

COUNCIL AGENDA: AUGUST 6, 2013

SUBJECT: NOTICE OF TERMINATION OF PIONEER WATER COMPANY AGREEMENT

SOURCE: Public Works Department – Field Services Division

COMMENT: In February of 2009, the City of Porterville and Pioneer Water Company (PWC) entered into a 5 year Agreement for the mutual benefit of both parties. The City obtained rights to PWC's flood release water from Success Dam in exchange for not utilizing our right to water from our PWC share ownership. PWC also agreed to abandon its pipeline along Henderson Avenue from Plano Street to Fourth Street, which was needed to facilitate a City construction project at that time. Also, the City provided a permanent spill location at the City's Muller field reservoir for PWC's systems excess water.

The Agreement was structured to continue in force for succeeding five-year periods unless one party notified the other of its intention not to renew, with at least six months written notice.

With the Success Dam elevation restrictions changing recently, and the potential for a reduction in available flood release waters, staff feels that negotiating a new agreement should be explored with PWC to find an agreement that is mutually beneficial. As such, it is staff's recommendation that we provide PWC with a written notice terminating the February 2009 agreement on February 14, 2014, and begin negotiating a new agreement.

RECOMMENDATION: That City Council:

1. Authorize the Mayor to sign a letter providing six months written notice to PWC of the City's intention not to renew the February 2009 agreement; and
2. Authorize the Public Works Director, or his designee, to negotiate a new agreement with PWC that is mutually beneficial to both parties and return it for Council's approval before February 2014.

ATTACHMENT: Letter to PWC Board

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Item No. 19



Office of the Mayor  
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August 6, 2013

Pioneer Water Co.  
c/o Lower Tule River Irrigation District  
P.O. Box 4388  
Porterville, Ca 93258-4388

Dear Board of Directors:

On February 9, 2009, the City of Porterville and Pioneer Water Company (PWC) entered into a 5 year Agreement for the mutual benefit of both parties. The City obtained rights to PWC's flood release water from Success Dam in exchange for not utilizing our right to water from our PWC share ownership. PWC also agreed to abandon its pipeline along Henderson Ave. from Plano to Fourth St., which was needed to facilitate a City construction project at that time. Also, the City provided a permanent spill location at the City's Muller field reservoir for PWC's systems excess water.

The Agreement was structured to continue in force for succeeding five year periods unless one party notified the other of its intention not to renew, with at least six months written notice.

With the Success Dam elevation restrictions changing recently, and the potential for a reduction in available flood release waters, the City feels that negotiating a new agreement should be explored with PWC, to again, find an agreement that is mutually beneficial.

Please accept this letter as written notice of the City's intention not to renew the February 2009 agreement; however, it is the City's desire to begin negotiating a new agreement that both parties find to be mutually beneficial.

Sincerely,

Virginia R. Gurrola  
Mayor