



## Staff Reports

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**File #:** 1372-2018, **Version:** 1

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**To:** Honorable Mayor and Members of City Council

**From:** Jacques R. LaRoche, Public Works Director

**Prepared By:** Phil Brun, Deputy Public Works Director

**TITLE:**

Water Supply Contract with Congress Valley Water District

**RECOMMENDED ACTION:**

Approve the Second Amendment to the Water Supply Contract with the Congress Valley Water District (City Agreement No. 5387), authorize the Public Works Director to execute the Amendment on behalf of the City, and determine that the actions authorized by this item are exempt from CEQA.

**DISCUSSION:**

The City has supplied water to Congress Valley Water District since 1951. The current Contract (City Agreement No. 5387) was executed in 1987 with an initial 30-year term. In May 2017, the First Amendment to the Contract was executed to extend the term for 5 years and set the wholesale rate that the District would pay for water equal to the Outside City rate. In addition, the Amendment authorized the City to directly bill District customers on behalf of the District.

Pursuant to the First Amendment the new wholesale rates were scheduled to take effect on January 1, 2018 and District customers would experience a rate change from the Inside City rate to the Outside City rate. However, the City set the new Outside City rates later than anticipated when the First Amendment was approved. Since the new Outside City rates became effective on December 1, 2017, the City delayed the effective date of the new wholesale rate to the District until April 1, 2018. Additionally, the District requested the City to modify the billing procedures for the wholesale water rates so that: the District authorizes the City to directly bill District customers at the Inside City rate, and the City will bill the District directly for the differential between the Inside and Outside City rate to fully compensate the City at the wholesale rate.

Representatives of the City and the District negotiated the terms of a proposed Second Amendment to the Water Supply Contract to reflect the changes summarized above.

**FINANCIAL IMPACTS:**

None.

**CEQA:**

City staff recommends that the City Council determine that the Recommended Action is exempt from CEQA pursuant to CEQA Guidelines Section 15301 (operation of existing public facilities).

**DOCUMENTS ATTACHED:**

ATCH 1 - Water Supply Contract Between the City of Napa and the Congress Valley Water District (City Agreement No. 5387)

ATCH 2 - First Amendment to Water Supply Contract Between the City of Napa and the Congress Valley Water District.

ATCH 3 - Second Amendment to Water Supply Contract Between the City of Napa and the Congress Valley Water District.

**NOTIFICATION:**

Congress Valley Water District, Kiersten Bjorkman and Priscillia de Muizon