

Agenda Report

Date: April 5, 1999

To: City Council
Through: Deregulation Committee

From: City Manager

Subject: Authorization for the General Manager of Water and Power to Enter into an Agreement with The Metropolitan Water District of Southern California to Implement the Raymond Basin Conjunctive Use Program

Recommendation

It is recommended that the City Council approve the attached resolution authorizing the General Manager of Water and Power to enter into an agreement with The Metropolitan Water District of Southern California (MWD) to Implement a Raymond Basin Conjunctive Use Program (RBCUP).

The agreement shall include the following principles.

1. MWD shall fund the design and construction of the extension of the East Valley Feeder to deliver State Project Water to the Raymond Basin.
2. MWD shall fund the construction of all water system infrastructure necessary to implement the program.
3. MWD shall pay for all operation and maintenance costs of the capital improvements constructed under the agreement.
4. MWD shall be the primary, but not the exclusive, source of supplemental water to meet Pasadena's demands.
5. MWD shall provide a minimum discount of \$141 per acre-foot for all pumped groundwater seasonally shifted by Pasadena.
6. MWD shall store a maximum of 75,000 AF of water in the Raymond Basin.

7. MWD's stored water shall be used to meet local overlying demands first in times of shortage.
8. MWD shall make the new water system facilities and infrastructure, including the East Valley Feeder Extension, available for use by Pasadena to import water from third parties, subject to Pasadena meeting the minimum purchase requirements.
9. The terms and conditions of the agreement shall be subject to renegotiation if MWD's rate structure and/or governmental regulations governing the water utility industry change significantly.
10. There shall be no exporting of water from the Raymond Basin by MWD under this agreement.
11. If there is a future change in the MWD rate structure that may offer a higher discount during the term of this agreement, MWD shall pass on to Pasadena the more favorable water rate.
12. The parties shall agree on the new connection charge methodology.

Background

The Metropolitan Water District of Southern California, as part of its Integrated Resources Plan (IRP), has been developing programs to maximize the use of local groundwater basins for the best and most efficient management of regional water resources.

Over the past two years, Pasadena Water and Power staff has been in discussions with MWD to develop a conjunctive use program in the Raymond Groundwater Basin (Basin). RBCUP is a program that enables local water agencies and MWD to manage local and regional water resources in a more efficient way. By using local groundwater basins to store water, MWD is able to defer and/or avoid building surface water reservoirs at much higher costs.

Under the program the Raymond Basin Management Board (RBMB) will allow MWD to store up to a maximum of 75,000 acre-feet (AF) in the Basin. The water will be used to meet local demands in times of shortage. The water delivered by MWD for storage in the basin will be from the State Water Project, which has a higher water quality than water delivered from the Colorado River.

Additionally, MWD will construct water system facilities to be owned and operated by local agencies to shift local groundwater pumping to the summer months to decrease peak demands off of MWD's water delivery system. Pasadena will receive a minimum discount of \$141 per AF for all groundwater pumping that is seasonally shifted. During

the term of the agreement, the discount shall not be less than \$141 per acre-foot. The discount could amount to \$400,000 to \$800,000 annually in reduced purchased water costs.

In return, Pasadena will commit to the purchase of a minimum amount of water from MWD annually; shift its pumping operation to decrease peak demands off of MWD's delivery system; and maintain the new facilities in operational form to be used for pumping MWD's stored water in times of shortage.

The RBCUP also provides other benefits to Pasadena, as well as to the other water agencies in the Raymond Basin. The storage of water in the basin will offer protection against times of water shortage. The stored water will be used to meet local water demands during times of shortage. The addition of wells and other water system infrastructure will allow Pasadena more flexibility in the operation of its water system. MWD will pay the Raymond Basin Management Board administrative and management costs as part of the program. This will significantly reduce or eliminate every Raymond Basin party's annual assessment levied by the Raymond Basin Management Board, which totaled \$122,900 in fiscal year 1997-1998.

Fiscal Impact

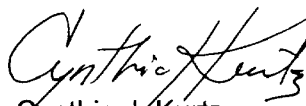
There is no immediate fiscal impact after entering into the agreement. Participation in the program could result in purchased water cost savings in the range of \$400,000 to \$800,000 per year.

Prepared by:



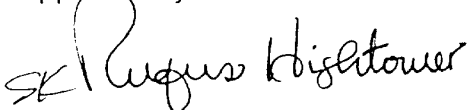
Shan Kwan
Business Unit Director, Water Delivery

Respectfully submitted,



Cynthia J. Kurtz
City Manager

Approved by:



Rufus Hightower, General Manager
Water and Power