

CITY OF YUBA CITY
STAFF REPORT

Date: June 15, 2010
To: Honorable Mayor & Members of the City Council
From: Public Works Department
Presentation by: George L. Musallam, Public Works Director

Summary

Subject: Agreement to purchase water from North Yuba Water District.
Recommendation: Authorize the City Manager to sign the agreement with North Yuba Water District for the purchase of 4,500 acre feet annually per the terms and conditions therein.
Fiscal Impact: \$55 per acre-foot in 2011 (\$247,500), \$70 per acre-foot in 2012 (\$315,000), \$70 plus CPI per acre-foot 2013—2025. In 2025, the City and NYWD will renegotiate the cost of water for 2026—2035.
Sufficient funds are available in the City's Water operational accounts.

Background:

Yuba City obtains all surface water from the Feather River from four different water sources. The City receives water from two (2) State Water Resources Control Board permits, Department of Water Resources State Water Project and North Yuba Water District. Each of these sources have different allocations of water and different restrictions on when the water can be taken from the Feather River.

Yuba City entered into an agreement with North Yuba Water District (NYWD—formerly Yuba County Water District) in 1980 to supply 4,500 acre-feet of water to Yuba City at a cost of \$10 per acre-foot with annual CPI adjustments (currently \$22.27). This water is critical for Yuba City's summer water supply. The City's current contract with NYWD expires December 31, 2010.

Since 1990, the City has used, on average, about 3,000 acre-feet each year, but still pays for the full contract amount whether it is used by the City or not. In an effort to perfect the City's other water rights, the full contract amount of 4,500 acre-feet has not been taken on this contract. It is anticipated that the City will fully utilize the 4,500 acre-feet each year beginning in 2011 due to the added flexibility of water deliveries through this amended contract and the increased demand on the surface water system due to the conversion of the City's groundwater customers to surface water.

Analysis:

City staff and legal counsel met with NYWD and their legal counsel on numerous occasions to negotiate the details of the attached amended agreement. Following are the highlights of this agreement:

- 4,500 acre-feet per year to be supplied by NYWD to Yuba City of Yuba City
- Additional 25-years to the agreement
- Effective January 1, 2011
- Water available in the months of April thru October
- More flexibility on water deliveries
- Cost
 - 2011—\$55.00 per acre-foot
 - 2012—\$70.00 per acre-foot
 - 2013-2025—\$70.00 per acre-foot plus Consumer Price Index (CPI)
 - 2026-2035—City and NYWD to renegotiate costs to reflect market prices of similar long-term water sales in the Sacramento Valley

This agreement has been determined to be exempt from California Environmental Quality Act (CEQA) because it is an amendment to an existing agreement; therefore, no environmental studies or reports are necessary.

The NYWD Board of Directors met on May 20, 2010 and approved the amended agreement between NYWD and Yuba City.

Fiscal Impact:

\$55 per acre-foot in 2011 (\$247,500), \$70 per acre-foot in 2012 (\$315,000), \$70 plus CPI per acre-foot 2013—2025. In 2025, the City and NYWD will renegotiate the cost of water for 2026—2035.

Sufficient funds are available in the City's Water operational accounts.

Alternatives:

Reject the agreement and provide staff direction.

Recommendation:

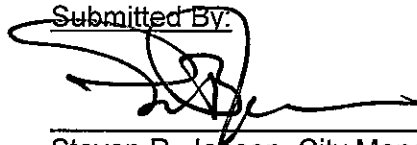
Authorize the City Manager to sign the agreement with North Yuba Water District for the purchase of 4,500 acre feet annually per the terms and conditions therein.

Prepared By:



Ian Pietz, Senior Engineer

Submitted By:



Steven R. Jepsen, City Manager

Reviewed By:

Department

GM/sb

Finance

MB

City Attorney

OK by email