

COUNCIL AGENDA: APRIL 1, 2014

SUBJECT: PIONEER WATER COMPANY - WATER SHARES LEASE

SOURCE: Public Works Department - Field Services

COMMENT: At the March 4, 2014, City Council meeting, Council directed staff to retain the City's Pioneer Water Company (PWC) water shares and work with PWC for the optimal time to start using the City's water shares. Council directed staff to continue discussions with PWC and return with any new proposals.

At the PWC board meeting on March 10, 2014, staff informed the Board that the City would be using its water shares. The PWC board did not make any counter offers but individual members urged the City to lease its shares to other users to help the agricultural community.

The City was approached with a potential negotiated water agreement from an individual PWC user. During closed session, Council considered several options and ultimately directed staff to prepare a Council item requesting authorization to solicit bids leasing 400 shares of City PWC water shares for the 2014 calendar year. Council also directed that the remaining 66 shares be used for ground water recharge and refill ponds at Murry Park, if needed.

Pursuant to Council's direction, staff is prepared to solicit bids for the lease of 400 shares of our Pioneer Water Company holdings for the 2014 year. The Pioneer Water Company currently has a moratorium restricting out of system transfers.

A letter soliciting bids on the 400 shares will be sent to all PWC shareholders via the current PWC mailing list. The letter will inform potential bidders that the City's interest is to lease all 400 shares to one party. Further, the letter will also include language indicating the City's interest in purchasing PWC shares. The 2013/2014 Water Operating fund has \$50,000 available to purchase water or water shares.

RECOMMENDATION: That the City Council:

1. Authorize advertisement for bidders to lease 400 shares of the City's Pioneer Water Company holdings for 2014; and
2. Authorize the Public Works Director, or his designee, to negotiate the purchase of water shares up to a total of \$50,000.

P:\pubworks\General\Council\Pioneer Water Company - Water Shares Lease - 2014-04-01.docx

Dir BA Appropriated/Funded MB CM J

Item No. 5