

Les Baugh
County Member

Irwin Fust
Special District Member

Larry Farr
City Member Alternate

Mary Rickert
County Member Alternate

Stan Neutze
City Member

Brenda Haynes
Special District Member

Julie Winter
City Member



Larry Russell
Public Member

Katharine Ann Campbell
Public Member Alternate

Joe Chimenti
County Member

George Williamson
Executive Officer

Patricia A. Clarke
Special District Alternate

James M. Underwood
General Counsel

Kathy Bull
Manager

Agenda Item: 8.a

Meeting Date: December 5, 2019

From: George Williamson, Executive Officer & Kathy Bull, Office Manager

Subject: CSA #6 Jones Valley Municipal Services Review – Commission Requested Report

Background:

A County Service Area No. 6 Jones Valley (JVCSA) Municipal Services Review (MSR) was adopted by the Commission in April 2017. JVCSA is a dependent special district approximately 3,034 acres in size in central Shasta County, northeast of Redding and north of State Route 299. The CSA provides treated drinking water to approximately 469 service connections and has a Community Advisory Board.

During the MSR preparation, Jones Valley residents inquired about other governance options. The MSR identified a Community Services District (CSD) or Water District (WD) as independent district options. The residents have the ability to petition LAFCo for CSD or WD formation. An independent district would also allow other services, such as wastewater, and an independent elected Board. To pursue this option, residents would prepare and file a LAFCO application, fee deposit, plan for services and a MSR/SOI.

At the August 2019 Commission meeting, testimony regarding the MSR was received from two Jones Valley residents. The Commission directed staff to review the MSR and report back with a quick analysis.

Discussion:

The JVCSA resident request appears to be prompted by a water allocation concern related to the CSA Keswick dissolution and assets transfer to Shasta CSD. While they felt system deficiencies weren't fully considered in the MSR, their primary concern was that a Shasta County Water Agency (SCWA) water allocation for JVCSA would no longer be available. The November 5 2019 Shasta County CSD Project Water Contract Asset Transfer Board Report, SCWA Contract for Project Water (attached) and County staff communications provides following information:

In 2005, Bureau of Reclamation contracts with SCWA were renegotiated with forty-year terms. The SCWA and KCSD (predecessor to CSA Keswick) Agreements were combined into a single contract between the Bureau and SCWA for up to 1,022 acre-feet (Master Agreement). The SCWA subcontracted 500-acre feet of this amount to the CSA. A successor contract is proposed with the CSD (CSD Contract). The recommended action would fulfill one of the LAFCO conditions in Resolution No. 2019-02 to transfer a water allocation to the CSD by Contract.

The Elk Trail neighborhood annexation to JVCSA in 2008 determined that additional water supplies were necessary to serve the expanded customer base. Arrangements were made to temporarily transfer up to 100 acre-feet of CSA Keswick's 500-acre feet to JVCSA for the duration of the Master Agreement. The proposed Shasta CSD Contract would perpetuate that arrangement and maintain the JVCSA 100 acre-foot water transfer through February 28, 2045. This addresses the water allocation issue and will be included in the next MSR update.

Recommendation:

Staff feels the MSR determinations are sufficient and recommends the Commission consider the discussion above and advise JVCSA residents that no further action to be taken until next MSR Update.

Attachments: SCWA Contract for Project Water

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**Shasta County Water Agency
Redding, CA**

Contract for Project Water

This Contract, made the 5TH day of NOVEMBER, 2019, between the SHASTA COUNTY WATER AGENCY, (“Agency”), and the SHASTA COMMUNITY SERVICES DISTRICT (“Contractor”).

WITNESSETH, That:

WHEREAS, Keswick Community Services District entered into a contract with the United States of America entitled “Contract Between the United States of America and the Keswick Community Services District Providing for Water Service,” Contract No. 14-06-200-1307A, dated September 16, 1964, which contract permitted the diversion of Central Valley Project water from Whiskeytown Lake for 500 acre-feet of Project Water under certain terms and conditions; and

WHEREAS, Agency entered into a contract with the United States of America entitled “Contract Between the United States of America and the Shasta County Water Agency Providing for Water Service,” Contract No. 14-06-200-3367A, dated June 30, 1967, which contract permitted the diversion of Central Valley Project water (“Project Water”) from Shasta Lake, Keswick Reservoir, and Whiskeytown Lake by Agency and its contractors under certain terms and conditions; and

WHEREAS, on February 19, 1991, the United States consented to the assumption of Contract No. 14-06-200-1307A by the County of Shasta for the benefit of County Service Area #25-Keswick; and

WHEREAS, on March 15, 2005, the Agency entered into an assignment of Contract No. 14-06-200-1307A with the United States of America; and

WHEREAS, Agency entered into a contract with the United States of America entitled “Long Term Renewal Contract Between the United States of America and the Shasta County Water Agency Providing for Water Service from the Sacramento River, Shasta, and Trinity River Divisions,” Contract No. 14-06-200-3367A-LTR1, dated May 27, 2005, hereinafter referred to as the “Master Agreement,” which contract permits the diversion of Project Water from Shasta Lake, Keswick Reservoir, and Whiskeytown Lake by Agency and its contractors under certain terms and conditions through February 28, 2045; and

WHEREAS, Contract No. 14-06-200-3367A-LTR1 merged Contract No. 14-06-200-1307A and Contract No. 14-06-200-3367A; and

WHEREAS, the Agency Board of Directors approved Resolution 2008-001 on March 11, 2008, creating a transfer of up to 100 acre-feet of water from County Service Area #25 – Keswick to County Service Area #6 – Jones Valley; and

WHEREAS, County Service Area #25 – Keswick has been dissolved and its service area annexed into the Shasta Community Services District; and

WHEREAS, Agency is in discussions with the U.S. Bureau of Reclamation (“Reclamation”) to permanently assign 500 acre-feet to Contractor; and

WHEREAS, the proceeds of the County Service Area #6 – Jones Valley water lease shall be assigned to Contractor; and

WHEREAS, Agency has the power to enter into contracts with any public corporation, person, district, municipality, or political subdivision of the State for the purchase and sale of water; and

WHEREAS, Contractor has the power to enter into contracts with any public corporation, person, district, municipality, or political subdivision of the State for the purchase and sale of water; and

WHEREAS, Contractor desires to divert Project Water from the Central Valley Project for municipal and industrial purposes from a point of diversion and within a place of use approved by Reclamation.

NOW, THEREFORE, IT IS AGREED:

1. The Master Agreement is hereby made a part of this Contract and the terms and conditions thereof and any determination or actions taken thereunder shall be binding upon the parties as if said Master Agreement were fully set out herein. Unless expressly stated or unless manifestly inconsistent with the context in which used, definitions contained in said Master Agreement shall apply in this Contract.
2. This Contract shall be effective on the date set forth above and shall remain in effect for the duration of the Master Agreement, or until the 500 acre-feet are permanently assigned to the Contractor whichever comes first. Either party may terminate this Contract without cause on 30 days written notice.
3. Contractor is entitled to divert water at the points of diversion and for use within the Contractor’s service area as shown on Exhibit A, attached and incorporated herein. The quantity of water Contractor may divert shall not exceed 500 acre-feet per year less any amount diverted by Jones Valley under Agency Resolution 2008-001, attached and incorporated herein (Exhibit B). If Contractor wishes to divert less than the maximum amount of water permitted under this Contract, it shall upon the execution of this contract

and for each subsequent calendar year submit by December 15th a schedule of diversion satisfactory to the Agency and approved by it for the water to be diverted during the following calendar year or portion thereof.

4. Contractor shall install, operate, and maintain, at its sole expense, measuring equipment satisfactory to Agency. In the event such equipment is found by Agency to be faulty or not operating properly, it shall be repaired or replaced by Contractor at its expense. In the event Contractor fails to make such repairs or replacement within a reasonable time, it may be done by Agency and the cost thereof shall be paid by Contractor to Agency within 60 days following the date a statement of such cost is furnished to Contractor by Agency.
5. Contractor shall pay Agency all sums due under this Contract in accordance with the rates of water service established by Agency. These rates will be established to, as nearly as practicable, recover the actual costs incurred by Agency under the Master Agreement and the cost of administration involved. The rate currently established by Agency for Project Water is Fifty-Six Dollars and Thirty-One Cents (\$56.31) per acre-foot for water delivered. "Water under contract" shall mean the quantity of water Contractor is entitled to divert as shown in section 3. This rate shall remain in effect unless Contractor is notified of its revision under the schedule provided in Master Agreement Section 7(b). Payments shall be due within thirty days of billing each year for water diverted or contracted for during the previous water year, and shall be delinquent after 30 days. A penalty of 1 percent of the amount of delinquency shall be charged each month, or fraction thereof, of said delinquency. In the event Contractor diverts more water than is specified in the schedule submitted in accordance with Section 3 above, Agency shall deduct the amount from future allocations for that year until the annual quantity is equaled or exceeded and Contractor's right to divert suspended.
6. In accordance with Article 12 of the Master Agreement, there may occur shortages in the quantity of water available to the Agency under said Master Agreement. Agency reserves the right to allocate available supply to all or some of its water users in such amounts as Agency in its sole discretion may determine, and no liability shall accrue to Agency or any of its officers or employees on the basis of said shortage or Agency's decision to reduce water allocation to Contractor or any other purchaser of Agency water. Such shortage shall not relieve Contractor of its obligation to make the payments required in this Contract.
7. Agency makes no representations and assumes no responsibility with respect to the quality of water which is made available under this Contract.

8. Contractor shall be solely responsible for the control, distribution and disposal of water diverted under this Contract and holds Agency and Reclamation harmless from damage connected herewith.
9. Contractor shall defend, hold harmless and indemnify Agency and Reclamation, their elected officials, officers, employees, agents and volunteers against all claims, suits, actions, costs, expenses (including but not limited to reasonable attorney's fees, including those of County Counsel and counsel retained by Agency, expert fees, litigations costs, and investigation costs), damages, judgments or decrees by reason of any person's or persons' bodily injury, including death, or property (including property of Agency) being damaged by the negligent acts, willful acts, or errors or omissions of the Contractor or any person exercising the right to divert water on the Contractor's behalf.
10. If Contractor is in default under this contract, Agency may refuse delivery of water and may terminate this contract on 10 days written notice to Contractor. If Agency withholds termination in the event of default to afford Contractor an opportunity to cure its default, or for any other reason, Agency may nevertheless terminate this Contract at any later time unless the default is cured prior to the date of termination.
11. Contractor agrees that it will comply fully with all applicable laws, orders and regulations, including but not limited to, federal laws, order and regulations, and the laws of the State of California, all as administered by the appropriate authority, concerning the pollution of streams, reservoirs, or water courses, with respect to the discharge of refuse, garbage, sewage effluent, industrial waste, oil, mine tailings, or other pollutants.
12. Contractor agrees as follows:
 - a. To comply with Title VI of the Civil Rights Act of July 2, 1964 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights laws, as well as with the respective implementing regulations and guidelines imposed by the U.S. Department of Interior and/or Reclamation. These statutes require that no person in the United States shall, on the grounds of race, color, national origin, handicap, or age, be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination under any program receiving financial assistance from Reclamation. By executing this Contract, the Contractor agrees to immediately take any measures necessary to implement this obligation, including permitting officials of the United States to inspect premises, programs, and documents.
 - b. To obligate its subcontractors, subgrantees, transferees, successors in interest, or any other participants, receiving federal financial assistance hereunder, to comply with the requirements of this provision.

13. During the performance of this contract, the Contractor agrees as follows:

- a. The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of payment or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.
- b. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without discrimination because of race, color, religion, sex, or national origin.
- c. The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Contracting Officer, advising the said labor union or workers' representative of the Contractor's commitments under Section 202 of the Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- d. The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- e. The Contractor will furnish all information and reports required by said amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Contracting Officer and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- f. In the event of the Contractor's noncompliance with the nondiscrimination clauses of this Contract or with any of the said rules, regulations, or orders, this Contract may be canceled, terminated, or suspended, in whole or in part, and the Contractor may be declared ineligible for further government contracts in accordance with procedures authorized in said amended Executive Order, and such other sanctions may be imposed and remedies invoked as provided in said

Executive Order, and such other sanctions may be imposed and remedies invoked as provided in said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

- g. The Contractor will include the provisions of section (a) through (g) in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor as a means of enforcing such provisions, including sanctions for noncompliance; provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the Contractor may request the United States to enter into such litigation to protect the interest of the United States.

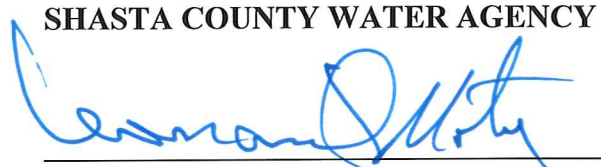
- 14. Contractor shall not transfer or assign its rights under this Contract without the written consent of the Agency.
- 15. This agreement supersedes all previous agreements relating to the subject of this agreement and constitutes the entire understanding of the parties hereto.
- 16. Any Notices required to be given pursuant to the terms and provisions of this Contract shall be in writing and shall be sent first-class mail to the following addresses:

If to Agency: Shasta County Water Agency
 Attn: Chief Engineer
 1855 Placer Street
 Redding, CA 96001

If to Contractor: Shasta Community Services District
 Attn: General Manager
 10711 French Alley
 Shasta, CA 96087

IN WITNESS WHEREOF, Agency and Contractor have executed this agreement on the day and year set forth below.

Date: 11/5/19

SHASTA COUNTY WATER AGENCY


LEONARD MOTY, CHAIRMAN
Board of Directors
Water Agency
County of Shasta
State of California

ATTEST:

LAWRENCE G. LEES
Clerk of the Board
Shasta County Water Agency

By 
Deputy

SHASTA COMMUNITY SERVICES DISTRICT

Date: 10-1-19


CHRIS KOEPFER, GENERAL MANAGER

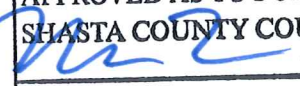
ATTEST:

Christina Arias
Board Secretary
Shasta Community Services District

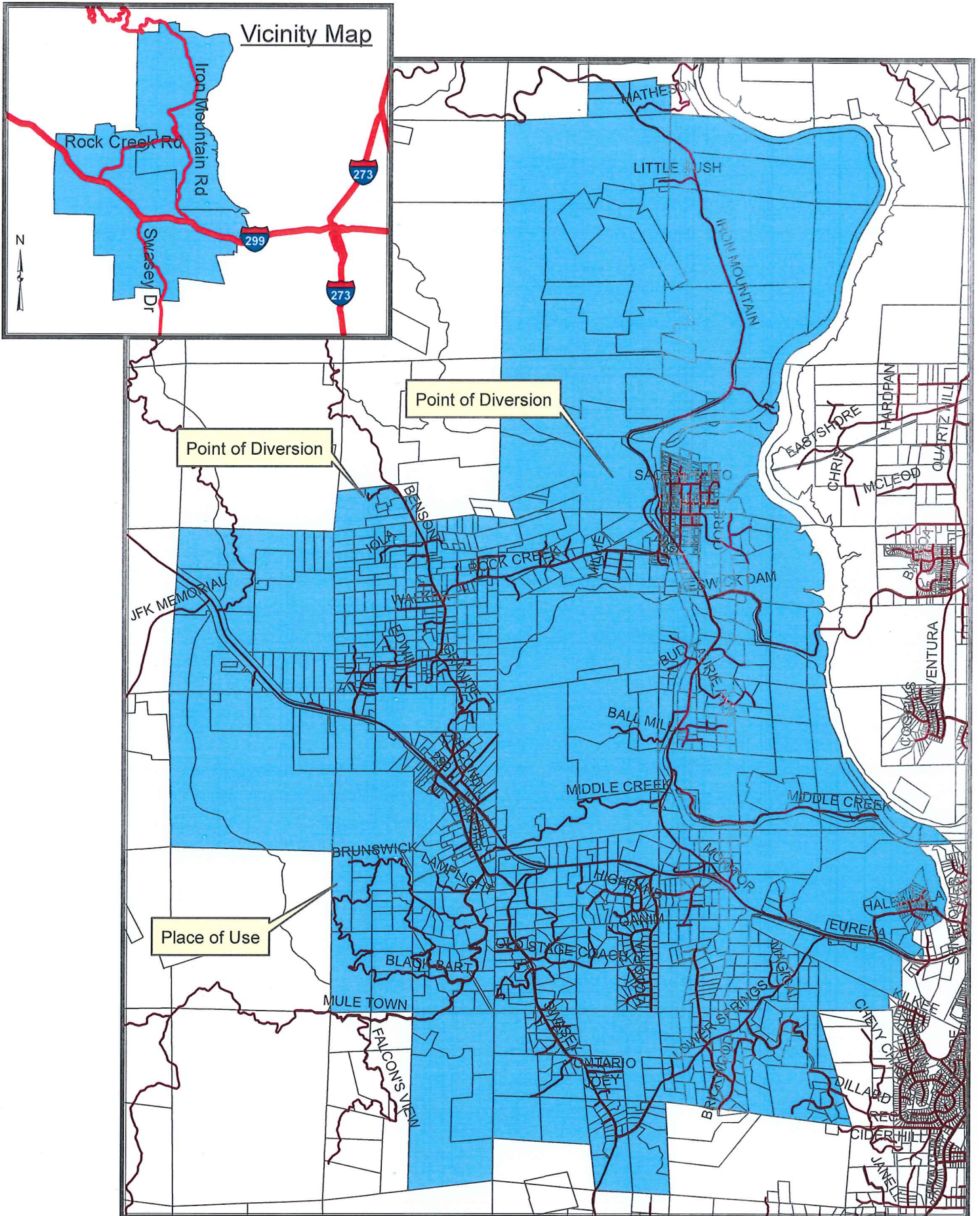
By 
Deputy

RISK MANAGEMENT APPROVAL

BY: 
James Johnson
Risk Management Analyst

APPROVED AS TO FORM
SHASTA COUNTY COUNSEL

Matthew M. McOmber
Senior Deputy County Counsel
FOR DANA VOZSON

Shasta Community Services District



RESOLUTION NO. 2008- 01

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SHASTA COUNTY WATER AGENCY
RESOLUTION OF INTENT TO TRANSFER WATER FROM
COUNTY SERVICE AREA No. 25 - KESWICK WATER TO
COUNTY SERVICE AREA No. 6 - JONES VALLEY WATER

WHEREAS, the citizens of Shasta County living on and near Elk Trail wish to gain access to treated water; and

WHEREAS, Elk Trail adjoins County Service Area No. 6 - Jones Valley Water; and

WHEREAS, County Service Area No. 6 - Jones Valley Water has an inadequate supply to provide for full development of the district should an annexation occur; and

WHEREAS, County Service Area No. 25 - Keswick Water has unused water in its regular supply; and

WHEREAS, a water transfer between County Service Area No. 25 - Keswick Water and County Service Area No. 6 - Jones Valley Water would benefit the current and future customers of both districts.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Shasta County Water Agency endorses the reservation of right to transfer 100 acre-feet of water from County Service Area No. 25 - Keswick Water to County Service Area No. 6 - Jones Valley Water until December 31, 2012.

NOW, THEREFORE, BE IT FURTHER RESOLVED that for such reservation County Service Area No. 25 - Keswick Water shall receive \$1,000 annually and shall be reimbursed for any other costs associated with this 100 acre-feet and/or resulting from the reservation.

NOW, THEREFORE, BE IT FURTHER RESOLVED that, County Service Area No. 6 - Jones Valley Water may, prior to December 31, 2012, establish a transfer agreement for up to 100 acre feet through the term of Long-Term Renewal Contract No. 14-06-200-3367A-LTR1 between the Bureau of Reclamation and the County of Shasta, which is the governing agreement for any transferred water, and, at the end of the Long-Term Renewal Contract No. 14-06-200-3367A-LTR1 the 100 acre feet shall revert wholly to County Service Area No. 25 - Keswick Water.

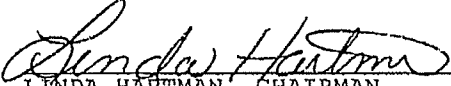
NOW, THEREFORE, BE IT FURTHER RESOLVED that County Service Area No. 25 - Keswick Water shall be reimbursed for all costs incurred as a result of the transfer by the Bureau of Reclamation, the Shasta County Water Agency, or other legal requirement and, in addition, County Service Area No. 25 - Keswick Water shall receive \$3,000

RESOLUTION No. 2008- 01
Resolution of Intent
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annually, adjusted per the Consumer Price Index until 2030 and subject to adjustment to market rate at that time.

DULY PASSED AND ADOPTED this 11th day of March 2008, by the Board of Directors of the Shasta County Water Agency, by the following vote:

AYES: Supervisors Hawes, Baugh, Kehoe, and Hartman
NOES: Supervisor Cibula
ABSENT: None
ABSTAIN: None
RECUSE: None


LINDA HARTMAN, CHAIRMAN
Board of Directors
Shasta County Water Agency
State of California

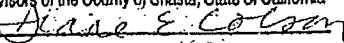
ATTEST:

LAWRENCE G. LEES
Clerk of the Board
Shasta County Water Agency

By 
Deputy

THIS INSTRUMENT IS A CORRECT COPY
OF THE ORIGINAL ON FILE IN THIS OFFICE

ATTEST DEC 09 2008

CLERK OF THE BOARD
Supervisors of the County of Shasta, State of California
BY: 

FCN 020107