

Agenda Report

July 21, 2003

To: City Council
From: City Manager
Subject: Authorization to Enter into a Contract with California-American Water Company for the Exchange of Water and Water Storage Capacity

RECOMMENDATION

It is recommended that the City Council authorize the City Manager to enter into a contract with California-American Water Company (Cal-Am) to enable Pasadena Water and Power (PWP) to:

1. Sell water to Cal-Am through an existing interconnection located at 888 South Oak Knoll Avenue; and
2. Provide up to 500,000 gallons of reservoir storage to capacity supplement Cal-Am's water distribution system.

BACKGROUND

The City of Pasadena and California-American Water Company are neighboring water agencies in the Raymond Groundwater Basin. Cal-Am serves the City of San Marino, which along with the City of Pasadena, is a member agency of the Metropolitan Water District of Southern California (MWD).

Pasadena has the ability to deliver water to Cal-Am through a 6-inch metered service connection located at 888 South Oak Knoll Avenue in Pasadena. Pasadena and Cal-Am entered into Contract 16,693-1 on August 6, 1998, which amended Contract 14,600, whereby Pasadena and Cal-Am set the terms and conditions for the water exchange between the two agencies. This contract also provided Cal-Am 500,000 gallons of reservoir storage capacity in Pasadena's Jones Reservoir to serve Cal-Am's Lamanda Park Pressure Zone. The term of the contract was for five years.

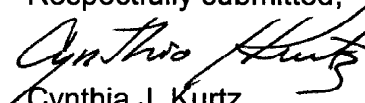
Under Contract 16,693-1, Cal-AM paid Pasadena for any water delivered to Cal-Am; all operation and maintenance costs associated with the delivery and storage of the water; and an annual fee for the storage capacity in Jones Reservoir. The parties desire to continue this arrangement subject to updating the costs and fees mutually agreed upon by both parties. Pasadena has updated the costs for a new agreement based on MWD's new rate structure which went into effect on January 1, 2003. Cal-Am will pay the MWD's Tier 2 rate for any water delivered plus any associated operation and maintenance costs, an annual reservoir capacity charge, and an administrative charge.

The Environmental Administrator has determined that the sale of water by Pasadena to Cal-Am through Pasadena's Oak Knoll 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."

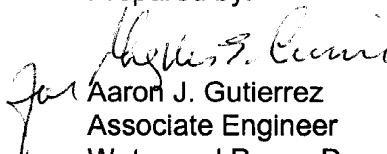
FISCAL IMPACT

There is no impact on the Water Fund as a result of this contract. All costs associated with the delivery of water from Pasadena to Cal-Am will be paid by Cal-Am

Respectfully submitted,


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