



Agenda Item #: \_\_\_\_\_

# Staff Report

## City of Manhattan Beach

**TO:** Honorable Mayor Nick Tell and Members of City Council

**THROUGH:** David N. Carmany, City Manager

**FROM:** Jim Arndt, Director of Public Works  
Raul Saenz, Utilities Manager

**DATE:** August 2, 2011

**SUBJECT:** Consideration of a Lease of Groundwater Rights from the City of El Segundo

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### **RECOMMENDATION:**

Staff recommends that the City Council authorize the City Manager to execute an agreement to lease 953 acre feet of water rights at \$106 per acre feet from the City of El Segundo. The total cost of the lease amounts to \$101,018.

### **FISCAL IMPLICATION:**

Entering into a lease agreement will result in an estimated savings in Metropolitan Water District (MWD) purchased water costs of approximately \$400,000.

### **BACKGROUND:**

The City of El Segundo has groundwater rights in excess of its demand for Water Year 2010/2011. The City of Manhattan Beach has the pumping capacity that will permit the leasing of 953 acre feet from the City of El Segundo. Leasing 953 acre feet of excess water rights from the City of El Segundo will reduce the City of Manhattan Beach's purchase of more costly MWD water by an equal amount.

### **DISCUSSION:**

Estimated savings from leasing groundwater versus purchasing MWD water on a per acre foot basis is \$420. The cost of MWD water is \$964 per acre foot. The estimated cost of groundwater production and delivery is \$544. The production and delivery costs include: leased water, replenishment fees to the Water Replenishment District, electricity for running well and boosters pumps, disinfection, amortization of programmed maintenance and administration.

### **CONCLUSION:**

To realize a savings of approximately \$400,000, Staff recommends that the City Council pass a motion authorizing the City Manager to execute an agreement to lease 953 acre feet of groundwater rights at \$106 per acre foot from the City of El Segundo.

Attachment: Water Right License and Agreement

**WATER RIGHT LICENSE AND AGREEMENT  
(West Coast Basin)**

For valuable consideration, the City of El Segundo hereby grants to the City of Manhattan Beach a license to extract 953 acre-feet of licensor's Adjudicated Right allocated to licensor (or predecessors in interest) pursuant to Judgment dated August 19, 1961, and entered in Los Angeles Superior Court Case No. 506806 entitled "California Water Service Company, et al. vs. City of Compton, et al." during the period commencing July 1, 2011 and continuing to an including June 30, 2012 for the amount of \$101,018.00.

Said License is granted, subject to the following conditions:

- (1) Licensee shall exercise said right and extract the same on behalf of the City of El Segundo during the period above specified and put the same beneficial use and licensee shall not be the exercise hereunder of said right acquire any right to extract to water independent of the rights of licensor.
- (2) Licensee shall pay assessments levied on the pumping of said ground water by the Central and West Basin Water Replenishment District.
- (3) Licensee shall notify the District and Watermaster that said pumping was done pursuant to this license and provide the Watermaster with a copy of the document.
- (4) Licensee shall note in any recording of water production for the period of agreement that said pumping was done pursuant to this license.
- (5) Licensee's Adjudicated Right shall be increased by the amount hereby licensed when computing carryover or allowable over extraction as provided by Paragraph V in said Judgment.
- (6) Licensee acquires hereunder pumping rights only and should be responsible to provide the means and location to effect said pumping itself and shall bear the cost of said pumping.

The City of El Segundo warrants that it has 953 acre-feet of Adjudicated Right and it has not pumped and will not pump or permit or license any other person to pump any part of said 953 acre-feet during the period of July 1, 2011 through June 30, 2012.

Licensor: **CITY OF EL SEGUNDO**

Licensee: **CITY OF MANHATTAN BEACH**

By: \_\_\_\_\_  
Date

By: \_\_\_\_\_  
David N. Carmany Date

Title: \_\_\_\_\_

Title: City Manager

**ATTESTED:**

**ATTESTED:**

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Cindy Mortensen Date  
City Clerk (SEAL)

\_\_\_\_\_  
Liza Tamura Date  
City Clerk (SEAL)