

STAFF REPORT
City of Lancaster, California

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12/11/07
MVB

Date: December 11, 2007

To: Mayor Hearn and City Council Members

From: James R. Williams, Public Works Director

Subject: **Approve Recycled Water Purchase Agreement with Sanitation Districts of Los Angeles County**

Recommendation:

Approve the Recycled Water Purchase Agreement with the Sanitation Districts of Los Angeles County. Authorize the Mayor to execute the Agreement.

Fiscal Impact:

The Agreement provides for purchase of recycled water as the greater of 30% of the average of the annual operations and maintenance (O&M) of the Sanitation District's soon to be constructed tertiary treatment plant (New Facilities) or a "shared savings" amount as specified in the agreement. Based on these pricing arrangements, the cost to the City for purchasing recycled water will be significantly less than the cost of potable water purchased from Los Angeles County Waterworks or AVEK. For the first 10 years after the New Facilities are operational, there will be a 15% reduction in the cost formula above. Until the New Facilities are operational in late 2011, there will be no cost to the City for recycled water. This cost arrangement will allow the City to sell recycled water at a cost of approximately 80-90% of the cost of potable water.

Background:

In December 2004, the City Council directed staff to begin the process of bringing recycled water to the City of Lancaster. Since then, various master planning studies, engineering reports, ordinances, and environmental documents were prepared, and approvals obtained from the State Department of Health and the Lahonton Regional Water Quality Control Board.

Staff prepared the drawings and awarded a contract for the construction of approximately 5 miles of recycled water main, a pump station, and services for future users of the recycled water. This contract is expected to be complete in the next few months and users on board shortly thereafter.

There are still agreements with users to be completed and final approvals from the Sanitation District to allow recycled water to be used in the City. The negotiation and approval of a purchase agreement is a key element of the whole process.

Over the past two years, City staff has worked with the Sanitation District staff and local stakeholders to negotiate the attached purchase agreement. This was a labor intensive effort with many stakeholders meetings and multiple revisions to the originally proposed Sanitation District purchase agreement. The end result is an agreement that will benefit the citizens of Lancaster for years to come by making recycled water available at a reduced cost for landscaping and other water uses that do not require potable water.