



AGENDA ITEM NO.

COUNCIL MEETING

APPROVED BY

DEPARTMENT DIRECTOR

CITY MANAGER

October 2, 2007

FROM: RENE A. RAMIREZ, Director *RA*
Public Utilities Department

BY: LON M. MARTIN, Assistant Director *LM*
Public Utilities Department

SUBJECT: APPROVE A RESOLUTION AUTHORIZING THE PUBLIC UTILITIES DIRECTOR TO EXECUTE THE LETTER AGREEMENT WITH THE UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF RECLAMATION, ASSOCIATED WITH LONG-TERM WATER SERVICE CONTRACT NUMBER 14-06-200-8901-LTR1

KEY RESULT AREA

One Fresno

RECOMMENDATIONS

1. Authorize the expenditure of up to \$4,500 for the reimbursement of the Bureau of Reclamation under the Letter Agreement for its costs to process City's request to initiate the appropriate steps necessary to authorize the assignment of the Water Service Contract, No.14-06-200-8901-LTR1 from the City of Fresno to the Municipal Water District in the event the City is authorized to from a Municipal Water District.
2. Approve a Resolution authorizing the Director of Public Utilities to sign the Letter Agreement on behalf of the City.

EXECUTIVE SUMMARY

On January 23, 2007, Council approved and directed staff to begin the process to change the governance structure of the Department of Public Utilities and prepare a Plan for Service which will be needed to accompany the application to the Fresno County Local Area Formation Commission (LAFCo) for the formation of the Municipal Water District (MWD). The Plan for Service needs to address how the City or the MWD will manage the current CVP water supply contract. The CVP contract does allow for it to be assigned as long as the action complies with all State and Federal laws, rules and regulations. The City is responsible to pay for the staff time estimated at \$4,000 for the United States Department of the Interior, Bureau of Reclamation (Bureau) to investigate, review and process the City's proposal to assign the CVP contract to the MWD. Staff is also requesting an additional \$500 in the event there is a need for extra services.

REPORT TO THE CITY COUNCIL

CVP Assignment

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KEY OBJECTIVE BALANCE

To ensure the assets of the City are preserved, the Bureau will need to thoroughly evaluate the effects of a transition to a MWD relative to the CVP contract. By changing the governance structure of the Department of Public Utilities (DPU), and retaining the CVP water contract, staff will be able to employ a more responsive governance model. This will lead to improved Customer Service as well as Employee Satisfaction.

BACKGROUND

Since February 2006, DPU has been working with many of our stakeholders seeking out, if any, potential effects of a transition of DPU operations from the City to a MWD. One important aspect of this potential transition is to ensure there are no detrimental impacts to the current CVP contract. This 40 year contract with the Bureau provides up to 60,000 acre-ft of San Joaquin River water the City uses for recharge and direct treatment for drinking water. It is critical that this contract is preserved.

In early July, the City contacted the Bureau in an effort to obtain direction as to the process for assignment or transfer of the CVP contract. On August 24th, City staff met with the Bureau and determined that the CVP Contract would not need to be transferred but assigned according to Article 31. The Bureau will need to investigate this assignment to insure there is not an environmental impact or possible interference with the right or obligations of the Department of Reclamation.

To initiate this investigation Council will need approve the attached resolution authorizing the repayment of processing expenses incurred by the Bureau and authorize the Director of Public Utilities to sign the agreement in behalf of the City. The Bureau has estimated these costs at \$4,000 and DPU staff is requesting authorization to encumber and additional \$500 in the event extra services are necessary. Ultimately, the City will be reimbursing the Bureau for actual costs incurred.

FISCAL IMPACT

The fiscal year 2008 budget for the Department of Public Utilities – Administration Section included funding for efforts necessary to transition to a MWD in Fund 55001-53302.

Attachment

- Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF FRESNO, CALIFORNIA, AUTHORIZING THE PUBLIC UTILITIES DIRECTOR TO EXECUTE THE LETTER OF AGREEMENT WITH THE UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF RECLAMATION, ASSOCIATED WITH LONG-TERM WATER SERVICE CONTRACT NUMBER 14-06-200-8901-LTR1.

WHEREAS, on August 18, 2005, the City of Fresno entered into a Long-Term Renewal Contract with the United States of America through its Department of the Interior, Bureau of Reclamation ("Bureau"), for Water Service from Friant Division (Contract No. 14-06-200-8901-LTR1) (hereinafter referred to as "Contract"); and

WHEREAS, on January 23, 2007, Council authorized staff to initiate the necessary steps to change the governance of the Department of Public Utilities to a Municipal Water District (MWD); and

WHEREAS, Articles 31 and 35 of the Contract allows for the assignment of the Contract with the appropriate approval from the Secretary of the Interior's duly authorized representative ("Contracting Officer"); and

WHEREAS, staff has requested the Contracting Officer to initiate the appropriate steps necessary to authorize the assignment of the Contract from the City of Fresno to the MWD in the event the City is authorized to form an MWD; and

WHEREAS, the Bureau has submitted to the City of Fresno a Letter of Agreement providing for City's reimbursement of the Bureau for its actual cost to review, analyze and process such request for authorization to assign the Contract; and

WHEREAS, the estimated cost under the Letter of Agreement for processing the assignment of the Contract is \$4,000 and Bureau requires an initial deposit of \$2,000; and

WHEREAS, City staff is seeking authority for expenditure of \$4,500 in the event the actual costs exceed the estimate.

NOW, THEREFORE BE IT RESOLVED by the Council of the City of Fresno:

1. The Director of Public Utilities is authorized to sign the Letter of Agreement on behalf of the City.

2. The expenditure of up to \$4,500 is authorized for the reimbursement of Bureau under the Letter of Agreement for its costs to process City's request to initiate the

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appropriate steps necessary to authorize the assignment of the Contract from the City of Fresno to the MWD in the event the City is authorized to form an MWD.

CLERK'S CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, REBECCA E. KLISCH, City Clerk of the City of Fresno, certify that the foregoing resolution was adopted by the Council of the City of Fresno, California, at a regular meeting held on the _____ day of _____, 2007.

AYES:
NOES:
ABSENT:
ABSTAIN:

Mayor Approval: _____, 2007

Mayor Approval/No Return: _____, 2007

Mayor Veto: _____, 2007

Council Override Vote: _____, 2007

REBECCA E. KLISCH
City Clerk

Deputy

APPROVED AS TO FORM:
CITY ATTORNEY'S OFFICE

By: 
Nancy A. Algier Date
Senior Deputy