

# Agenda Report

**Date:** April 27, 1998

**To:** City Council  
**From:** City Manager  
**Subject:** Amendment to Contract Number 14,600 with California-American Water Company (Cal-American) for Leasing Water Storage Space in Pasadena's Water System

## Recommendation

It is recommended that the City Council authorize the General Manager of the Water and Power Department to amend Contract Number 14,600 with Cal-American for five years with one five-year optional extension period subject to a renegotiated fee acceptable to the General Manager without further City Council approval.

## Background

On July 8, 1992, Pasadena entered into a contract with Cal-American to provide Cal-American the right to store up to 500,000 gallons of water in Pasadena's water system for a period of five years. The storage serves Cal-American's Lamanda Park Pressure System. The Lamanda Park Pressure System was originally served by Cal-American's elevated steel tank. Under mandate from Public Utilities Commission, Cal-American removed the tank due to failure in meeting the State's seismic safety requirements. Cal-American did not find a suitable site in Pasadena at the required elevation to serve the system so they sought assistance from Pasadena. This contract expired on July 8, 1997.

After the contract expired last year, Cal-American requested and Pasadena agreed to continue providing the water storage lease as called for in the contract. The contract has been beneficial to both parties and the parties desire to extend the contract. In addition, Cal-American has requested Pasadena to reclassify Cal-American's existing 6-inch service connection at 888 Oak Knoll Avenue to an interconnection, which will be called Oak Knoll Interconnection, and include it in the contract. Cal-American desires to use the said interconnection to withdraw any water stored in accordance with this contract. Accordingly, the parties agree to amend the contract in order to extend the water storage lease and include the Oak Knoll Interconnection.

Under the terms of the proposed contract, Cal-American will be required to initially pump at least 250,000 gallons of water into Pasadena's water system before it will

have the right to withdraw any water from Pasadena's system. Thereafter, Cal-American will have the right to store up to 500,000 gallons of water in Pasadena's water system on a monthly basis. Moreover, Cal-American will be responsible for meeting the water quality standards required by the California Department of Health Services. Pasadena shall have the right to reject water transferred to its distribution system that does not meet the said applicable standards.

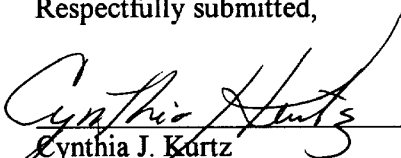
In consideration for the right to store up to 500,000 gallons of water in the City's water system and for including the Oak Knoll Interconnection in the contract, Cal-American agrees to pay the City an annual fee of forty-two thousand dollars (\$42,000.00) over the five-year term of the contract. The annual fee includes \$35,000 (the \$30,000 annual fee from the original contract with adjustment to cover increase in Pasadena's operation, maintenance and administrative cost) plus \$7,000 for the inclusion of Oak Knoll Interconnection in the contract. The proposed contract amendment will have a five-year term with one five-year optional extension subject to a renegotiated fee that is acceptable to the General Manager without further City Council approval.

The environmental administrator has determined that the lease between the City and Cal-American for water storage space in Pasadena's water system is categorically exempt from the California Environmental Quality Act (CEQA) under Section 15301, Existing Facilities. This section exempts minor alterations of existing public and investor owned public utilities from CEQA. Changing a service connection to an interconnection is a minor alteration.

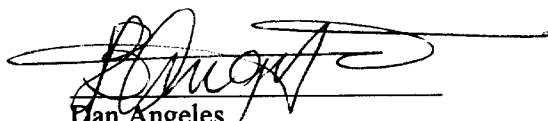
### Fiscal Impact

There is no impact to the General Fund resulting from this contract. The Water Fund will realize forty-two thousand dollars per year from this contract.

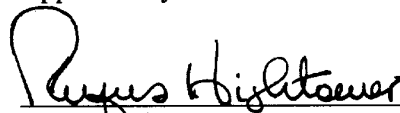
Respectfully submitted,

  
Cynthia J. Kurtz  
Acting City Manager

Prepared by:

  
Dan Angeles  
Engineer  
Water and Power Department

Approved by:

  
Rufus Hightower  
General Manager  
Water and Power Department