

Agenda Report

September 12, 2005

To: City Council

From: City Manager

Subject: Authorization to Enter Into a Three Year Contract with Two Optional Three Year Renewals with East Pasadena Water Company to Formalize Water Exchanges

RECOMMENDATION

It is recommended that the City Council authorize the City Manager to enter into a new three year contract with two three-year renewals with East Pasadena Water Company to enable Pasadena Water and Power to continue providing water through an existing interconnection located at the intersection of Del Mar Boulevard and Rosemead Boulevard.

BACKGROUND

Pasadena Water and Power (PWP) and East Pasadena Water Company (EPWC) are neighboring water agencies and both utilities are members of the Raymond Basin. EPWC serves portions of the unincorporated Los Angeles County east of City of Pasadena.

PWP has the ability to deliver water to EPWC through an existing 4-inch metered interconnection located at the intersection of Del Mar Boulevard and Rosemead Boulevard. PWP and EPWC entered into Contract Number 12,248 on January 15, 1985 which set the terms and conditions for operating the existing interconnection and for water sales to EPWC. For purposes of mutual aid and to update Contract Number 12,248 to more relevant and current terms and conditions, PWP and EPWC agreed to upgrade and revise the existing contract.

The term for the new contract shall be three years with two optional three-year renewals. During each twelve month period of the term, EPWC may elect to pay PWP either by making cash payment, or by transferring groundwater from EPWC's Raymond Basin groundwater account to the City's Raymond Basin groundwater account equal to the volume of water delivered plus a conversion factor to account for cost of delivery.

Cash Payment

On January 1, 2003, the Metropolitan Water District of Southern California (MWD) converted its pricing structure to an unbundled rate to closer represent MWD's actual costs of services. As a result, the new contract will include an all cash payment option based on MWD's new unbundled rates.

Every three months, PWP will invoice EPWC for water delivered.

Groundwater Payment

As a payment option to EPWC, the agency may elect to pay by groundwater which is the sum of the volume of water delivered and converting the cost of delivery to a groundwater volume.

At the end of each twelve month period, EPWC will request the Raymond Basin Watermaster to increase the City's Raymond Basin groundwater account by the sum of the delivered water and cost of delivery conversion, and simultaneously reduce EPWC account by the same amount.

For both payment methods, the rates may be revised to reflect the current costs in effect for MWD's unbundled costs, PWP's pumping, operation and administration costs, and Raymond Basin Lease Groundwater Rate cost.

The Environmental Administrator has determined that the sale of water by the City to EPWC through the City's Del Mar/Rosemead interconnection is exempt from the California Environmental Quality Act (CEQA) under Section 15061 (b) (3) of the CEQA Guidelines. This section is known as the "General Rule" and states that CEQA applies only to projects that have the potential for causing significant effect on the environment, "Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA."

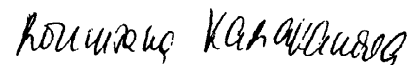
FISCAL IMPACT

There is no impact on the Water Fund, if EPWC elects to pay by groundwater. If EPWC opts to make cash payment the estimated value of water sold is \$10,000 annually, based on the initial rates. The amount will be deposited into the Pasadena Water Fund Account 7274-402-88100.

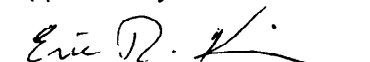
Respectfully submitted,


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