

**CITY OF GOODYEAR
COUNCIL ACTION REPORT (CAR)**

SUBJECT: Approve the Bulk Water Agreement between the City and Liberty Utilities (Litchfield Park Water and Sewer) Corp.	STAFF PRESENTER: Barbara Chappell, Utility Operations Manager
	CASE NUMBER: None
	OTHER PRESENTER: None

PROPOSED ACTION:

Approve the Bulk Water Agreement between the city of Goodyear and Liberty Utilities (Litchfield Park Water and Sewer) Corp.

BACKGROUND AND PREVIOUS ACTIONS:

The city has developed water supply strategies to include partnerships with neighboring utilities. As an example of this approach, the city has had an agreement in place with Liberty Utilities since January 9, 2006 that provides for interconnect facilities and the delivery of supplemental potable water from the Liberty system to the city's. This supply can be used in case of emergencies or during scheduled maintenance operations that require additional water to maintain reliable services.

STAFF ANALYSIS:

The current Liberty Agreement does not include targeted delivery amounts. In order to provide for a more firm supply of water between now and the construction of new wells and the surface water facility, the Agreement was amended to include a minimum water delivery of 75 million gallons per year for the first three years of the agreement and 50 million gallons per year in years four and five. This commitment of water supply by Liberty is supported with a commitment by the city to pay for the minimum amount of water as described. The contract includes terms that protect the city by waiving payment from missed deliveries by Liberty. The Agreement will be effective for the two initial years and will be automatically extended annually for up to three (3) years unless either Party exercises its right to opt out of this Agreement.

The current Agreement has been renewed annually since November 28, 2011 and remains in effect until November 4, 2017. This new Agreement will supersede the current Agreement.

FISCAL ANALYSIS:

The city is required to pay all base rates and charges set forth in the approved Liberty Litchfield Park Tariff, including monthly minimum charges for meters installed, whether any water is consumed during that billing period or not. The city is only responsible for payments for water delivered pursuant to the Agreement that protects the city from missed deliveries by Liberty. Estimated annual expenses in year one (FY18) will be \$80,000. Estimated annual expenses in

years two and three of the Agreement is \$155,000 and in years four and five is \$105,000. Under the Agreement, the city paid Liberty \$114,792 in FY16 and \$42,797 in FY17. The sum of \$375,000 is budgeted in Water Operating Funds for all bulk water purchases and a balance of \$97,000 remains available for this Agreement.

RECOMMENDATION:

Staff recommends Council approve the Bulk Water Agreement between the city of Goodyear and Liberty Utilities (Litchfield Park Water and Sewer) Corp.

ATTACHMENTS:

Bulk Water Agreement between the city of Goodyear and Liberty Utilities (Litchfield Park Water and Sewer) Corp.