to the Contracting Officer, all surface water delivered
20 for irrigation purposes within the Contractor's Service Area/boundaries is measured at each
21 agricultural turnout and such water delivered for municipal and industrial purposes is measured at
22 each municipal and industrial service connection. All water measuring devices or water measuring

1 methods of comparable effectiveness must be acceptable to the Contracting Officer. The Contractor
2 shall be responsible for installing, operating, and maintaining and repairing all such measuring
3 devices and implementing all such water measuring methods at no cost to the United States. The
4 Contractor shall use the information obtained from such water measuring devices or water
5 measuring methods to ensure proper management of the water; to bill water users for water
6 delivered by the Contractor; and, if applicable, to record water delivered for municipal and industrial
7 purposes by customer class as defined in its water conservation plan. Nothing herein contained,
8 however, shall preclude the Contractor from establishing and collecting any charges, assessments, or
9 other revenues authorized by California law. The Contractor shall include a summary of its annual
10 surface water deliveries in the annual report described in subdivision (d) of Article 25.

11 (b) [OMITTED]

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

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

18 RATES AND METHOD OF PAYMENT FOR WATER

19 7. (a) The Contractor shall pay the United States in monthly payments as provided
20 in this Article for the quantities of Delivered Water furnished to the Contractor pursuant to this
21 interim renewal contract. Such payments shall consist of the applicable Rates and Charges
22 determined annually in accordance with applicable Federal law and associated regulations. The

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

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

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

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

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

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

18 (d) The Contractor shall pay all Charges owing for Delivered Water before the
19 end of the month following the month of delivery. Such amounts shall be consistent with the
20 quantities of Irrigation Water and M&I Water shown in the United States' water delivery report for
21 the subject month. The water delivery report shall be regarded by the Contractor as a bill for the
22 payment of appropriate Charges. Any monthly adjustment for overpayment or underpayment of

1 Charges shall be accomplished through the adjustment of Charges due to the United States in the
2 next month. By March 31, of each Year, the Contractor shall make any additional payment of
3 Charges it is obligated to make for Delivered Water furnished to the Contractor pursuant to its
4 contract for the previous Year. The amount to be paid for past due payment of Charges shall be
5 computed pursuant to Article 19 of this interim renewal contract.

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

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

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

18 (h) At the Contractor's request, the Contracting Officer shall provide to the
19 Contractor an accounting of all of the expenses allocated and the disposition of all revenues received
20 pursuant to this interim renewal contract in sufficient detail to allow the Contractor to determine that
21 the allocation of expenses and disposition of all revenues received was accomplished in
22 conformance with Federal Reclamation law and the associated regulations. The Contracting Officer

1 and the Contractor shall enter into good faith negotiations to resolve any discrepancies or disputes
2 arising out of said accounting of the Contractor's review thereof.

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

10 OPERATION AND MAINTENANCE BY CONTRACTOR

11 8. (a) The transfer to the Contractor on June 1, 1955, of the care, operation, and
12 maintenance of the Sly Park Unit facilities pursuant to Article 3 of Contract No. 14-06-200-949 shall
13 remain in full force and effect and shall not be disturbed except as provided in subdivision (f) of this
14 Article. Title to the Sly Park Unit shall remain in the name of the United States unless otherwise
15 determined by Congress.

16 (b) The Contractor, without expense to the United States, shall care for, operate,
17 and maintain the Sly Park Unit facilities in full compliance with the terms of this interim renewal
18 contract and regulations and instructions furnished by the Contracting Officer, and in such manner
19 that said Sly Park Unit facilities will remain in good and efficient conditions.

20 (c) The Contractor shall promptly make any and all repairs to the Sly Park Unit
21 facilities being operated by it which are necessary for proper care, operation, and maintenance. In
22 case of neglect or failure of the Contractor to make such repairs within 60 days following written

1 notification, the Contracting Officer may cause the repairs to be made, and the cost thereof shall be
2 paid by the Contractor as prescribed by the Contracting Officer.

3 (d) No substantial change shall be made by the Contractor in any of the major
4 transferred facilities without first obtaining the written consent of the Contracting Officer. The
5 Contractor shall ensure that no unauthorized encroachment occurs on Sly Park Unit lands and
6 rights-of-way.

7 (e) The Contractor agrees to indemnify the United States for, and hold the United
8 States and all of its representatives harmless from, all damages resulting from suits, actions, or
9 claims of any character brought on account of any injury to any person or property arising out of any
10 act, omission, neglect, or misconduct in the manner or method of performing any construction, care,
11 operation, maintenance, supervision, examination, inspection, or other duties of the Contractor or
12 the United States required under this interim renewal contract regardless of who performs those
13 duties.

14 (f) In the event the Contractor is found to be operating the Sly Park Unit or any
15 part thereof in violation of this interim renewal contract, then upon the election of the Contracting
16 Officer, the United States may take over from the Contractor, the care, operation, and maintenance
17 of the transferred facilities by giving written notice to the Contractor of such election and of the
18 effective date thereof. Thereafter, during the period of operation by the United States, the
19 Contractor shall pay to the United States annually, in advance, the cost of operation and maintenance
20 of such facilities as prescribed in notices from the Contracting Officer to the Contractor. Such
21 facilities may be transferred to the Contractor in the manner originally transferred.

1 (g) In addition to all other payments to be made by the Contractor under this
2 interim renewal contract, the Contractor shall, during the period of time any or all of the Project
3 facilities are being operated by it, pay to the United States, within 180 days following the receipt of a
4 detailed statement, the costs incurred by the United States for unusual work involved in
5 administration and supervision of this interim renewal contract.

6 (h) At any and all times that the Contractor is responsible for the O&M of the Sly
7 Park Unit, the Contractor may take more or less than the Average Annual Yield of the Sly Park Unit
8 in any Year: Provided, That the Contracting Officer shall be relieved of all obligations, whether
9 stated or implied, of Articles 3(d), 4(a), 4(c), 14(a), 14(b) and 15, and the United States shall be
10 neither liable for any claims of damage nor responsible for providing water to the Contractor or the
11 Contractor's customers in case of a shortage resulting from the Contractor's actions.

12 HAZARDOUS MATERIAL

13 9. (a) The Contractor shall comply with all applicable Federal, State, and local laws
14 and regulations, and Bureau of Reclamation (Reclamation) policies and instructions, existing or
15 hereafter enacted or promulgated, concerning any hazardous material that will be used, produced,
16 transported, stored, or disposed of on or in lands, waters, or facilities of the Sly Park Unit.

17 (b) "Hazardous material" means any substance, pollutant or contaminant listed as
18 hazardous under the Comprehensive Environmental Response, Compensation, and Liability Act of
19 1980, as amended, 42 U.S.C. § 9601, et seq., and the regulations promulgated pursuant to that Act.

20 (c) The Contractor may not allow contamination or pollution of lands, waters or
21 facilities of the Sly Park Unit.

1 (d) The Contractor shall report to the Contracting Officer, within 1 hour of its
2 discovery, any event which may or does result in pollution or contamination adversely
3 affecting lands, water or facilities owned by the United States or administered by Reclamation.

4 (e) Violation of any of the provisions of this Article, upon which the Contractor
5 does not take immediate corrective action, shall constitute grounds for termination of this interim
6 renewal contract and shall make the contractor liable for the cost of full and complete remediation
7 and/or restoration of any Federal resources or facilities that are adversely affected as a result of the
8 violation.

9 (f) The Contractor agrees to include the provision contained in paragraphs (a)
10 through (e) of this Article in any subcontract or third party contract it may enter into pursuant to this
11 interim renewal contract.

12 (g) Reclamation agrees to provide information necessary for the Contractor, using
13 reasonable diligence, to comply with this Article.

14 EXAMINATION AND INSPECTION OF PROJECT FACILITIES FOR DETERMINING
15 THE ADEQUACY OF OPERATION AND MAINTENANCE

16 10. (a) The Contracting Officer may, from time to time, examine the Contractor's
17 books, records and reports, and the Project facilities being operated by the Contractor to assist the
18 Contractor in determining the condition of the Project facilities, and the adequacy of the operation
19 and maintenance program, the reserve fund, and the water conservation program. The Contracting
20 Officer may examine any or all of the Project facilities which were constructed by the United States
21 and transferred to the Contractor, or Project facilities which were constructed by the Contractor with
22 funds advanced or reimbursed by the United States.

1 droughts, storms, earthquakes, floods, or other emergencies threatening or causing interruption of
2 water service.

3 (b) The Contractor shall accumulate the reserve fund with annual deposits or
4 investments of not less than \$5,000 to a Federally insured interest- or dividend-bearing account, or
5 in securities guaranteed by the Federal Government: Provided, That money in the reserve fund shall
6 be available within a reasonable time to meet expenses for such purposes as those identified in
7 subdivision (d). Such annual deposits and the accumulation of interest to the reserve fund shall
8 continue until the funding level specified in subdivision (a) is achieved. Following an emergency
9 expenditure from the fund, the annual deposits shall continue from the Year following the
10 emergency expenditure until the previous balance is restored. After the initial amount is
11 accumulated or after the previous balance is restored, the annual deposits may be discontinued and
12 the interest earnings shall continue to accumulate and be retained as part of the reserve fund.

13 (c) Upon mutual agreement between the Contractor and the Contracting Officer,
14 the basic reserve fund or the accumulated reserve fund may be adjusted to account for risk and
15 uncertainty stemming from the size and complexity of the Project, the size of the annual operation
16 and maintenance budget, additions to, deletions from, or changes in Project facilities and operations
17 and maintenance costs not contemplated when this interim renewal contract was executed. If the
18 accumulated fund is adjusted downward, the Contractor shall forward the excess increment of the
19 fund to the United States within 60 days of the date of adjustment. Such excess increment shall be
20 applied, as a tail-end credit, to the Contractor's repayment obligation in addition to all other
21 installments due under this interim renewal contract, thereby reducing the repayment period.

1 (d) The Contractor may make expenditures from such reserve fund only for
2 meeting usual operation and maintenance costs incurred during periods of special stress as described
3 in subdivision (a), and unforeseen extraordinary operation and maintenance costs, unusual or
4 extraordinary repair or replacement costs, and betterment costs (in situations where recurrence of
5 severe problems can be eliminated) during such periods of special stress. Proposed expenditure
6 from the fund shall be submitted to the Contracting Officer in writing for review and written
7 approval prior to disbursement. Whenever the reserve fund is reduced below the current balance by
8 expenditures therefrom, the Contractor shall restore that balance by the accumulation of annual
9 deposits, as specified in subdivision (b).

10 (e) During any period in which any of the Project facilities are operated and
11 maintained by the United States, the reserve fund shall be available for like use by the United States.

12 (f) On or before December 1 of each Year, the Contractor shall provide an annual
13 statement of the principal and accumulated interest of the reserve fund account to the Contracting
14 Officer.

15 APPLICATION OF PAYMENTS AND ADJUSTMENTS

16 12. (a) The amount of any overpayment by the Contractor shall be applied first to any
17 accrued indebtedness arising out of this interim renewal contract then due and payable by the
18 Contractor. Any amount of such overpayment then remaining shall, at the option of the Contractor,
19 be refunded to the Contractor or credited upon amounts to become due to the United States from the
20 Contractor under the provisions hereof in the following months. With respect to overpayment, such
21 adjustment shall constitute the sole remedy of the Contractor or anyone having, or claiming to have,
22 the right to the use of any of the water provided for herein.

1 (b) All advances for miscellaneous costs incurred for work requested by the
2 Contractor pursuant to Article 28 shall be adjusted to reflect the actual costs when the work has been
3 completed. If the advances exceed the actual costs incurred, the difference will be refunded to the
4 Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be billed for the
5 additional costs pursuant to Article 28.

6 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

7 13. The Contractor and the Contracting Officer have entered into a written agreement
8 specifying a mutually acceptable mechanism through which the Contractor will retired its
9 outstanding non-interest bearing operation and maintenance deficits. The Contractor and the
10 Contracting Officer concur that at the time of execution of this interim renewal contract, the
11 Contractor has no non-interest bearing operation and maintenance deficits and shall have no further
12 liability therefor.

13 TRANSFERS OR EXCHANGES OF WATER

14 14. (a) The right to Project Water provided for in this interim renewal contract may be
15 sold, transferred, or exchanged to others for beneficial uses within the State of California if such
16 sale, transfer or exchange is authorized by applicable Federal laws, State laws, and applicable
17 guidelines or regulations then in effect. The right to sell, transfer, or exchange Project Water shall
18 include, and the Contracting Officer shall apply this Article in a manner that does not impede or
19 restrict, lawful short-term sales, transfers, or exchanges of the type the Contractor historically carried
20 out with approval of the Contracting Officer under Contract No. 14-06-200-949. No sale, transfer,
21 or exchange of the right to Project Water under this interim renewal contract may take place without
22 the prior written approval of the Contracting Officer.

1 (b) For the purpose of determining whether section 3405 (a)(1)(M) of the CVPIA
2 applies to the Contractor as a transferor or transferee of Project Water, the Contracting Officer
3 acknowledges that the Contractor is within a county, watershed, or other area of origin, as those
4 terms are utilized under California law, of water that constitutes the natural flow of the Cosumnes
5 River and its tributaries.

6 TEMPORARY REDUCTIONS--RETURN FLOWS

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

11 (b) The United States may temporarily discontinue or reduce the quantity of
12 Project Water to be delivered to the Contractor as herein provided for the purposes of investigation,
13 inspection, maintenance, repair, or replacement of any of the Project facilities or any part thereof
14 necessary for the delivery of Project Water to the Contractor, but so far as feasible the Contracting
15 Officer will give the Contractor due notice in advance of such temporary discontinuance or
16 reduction, except in case of emergency, in which case no notice need be given: Provided, That the
17 United States shall use its best efforts to avoid any discontinuance or reduction in such service.
18 Upon resumption of service after such reduction or discontinuance, and if requested by the
19 Contractor, the United States will, if possible, deliver the quantity of Project Water, which would
20 have been delivered hereunder in the absence of such discontinuance or reduction: Provided further,
21 That with respect to any quantity of Project Water not delivered after a discontinuance or reduction

1 the Contractor shall be relieved of its scheduling and payment obligations for such quantity of
2 Project Water.

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

9 WATER SHORTAGE AND APPORTIONMENT

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

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

22 (c) In any Year in which there may occur a shortage for any of the reasons
23 specified in subdivision (b) above, the Contracting Officer shall apportion the available Project
24 Water supply among the Contractor and others entitled, under existing contracts and future contracts

1 (to the extent such future contracts are permitted under subsections (a) and (b) of Section 3404 of the
2 CVPIA) and renewals thereof, to receive Project Water consistent with the contractual obligations of
3 the United States.

4 UNAVOIDABLE GROUND-WATER PERCOLATION

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

9 COMPLIANCE WITH FEDERAL RECLAMATION LAW

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

12 WATER AND AIR POLLUTION CONTROL

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

16 QUALITY OF WATER

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

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

9 WATER ACQUIRED BY THE CONTRACTOR OTHER THAN
10 FROM THE UNITED STATES

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

OPINIONS AND DETERMINATIONS

1
2 22. (a) Where the terms of this interim renewal contract provide for actions to be
3 based upon the opinion or determination of either party to this contract, said terms shall not be
4 construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable
5 opinions or determinations. Both parties, notwithstanding any other provisions of this contract,
6 expressly reserve the right to seek relief from and appropriate adjustment, including monetary
7 damages, for any such arbitrary, capricious, or unreasonable opinion or determination. Each opinion
8 or determination by either party shall be provided in a timely manner.

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

CHARGES FOR DELINQUENT PAYMENTS

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

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

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

EQUAL OPPORTUNITY

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

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

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

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

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

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

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

(7) The Contractor will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by the rules, regulations, or orders of

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

9 GENERAL OBLIGATION--BENEFITS
10 CONDITIONED UPON PAYMENT

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

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

21 COMPLIANCE WITH CIVIL RIGHTS LAWS
22 AND REGULATIONS

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

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

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

PRIVACY ACT COMPLIANCE

1
2 27. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a)
3 (the Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et
4 seq.) in maintaining landholder acreage certification and reporting records, required to be submitted
5 to the Contractor for compliance with Sections 206 and 228 of the Reclamation Reform Act of 1982
6 (96 Stat. 1266), and pursuant to 43 CFR 426.10.

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

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

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

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

27 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

28 28. In addition to all other payments to be made by the Contractor pursuant to this
29 contract, the Contractor shall pay to the United States, within sixty (60) days after receipt of a bill
30 and detailed statement submitted by the Contracting Officer to the Contractor for such specific items
31 of direct cost incurred by the United States for work requested by the Contractor associated with this
32 interim renewal contract plus a percentage of such direct costs for administrative and general
33 overhead in accordance with applicable Bureau of Reclamation policy and procedures. All such

1 amounts referred to in this Article shall not exceed the amount agreed to in writing in advance by the
2 Contractor. This Article shall not apply to costs for routine contract administration.

3 WATER CONSERVATION

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

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

16 (c) As part of the water conservation program, the Contractor shall develop and
17 be implementing a tiered block water pricing program that promotes conservation and the efficient
18 management of Project Water during the term of this contract. Such pricing program for Project
19 Water shall take into account all relevant circumstances, including without limitation, water
20 shortages imposed under this interim renewal contract and the availability and cost of the
21 Contractor's and individual water user's non-Project alternative sources of supply, including ground
22 water and other non-Project water supplies, so that the Contractor's pricing structure provides
23 incentives for conservation and the efficient management of overall water supply available to water
24 users served by the Contractor. Provided, That no such tiered block water pricing program need be

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

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

12 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

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

21 OPERATION AND MAINTENANCE BY NON-FEDERAL ENTITY

22 31. OMITTED

1 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

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

7 BOOKS, RECORDS, AND REPORTS

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

17 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

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

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

24 SEVERABILITY

25 35. In the event that a person or entity who is neither (i) a party to a Project interim
26 renewal contract, nor (ii) a person or entity that receives Project Water from a party to a Project
27 interim renewal contract, nor (iii) an association or other form of organization whose primary
28 function is to represent parties to Project interim renewal contracts, brings an action in a court of
29 competent jurisdiction challenging the legality or enforceability of a provision included in this
30 interim renewal contract and said person, entity, association, or organization obtains a final court
31 decision holding that such provision is legally invalid or unenforceable and the Contractor has not

1 intervened in that lawsuit in support of the plaintiff(s), the parties to this interim renewal contract
2 shall use their best efforts to (i) within thirty (30) days of the date of such final court decision
3 identify by mutual agreement the provisions in this interim renewal contract which must be revised,
4 and (ii) within three (3) months thereafter promptly agree on the appropriate revision(s). The time
5 periods specified above may be extended by mutual agreement of the parties. Pending the
6 completion of the actions designated above, to the extent it can do so without violating any
7 applicable provisions of law, the United States shall continue to make the quantities of Project Water
8 specified in this interim renewal contract available to the Contractor pursuant to the provisions of
9 this interim renewal contract, which were not found to be legally invalid or unenforceable in the
10 final court decision.

11 OFFICIALS NOT TO BENEFIT

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

15 CHANGES IN CONTRACTOR'S BOUNDARIES

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

19 NOTICES

20 38. Any notice, demand, or request authorized or required by this contract shall be
21 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered
22 to the Area Manager, Central California Area Office, Bureau of Reclamation, 7794 Folsom Dam
23 Road, Folsom, California 95630-1799, and on behalf of the United States, when mailed, postage
24 prepaid, or delivered to the Manager, El Dorado Irrigation District, 2890 Mosquito Road,
25 Placerville, California 95667. The designation of the addressee or the address may be changed by
26 notice given in the same manner as provided in this Article for other notices.

CONTRACT NUMBER 14-06-200-949-IR5
EL DORADO IRRIGATION DISTRICT

Sly Park

O&M AND COST-OF-SERVICE RATES:	2001 Rates Per Acre-Foot	
	Irrigation Class 1	M&I Water
Capital Rates:	(\$0.87)	\$1.59
O&M Rates:		
Water Marketing	\$6.91	\$7.00
Storage	\$0.00	\$0.00
Conveyance	*	*
Tracy Pumping	*	*

TOTAL COST-OF-SERVICE RATES: \$6.04 \$8.59 **

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. \$207.46

Section 205(a)(3) Rate is applicable to a Limited Recipient that did not receive irrigation water on or before October 1, 1981. \$337.98

SURCHARGES UNDER P.L. 102-575
TO RESTORATION FUND***

Restoration Payments [3407(d)(2)(A)] \$7.28 \$14.56

* Conveyance and Conveyance Pumping Operation and maintenance costs were removed for ratesetting purposes and are to be billed directly to the water authorities.

** Central Valley Project M&I Ratesetting Policy requires a minimum \$15.00 Cost of Service rate.

*** The surcharges are payments in addition to the water rates and were determined pursuant to Title XXXIV of Public Law 102-575. Restoration fund surcharges under P.L. 102-575 are on a fiscal year basis (10/1-9/30).