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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-B

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

PAJARO VALLEY WATER MANAGEMENT AGENCY, WESTLANDS WATER DISTRICT  
DISTRIBUTION DISTRICT NO. 1, AND SANTA CLARA VALLEY 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 PAJARO VALLEY WATER  
3 MANAGEMENT AGENCY, WESTLANDS WATER DISTRICT DISTRIBUTION DISTRICT  
4 NO. 1, AND SANTA CLARA VALLEY WATER DISTRICT, hereinafter referred to as the  
5 Contractors, public agencies of the State of California, duly organized, existing, and acting  
6 pursuant to the laws thereof;

7 WITNESSETH, That:

8 EXPLANATORY RECITALS

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

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

19 WHEREAS, Mercy Springs Water District (District) and the United States  
20 entered into Contract No. 14-06-200-3365A dated June 21, 1967, which provided the District  
21 Central Valley Project water from the Delta-Mendota Canal from June 21, 1967, to February 28,  
22 1995; and

1           WHEREAS, the District and the United States entered into interim renewal  
2 contracts identified as Contract Nos. 14-06-200-3365A-IR1 and 14-06-200-3365A-IR2 which  
3 provided for the continued water service to the District from March 1, 1995, through February  
4 29, 2000; and

5           WHEREAS, the District assigned to the Contractors on May 14, 1999, the right,  
6 title, and interest in that portion of Contract No. 14-06-200-3365A-IR2 consisting of 6,260 acre-  
7 feet of the entitlement of the Central Valley Project water including any rights to renew Contract  
8 No. 14-06-200-3365A-IR2 for the entitlement; and

9           WHEREAS, the Contractors entered into a separate agreement dated May 14,  
10 1999, stating their terms and conditions for sharing the assigned Central Valley Project water  
11 supply; and

12           WHEREAS, the Contractors and the United States entered into interim renewal  
13 contracts identified as Contract Nos. 14-06-200-3365A-IR3-B and 14-06-200-3365A-IR4-B, the  
14 latter of which is hereinafter referred to as the Existing Interim Renewal Contract, which  
15 provided Project Water to the Contractors from December 1, 2000, through February 28, 2001;  
16 and

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

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

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

5 WHEREAS, the United States has determined that the Contractors have to date  
6 fulfilled all of their obligations under the Existing Interim Renewal Contract; and

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

11 WHEREAS, rights of renewal of Contract No. 14-06-200-3365A and to convert  
12 said contract to a contract as provided by subsection (d), Section 9 of the Act of August 4, 1939  
13 (53 Stat. 1187), are set forth in said contract; and

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

19 WHEREAS, in order to continue water service provided under Project water  
20 service contracts that expire prior to the completion of the PEIS, the United States intends to  
21 execute interim renewal contracts for a period not to exceed three (3) Years in length, and for  
22 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 Contractors, enter into  
3 a long-term renewal contract for a period of twenty-five (25) Years; and may thereafter renew  
4 such long-term renewal contracts for successive periods not to exceed twenty-five (25) Years  
5 each; and

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

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

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

14 DEFINITIONS

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

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

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

1 (c) "Contractors' Boundaries" shall mean the area to which the Contractors  
2 are 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 Contractors 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;

21 (k) "Landholder" shall mean an individual or entity attributed with the total  
22 irrigable acreage of one or more tracts of land situated in one or more districts owned

1 and/or operated under a lease which is served with Irrigation Water pursuant to a contract  
2 with the United States;

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

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

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

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

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

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

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

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

5 TERM OF CONTRACT - RIGHT TO USE OF WATER

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

1 pursuant to Federal Reclamation law, upon request of the Contractors, enter into a long-term  
2 renewal contract for a period of twenty-five (25) Years and may thereafter renew such long-term  
3 renewal contracts for successive periods not to exceed twenty-five (25) Years each. The  
4 Contractor asserts that Contract No.14-06-200-3365A and existing law go beyond the preceding  
5 sentence to give it enforceable rights to successive long-term renewal contracts. The Contracting  
6 Officer disagrees with that assertion. The parties agree that this interim renewal contract  
7 preserves the rights and positions of the parties and that the omission of language in this interim  
8 renewal contract setting out the rights asserted by the Contractors to successive renewals is not  
9 intended to be, nor shall it be interpreted as, a waiver of any such rights to the extent any such  
10 rights are later determined to exist by a court of competent jurisdiction or by mutual agreement of  
11 the parties. If a court of competent jurisdiction or the parties by mutual agreement determine that  
12 incorporation of such language in this interim renewal contract is necessary to preserve such  
13 rights, this interim renewal contract shall be construed as incorporating such language as though  
14 fully set forth herein as of the effective date hereof.

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

20 (I) In the event (i) the Contractors and Contracting Officer have  
21 reached agreement on the terms of the Contractors' long-term renewal contract or (ii) the  
22 Contractors and Contracting Officer have not completed the negotiations on the Contractors'

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

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

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

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

18 (d) The omission of language in this interim renewal contract providing for  
19 conversion of this interim renewal contract or any subsequent renewals thereof to a repayment  
20 contract, pursuant to the Act of July 2, 1956 (70 Stat. 483), shall not prejudice the Contractors'  
21 right to assert a right to have such language included in subsequent renewals of this interim

1 renewal contract or to exercise such conversion, all as provided by law, or to negotiate the  
2 language regarding such conversion to be included in subsequent renewal contracts.

3 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTORS

4 3. (a) Subject to the provisions set forth in Articles 11 and 12 of this interim  
5 renewal contract, and consistent with applicable State water rights, permits and licenses, the  
6 Contractors are entitled to, and the Contracting Officer shall be obligated to make available to the  
7 Contractors up to 6,260 acre-feet of Project Water for irrigation and/or municipal and industrial  
8 purposes during the term of this interim renewal contract. The quantity of Project Water  
9 delivered to the Contractors in accordance with this subdivision of this Article in any Year shall  
10 be scheduled and paid for pursuant to the provisions of Articles 4 and 7 of this interim renewal  
11 contract, and shall not exceed the quantity of Project Water the Contractors intend to put to  
12 reasonable beneficial use within the Contractors' Boundaries or sold, transferred, or exchanged  
13 pursuant to Article 9 of this interim renewal contract during the term of this interim renewal  
14 contract.

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

21 (c) The Contractors shall make reasonable and beneficial use of Project Water  
22 or other water furnished pursuant to this interim renewal contract. In addition, use of Project

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

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

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

18 (f) The Contractors' right pursuant to Federal Reclamation law and applicable  
19 State law to the beneficial use of water furnished pursuant to this interim renewal contract, any  
20 subsequent interim renewal contract and, as described in subdivision (a) of Article 2 of this  
21 interim renewal contract, any long-term renewal contract, shall not be disturbed so long as the  
22 Contractors shall fulfill all of there obligations under this interim renewal contract and any such

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

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

#### 9 TIME FOR DELIVERY OF WATER

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

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

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

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

8 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

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

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

17 (c) Irrigation Water furnished to the Contractors pursuant to this interim  
18 renewal contract shall be delivered by the Contractors in accordance with any applicable land  
19 classification provisions of Federal Reclamation law and the associated regulations. Project  
20 Water shall not be delivered to land outside the Contractors' Boundaries unless approved in  
21 advance by the Contracting Officer.

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

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

1                                    MEASUREMENT OF WATER WITHIN THE DISTRICT

2            6.        (a)        The Contractors shall ensure that, unless the Contractors have established  
3            an alternative measurement program satisfactory to the Contracting Officer, all surface water  
4            delivered for irrigation purposes within the Contractors' Boundaries is measured at each  
5            agricultural turnout and such water delivered for municipal and industrial purposes is measured  
6            at each municipal and industrial service connection. All water measuring devices or water  
7            measuring methods of comparable effectiveness must be acceptable to the Contracting Officer.  
8            The Contractors shall be responsible for installing, operating, and maintaining and repairing all  
9            such measuring devices and implementing all such water measuring methods at no cost to the  
10           United States. The Contractors shall use the information obtained from such water measuring  
11           devices or water measuring methods to ensure proper management of the water; to bill water  
12           users for water delivered by the Contractors; and, if applicable, to record water delivered for  
13           municipal and industrial purposes by customer class as defined in its water conservation plan.  
14           Nothing herein contained, however, shall preclude the Contractors from establishing and  
15           collecting any charges, assessments, or other revenues authorized by California law. The  
16           Contractors shall include a summary of its annual surface water deliveries in the annual report  
17           described in subdivision (d) of Article 25 of this interim renewal contract.

18                    (b)        Omitted.

19                    (c)        All new surface water delivery systems installed within the Contractors'  
20            *Boundaries after the effective date of this interim renewal contract shall also comply with the*  
21            measurement provisions described in subdivision (a) of this Article.

1 (d) The Contractors shall inform the Contracting Officer and the State of  
2 California in writing by April 30 of each Year of the monthly volume of surface water delivered  
3 within the Contractors' Boundaries during the previous Year.

4 RATES AND METHOD OF PAYMENT FOR WATER

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

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

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

21 (2) Prior to October 1 of each Calendar Year, the Contracting Officer  
22 shall make available to the Contractors an estimate of the Rates of payment for the following

1 Year and the computations and cost allocations upon which those Rates are based. The  
2 Contractors shall be allowed not less than two (2) months to review and comment on such  
3 computations and cost allocations. By December 31 of each Calendar Year, the Contracting  
4 Officer shall provide the Contractors with the final Rates to be in effect for the upcoming Year,  
5 and such notification shall revise Exhibit "A."

6 (c) At the time the Contractors submit the initial schedule for the delivery of  
7 Project Water for each Year pursuant to subdivision (b) of Article 4 of this interim renewal  
8 contract, the Contractors shall pay the United States the total amount payable pursuant to the  
9 applicable Rate(s) for all Project Water scheduled to be delivered pursuant to this interim  
10 renewal contract during the first two (2) calendar months of the Year. Before the end of the first  
11 month or part thereof of the Year, and before the end of each calendar month thereafter, the  
12 Contractors shall pay pursuant to the applicable Rate(s) for all Project Water scheduled to be  
13 delivered pursuant to this interim renewal contract during the second month immediately  
14 following. Adjustments between the payments for the scheduled amount of Project Water and  
15 the appropriate payments for quantities of Delivered Water furnished pursuant to this interim  
16 renewal contract each month shall be made before the end of the following month: Provided,  
17 That any revised schedule submitted by the Contractors pursuant to Article 4 of this interim  
18 renewal contract which increases the amount of Project Water to be delivered pursuant to this  
19 interim renewal contract during any month shall be accompanied with appropriate payment for  
20 Rates to assure that Project Water is not furnished to the Contractors in advance of such payment.  
21 In any month in which the quantity of Delivered Water furnished to the Contractors pursuant to  
22 this interim renewal contract equals the quantity of Project Water scheduled and paid for by the

1 Contractors, no additional Project Water shall be made available to the Contractors unless and  
2 until payment of Rates for such additional Project Water is made. Final adjustment between the  
3 payments of Rates for the Project Water scheduled and the quantities of Delivered Water  
4 furnished during each Year pursuant to its contract shall be made as soon as possible but no later  
5 than April 30th of the following Year.

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

16 (e) The Contractors shall pay for any Project Water provided under  
17 subdivision (d) or (e) of Article 3 of this interim renewal contract as determined by the  
18 Contracting Officer pursuant to applicable statutes, regulations, guidelines, and policies.

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

21 (g) Revenues received by the United States pursuant to this interim renewal  
22 contract shall be allocated and applied in accordance with Federal Reclamation law, including

1 but not limited to, subsection 3 of Section 1 of the Act of July 2, 1956 (70 Stat. 483), and  
2 subsection (f) of Section 3405, subsection (c)(1) of Section 3406 and subsection (d)(2)(A) of  
3 Section 3407 of the CVPIA, and the associated regulations, including but not limited to, the  
4 Project Irrigation Water ratesetting policy and the Project M&I ratesetting policy promulgated  
5 pursuant to the Administrative Procedures Act.

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

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

1                   NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

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

5                   TRANSFERS OR EXCHANGES OF WATER

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

15                   APPLICATION OF PAYMENTS AND ADJUSTMENTS

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

1 anyone having or claiming to have the right to the use of any of the water supply provided for  
2 herein.

3 (b) All advances for miscellaneous costs incurred for work requested by the  
4 Contractors pursuant to Article 24 of this interim renewal contract shall be adjusted to reflect the  
5 actual costs when the work has been completed. If the advances exceed the actual costs incurred,  
6 the difference will be refunded to the Contractors. If the actual costs exceed the Contractors'  
7 advances, the Contractors will be billed for the additional costs pursuant to Article 24 of this  
8 interim renewal contract.

9 TEMPORARY REDUCTIONS--RETURN FLOWS

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

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

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

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

#### 11 WATER SHORTAGE AND APPORTIONMENT

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

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

1 based upon the opinions or determinations of the Contracting Officer are consistent with the  
2 standards in Article 18 of this interim renewal contract.

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

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

13 (1) A determination shall be made of the total quantity of water  
14 scheduled to be delivered during the respective Year under all contracts then in force  
15 for the delivery of water from the Delta-Mendota Canal, the quantity so determined  
16 being herein referred to as the contractual commitments from the Delta-Mendota Canal.

17 (2) The total quantity of water scheduled to be delivered to the  
18 Contractors from the Delta-Mendota Canal during the respective Year under  
19 subdivision (a) of Article 3 of this interim renewal contract shall be divided by the  
20 contractual commitments, the quotient thus obtained being herein referred to as the  
21 Contractors' contractual entitlement from the Delta-Mendota Canal.

1                   (3)    The supply determined by the Contracting Officer to be available  
2                   from the Delta-Mendota Canal shall be multiplied by the Contractors' contractual  
3                   entitlement and the result shall be the quantity of water required to be delivered by the  
4                   United States to the Contractors for the respective Year from the Delta-Mendota Canal.

5                   UNAVOIDABLE GROUND-WATER PERCOLATION

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

10                  COMPLIANCE WITH FEDERAL RECLAMATION LAW

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

13                  WATER AND AIR POLLUTION CONTROL

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

18                  QUALITY OF WATER

19                  16.    (a)    Project facilities used to make available and deliver Project Water to the  
20                  Contractors pursuant to this interim renewal contract shall be operated and maintained to enable  
21                  the United States to make available and deliver Project Water to the Contractors in accordance  
22                  with the water quality standards specified in subsection 2(b) of the Act of August 26, 1937 (50  
23                  Stat. 865), as added by Section 101 of the Act of October 27, 1986 (100 Stat. 3050), or other

1 existing Federal laws. The United States is under no obligation to construct or furnish water  
2 treatment facilities to maintain or to better the quality of Project Water furnished to the  
3 Contractors pursuant to this contract. The United States does not warrant the quality of Project  
4 Water made available and delivered to the Contractors pursuant to this contract.

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

13 WATER ACQUIRED BY THE CONTRACTORS OTHER THAN  
14 FROM THE UNITED STATES

15 17. Water or water rights now owned or hereafter acquired by the Contractors other  
16 than from the United States and Irrigation Water furnished pursuant to the terms of this interim  
17 renewal contract may be simultaneously transported through the same distribution facilities of the  
18 Contractors subject to the following: (i) if the facilities utilized for commingling Irrigation  
19 Water and non-Project water were constructed without funds made available pursuant to Federal  
20 Reclamation law, the provisions of Federal Reclamation law will be applicable only to the  
21 Landholders of lands which receive Irrigation Water; (ii) the eligibility of land to receive  
22 Irrigation Water must be established through the certification requirements as specified in the





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

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

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

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

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

32 GENERAL OBLIGATION--BENEFITS  
33 CONDITIONED UPON PAYMENT

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

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

7 COMPLIANCE WITH CIVIL RIGHTS LAWS  
8 AND REGULATIONS

9 22. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964  
10 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the  
11 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights  
12 laws, as well as with their respective implementing regulations and guidelines imposed by the  
13 U.S. Department of the Interior and/or Bureau of Reclamation.

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

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

28 PRIVACY ACT COMPLIANCE

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

34 (b) With respect to the application and administration of the criminal penalty  
35 provisions of the Act (5 U.S.C. 552a(I)), the Contractor and the Contractor's employees

1 responsible for maintaining the certification and reporting records referenced in (a) above are  
2 considered to be employees of the Department of the Interior. See 5 U.S.C. 552a(m).

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

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

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

#### 19 CONTRACTORS TO PAY CERTAIN MISCELLANEOUS COSTS

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

#### 29 WATER CONSERVATION

30 25. (a) Prior to the delivery of water provided from or conveyed through Federally  
31 constructed or Federally financed facilities pursuant to this contract, the Contractors shall be  
32 implementing an effective water conservation program based on the Contractors' water

1 conservation plan that has been determined by the Contracting Officer to meet the conservation  
2 and efficiency criteria established under Federal law. The water conservation program shall  
3 contain definite water conservation objectives, appropriate economically feasible water  
4 conservation measures, and time schedules for meeting those objectives.

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

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

1 not to, comply with this subdivision of Article 25, then any subsequent interim renewal contract  
2 shall contain a tiered pricing contractual provision pursuant to subsection (d) of Section 3405 of  
3 the CVPIA.

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

7 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

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

16 OPERATION AND MAINTENANCE BY NON-FEDERAL ENTITY

17 27. (a) The responsibility for performing and, in some cases funding the O&M of  
18 all or any portion or portions of the Delta-Division facilities may be transferred to an Operating-  
19 Non-Federal Entity by one or more separate agreements between the United States and the  
20 Operating Non-Federal Entity. Any such agreements shall require the Operating Non-Federal  
21 Entity to perform the O&M in compliance with the provisions of this of this interim renewal  
22 contract and shall not interfere with the rights and obligations of the Contractors or the United  
23 States hereunder.

24 (b) If so notified in writing by the Contracting Officer, the Contractors shall  
25 pay directly to such Operating Non-Federal Entity in accordance with such notice, (1) that

1 portion of the Rate(s) to be paid the United States pursuant to this of this interim renewal  
2 contract which the Contracting Officer determines is the Contractors' appropriate share of the  
3 costs of the O&M of the Delta-Division facilities transferred to the Operating Non-Federal  
4 Entity for O&M; and (2) all appropriate additional amounts charged or assessed by the Operating  
5 Non-Federal Entity for the O&M of the Delta-Division facilities. Such direct payments to such  
6 Operating Non-Federal Entity shall not relieve the Contractors of their obligations to pay directly  
7 to the United States its allocated share of the remaining costs for the O&M of the Project.

#### 8 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

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

#### 14 BOOKS, RECORDS, AND REPORTS

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

#### 24 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

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

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

1 SEVERABILITY

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

19 OFFICIALS NOT TO BENEFIT

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



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)

SANTA CLARA VALLEY WATER DISTRICT

8 Attest:

9 /s/ Lauren L. Keeler  
10 Secretary

11 By: /s/ Stanley M. Williams  
General Manager

12 SEAL)

13 PAJARO VALLEY WATER  
MANAGEMENT AGENCY

14 Attest:

15 /s/ Sharon Chappelle  
16 Secretary

17 By: /s/ Charles McNiesh  
General Manager

18 SEAL)

19 WESTLANDS WATER DISTRICT  
20 DISTRIBUTION DISTRICT NO. 1

21 Attest:

22 /s/ Dave Ciapponi  
23 Secretary

By: /s/ Al Dingle  
President

APPROVED AS TO LEGAL  
FORM AND SUFFICIENCY

*James E. Turner*

OFFICE OF REGIONAL SOLICITOR  
DEPARTMENT OF THE INTERIOR

*(Pajaro et al)*

2001 Water Rates for Interim Renewal Contract No. 14-06-200-3365A-IR5-B  
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>			
	<u>Westlands</u>	<u>Santa Clara</u>	
Capital Rates	\$13.78	\$7.91	1/
<u>O&amp;M Rates:</u>			
Water Marketing	6.91	6.91	
Storage	4.23	4.27	
San Luis Drain	1.05		
Direct Pumping	1.84	6.44	
Conveyance			
Conveyance Pumping			
<u>Deficit Rates:</u>			
Non-Interest Bearing			
Interest Bearing		2.53	
<b>TOTAL COST-OF-SERVICE-RATES</b>	<u>\$27.81</u>	<u>\$28.06</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.

	<u>\$54.38</u>	<u>\$46.29</u>
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Section 205(a)(3) Rate is applicable to a Limited Recipient that did not receive irrigation water on or before October 1, 1981.

	<u>\$68.57</u>	<u>\$54.57</u>
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CHARGES UNDER P.L. 102-575 TO RESTORATION FUND 2/

Restoration Payments (3407(d)(2)(A))	<u>\$ 7.28</u>	<u>\$ 7.28</u>	<u>\$14.56</u>
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- 1/ Will be provided as needed.
- 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).

(01MSB.EXB)