



## REQUEST FOR CITY COUNCIL ACTION

**MEETING DATE:**

October 18, 2017

**DEPARTMENT:**

Utilities

**DIVISION:**

Administration

- ☒ Motion
- ☐ Resolution
- ☐ Ordinance - Introduction
- ☐ Ordinance - Adoption
- ☐ Public Hearing

**TITLE:**

Contract Amendment: Water Delivery Agreement Yuma Cogeneration Associates

**SUMMARY RECOMMENDATION:**

Approve execution of a Third Amendment to Water Delivery Agreement with Yuma Cogeneration Associates. (Utilities/Administration)(Jay Simonton)

**REPORT:**

On May 19, 1993, the City Council authorized execution of a Water Delivery Agreement ("Agreement") with Yuma Cogeneration Associates ("Yuma Cogeneration"), a natural gas electrical and thermal (steam) generation plant producing up to 50 megawatts of electricity for the San Diego Gas & Electric Company. The Agreement obligates the City to sell Yuma Cogeneration up to 320 acre-feet of raw water per year and up to 1,000 acre-feet of waste water effluent from the Water Pollution Control Facility located at North Figueroa Avenue. The water can only be used for the generation of electricity and thermal output (steam, cooling, air emissions control and providing steam or hot water to Shaw Industries Group, Inc.). The term of the Agreement runs through December 31, 2024.

Under the Agreement, Yuma Cogeneration pays the cost of construction of the raw water lines and effluent lines to the Yuma Cogeneration plant. The effluent lines were never constructed, likely because of cost and an option provision in the Agreement which allows Yuma Cogeneration to take an additional 500 acre-feet of raw water in lieu of the 1,000 acre-feet of effluent wastewater. To do so required Yuma Cogeneration to exercise the option by notifying the City in writing, each year, no later than December 31<sup>st</sup> of its intent to exercise the option for the following year. Yuma Cogeneration has exercised the option each year since inception.

The option provision for additional raw water in lieu of effluent would have expired December 31, 1998. Prior to expiration, the Agreement was amended to extend the option provision through December 31, 2003. A second amendment extended the option provision through December 31, 2007. Since the expiration of the option provision, Yuma Cogeneration has been notifying the City each year of its intent to purchase the additional raw water and paying the water demand charge.

This proposed Third Amendment extends the option provision through December 31, 2024 through the term of the Agreement. The Third Amendment also reduces the 500 acre-feet per year to 250 acre-feet per year and reduces the number of full time jobs from 18 to 10.

Based on the City's current annual Colorado River water diversions of approximately 25,000 acre-feet, of the City's 50,000 acre-feet entitlement, it is anticipated this amendment for the use of raw water in lieu of effluent will not create any adverse water issues for the City. Approving this motion will authorize the City Administrator to sign the Third Amendment to the Agreement on behalf of the City of Yuma.

FISCAL REQUIREMENTS	CITY FUNDS:	\$0.00	BUDGETED:	\$0.00
	STATE FUNDS:	\$0.00	AVAILABLE TO TRANSFER:	\$0.00
	FEDERAL FUNDS:	\$0.00	IN CONTINGENCY:	\$0.00
	OTHER SOURCES:	\$0.00 \$0.00 \$0.00	FUNDING FOR THIS ITEM IS FOUND IN THE FOLLOWING ACCOUNT / FUND / CIP:	
	TOTAL:	\$0.00		
	FISCAL IMPACT STATEMENT:			
ADDITIONAL INFORMATION	SUPPORTING INFORMATION NOT ATTACHED TO THE CITY COUNCIL ACTION FORM THAT IS ON FILE IN THE OFFICE OF THE CITY CLERK:			
	1. 2. 3. 4. 5.			
ADDITIONAL INFORMATION	IF CITY COUNCIL ACTION INCLUDES A CONTRACT, LEASE OR AGREEMENT, WHO WILL BE RESPONSIBLE FOR ROUTING THE DOCUMENT FOR SIGNATURE AFTER CITY COUNCIL APPROVAL?			
	<input type="radio"/> Department <input type="radio"/> City Clerk's Office <input type="checkbox"/> Document to be recorded			
SIGNATURES	CITY ADMINISTRATOR:		DATE:	
	Gregory K. Wilkinson		10/9/2017	
	REVIEWED BY CITY ATTORNEY:		DATE:	
	Richard W. Files		10/9/2017	
	RECOMMENDED BY (DEPT/DIV HEAD):		DATE:	
Jay Simonton		9/21/2017		
WRITTEN/SUBMITTED BY:		DATE:		