



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

**BOARD OF SUPERVISORS**

KUYLER CROCKER  
District One  
PETE VANDER POEL  
District Two  
AMY SHUKLIAN  
District Three  
EDDIE VALERO  
District Four  
DENNIS TOWNSEND  
District Five

**AGENDA DATE:** June 9, 2020 – 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 checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Advertised Published Notice	Yes <input checked="" type="checkbox"/>	N/A <input 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 checked="" type="checkbox"/>	N/A <input 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 checked="" type="checkbox"/>	N/A <input type="checkbox"/>
CONTACT PERSON: Celeste Perez PHONE: (559) 624-7010		

**SUBJECT:** Memorandum of Understanding with the Yettem-Seville Community Services District to transfer the Yettem and Seville Water Systems

**REQUEST(S):**

That the Board of Supervisors:

1. Approve a Memorandum of Understanding (“MOU”) with the Yettem-Seville Community Services District (“YSCSD”) for the completion of the Yettem & Seville Water System Improvement Project and the transfer of the Yettem Water System and the Seville Water System from the County to YSCSD; and
2. Authorize and direct the Chair of the Board of Supervisors to sign the MOU; and
3. Find that, upon approval of the MOU and satisfaction of the terms therein, the Seville Well Site (APN 050-163-004), the Seville Tank Site (APNs 050-053-006, 007 & 008), the Yettem Well #1 site (APN 050-230-013), and Yettem Well #2 site (APN 050-200-028) are not required for County use in accordance with Government Code Section 25365; and
4. Approve a Grant Deed for the transfer of the Seville Well Site (APN 050-163-004) to YSCSD in accordance with Government Code Section 25365 (4/5ths vote required); and
5. Authorize the Chair of the Board of Supervisors to sign the Grant Deed for the Seville Well Site; and
6. Approve a Grant Deed for the transfer of the Seville Tank Site (APNs 050-053-006, 007 & 008) to YSCSD in accordance with Government Code Section 25365 (4/5ths vote required).; and
7. Authorize the Chair of the Board of Supervisors to sign the Grant Deed for the Seville Tank Site; and
8. Approve a Grant Deed for the transfer of the Yettem Well #1 Site (APN 050-230-

**SUBJECT:** Memorandum of Understanding with the Yettem-Seville Community Services District to transfer the Yettem and Seville Water Systems

**DATE:** June 9, 2020

- 013) to YSCSD in accordance with Government Code Section 25365 (4/5ths vote required); and
9. Authorize the Chair of the Board of Supervisors to sign the Grant Deed for Yettem Well Site #1; and
  10. Approve a Grant Deed for the transfer of the Yettem Well #2 Site (APN 050-200-028) to YSCSD in accordance with Government Code Section 25365 (4/5ths vote required); and
  11. Authorize the Chair of the Board of Supervisors to sign the Grant Deed for Yettem Well Site #2; and
  12. Find that, upon approval of the MOU and the satisfaction with the terms therein, that it is in the public interest for the County to transfer non-exclusive rights under thirty-four utility easements touching the Yettem Water System to YSCSD for public water facilities and that such a transfer will not substantially conflict or interfere with the use of those utility easements by the County in accordance with Government Code Section 25526.6; and
  13. Approve an Assignment of Easement Rights to YSCSD for rights under thirty-four County easements for water utility facilities in accordance with Government Code Section 25526.6 (4/5ths vote required); and
  14. Assign to YSCSD all of the County's interest in Tulare County Agreement No. 29331 for the Seville Water System's crossings of an Alta Irrigation District ditch in accordance with Article 15 thereof; and
  15. Assign to YSCSD all rights, obligations, and responsibilities under Tulare County Agreement No. 17311 for the Yettem Water System's crossing of Alta Irrigation District facilities; and
  16. Authorize the Director of the Resource Management Agency (RMA) or his designee to take steps as necessary to effectuate the terms of the MOU and the transfer of the Yettem Water System and Seville Water System to YSCSD; and
  17. Authorize the RMA Director, or his designee, to apply to the State Water Board to recover extraordinary costs related to the County serving as Receiver of the Seville Water Company at the time the system is transferred; and
  18. Find that, upon transfer of the Yettem Water System to CSD that reimbursement of any outstanding Revolving Fund Loan to the Yettem Water Zone of Benefit Z91 (the "Yettem Water ZOB") would result in economic or fiscal hardship to the property owners or residents of the Yettem Water Zone of Benefit; and
  19. Waive reimbursement of any outstanding Revolving Fund Loans to the Yettem Water ZOB in accordance with Government Code Section 25214.5 upon transfer of the Yettem Water System to the CSD (4/5ths vote required).; and
  20. Approve the necessary budget adjustments per the attached AUD 308 (4/5ths vote required).

**SUMMARY:**

This Agenda Item is to consider the transfer of the County's water systems in the communities of Yettem and Seville to the Yettem-Seville Community Services District (YSCSD), a recently created special district formed to provide water service to the two communities. The County previously submitted an application to the

**SUBJECT:** Memorandum of Understanding with the Yettem-Seville Community Services District to transfer the Yettem and Seville Water Systems

**DATE:** June 9, 2020

Tulare County Local Area Formation Commission (LAFCO) to form YSCSD to run these water systems under Resolution 2018-0208, which was then approved by LAFCO subject to terms and conditions in LAFCO Case #1535 and approved by Voters in November 2011 as Measure Y.

As this Agenda Item includes the potential transfer of property under Government Code Sections 25365 and 25526.6, the County was required to publish notice at least one week prior thereto in a newspaper of general circulation published in the county and in accordance with Government Code Section 6061, which requires publication one time. Notice of the real property transfers proposed herein was published on June 1, 2020 in the Visalia Times Delta, a paper of general circulation.

#### BACKGROUND

The Yettem Water System is owned by the County as part of the Yettem Water Zone of Benefit Z91 (the Yettem Water ZOB) in County Service Area #1. The Seville Water System has been under the receivership of Tulare County acting for the Seville Water Company since June 11, 2009, which was most recently renewed through June 30, 2021 under an updated Court Order dated June 17, 2019 and previously approved under Resolution 2019-0465. The Resource Management Agency (RMA) operates and maintains both the Seville Water System and the Yettem Water System for the County.

The County is the lead agency on the Seville and Yettem Water System Improvement Project (the "Project"), a project to improve water quality in the two communities which is primarily broken into two phases. Phase 1 of the Project was to design and construct a new community based municipal storage tank, water distribution system, and appurtenances in the community of Seville. Phase 1 is being constructed by Brough Construction, Inc. pursuant to TC Agreement No. 28656 and has reached substantial completion. Staff expect to return to your board to close out the construction project shortly. Phase 1 is funded by Construction Grant Agreement No. D17-02094 from the State Water Resources Control Board ("Water Board").

The County has also begun an application with the Water Board for funding the construction of Phase 2 of the Project under Resolution 2019-0992. The design of Phase 2 was previously prepared by Provost and Pritchard Consulting Group.

#### PROPOSED AGREEMENT

Attachment A is the proposed agreement between the County and YSCSD. It was prepared by County staff, YSCSD and Self Help Enterprises working for YSCSD through a technical assistance grant by the Water Board. The agreement has three purposes, as follows:

- (1) Effect the transfer of all revenues and assets associated with the Water

**SUBJECT:** Memorandum of Understanding with the Yettem-Seville Community Services District to transfer the Yettem and Seville Water Systems

**DATE:** June 9, 2020

Systems from the County to YSCSD after the completion of Phase 1 of the Projects; and

- (2) Comply with or complete the outstanding terms and conditions of the Case 1535 Order including but not limited to the condition for the County to “assign its assets, liabilities and debts” to YSCSD in accordance with Condition 8.D from the Case 1535 Order; and
- (3) Complete the Project, including defining the working relationship between the County and YSCSD for Phase 2 of the Project as to the preparation and submission of a grant application and execution of a grant funding agreement.

The agreement includes the transfer of the Seville Well Site (APN 050-163-004), the Seville Tank Site (APNs 050-053-006, 007 & 008), the Yettem Well #1 site (APN 050-230-013), and Yettem Well #2 site (APN 050-200-028). Deeds to transfer these parcels to YSCSD are attached to the MOU as Attachments F-1 through F-4. In addition, the agreement calls for the transfer of utility easement rights from the County to YSCSD for thirty-four easements on which parts of the Yettem Water System was constructed. These easements are utility easements allowing the county to construct facilities related to utilities on these parcels. The County will be assigning its rights to construct facilities related to water systems under these easements to YSCSD through the Assignment of Easement Rights as Attachment G to the MOU. The County is retaining all other rights under these easements, as some of these easements are also used by the Yettem Sewer System and these easements could potentially be used in the future for the construction of other utilities such as stormwater or solar.

The Yettem Well #1 site and the Yettem Well #2 site are currently subject to easements related to Certificates of Participation that were sold to the United States Department of Agriculture in the 1990s to fund the construction of site. A separate agenda item to pay off these easements is being presented to your Board at this meeting to this effect.

The MOU was approved by YSCSD at its regular meeting on April 21, 2020 through YSCSD’s Resolution No. 2020-01. This Resolution also authorized the President of YSCSD’s Board to sign certificates of acceptance for the real property transferred under the MOU. The MOU also authorizes the County to record the deeds and certificates of acceptance on behalf of YSCSD.

#### NEXT STEPS

After approval by the County, the agreement will be submitted for approval by LAFCO and the Water Board. Staff have previously sent drafts to both agencies, so it is expected that both agencies will approve the agreement.

The transfer of the water systems will occur after four conditions are met in accordance with Section III of the MOU. These conditions are as follows:

**SUBJECT:** Memorandum of Understanding with the Yettem-Seville Community Services District to transfer the Yettem and Seville Water Systems

**DATE:** June 9, 2020

- (1) County has approved and filed a Notice of Completion for Phase 1 of the Project; and
- (2) This MOU has been reviewed and approved by LAFCo in accordance with the Case 1535 Order; and
- (3) This MOU has been reviewed and approved by Water Board in accordance with Article XVI of the MOU; and
- (4) CSD has acquired the permits and licenses necessary to comply with this MOU, including those required by Sections IV.E, IV.I and VIII herein.

Further, YSCSD and County will coordinate the delivery and acceptance of the systems to minimize or eliminate any disruption of service for the water systems in accordance with Section VIII of the MOU.

#### REVOLVING FUND LOANS AND TRANSFER OF ASSETS

As a newly formed entity, the YSCSD will have limited cash flow to repay the revolving fund loan being requested and the communities will, upon transfer of the systems under the Agreement, have a water rate beyond the affordability standard of 1.5-2% of median household income as set by your Board through Resolution 2019-0734. To prevent economic or fiscal hardships to the new special district and comply with the intention of Resolution 2019-0734, there is no provision within the MOU to transfer existing or outstanding debts as described below from the County's Revolving Fund loans to YSCSD. Further, collection of outstanding Revolving Fund loans was not anticipated in the County's LAFCO application to create YSCSD, which was done in part to create a financially independent district that would not require ongoing annual contributions from the County through a Revolving Fund loan or other means as outlined in Economic Well-Being Goal 1, Objective 2 of the budget narratives for the Zones of Benefit.

The transfer of assets and loan forgiveness amounts to approximately \$107,584 in total contribution on behalf of the County to the YSCSD is included in the attached AUD308. The total contribution covers forgiveness of Revolving Fund Loans used to cover prior period losses, payoff of the USDA Certificates of Participation (COP) and loss on Yettem's book value assets. The payoff of the USDA COP is included in a separate Agenda Item for your Board's consideration at this meeting and is required before the system may be transferred. At this time, staff is requesting that this loan be forgiven in accordance with Government Code Section 25214.5 at the time the Yettem Water System is transferred to YSCSD.

The County has contributed about \$300,000 to the Seville Water System Receivership in Revolving Fund Loans. The Receivership Order includes a provision that the County "may apply to the State Water Board to recover extraordinary expenses it may incur in operating the [water system in Seville]." Staff is requesting that the RMA Director, or his designee, be authorized to apply to Water Board for recovery of these funds under the Receivership Order. Should

**SUBJECT:** Memorandum of Understanding with the Yettem-Seville Community Services District to transfer the Yettem and Seville Water Systems

**DATE:** June 9, 2020

these funds not be recovered, staff will request that these Revolving Fund Loans be forgiven when staff present an Agenda Item to your Board to start the process to terminate the Receivership Order.

**RECEIVERSHIP AND YETTEM WATER ZOB DISSOLUTION**

Upon completion of the transfer of the Seville Water System to YSCSD, RMA staff, working with County Counsel, will return with an Agenda Item to begin terminating the Receivership Order. At this time, staff will also request your Board forgive any outstanding Revolving Fund Loans to the Seville Receivership in accordance with Government Code Section 25214.5.

Upon completion of the transfer of the Yettem Water System to YSCSD, RMA Staff will return with an Agenda Item to hold a public hearing to consider the dissolution of the Yettem Water ZOB in accordance with Government Code Section 25213.6.

**FISCAL IMPACT/FINANCING:**

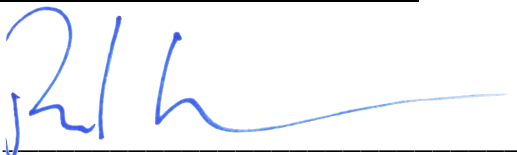
The transfer of assets and loan forgiveness amounts to approximately \$107,584 in total contribution on behalf of the County to the YSCSD is included in the attached AUD308. The total contribution covers forgiveness of Revolving Fund Loans used to cover prior period losses, payoff of the USDA Certificates of Participation (COP) and loss on Yettem's book value assets. The payoff of the USDA COP is included in a separate Agenda Item for your Board's consideration at this meeting.

The \$300,000 in prior assistance to the Seville Water System will be offset by reimbursements from the State Water Board which the County will apply for under the terms of the Receivership order. If the State fails to reimburse the County, this amount will need to be forgiven by County in a separate action or reimbursement sought through other means.

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

This program links to Strategic Initiative 1: Safety and Security, which includes a goal to provide a safe and adequate water supply. This new system will greatly improve the safety of the water distribution system for the community of Seville and is a step towards the overall project, which will increase the adequacy of the water supply for Seville and the safety of the water supply for Yettem.

**ADMINISTRATIVE SIGN-OFF:**



Reed Schenke, P.E.  
Director

Cc: County Administrative Office

**SUBJECT:** Memorandum of Understanding with the Yettem-Seville Community Services District to transfer the Yettem and Seville Water Systems

**DATE:** June 9, 2020

Attachment(s): Attachment A - Memorandum of Understanding for the Completion of Water System Improvements and Transfer of Water Systems Between the County of Tulare and the Yettem-Seville Community Services District  
Attachment B - AUD 308

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

IN THE MATTER OF MEMORANDUM OF )  
UNDERSTANDING WITH THE YETTEM- ) Resolution No. \_\_\_\_\_  
SEVILLE COMMUNITY SERVICES ) Agreement No. \_\_\_\_\_  
DISTRICT TO TRANSFER THE YETTEM )  
AND SEVILLE WATER SYSTEMS )

UPON MOTION OF SUPERVISOR \_\_\_\_\_, SECONDED BY  
SUPERVISOR \_\_\_\_\_, THE FOLLOWING WAS ADOPTED BY THE BOARD  
OF SUPERVISORS, AT AN OFFICIAL MEETING HELD ON JUNE 9, 2020, BY THE  
FOLLOWING VOTE:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

ATTEST: JASON T. BRITT  
COUNTY ADMINISTRATIVE OFFICER/  
CLERK, BOARD OF SUPERVISORS

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

\* \* \* \* \*

1. Approved a Memorandum of Understanding (“MOU”) with the Yettem-Seville Community Services District (“YSCSD”) for the completion of the Yettem & Seville Water System Improvement Project and the transfer of the Yettem Water System and the Seville Water System from the County to YSCSD; and
2. Authorized and directed the Chair of the Board of Supervisors to sign the MOU; and
3. Found that, upon approval of the MOU and satisfaction of the terms therein, the Seville Well Site (APN 050-163-004), the Seville Tank Site (APNs 050-053-006, 007 & 008), the Yettem Well #1 site (APN 050-230-013), and Yettem Well #2 site (APN 050-200-028) are not required for County use in accordance with Government Code Section 25365; and
4. Approved a Grant Deed for the transfer of the Seville Well Site (APN 050-163-004) to YSCSD in accordance with Government Code Section 25365 (4/5ths vote required); and
5. Authorized the Chair of the Board of Supervisors to sign the Grant Deed for the



Seville Well Site; and

6. Approved a Grant Deed for the transfer of the Seville Tank Site (APNs 050-053-006, 007 & 008) to YSCSD in accordance with Government Code Section 25365 (4/5ths vote required); and
7. Authorized the Chair of the Board of Supervisors to sign the Grant Deed for the Seville Tank Site; and
8. Approved a Grant Deed for the transfer of the Yettem Well #1 Site (APN 050-230-013) to YSCSD in accordance with Government Code Section 25365 (4/5ths vote required); and
9. Authorized the Chair of the Board of Supervisors to sign the Grant Deed for Yettem Well Site #1; and
10. Approved a Grant Deed for the transfer of the Yettem Well #2 Site (APN 050-200-028) to YSCSD in accordance with Government Code Section 25365 (4/5ths vote required); and
11. Authorized the Chair of the Board of Supervisors to sign the Grant Deed for Yettem Well Site #2; and
12. Found that, upon approval of the MOU and the satisfaction with the terms therein, that it is in the public interest for the County to transfer non-exclusive rights under thirty-four utility easements touching the Yettem Water System to YSCSD for public water facilities and that such a transfer will not substantially conflict or interfere with the use of those utility easements by the County in accordance with Government Code Section 25526.6; and
13. Approved an Assignment of Easement Rights to YSCSD for rights under thirty-four County easements for water utility facilities in accordance with Government Code Section 25526.6 (4/5ths vote required); and
14. Assigned to YSCSD all of the County's interest in Tulare County Agreement No. 29331 for the Seville Water System's crossings of an Alta Irrigation District ditch in accordance with Article 15 thereof; and
15. Assigned to YSCSD all rights, obligations, and responsibilities under Tulare County Agreement No. 17311 for the Yettem Water System's crossing of Alta Irrigation District facilities; and
16. Authorized the Director of the Resource Management Agency (RMA) or his designee to take steps as necessary to effectuate the terms of the MOU and the transfer of the Yettem Water System and Seville Water System to YSCSD; and
17. Authorized the RMA Director, or his designee, to apply to the State Water Board to recover extraordinary costs related to the County serving as Receiver of the Seville Water Company at the time the system is transferred; and
18. Found that, upon transfer of the Yettem Water System to CSD that reimbursement of any outstanding Revolving Fund Loan to the Yettem Water Zone of Benefit Z91 (the "Yettem Water ZOB") would result in economic or fiscal hardship to the property owners or residents of the Yettem Water Zone of Benefit; and
19. Waived reimbursement of any outstanding Revolving Fund Loans to the Yettem Water ZOB in accordance with Government Code Section 25214.5 upon transfer of the Yettem Water System to the CSD (4/5ths vote required);
20. Approved the necessary budget adjustments per the attached AUD 308 (4/5ths vote required).

# **Attachment “B”**

**AUD 308**

# County of Tulare — Auditor Controller Budget Adjustment Form

10:41 AM

05/29/20							12/20	2020		
Date				Document ID Number			Accounting Period	Budget Fiscal Year		
				CAO			Alex Cruz	636-5023		
				Agency Name			Contact Person	Phone	Extension	
Action** A,C,D	Fund	Dept	Appr #				LEVEL 1 Finish Here	Current Amount	Revised Amount	Inc / Dec Amt
C	001	012	012SSUP					9,333,245	9,225,660	(107,585)
C	001	012	012INTRA					22,135,384	22,242,969	107,585
										-
										-
										-
										-
										-
										-
										-
<b>Appropriations Total</b>							<i>Need Not Equal Zero</i>	<b>31,468,629</b>	<b>31,468,629</b>	-
Action** A,C,D	Fund	Dept	Appr #	Unit	Object	Rev	LEVEL 2 Start Here	Current Amt	Revised Amount	Inc / Dec Amt
C	001	012	012SSUP	1010	7066			7,044,151	6,936,566	(107,585)
C	001	012	012INTRA	1010	9100			11,333,742	11,441,327	107,585
										-
										-
										-
										-
										-
										-
										-
										-
										-
										-
										-
										-
										-
										-
										-
<b>Line Total</b>							<i>Must Equal Zero</i>	<b>\$ 18,377,893</b>	<b>\$ 18,377,893</b>	<b>\$ -</b>

Reason for Adjustment (To Avoid Correspondence, State Reason in Detail)

Operating transfer to Fund Z91 to forgive the revolving fund loan balance for Yetttem Water



\_\_\_\_\_ Affected Dept Head Signature

\_\_\_\_\_ Other Affected Dept Head Signature

Checked By: \_\_\_\_\_  
 County Executive Office Action: No. \_\_\_\_\_ Date: \_\_\_\_\_  
 ( ) Approved ( ) Disapproved

Entered By: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Distribution: 1: BOS/CAO/Auditor

By: \_\_\_\_\_  
 Board of Supervisors Action: No. \_\_\_\_\_ Date: \_\_\_\_\_

**\*\* Action Codes: A=Add, C=Change, D=Deactivate**  
 \* Whenever a 93XX account budget is adjusted, a corresponding 94XX account budget must be adjusted in the billing agency, **except for ISFs**  
 \* Whenever a 95XX account budget is adjusted, a corresponding 96XX account budget must be adjusted in the billing agency, and vice versa  
 \* Whenever a 97XX account budget is adjusted, a corresponding 98XX account budget must be adjusted in the billing agency, and vice versa