



**RESOURCE  
MANAGEMENT AGENCY  
COUNTY OF TULARE  
AGENDA ITEM**

**BOARD OF SUPERVISORS**

KUYLER CROCKER  
District One

PETE VANDER POEL  
District Two

AMY SHUKLIAN  
District Three

J. STEVEN WORTHLEY  
District Four

MIKE ENNIS  
District Five

**AGENDA DATE:** May 8, 2018 – REVISED

Public Hearing Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Published Notice Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Advertised Published Notice	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Meet & Confer Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Electronic file(s) has been sent	Yes	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Personnel Resolution attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes	<input type="checkbox"/>	N/A	<input type="checkbox"/>
CONTACT PERSON: Celeste Perez PHONE: (559) 624-7010				

**SUBJECT:** Letter to U.S. Bureau of Reclamation regarding the process of conversion to a long term repayment contract for Cross Valley Canal

**REQUEST(S):**  
That the Board of Supervisors:

Authorize the Director of the Resource Management Agency to sign a letter to the U.S. Bureau of Reclamation requesting the initiation of the process of conversion to a long term repayment contract under section 9e of the Reclamation Project Act of 1939 for the Cross Valley Canal.

**SUMMARY:**  
On November 10, 1975, the County of Tulare entered into a "Contract between the United States, State of California and the County of Tulare, providing for water service from the Central Valley Project." This contract expired on December 31, 1995, and was initially extended for two months under an Amendatory Contract. Upon the expiration of the Amendatory Contract, the County entered into a series of interim renewal agreements, which extended the ability to receive water service from the Central Valley Project (CVP). The purpose of these agreements is to allow the County to receive CVP water, in its role as Cross Valley Canal Contractor, on behalf of County subcontractors. The County is intended to be a pass-through agency for these subcontractors.

Since the passage of the Reclamation Act of 1902, reclamation law has been based on the concept of project repayment—reimbursement of federal construction costs—by project water and power users. Agreements between the federal government (through Reclamation) and water users for delivering water generally are governed

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by one of two contract types: “water service contracts” or “repayment contracts”. The terms of repayment and water service contracts differ. Repayment contracts generally are made for terms of 40 years, with capital costs amortized over the long-term period and repaid in annual installments along with costs for project operations and maintenance. For water service contracts, contractors pay a combined capital repayment and operations and maintenance rate for each acre-foot of water actually delivered (i.e., water service).

On December 16, 2016, President Obama signed the Water Infrastructure for the Nation (WIIN) Act into law. Among the authorizations under this legislation was the opportunity to convert water service contracts to repayment contracts upon the request of the CVP contractor.

All Project Water contracts within the CVP are water service contracts authorized under Sections 9c (2) (municipal and industrial contracts) and 9e (irrigation contracts) of the Reclamation Project Act of 1939, with the exception of the CVP’s Friant Division contractors. The County’s current interim renewal contract (which is considered effectively similar to a water service contract) for the Cross Valley Canal is now eligible for conversion to a repayment contract.

The value of the repayment contract is worth investigating. Generally speaking, one of the advantages to such conversion is that once they are repaid in full, contractors are not subject to certain acreage limitations and other requirements under the Reclamation Reform Act of 1982.

Staff is requesting the authorization to sign and submit a letter to the Secretary of the Interior to initiate the process of conversion. Signing the letter is not a commitment to conversion, but a request to begin the process. If conversion were to occur, significant capital costs would be due and payable. The next step in the conversion process is to submit the letter, at which time the Secretary of the Interior will have ninety (90) days to provide an estimate of construction costs owed.

**FISCAL IMPACT/FINANCING:**

There is No Net County Cost to the General Fund.

All expenses for administration of the Cross Valley Canal contract incurred by County staff and consultant are recouped through the billing of the water charges to the subcontractors.

**LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:**

Economic well-being. The approval of this agreement will promote economic development opportunities in the County.

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**ADMINISTRATIVE SIGN-OFF:**



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Sherman Dix  
Assistant Director—Fiscal Services



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Reed Schenke, P.E.  
Director

cc: Auditor-Controller  
County Counsel  
County Administrative Office (2)

Attachment(s) Attachment A – Letter to USBR

**BEFORE THE BOARD OF SUPERVISORS  
COUNTY OF TULARE, STATE OF CALIFORNIA**

IN THE MATTER OF LETTER TO U.S. )  
BUREAU OF RECLAMATION REGARDING )  
THE PROCESS OF CONVERSION TO A ) Resolution No. \_\_\_\_\_  
LONG TERM REPAYMENT CONTRACT )  
FOR CROSS VALLEY CANAL )

UPON MOTION OF SUPERVISOR \_\_\_\_\_, SECONDED BY  
SUPERVISOR \_\_\_\_\_, THE FOLLOWING WAS ADOPTED BY THE BOARD OF  
SUPERVISORS, AT AN OFFICIAL MEETING HELD MAY 8, 2018, BY THE  
FOLLOWING VOTE:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

ATTEST: MICHAEL C. SPATA  
COUNTY ADMINISTRATIVE OFFICER/  
CLERK, BOARD OF SUPERVISORS

BY: \_\_\_\_\_  
Deputy Clerk

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Authorized the Director of the Resource Management Agency to sign a letter to the U.S. Bureau of Reclamation requesting the initiation of the process of conversion to a long term repayment contract under section 9e of the Reclamation Project Act of 1939 for the Cross Valley Canal.

# **Attachment “A”**

**Letter to USBR**



# RESOURCE MANAGEMENT AGENCY

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VISALIA, CA 93277

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FAX (559) 730-2653

Michael Washam

Reed Schenke

Sherman Dix

Economic Development and Planning

Public Works

Fiscal Services

REED SCHENKE, DIRECTOR

MICHAEL WASHAM, ASSOCIATE DIRECTOR

May 8, 2018

Mr. Michael E. Jackson  
Area Manager  
U.S. Bureau of Reclamation  
Mid-Pacific Region  
1243 "N" Street  
Fresno CA 93721-1813

RE: TULARE COUNTY REQUEST FOR CONVERSION OF CONTRACT

Dear Michael:

The County of Tulare (County) and the United States through the Bureau of Reclamation are parties to that certain *Contract between the United States and the County Providing for [Project Water Service]*, Contract No. 14-06-200-8293A-IR5 (together with interim renewal contracts currently in effect and providing for continued water service, the "Contracts"). As provided in the Water Infrastructure Improvements for the Nation (WIIN) Act (the "Act"), Public Law 114- 322 and in particular Section 4011(a)(1) thereof, "Upon the request of a contractor, the Secretary of the Interior shall convert any water service contract ... to allow for prepayment of the repayment contract... " as specified in the Act.

The Board of Supervisors of the County has determined that it is in the County and its subcontractor's best interest to exercise its rights under the Act. Consequently, this letter serves as the County's request (the "Request") to convert the Contract, entered into under section (e) of the Act of August 4, 1939, (53. Stat. 1195), to a repayment contract under Section 9(d) of that act pursuant to Section 401 I(a)(1)(A) of the Act.

Section 401 I(a)(2)(A) of the Act provides that the next step in this process is for the Secretary to furnish to the County an estimate of construction costs as described therein within ninety (90) days of its receipt of this Request. We look forward to receiving that estimate and to working with you to accomplish the conversion of the Contract.

Please direct any questions or concerns to Mr. Sherman Dix of the County's Resource Management Agency at (559) 624-7030. Thank you for your assistance in this regard.

Very truly yours,

\_\_\_\_\_  
Reed Schenke, P.E.  
Director

cc: Mr. Dennis Keller