

SUBJECT: PIONEER WATER COMPANY SHARE WATER

SOURCE: Public Works Department - Field Services

COMMENT: At the January 21, 2014, Council meeting, staff provided an update on the status of negotiations with the Pioneer Water Company (PWC) on the use of the City's shareholder water. Staff met with the PWC board and its representatives and no new agreement was developed. The PWC board asked that the City not exercise its rights to the City's PWC share water due to the economic impact this action might have on the rest of PWC shareholders. If the City exercises its rights to take delivery of the water, there will be less water available to the remaining users. Staff indicated it would pass on this concern to Council.

At the January 21, 2014, Council meeting, staff indicated it would explore the best options for utilizing the City's PWC share water if an agreement with PWC was not realized. Staff has had discussions with the various irrigation districts in the area and with private individuals that have expressed interest in what the City will do with its PWC share water. Staff communicated with Dr. Ken Schmidt, Certified Hydrologist, to obtain his expert opinion on the best location for the City to conduct groundwater recharge. Dr. Schmidt recommended that the preferred location for the City to conduct groundwater recharge would be the Porter Slough.

The following summarizes the discussions with entities having an interest in the City's use of its PWC share water.

Lombardi Meeting

A meeting was held with Guido and Alan Lombardi to discuss the City's PWC share water. While both Guido and his son, Alan, represent or sit on boards of various water entities (PWC, Porterville Irrigation District, Porter Slough Ditch company, Alta Vista Water, and Griffith Farms), they made it clear that they were at the meeting solely representing Lombardi farming interests and not acting in any official capacity for any of the various water entities they are associated with.

The City indicated its intent to use its PWC share water for groundwater recharge. Staff noted that the City would be meeting with other entities to determine the best option(s) for the City. Options included the use of the Porter Slough as a de facto recharge basin, the Indiana "Goat Pond" reservoir, Lower Tule River Irrigation District (LTRID) "Koslov Basin", Mueller Field, and or the City's Corporation Yard reservoir.

The Lombardi's made it clear that they would like the City to bring as much water as possible down the Porter Slough. They also suggested the City install a head gate structure on the Porter Slough at the Corporation Yard.

PID Meeting

The City met with Sean Geivet, District Manager of Porterville Irrigation District (PID) to discuss the City's PWC share water. Staff provided Mr. Geivet with the City's options for ground water recharge as described above. Mr. Geivet commended the City for its efforts to enhance groundwater recharge in the area and indicated his preference for more water coming down the Porter Slough. Mr. Geivet felt this option would benefit the City and PID. Mr. Geivet did not provide any options where PID paid for the City's PWC shares.

LTRID Meeting

The City met with Dan Vink, District Manager of LTRID on October 23, 2013, to discuss the City's PWC share water. Staff discussed a proposal by LTRID and revised the proposal to the following:

- 1) LTRID will buy all of the City's PWC annual water shares less any water used by the two Murry Park ponds (approximately 250 acre ft.).
- 2) The purchase price will be the published PWC water rate at the time of purchase. The City will continue to pay the annual PWC share assessment.
- 3) LTRID will recharge all of the water available from the City in the LTRID "Koslov Basin" adjacent to the Friant-Kern Canal (approximately 1.5 miles from the Sports Park water well) or in the property adjacent to Poplar Ditch on Indiana Street (referred to as the "Goat Pond"). Recharge site will be determined by LTRID.
- 4) Term 10 years.

It should be noted that this proposal will require the approval of the PWC board as the water would be transferred out of the PWC system. The PWC board currently has a moratorium against out-of-system transfers. As mentioned earlier, Dr. Schmidt did not see this option as beneficial to the City and recommended that recharge waters be discharged to the Porter Slough.

Pioneer Board Meeting

At the November 18, 2013, PWC board meeting, the City's use of share water was discussed and the impact it might have on PWC users. It was determined that PWC would not make any offer to the City regarding its shares. The PWC Board asked the City to consider the economic impact on the farmers if the City used its water shares and the impact the City would feel by the farming community spending less within the local community.

Vandalia Irrigation District Meeting

The City met with Steve Drumright, District Manager for Vandalia Irrigation District (VID), to discuss potential uses of PWC shares. Mr. Drumright gave an overview of the Campbell-Mooreland ditch and Vandalia Irrigation systems. VID recharges about 4,000 acre ft. per winter. Three main topics were discussed:

- 1) Use City PWC share water to recharge basins north of Porterville Development Center (PDC). This would help the City with credit for recharge. It would also help PDC with their wells (1MGD). PDC is one of the City's largest employers. Mr. Drumright indicated the economic impact could be beneficial to the City.
- 2) Use the City's storm drain basin on Jaye north of Gibbons to recharge with VID water.
- 3) Use the VID ditch to irrigate the City's headgate mitigation site; install gate in ditch, pump to pressurize the mitigation site irrigation system.

It should be noted that Mr. Drumright's proposals will require the approval of the PWC board as the water would be transferred out of the PWC system. The PWC board currently has a moratorium against out-of-system transfers.

It is staff's recommendation that the City Council retain its PWC share water rights and direct staff to discuss with PWC when the optimal time would be for the City to take its share water delivery. The flow of the water for groundwater recharge should be directed to the Porter Slough or other City reservoirs as determined by the Public Works Director. There may still be an opportunity for the City to negotiate a dry year/wet year agreement that is mutually beneficial to both parties. As such, staff recommends Council authorize the Public Works Director, or his designee, to continue discussions with the PWC board and return any new proposals for Council's consideration.

RECOMMENDATION: That the City Council:

1. Retain its PWC share water rights and direct staff to discuss with PWC when the optimal time would be for the City to take its share water delivery;
2. Direct that water flows for groundwater recharge be directed to the Porter Slough or other City reservoirs as determined by the Public Works Director; and
3. Authorize the Public Works Director, or his designee, to continue discussions with the PWC board and return with any new proposals for Council's consideration.