



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: February 2, 2016

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Request To Negotiate A Recycled Water Sales Agreement With La Cumbre Mutual Water Company

RECOMMENDATION:

That Council direct staff to enter into negotiations regarding a possible agreement for the sale of City recycled water to the La Cumbre Mutual Water Company, on behalf of the La Cumbre Country Club.

DISCUSSION:

On December 17, 2015, the City received a letter from the La Cumbre Country Club (LCCC) requesting to explore opportunities with the City to connect to the City's recycled water system (Attachment 1). On January 7, 2016, the City received a letter from the La Cumbre Mutual Water Company (Water Company) supporting LCCC's letter and requesting to enter into an agreement with the City to purchase recycled water for use at the LCCC for landscape irrigation (Attachment 2). The LCCC has long been interested in receiving recycled water, but since they are located outside the City service area, a path to an agreement has been complicated. Given the severity of the current drought, and the challenges ahead for developing new water supplies, the Water Company is motivated to explore the opportunity of purchasing recycled water from the City.

The LCCC is within the boundaries of the Goleta Water District (GWD) and within the service area of the Water Company. It receives approximately 25 percent of its water from the GWD and 75 percent from the Water Company. If there is insufficient rain this year, the Water Company is prepared to adopt a Stage 3 Drought Emergency in June 2016, which will eliminate water for landscaping. The LCCC is requesting approximately 150-acre feet per year (AFY) of City recycled water, which would eliminate its need to purchase potable water from the Water Company. In order to facilitate the delivery of recycled water to the LCCC, the Water Company has requested to enter into an agreement to purchase recycled water from the City and to sell it to the LCCC.

Detail "A" of the City's recycled water system (Attachment 3) shows the recycled water mains that the LCCC would need to construct in order to bring City-recycled water into the LCCC's irrigation system.

A hydraulic analysis by Carollo Engineers, Inc., has shown that the recycled water could be available to the Water Company for purchase and could be delivered to the LCCC without modifications to the City's existing recycled water system. The City's existing capacity to produce recycled water is approximately 1,400 AFY. This capacity is based on both existing and planned future recycled water demands within the City's service area, which are described in the City's 2011 Long Term Water Supply Plan. The existing demand for the recycled system is approximately 1,100 AFY in normal conditions. While the City plans to increase non-potable recycled water use in the future, substantial distribution pipeline expansion is required to reach additional customers. The costs to expand the recycled water distribution system are cost prohibitive at this time, especially in light of the declining condition of our potable water distribution system and the investments needed in that system.. Therefore, the City currently has approximately 300 AFY of unused capacity in the recycled water system. The 150 AFY demand from the LCCC would reduce the City's currently unused capacity to 150 AFY. It is expected that any use of the City's capacity outside the City's service area should be viewed on a first-come-first-serve basis only, when there is not a demand by connected City customers.

The City is currently working on a Feasibility Study for Potable Reuse, but any implementation that might require full use of all wastewater produced is at least 10 years away, given the current status of State regulations and required planning and budgeting for such a major capital investment.

At a minimum, an agreement with the Water Company will need to address the following issues:

- Buy-in fees
- Term of agreement and renewal
- Full cost recovery for recycled water
- Priority of recycled water supply for City customers; any recycled water use outside the City's service area is second priority and contingent on availability
- Potential recycled water plant shutdowns or limitations
- Amendments to the City's Recycled Water Permit (approving distribution outside the City service area)
- Capital construction costs to connect
- Encroachment Permit for the extended recycled water line
- Determination of the role the GWD will play
- Potential future potable water exchange

BENEFITS:

Recycled water is one of the City's most expensive water sources. It is attractive because it is a drought-proof supply that frees up potable water, increasing the City's water supply reliability. As part of this agreement, the City would be looking for some level of potable water exchange from the Water Company as a replacement to the City's planned future recycled water supply, should recycled water continue to be provided to LCCC in the long term.

The ability to more fully utilize the City's recycled water system will reduce the overall recycled water unit cost. Being able to reduce the unit cost will ultimately reduce the City's costs for recycled water.

CONCLUSION:

Staff is seeking Council's direction to begin negotiating terms for a potential recycled water sales agreement. If staff can reach consensus on an agreement with the Water Company, it will be brought back to Council for review and approval.

SUSTAINABILITY IMPACT:

Recycled water is a key water resource for the City because it offsets the use of potable water, increasing the City's water supply reliability during droughts and emergencies. State legislation promotes the use of recycled water and allows contracts that provide for the transfer of recycled water across utility boundaries. The sale of recycled water to the Water Company will reduce overall potable demand on the South Coast.

ATTACHMENT(S): 1. La Cumbre Country Club letter, December 17, 2015
2. La Cumbre Mutual Water Company letter, January 7, 2016
3. City Recycled System - LCCC Hydraulic Analysis

PREPARED BY: Joshua Haggmark/RLR/mh

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office



December 17, 2015

Paul Casey
City Administrator
City of Santa Barbara
P.O. Box 1990
Santa Barbara, CA 93101

CITY OF SANTA BARBARA

DEC 22 2015

PUBLIC WORKS

Dear Mr. Casey:

La Cumbre Country Club (or "La Cumbre") respectfully requests an opportunity to appear before the Santa Barbara City Council to present a proposal to purchase recycled water from the City of Santa Barbara. The recycled water would be used for golf course irrigation purposes – at present the course requires approximately 150 acre-feet per year (AFY), not including the greens (which are too sensitive to utilize recycled water) which use 20 AFY.

Our proposal would be beneficial to both La Cumbre and the City. It would benefit La Cumbre by ensuring a reliable ongoing source of water that is not vulnerable to shortfalls in times of drought. It would benefit the City by (i) providing a new customer for its recently-refurbished recycled water plant, which currently can produce 1,400 AFY but delivers to customers only about 800 AFY, and (ii) further demonstrating to the public and state conservation authorities the City's ongoing commitment to potable water conservation.

La Cumbre Country Club recently met with La Cumbre Mutual Water Company, and the Water Company is willing to participate in the transaction, so that the City can sell the recycled water to the Water Company, an existing customer, which, in turn, will sell the recycled water to La Cumbre Country Club.

The proposed recycled water purchase has a number of other positive features:

- a) Because we have a covered irrigation pond with a large 3 acre-foot capacity, La Cumbre can be flexible regarding timing and flow rate and can take recycled water at any time of the day or night. Moreover, we do not need pressurized water. This flexibility may help the City's recycled water system, which may have constraints pertaining to when recycled water can be utilized at the City's other recycled water customer (e.g. not sprayed during the day).
- b) La Cumbre is willing to enter into a multi-year contract at a competitive rate.

- c) La Cumbre is willing to pay the costs of connecting to the City's recycled water system. We understand the connection point is approximately 1,000 feet from our property line near Valle Verde Retirement Community on Calle de los Amigos. The connection pipeline would be installed entirely within City property up to the La Cumbre property line.
- d) Four of the other six major golf courses in our area already use recycled water. As you know, golf courses are logical users of recycled water, because it makes sense for the community not to use precious potable water on golf courses.
- e) La Cumbre has 810 member families, many of whom live within City boundaries.
- f) California Government Code, Section 56133, allows for contracts to transfer non-potable (i.e. recycled) water to users outside of any utility boundaries without third-party approvals. La Cumbre is contiguous to City limits on the City's west border. There is additional state legislation promoting use of recycled water, including across utility boundaries.

La Cumbre had an encouraging meeting with your Water Resources and legal staff, and believe that our proposal is viewed favorably by your staff.

Thank you for your kind consideration of this request.

Sincerely,



Donald R. Logan
La Cumbre Country Club, Long Range Planning Committee

cc:

Joshua Haggmark, Water Resources Manager, City of Santa Barbara
Steven A. Amerikaner, Brownstein Hyatt Farber Schreck
Wayne Mills, Golf Course Superintendent, La Cumbre CC

La Cumbre Mutual Water Company

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January 7, 2016

Paul Casey
City Administrator
City of Santa Barbara
735 Anacapa Street
Santa Barbara, CA 93101

Dear Mr. Casey,

The La Cumbre Mutual Water Company Board of Directors would like to take this time to inform you of our request to purchase recycled water from the City of Santa Barbara. The recycled water would be distributed to the La Cumbre Country Club for irrigation purposes. The La Cumbre Mutual Water Company has a State Water Treatment and Conveyance agreement with the City of Santa Barbara, the recycled water agreement would be in addition to our current agreement. The potential agreement will serve an import role with the surrounding community. It will also help reduce the amount of domestic water supplies used for turf irrigation and provide an economic and environmental benefit.

The La Cumbre Mutual Water Company is appreciative that the City of Santa Barbara is considering a recycled water agreement and we are looking forward with working with your staff to make this agreement possible.

Thank you for your consideration and continued support on this matter.

Sincerely,



Mike Alvarado
General Manager

cc: Joshua Haggmark Water Resources Manager

