

Update on WIIN Act Contract Conversion and Authorization to Execute the Mercy Springs Repayment Contract and File a Validation Action

WIIN Act Provides Water Supply Certainty

- Directs Reclamation to convert water service contracts to repayment contracts
- Provides “perpetual” contracts by eliminating existing term limits
- Requires prepayment of Central Valley Project capital costs
- Generates revenue to fund additional water storage projects

Valley Water's 1977 Water Service Contract

- Most significant and reliable source of imported water
- Provides up to 152,500 acre-feet annually
- Is set to expire in 2027 absent renewal or conversion
- Conversion will require prepayment of about \$7 million
- Over \$200 million in San Felipe Division costs are excluded
- Negotiations are ongoing

Mercy Springs Partial Assignment Contract

- Supplemental supply acquired jointly with Westlands Water District in 1999
- Provides Valley Water with 25 percent of the allocated water supply
- Water provided is based on annual CVP agricultural allocation
- Conversion will require prepayment of about \$85,000

Next Steps – Pending Board Authorization

- **Execute the Mercy Springs Repayment Contract**
- **File validation action for the Mercy Springs Repayment Contract**
- **Continue negotiations for Valley Water's 1977 Water Service Contract**

Staff Recommendations

- A. Receive an update on the Central Valley Project contract conversion process under the Water Infrastructure Improvements for the Nation Act (WIIN Act).
- B. Adopt a resolution approving the Mercy Springs Repayment Contract and authorizing the Chief Executive Officer to execute it.
- C. Approve and authorize District Counsel to file a validation action for the Mercy Springs Repayment Contract.