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5 UNITED STATES
6 DEPARTMENT OF THE INTERIOR
7 BUREAU OF RECLAMATION
8 Central Valley Project, California

9 INTERIM RENEWAL CONTRACT AMONG THE UNITED STATES,
10 THE DEPARTMENT OF WATER RESOURCES
11 OF THE STATE OF CALIFORNIA,
12 AND
13 COUNTY OF FRESNO
14 PROVIDING FOR PROJECT WATER SERVICE

15 THIS CONTRACT, made this 27th day of May, 2005, in
16 pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or
17 supplementary thereto, including, but not limited to, the acts of August 26, 1937 (50 Stat. 844),
18 as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented,
19 July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1263), as
20 amended and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively
21 hereinafter referred to as Federal Reclamation law, among THE UNITED STATES OF
22 AMERICA, hereinafter referred to as the United States, THE DEPARTMENT OF WATER
23 RESOURCES OF THE STATE OF CALIFORNIA, hereinafter referred to as DWR, and
24 COUNTY OF FRESNO, hereinafter referred to as the Contractor, a public agency of the State of
25 California, duly organized, existing, and acting pursuant to the laws thereof, with its principal
26 place of business in Fresno, California;

27 WITNESSETH, That:

28 EXPLANATORY RECITALS

29 WHEREAS, the United States, DWR, and the Contractor entered into an interim
30 renewal contract identified as Contract No. 14-06-200-8292A-IR5, hereinafter referred to as the
31 Interim Renewal Contract, which provided for the continued water service to the Contractor
32 following expiration of Contract No. 14-06-200-8292A; and

33 WHEREAS, the United States, DWR, and the Contractor have entered into
34 successive renewals of the Interim Renewal Contract, the most recent of which is Contract
35 No. 14-06-200-8292A-IR8, hereinafter referred to as the Existing Interim Renewal Contract
36 from March 1, 2004, through February 28, 2005; and

37 WHEREAS, the United States, DWR, and the Contractor have made significant
38 progress in their negotiations of a long-term renewal contract, believe that further negotiations on
39 the long-term renewal contract would be beneficial, and mutually commit to continue to
40 negotiate to seek to reach agreement, and the Contractor has requested a subsequent interim
41 renewal contract pursuant to Subdivision (b)(1) of Article 2 of the Interim Renewal Contract and
42 Article 1 of the Existing Interim Renewal Contract; and

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

45 WHEREAS, the United States is willing to renew the Existing Interim Renewal
46 Contract pursuant to the terms and conditions set forth below;

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

49 INCORPORATION AND REVISION OF EXISTING INTERIM RENEWAL CONTRACT

50 1. The terms and conditions of the Existing Interim Renewal Contract are hereby
51 incorporated by reference into this Contract with the same force and effect as if they were
52 included in full text with the exception of Article 1 thereof, which is revised as follows:

53 (a) The first sentence in Subdivision (a) of Article 1 of the Existing Interim
54 Renewal Contract is modified as follows: "This interim renewal contract shall be effective from
55 March 1, 2005, and shall remain in effect through February 28, 2006, and thereafter will be
56 renewed as described in Subdivision (a) of Article 2 of the Interim Renewal Contract."

57 (b) Subdivision (b) of Article 1 of the Existing Interim Renewal Contract is
58 amended by deleting the date "February 15, 2005," and replacing same with the date
59 "February 15, 2006."

60 (c) Subdivision (c) of Article 1 of the Existing Interim Renewal Contract is
61 amended by deleting the dates "February 1, 2005," "February 15, 2005," and "February 28,
62 2005," and replacing same with the dates "February 1, 2006," "February 15, 2006," and
63 "February 28, 2006," respectively.

64 IN WITNESS WHEREOF, the parties hereto have executed this interim renewal
65 contract as of the day and year first above written.

66 APPROVED AS TO LEGAL
FORM AND SUFFICIENCY
67 *James E. Tucker*
68 OFFICE OF REGIONAL SOLICITOR
69 DEPARTMENT OF THE INTERIOR

THE UNITED STATES OF AMERICA
By: *[Signature]*
Regional Director, Mid Pacific Region
Bureau of Reclamation

70 Approved as to Legal Form and
71 Sufficiency:
72 *[Signature]*
73 Chief Counsel
74 Department of Water Resources

THE DEPARTMENT OF WATER RESOURCES
OF THE STATE OF CALIFORNIA
By: *[Signature]*
Director
Department of Water Resources

75 (SEAL)

COUNTY OF FRESNO
By: *[Signature]*
Chair, Board of Supervisors
FEB 08 2005

78 Attest:
79 *[Signature]*
80 Clerk, Board of Supervisors
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By: *[Signature]*
Interim Director, Department of Public
Works and Planning

82 Approved as to Accounting Form:
83 *[Signature]*
84 Auditor-Controller/Treasurer/
85 Tax Collector

Approved as to Legal Form:
By: *[Signature]*
County Counsel

86 BUDGET UNIT NO. 43600300

ACCOUNT NO. 7010

87 (H:\pub 440\Interim Renewal Contracts - Drafts, charts, etc.\CVC-Cty of Fresno 2005-2006
88 IRC.doc)

EXHIBIT A
COUNTY OF FRESNO
Water Rates and Charges

CONTRACT NO. 14-06-200-8292A-IR9

2005 Rates Per Acre-Foot

| | <u>Banks Joint Point Pumping</u> | | <u>Water Delivered in the Delta</u> | |
|---|----------------------------------|----------------------|-------------------------------------|----------------------|
| | <u>Irrigation Water</u> | <u>M&I Water</u> | <u>Irrigation Water</u> | <u>M&I Water</u> |
| O&M AND COST-OF-SERVICE RATES: | | | | |
| Capital Rates: | \$5.88 | \$5.48 | \$4.34 | \$3.57 |
| O&M Rates: | | | | |
| Water Marketing | \$6.61 | \$3.89 | \$6.61 | \$3.89 |
| Storage | \$5.93 | \$6.67 | \$5.93 | \$6.67 |
| Direct Pumping (Project Use Energy) | \$3.33 | \$3.33 | \$0.00 | \$0.00 |
| Deficit Rates: | | | | |
| Non-Interest Bearing | | | | |
| Interest Bearing | \$0.32 | \$12.50 | \$0.32 | \$12.50 |
| CFO/PFR Adj. Rate: ** | \$2.17 | \$0.31 | \$2.17 | \$0.31 |
| TOTAL COST-OF-SERVICE RATES: | \$24.24 | \$32.18 | \$19.37 | \$26.94 |
| M&I Full Cost Rate: | | \$35.45 | | \$29.07 |
| 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. | \$33.82 | | \$26.78 | |
| Section 205(a)(3) Rate is applicable to a Limited Recipient that did not receive irrigation water on or before October 1, 1981. | \$36.50 | | \$28.72 | |
| SURCHARGES UNDER P.L. 102-575 TO RESTORATION FUND* | | | | |
| Restoration Payments [3407(d)(2)(A)] | \$7.93 | \$15.87 | \$7.93 | \$15.87 |

*The surcharges are payments in addition to the water rates and were determined pursuant to Title XXXIV of Public Law 102-575. Restoration fund surcharges under P.L. 102-575 are on a fiscal year basis (10/1/04-9/30/05).

**Chief Financial Officer (CFO) Adjustment and Provision for Replacement (PFR) expense is being distributed over a 5-year period beginning in FY 2003 for those contractors that requested that the cost be deferred.

Cross Valley Canal contract water can be pumped and delivered through the State and/or Federal side of facilities. For the 2005 long-term contractor water rate calculations, these contractors will not be allocated Conveyance and Conveyance Pumping costs. Direct pumping costs will be limited to Project Use Energy only for Dos Amigos and State Delta (Banks) Pumping Plants. If water is delivered from Millerton Lake via the Friant Kern Canal a "Special Rate" will be applied for this circumstance.



Agenda Item

DATE: February 8, 2005
 TO: Board of Supervisors
 FROM: Cecil Leonardo, Interim Director *Cecil Leonardo*
 Department of Public Works and Planning
 SUBJECT: Cross Valley Canal Interim Renewal Water Contract

RECOMMENDED ACTION:

Approve and authorize Chairman to sign Cross Valley Canal (CVC) Interim Renewal Water Contract.

This action involves renewing, on an interim basis, the County's agreement with the Bureau of Reclamation, for 3,000 acre-feet of Central Valley Project (CVP) water. The interim agreement provides for continued service and water supply until all necessary environmental work associated with the proposed long-term agreement has been completed.

FISCAL IMPACTS:

All direct costs associated with the CVC Water Exchange Program are passed on to and recovered from the County CVC Water Reservation and allocation holders. County costs for program administration are not fully recovered at this time. However staff is in the process of developing new agreements with all reservation holders which will include a provision to recover the County's administrative costs.

REGIONAL JOBS INITIATIVE

The renewal of the Cross Valley Canal Interim Renewal Contracts ensures water supply for development within Fresno County and will have a positive impact on creation and maintenance of jobs.

ADMINISTRATIVE OFFICE REVIEW *John W. Weiser*
 BOARD ACTION: DATE FEB 08 2005 APPROVED AS RECOMMENDED OTHER Page 1 of 2



UNANIMOUS ANDERSON _____ CASE _____ LARSON _____ PEREA _____ WATERSTON _____

Board of Supervisors
February 8, 2005
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DISCUSSION:

In 1992, Congress passed the Central Valley Project Improvement Act (34 U.S.C.A., s3504, Public Law 102-575, hereinafter referred to as CVPIA) which addresses, among other things, renewal of the Central Valley Project water contracts. Long-term renewal of CVP Water Contracts is pending the completion of the County's environmental review process. However, CVPIA provides for interim contracts on a short-term basis.

On December 12, 1995, your Board approved an Amendatory Interim Renewal Contract, extending the original County contract to February 29, 1996. Since that time, your Board has approved several Interim Contract Renewals, the last being on February 17, 2004, which extends the Interim Contract Renewal contract period until February 28, 2005.

Concurrent with the Interim Contract Renewal period, the long-term (25-year) contract has been negotiated with the Bureau of Reclamation. The Interim Contract Renewal is not significantly different from Interim Contract Renewals previously approved by your Board. Staff anticipates bringing the long-term, 25 year agreement to your board for approval, pending completion of the environmental process in March 2005. A negative declaration was prepared, and the comment period has ended. The interim agreement is being approved to provide staff with adequate time to respond the public concerns of the long-term renewal. County Counsel has reviewed and approved the Interim Renewal Agreement.

Should your Board not approve the Interim Contract Renewal, the County's CVC Water Contract will expire on March 1, 2005.