

Agenda Report

September 30, 2002

To: City Council
From: City Manager
Subject: Authorization to Enter into an Agreement with Lincoln Avenue Water Company (Lincoln) to Lease from Lincoln 1,000 Acre-Feet of Storage Space and to Lease to Lincoln up to 500 Acre-Feet of Groundwater in the Raymond Groundwater Basin

RECOMMENDATION

It is recommended that the City Council authorize the City Manager to enter into an agreement with Lincoln Avenue Water Company to lease to Lincoln up to 500 acre-feet of groundwater in fiscal year 2002-2003 and to lease from Lincoln 1,000 acre-feet of groundwater storage space in the Raymond Groundwater Basin in fiscal year 2003-2004.

BACKGROUND

The City of Pasadena and Lincoln are two of sixteen parties with decreed groundwater rights in the Raymond Groundwater Basin (Basin), which City of Pasadena overlies. The Basin is comprised of three sub-basins: Monk Hill, City of Pasadena and Santa Anita. City of Pasadena has water rights in both the Monk Hill and City of Pasadena sub-basins, while Lincoln only has water rights in the Monk Hill sub-basin.

The Raymond Basin Judgment allocates each Basin party annual groundwater rights every fiscal year (July 1 through June 30) and is overseen by the Raymond Basin Management Board (RBMB). The RBMB administers the provisions of the Judgment, oversees the groundwater pumping, and manages the overall operation of the Basin. The Judgment also stipulates that Basin parties are able to voluntarily sell, lease, or exchange water, water rights, or storage space in order to promote the efficient use of water in the basin.

At the end of the last fiscal year (2001-2002), the City of Pasadena had groundwater that was not pumped out of the Monk Hill sub-basin due to contamination at the Monk Hill wells. The Board allows a water purveyor to carry over a limited amount of unused groundwater rights for the next fiscal year as well as to put excess groundwater into a long-term storage account which has a limited amount of allocated storage space. After exercising the carryover and long-term storage options in the Monk Hill Sub-basin, the City of Pasadena still had excess groundwater in the Monk Hill sub-basin allotment.

The City of Pasadena had to lease storage space from the City of Arcadia in the Pasadena sub-basin for storage carryover into this fiscal year (2002-2003). It would have been more advantageous for City of Pasadena to store and pump groundwater from the Monk Hill sub-basin due to its higher elevation, thus reducing booster pumping costs. No storage space was available in the Monk Hill sub-basin this fiscal year.

The City of Pasadena will most likely be unable to produce its 2002-2003 annual pumping right in the Monk Hill Sub-basin due to continued contamination at the Monk Hill wells, thus forcing the City of Pasadena to find storage space in the next fiscal year. If the City of Pasadena does not find additional storage space for the excess groundwater, the right to produce the water for use in a subsequent fiscal year will be lost.

Lincoln is willing to lease 1,000 acre-feet of groundwater storage space in the Monk Hill sub-basin to City of Pasadena during fiscal year 2003-2004 at no cost. This will allow City of Pasadena to store 1,000 acre-feet of excess its fiscal year 2002-2003 entitlement. When the stored water is pumped in the future, the City of Pasadena will realize a savings of approximately \$65 per acre-foot in booster pumping expense for a total of \$65,000.

Lincoln also wants to lease from the City of Pasadena up to 500 acre-feet of excess groundwater in the Monk Hill sub-basin at \$250 per acre-foot for a total of one hundred twenty-five thousand dollars (\$125,000). The unit cost includes the current rate for leased groundwater in the Raymond Basin plus associated operation and administrative costs. The proposed contract will expire on June 30, 2004.

Lincoln will pump the water from their wells in the Monk Hill sub-basin that are not contaminated. The City of Pasadena and Lincoln have completed similar water agreements in the past and they have been beneficial and satisfactory to both parties.

The Environmental Administrator has determined that the lease of 500 acre-feet of water by City of Pasadena to Lincoln 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 a 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

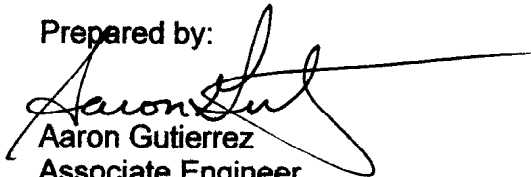
The Water Division will realize a savings of approximately \$65,000 in pumping expense when the stored water is produced. The Water Fund will also receive \$125,000 from Lincoln under the proposed groundwater lease agreement.

Respectfully submitted,



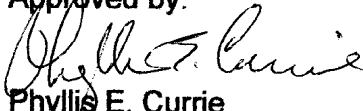
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