



# City of Rialto

## Legislation Text

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**File #:** CC-19-439, **Version:** 1

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For City Council Meeting and Rialto Utility Authority [April 23, 2019]

TO: Honorable Mayor and City Council

APPROVAL: Sean Grayson, Interim City Administrator

FROM: Thomas J. Crowley, P.E., Utilities Manager

Request City Council/Rialto Utility Authority Approve the Acceptance of \$6 Million Dollars in Water Replenishment Credits for the Settlement of Rialto-Colton Basin Litigation.

**(ACTION)**

**BACKGROUND:**

As part of the settlement of the Rialto-Colton Basin (Basin) lawsuit, the City is to receive “replenishment credits” for Basin management projects and water purchases. There are two options to choose from. Those options are:

- Option 1 = Receive a \$6 million deposit in to an escrow account upon San Bernardino Valley Municipal Water District’s (Valley District’s) completion of replenishing the Basin with 61,000 acre feet of water. Replenished will happen in an estimated 15-20 years.
- Option 2 = Receive a \$2.25 million deposit in to an escrow account by June 1, 2019.

**ANALYSIS/DISCUSSION:**

Option 1

Under Option 1, Valley District will deposit \$6 million into a Rialto specific escrow account to be used by Rialto for purchase of water or other Basin management projects. Projects that qualify for this money area determined by the Rialto-Colton Basin Groundwater Council which is comprised of the Cities of Rialto and Colton, West Valley Water District and Fontana Union Water District. It should be noted that Valley District does not have any authority over how the replenishment credits are spent.

Valley District will deposit the \$6 million upon completion of replenishing the Basin with 61,000 acre feet of water that will be purchased or otherwise procured with funds from Fontana Union. Valley District’s obligation to replenish the Basin is independent of Fontana Union paying for it, and such obligation is enforceable by Rialto. The source of the \$6 million is anticipated to be revenue received from Fontana Union from the sale of water from Lytle Creek after the Basin is replenished.

Valley District estimates that it will take 15-20 years to replenish the Basin, but the actual time to complete replenishment is subject to several variables including:

- Rate at which the Basin is able to be replenished due to hydro-geologic conditions.
- Rate at which the Basin may be replenished based on effects replenishment may have on the perchlorate mitigation efforts, weather and availability of water.

The impact of many of these variables on a completion date for replenishment is impossible to predict at this time and some variables will require technical analysis and modeling. Also, actual replenishment may take as little as ten years or as many as twenty-five years to complete.

#### Option 2

Under Option 2, Valley District will deposit \$2.25 million into a Rialto specific escrow account by June 1, 2019, to be used for Basin management and water purchase projects. Essentially, this is the estimated present value of the \$6 million in replenishment credits discussed under Option 1, with the same restrictions.

Staff has consulted with the City's Attorneys and presented the options to the Water Subcommittee, and recommends the City select Option 1 and receive a \$6 million deposited into an escrow account to be utilized towards groundwater replenishment projects for the settlement of the Rialto-Colton Basin Litigation.

#### **ENVIRONMENTAL IMPACT:**

The request is not a "Project" as defined by the California Environmental Quality Act (CEQA). Pursuant to Section 15378(a), a "Project" means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. According to Section 15378(b), a "Project" does not include: (5) Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

#### **GENERAL PLAN CONSISTENCY:**

The proposed action is consistent with Guiding Principle 3A in the General Plan:

*Our City government will lead by example, and will operate in an open, transparent, and responsive manner that meets the needs of the citizens and is a good place to do business.*

#### **LEGAL REVIEW:**

The City Attorney has reviewed and approved the staff report

#### **FINANCIAL IMPACT:**

##### Operating Budget Impact

The requested action will not impact the Operating Budget.

##### Capital Improvement Budget Impact

Approval of this item will result in Valley District depositing \$6 million upon completion of replenishing the Rialto-Colton Basin with 61,000 acre feet of water that will be purchased or otherwise procured with funds from Fontana Union. The \$6 million can only be used towards groundwater replenishment and capital projects within the Rialto-Colton Basin. Valley District estimates that it will take 15-20 years to replenish the Basin.

#### Licensing

The requested action will not require a Business License.

**RECOMMENDATION:**

Staff recommends that the City Council approve Option 1 and receive a \$6 million deposited into an escrow account to be utilized towards groundwater replenishment projects for the settlement of the Rialto-Colton Basin Litigation.