

AGENDA ITEM #: _____

DATE: June 22, 2020

CAR #: 2020-6981



CITY COUNCIL ACTION REPORT

SUBJECT: Approve First Amendment to the CAP/SRP Interconnection Facility Lease and Water Transportation Agreement and provide direction and authorization to City Manager to carry out terms of First Amendment.

STAFF PRESENTER(S): Gretchen Erwin, Water Resources & Sustainability Manager

OTHER PRESENTER(S):

Summary: An amendment to the CAP/SRP Interconnection Facility (CSIF) Lease and Water Transportation Agreement is needed to add Points of Delivery, change the flow measurement requirements, and clarify fees to deliver Goodyear's Central Arizona Project (CAP) water to the Roosevelt Irrigation District (RID) water delivery system for recharge purposes.

Recommendation:

1. Approve the First Amendment to the CAP/SRP Interconnection Facility Lease and Water Transportation Agreement among City of Goodyear, Salt River Valley Water Users' Association and Salt River Project Agricultural Improvement and Power District.
2. Authorize and direct the City Manager or her designee to take any and all actions to execute all documents necessary to carry out the intent of these agreements.

Fiscal Impact: There will be operational costs associated with the agreement as detailed below.

1. Salt River Valley Water Users' Association and Salt River Project Agricultural Improvement and Power District (collectively referred to as "SRP") will charge a CSIF Lease Fee of \$13.77/acre-foot for lease of capacity in the CAP/SRP Interconnection Facility during calendar year 2020 (CY2020).
2. SRP will charge a Water Transportation Fee of \$37.50/acre-foot for transportation through SRP's canals during CY2020.

These fees are evaluated by SRP each year and may change from year-to-year. CY2020 planned deliveries to the RID Groundwater Savings Facility are 2,666 acre-feet for a delivery cost of \$136,685.82. Funding for the annual CAP water order and this Water Transportation Fee is in the Water Operating Fund base budget in the Water Resources Division.

Background and Previous Actions

The city has a Municipal & Industrial subcontract with the U.S. Bureau of Reclamation for 10,742 acre-feet per year (AFY) of Colorado River water and a lease with the Gila River Indian Community for 7,000 AFY of Colorado River water. Currently, the city cannot take direct delivery of the water until the first phase of the Surface Water Treatment Facility is complete (December 2021) which will allow for approximately one-half of the water to be treated and directly delivered to Goodyear customers.

Historically, the city has stored water in a CAP-owned recharge facility earning Long-Term Storage Credits (LTSCs) and recovered the LTSCs/water using wells within the city's service area.

On January 23, 2017, Council approved the agreement between the City of Goodyear and the Salt River Valley Water Users' Association and the Salt River Project (SRP) Agricultural Improvement and Power District to deliver the city's Central Arizona Project (CAP) water allocation through their canal system to a point of receipt. This agreement resulted in the need for Goodyear to move ahead with the current Water Treatment and Raw Water Delivery project.

On January 22, 2018, Council authorized the purchase of approximately 28 acres of land situated west of the existing Goodyear Water Reclamation Facility on 157th Avenue for the site of the surface water treatment facility.

On April 23, 2018, Council approved the expenditure of funds for design services and owner's representative for the Water Treatment Facility and Raw Water Delivery Pipeline.

On December 17, 2018, Council adopted Resolution No. 2018-1924 authorizing the acquisition of any property rights necessary for the Water Treatment Facility and Raw Water Delivery Pipeline.

On August 26, 2019, Council approved the expenditure of the annual water order of the city's full Colorado River allocation and the annual capital charge payment for CY2020 as required under the Municipal and Industrial (M&I) subcontract with the federal government.

On August 26, 2019, Council also authorized expenditures of up to \$110,401,000 for all fees and costs to complete the Goodyear Water Treatment Facility and Raw Water Delivery Pipeline project.

On September 23, 2019, Council approved two agreements with Salt River Valley Water Users' Association (SRP): 1) allowing the city to store annually a specified volume of the city's Central Arizona Project (CAP) water in a Groundwater Savings Facility on the Salt River Reservoir District (SRRD) lands in return for Long-Term Storage Credits (LTSCs); and 2) allowing SRP to recover the credits using SRP's wells and deliver the stored CAP water to the city using the SRP's canals.

On June 22, 2020, Council is being asked to approve the Groundwater Savings Facility Agreement with Roosevelt Irrigation District for the purposes of recharging a portion of Goodyear's CAP water that cannot be directly used. The First Amendment to the CAP/SRP Interconnection Facility

Lease and Water Transportation Agreement is required to provide for the delivery of the city's CAP water through SRP's canals to the Roosevelt Irrigation District facilities for storage.

Staff Analysis

Storing water at a CAP-owned storage facility allows the city to earn LTSCs which can be recovered from city wells. Recovering LTSCs allows the city to meet its renewable water supply requirements as per our Designation of Assured Water Supplies; however, it does not add to the health of our local aquifer or add new wet water to the city. Wheeling water through the SRP canal system and storing water in the RID lands will allow the city the flexibility to recover the LTSCs where they have been stored (our local aquifer) or allow the SRP to recover the LTSCs for the city. SRP can deliver the wet water to the city using their canals and the city's transmission line to the Surface Water Treatment Facility increasing the city's wet water supply.

Attachments

First Amendment to the CAP/SRP Interconnection Facility Lease and Water Transportation Agreement among City of Goodyear, Salt River Valley Water Users' Association and Salt River Project Agricultural Improvement and Power District