

Agenda Report

To: CITY COUNCIL November 1, 2004

From: CITY MANAGER

Subject: AUTHORIZE THE CITY MANAGER TO AMEND THE TERMS OF CONTRACT NUMBER 18,269 WITH LINCOLN AVENUE WATER COMPANY TO LEASE 1,000 ACRE-FEET OF PASADENA WATER AND POWER'S GROUNDWATER RIGHTS

RECOMMENDATION

It is recommended that the City Council authorize the City Manager or her designee to amend the terms of Contract Number 18,269 with Lincoln Avenue Water Company (Lincoln) to lease 1,000 acre-feet of City of Pasadena (Pasadena) groundwater rights, with an option of an additional 1,000 acre-feet at the discretion of the General Manager of the Water and Power Department, in fiscal year 2005 and to extend the expiration date of the original contract to December 2005.

BACKGROUND

Pasadena and Lincoln are two of sixteen parties with decreed groundwater rights in the Raymond Basin (Basin). The Basin is comprised of three sub-basins: Monk Hill, Pasadena, and Santa Anita. Pasadena has water rights in the Monk Hill and Pasadena Sub-basins, while Lincoln only has water rights in the Monk Hill Sub-basin. The Raymond Basin Judgment allocates to each party annual groundwater rights and permits each party the right to lease or exchange water rights.

In fiscal year 2003, Pasadena was not able to pump its annual groundwater rights in the Monk Hill Sub-basin due to perchlorate contamination. To partially mitigate this problem, Pasadena leased 1,000 acre-feet of groundwater rights to Lincoln and in return Lincoln would pump 662.5 acre-feet of water out of its own wells and deliver it to Pasadena through an existing interconnection. In exchange for Lincoln's cost, Pasadena leased to Lincoln the remaining 337.5 acre-feet of groundwater.

The benefit of having Lincoln pump 662.5 acre-feet of water for Pasadena at a higher elevation is equivalent to the cost for Pasadena to replace the 337.5 acre-feet of groundwater being leased to Lincoln under this transaction.

In July 2004, Lincoln, in cooperation with the National Aeronautics and Space Administration (NASA), constructed and began operating an ion-exchange plant for the treatment of groundwater contaminated with perchlorate. Both NASA and Lincoln have indicated that the ion-exchange plant is operating effectively in removing perchlorate from groundwater and providing plume containment.

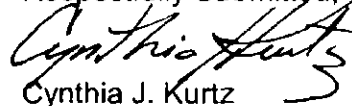
Because Lincoln has limited groundwater rights, the ion-exchange plant will not be capable of operating all year. By leasing 1,000 acre-feet of groundwater to Lincoln, it will allow the treatment facility to operate continuously and aid in containment of the perchlorate plume, which will have the positive effect of reducing the migration of perchlorate to other water purveyors including Pasadena. The agreement would also allow some of Pasadena's groundwater in the Monk Hill to be produced that Pasadena would otherwise not be able to produce due to perchlorate contamination. The additional 1,000 acre-feet will be under the same terms and conditions.

The Environmental Administrator has determined that the lease of 1,000 acre-feet of groundwater by 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 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

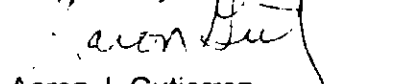
There is no impact on the Water Fund as a result of this contract.

Respectfully Submitted,



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