

Meeting Date: 11/6/2014

Report Type: Consent

Report ID: 2014-00723

Title: Amendment to Emergency Water Agreement with Sacramento Suburban Water District

Location: Citywide

Recommendation: Pass a Motion authorizing the City Manager or his designee to sign Amendment No. 1 to Agreement No. 2013-0468 with Sacramento Suburban Water District (SSWD), to 1) clarify that the Agreement will apply to emergency conditions occurring during or after completion of the Water Treatment Plants Rehabilitation Project; and 2) allow the City to provide water credits to SSWD for water supplied to the City by SSWD.

Contact: Bill Busath, Interim Director, (916) 808-1434; Dan Sherry, Supervising Engineer, (916) 808-1419, Department of Utilities

Presenter: None

Department: Department Of Utilities

Division: CIP Engineering

Dept ID: 14001321

Attachments:

1-Description/Analysis

2-Background

3-Agreement

City Attorney Review

Approved as to Form

Joe Robinson

10/28/2014 1:26:34 PM

Approvals/Acknowledgements

Department Director or Designee: Bill Busath - 10/17/2014 2:58:15 PM

Description/Analysis

Issue Detail: On May 22, 2013, an Emergency Water Service Agreement (Agreement) was executed with Sacramento Suburban Water District (SSWD) to provide emergency water to the City during an unplanned water supply outage during construction of the Water Treatment Plants Rehabilitation Project (Project). The proposed amendments to the Agreement clarify that the Agreement will apply to emergency conditions occurring during or after completion of the Project and allow the City to provide credits to SSWD, instead of making payments to SSWD, for the cost of SSWD water supplied to City under the Agreement.

Policy Considerations: The requested action is consistent with the Council focus areas of Sustainability and Livability and Public Safety by increasing water supply reliability and sustainability.

Economic Impacts: Not applicable

Environmental Considerations: The Community Development Department, Environmental Planning Services Manager has reviewed the proposed action and determined it is covered by the general rule that the California Environmental Quality Act (CEQA) applies only to projects which 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. [CEQA Guidelines section 15061(b)(3)]. Neither agency would be required to construct additional infrastructure to perform under the contract.

Sustainability: This action is consistent with the City's Sustainability Master Plan by providing a safe and reliable water supply to the City.

Commission/Committee Action: Not applicable

Rationale for Recommendation: The Amendment increases the City water supply reliability into the future by providing emergency water supply to the City, which may at some future time be necessary due to infrastructure failures or excessive drought restrictions.

Financial Considerations: The requested amendment would provide the City the option to provide credits to SSWD when the City takes water from SSWD under emergency conditions, instead of making cash payments. These credits would then be applied to City water supplied to SSWD under the existing wholesale water supply agreement between the City and SSWD.

Local Business Enterprise (LBE): Not applicable.

Background

City Council approved an Emergency Water Service Agreement (Agreement) with Sacramento Suburban Water District (SSWD) on April 9, 2013 (Resolution no. 2013-0468). The Agreement between the City and SSWD allows the City to receive water from SSWD during an unplanned water supply outage during construction of the City's Water Treatment Plants Rehabilitation Project (Project).

When the Agreement was approved, the City and SSWD's intention was to make available to City a back-up emergency water supply if the City's surface water treatment facilities were unable for any reason to meet the City's water supply demands (defined in the Agreement as an "Emergency Condition"), during the construction of the Project. The Project has an anticipated construction period extending to approximately November 2016.

Since the Agreement was approved, California has experienced worsening drought conditions, and both SSWD and the City have implemented water shortage contingency plans to reduce water usage within their respective service areas. Any inability of the City's surface water treatment facilities to meet the City's water supply demands due to drought would constitute an Emergency Condition under the Agreement.

Because drought conditions may continue or reoccur beyond the completion date of the City Project, the parties desire to amend the Agreement to clarify that the Agreement will apply to Emergency Conditions occurring during or after completion of the City Project. Neither agency would be required to construct additional infrastructure to perform under the contract.

SSWD and City also desire to amend the Agreement to allow the City to provide credits to SSWD, instead of making payments to SSWD, for the cost of SSWD water supplied to City under the Agreement, on terms and conditions agreed to in writing between SSWD's General Manager and the City's Director of Utilities. SSWD could then use these credits to purchase City water under the existing wholesale water supply agreement between the two agencies.

**CITY OF SACRAMENTO AND
SACRAMENTO SUBURBAN WATER DISTRICT
AMENDMENT NO. 1 TO
EMERGENCY WATER SERVICE AGREEMENT
(Enterprise Drive Connection)**

This Amendment No. 1 is entered into on _____, 2014, by and between the City of Sacramento, a charter municipal corporation (“City”) and the Sacramento Suburban Water District, a county water district organized and existing under and pursuant to Division 12 of the California Water Code (“SSWD”).

RECITALS

- A. SSWD and City entered into an Emergency Water Service Agreement (Enterprise Drive Connection), dated May 22, 2013, and identified as City Agreement No. 2013-0468 (the “Agreement”).
- B. When the Agreement was approved, the parties’ intention was to make available to City a back-up emergency water supply if the City’s surface water treatment facilities were unable for any reason to meet the City’s water supply demands (defined in the Agreement as an “Emergency Condition”), during the construction of the City’s Water Treatment Plants Rehabilitation Project (the “City Project”). The City Project has an anticipated construction period extending to approximately November 2016.
- C. Since the Agreement was approved, California has experienced worsening drought conditions, and both SSWD and the City have implemented water shortage contingency plans to reduce water usage within their respective service areas. Any inability of the City’s surface water treatment facilities to meet the City’s water supply demands due to drought would constitute an Emergency Condition under the Agreement.
- D. Because drought conditions may continue or reoccur beyond the completion date of the City Project, the parties desire to amend the Agreement to clarify that the Agreement will apply to Emergency Conditions occurring during or after completion of the City Project.
- E. SSWD and City also desire to amend the Agreement to allow the City to provide credits to SSWD, instead of making payments to SSWD, for the cost of SSWD water supplied to City under the Agreement, on terms and conditions agreed to between SSWD’s General Manager and the City’s Director of Utilities. This would include emergencies that occurred in FY 14.

NOW, THEREFORE, the City and SSWD agree as follows:

1. Recital C of the Agreement is amended to read as follows:
 - C. The City desires to have a back-up emergency water supply available in case the SRWTP or EAFWTP is unable for any reason to operate as needed to meet the City's water supply demands (hereafter referred to as an "Emergency Condition") at any time during or after construction of the City Project.

2. Subsection A of Paragraph 5 of the Agreement is amended to read as follows:
 - A. COST of WATER

City shall pay SSWD a volumetric water service rate based on the metered quantity of water delivered to City at the Service Connection equal to the current volumetric wholesale rate charged to SSWD under the Wholesale Agreement. SSWD's invoices for such volumetric water usage may be sent on a monthly basis or less frequently depending on City demands, and shall be paid by City within 45 days of the invoice date, unless the accuracy of the volumetric measurement is reasonably disputed by City. Given the intermittent emergency-only nature of this water service, SSWD shall not charge City any other costs than those identified in Paragraph 3.B and this Paragraph 5 for this water service. Instead of the City making payment(s) to SSWD under this subsection A, SSWD's General Manager and the City's Director of Utilities may agree in writing on terms and conditions for the City to provide SSWD credit for SSWD water received by City under this Agreement, which credit can be used by SSWD to pay for City water delivered to SSWD under the Wholesale Agreement, by applying the credit against payment(s) that otherwise would be due to City under Section 9.a of the Wholesale Agreement. Any such credit will be applied in accordance with such terms and conditions to meet SSWD's payment obligation under Section 9.a of the Wholesale Agreement.

3. This Amendment No. 1 shall become effective as of the date it is signed by the last signatory, subject to approval of the executed amendment by the SSWD Board of Directors and the Sacramento City Council.

4. Except as specifically provided herein, the Agreement, and the Wholesale Agreement, and each of their terms and conditions, shall remain in full force and effect.

CITY OF SACRAMENTO

Director of Utilities

Approved as to Form:

City Attorney

Attest:

City Clerk

SACRAMENTO SUBURBAN WATER DISTRICT

General Manager

Attest:

Assistant General Manager