



Staff Report

File #: 23-0228

**REQUEST FOR CITY COUNCIL AND
CORONA UTILITY AUTHORITY ACTION**

DATE: 03/15/2023

TO: Honorable Mayor and City Council Members
Honorable President and Board Members

FROM: Utilities Department

SUBJECT:

WATER PURCHASE AGREEMENT FOR WHOLESAL ENTERPRISE WATER BETWEEN THE CITY OF CORONA, CITY OF NORCO, JURUPA COMMUNITY SERVICES DISTRICT AND WESTERN MUNICIPAL WATER DISTRICT

EXECUTIVE SUMMARY:

This staff report asks the City Council to approve a Water Purchase Agreement for Wholesale Enterprise Water between the City of Corona, City of Norco, Jurupa Community Services District and Western Municipal Water District for the creation of a Wholesale Enterprise Program. The Wholesale Enterprise Program will create a regional collaboration to maximize the use of local groundwater from multiple groundwater basins to help ensure long-term water supply.

RECOMMENDED ACTION:

That the City Council:

- a. Authorize the City Manager, or his designee, to negotiate and execute the Water Purchase Agreement for Wholesale Enterprise Water (essentially in the form of the attached agreement, Exhibit 1) between the City of Corona, City of Norco, Jurupa Community Services District and Western Municipal Water District for an initial contract term ending June 30, 2025, with two (2) optional one (1) year extensions.
- b. Authorize the City Manager, or his designee, to negotiate and execute non-substantive extensions and amendments.

That the Corona Utility Authority review, ratify, and to the extent necessary, direct the City Council to take the above actions.

BACKGROUND & HISTORY:

Western Municipal Water District (Western) has two sources of treated groundwater - the Arlington Desalter that treats water from the Arlington Groundwater Basin and the Chino Basin Desalter that treats water from the Chino Basin. Neither of these sources are currently used directly by Western's retail customers. The Arlington Desalter can deliver up to 6,500 acre-feet per year and Western owns capacity in the Chino Desalter Authority (CDA) up to 3,500 acre-feet per year. The City of Corona is a partner in the Arlington Desalter and takes this water at the Promenade Connection. During the last few years Western's allocation of CDA water has been purchased in part by Jurupa Community Services District (JCSD).

Western approached Corona, the City of Norco, and JCSD with a proposal to create the Wholesale Enterprise Program intended to coordinate water delivery operations to maximize wholesale water deliveries of 10,000 acre-feet per year of local groundwater. The Wholesale Enterprise Program would be formalized through a Water Purchase Agreement for Wholesale Enterprise Water (Agreement). The Agreement will allow for deliveries to Western's retail service area as well as Western's wholesale area (which includes Corona).

ANALYSIS:

Under the Agreement, Corona would receive 2,100 acre-feet per year primarily through the Promenade Connection.

The key terms of the proposed Agreement include:

- Term - January 1, 2023 to June 30, 2025, with two, one-year extension options
- Quantity - 2,100 acre-feet per year for Corona; 10,000 acre-feet per year for all agencies
- Rate - \$1,100 per acre-foot for deliveries from January 1, 2023, through June 30, 2023, then anticipated to escalate 4% per fiscal year

The Agreement is intended to be an initial agreement and if this approach is successful for all parties then there is the potential for a long-term agreement to follow. Such an agreement would again be approved by all governing boards and City Councils.

The Wholesale Enterprise Program is a regional collaboration that allows Corona the ability to use water from neighboring groundwater basins ensuring diversity of supply and long-term reliability.

FINANCIAL IMPACT:

Funding for the recommended action is available in the Utilities Department Fiscal Year 2023 operating budget. Future fiscal year funding requests will be evaluated and submitted through the annual budget process.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is

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no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action involves a wholesale water agreement between regional parties, and there is no possibility the agreement will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: KATIE HOCKETT, ASSISTANT DIRECTOR OF UTILITIES

REVIEWED BY: TOM MOODY, DIRECTOR OF UTILITIES

Attachments:

1. Exhibit 1 - Water Purchase Agreement