

Agenda Report

June 2, 2003

To: City Council

From: City Manager

Subject: Authorization to Enter into a Contract with Kinneloa Irrigation District and Lincoln Avenue Water Company to Exchange Water and/or Groundwater Rights In the Raymond Basin

Recommendation

It is recommended that the City Council:

- (i) authorize the City Manager to enter into a contract with Kinneloa Irrigation District and Lincoln Avenue Water Company to exchange water and groundwater rights in the Raymond Groundwater Basin for an initial term of one year; and
- (ii) authorize the General Manager of the Water and Power Department to renew the contract with five additional one-year options upon mutual agreement of the parties without further City Council approval.

Background

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

During most years, Kinneloa has excess groundwater after meeting its customers' demands. Kinneloa wants to sell the excess water and/or lease the groundwater rights to Pasadena and Lincoln, both water agencies in the Raymond Basin. Kinneloa also has excess pumping capacity and is willing to pump Pasadena's annual groundwater rights and deliver the water to Pasadena. Lastly, Kinneloa wants to formalize, through this agreement, the receipt of water or lease groundwater rights from Pasadena when Kinneloa needs it and it is available from Pasadena.

The proposed contract will have an initial term of one year with five additional one-year renewal options upon mutual agreement of all of the parties' authorized representatives without further City Council approval.

The proposed contract has the following provisions in order of priority:

1. Pasadena will purchase excess groundwater, up to 500 acre-feet, from Kinneloa for 83.6% of the Metropolitan Water District (MWD) rate for Tier 1 treated non-interruptible water (currently \$408 per acre-foot). Kinneloa will pump its groundwater from its own wells and deliver the water to Pasadena at the Kinneloa Road Interconnection Facility. The water delivered shall comply with all applicable Federal and State water quality standards.
2. Kinneloa wants to lease to Lincoln any of Kinneloa's remaining groundwater rights in the Pasadena sub-basin not delivered or leased to Pasadena, but Lincoln does not have groundwater rights in the Pasadena sub-basin to make this transaction possible.

To facilitate this lease arrangement, Kinneloa will transfer the groundwater rights to Lincoln through Pasadena's lease of equivalent rights in the Pasadena and Monk Hill sub-basins. Kinneloa will lease to Pasadena groundwater rights in the Pasadena sub-basin, and in turn Pasadena will lease to Lincoln an equivalent amount of groundwater rights in the Monk Hill sub-basin.

Lincoln will pay Kinneloa for the leased groundwater rights and Pasadena will not be obligated to pay Kinneloa. Lincoln will pay Pasadena for the difference in operating costs of transferring Pasadena's groundwater rights from the

Monk Hill sub-basin to the Pasadena sub-basin, which includes net well pumping cost, booster pumping cost, and any associated administrative cost.

3. Kinneloa will lease to Pasadena any of Kinneloa's leftover groundwater rights not pumped and delivered through the interconnection. The rate shall be determined and mutually agreed upon by both parties at the time of the lease. This option will give Pasadena the opportunity to reduce purchased water expense if the lease rate and Pasadena's cost to produce the lease groundwater is less than the MWD rate for the next increment of purchased water.
4. If Kinneloa has excess well pumping capacity during the year, Kinneloa will pump Pasadena's groundwater rights and deliver the water to Pasadena through the Kinneloa Canyon Road interconnection. Pasadena will pay Kinneloa for the well pumping cost and any associated administrative cost mutually agreed upon by the parties' authorized representatives by a letter agreement at the time of the water exchange. Pasadena will lease an equivalent amount of groundwater rights to Kinneloa in the following fiscal year.
5. If Pasadena has water and/or groundwater rights available and Kinneloa is in need of the water and/or groundwater rights to meet Kinneloa's customers' demands, Pasadena will pump and deliver water to Kinneloa through the Kinneloa Canyon Road interconnection and/or lease to Kinneloa groundwater rights in the Pasadena sub-basin. The amount of water and/or groundwater rights exchanged and the payment for such will be determined by the parties' authorized representatives by a letter agreement at the time of the water exchange.

All groundwater right exchanges shall be accounted for and recorded by the Raymond Basin Management Board.


This agreement will not only allow Pasadena to realize potential purchased water expense savings, it will also allow Pasadena to have extra flexibility in the operation of its water system and the systems of its neighboring water agencies.

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."

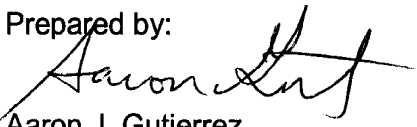
Fiscal Impact

The Water Fund has the potential to save \$33,500 in purchased water expense annually under this agreement.

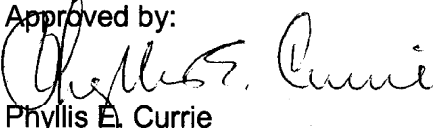
Respectfully submitted,


Cynthia J. Kurtz
City Manager

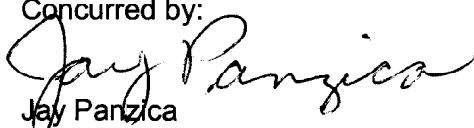
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