



# City Council Report

**Date:** February 26, 2018  
**To:** City Council  
**Through:** Karolyn Kent, Assistant City Manager  
**From:** Jake West, Water Resources Department Director  
**Subject:** Approving and Authorizing the City Manager or Designee to enter into an Agreement Regarding Treated Water between the City of Mesa and Apache Junction Water Utilities Community Facilities District ("Agreement").

## **Purpose and Recommendation**

The proposed Agreement between Mesa and the Apache Junction Water Utilities Community Facilities District (AJWD) provides a framework for Mesa to accept raw water supplies (in limited amounts) from AJWD and make available corresponding amounts of treated water. The deliveries would be made available through an existing interconnect between the City and AJWD.

The Water Resources Department recommends that the Mesa City Council approve the Agreement. The Agreement will substantially be in the form attached as Exhibit A.

## **Background and Discussion**

Historically, the City of Mesa and AJWD entered into a contract for treatment and delivery of Central Arizona Project (CAP) water on March 17, 2006. The 2006 agreement was effective for ten (10) years, with provisions for automatic two (2) year renewals thereafter. The first ten-year term of the Agreement has expired and two-year option was exercised effective March of 2016.

More recently, however, AJWD approached Mesa about modifying the understanding of the parties to account for the construction of their own new water treatment facility. Under the proposed Agreement, AJWD would schedule small amounts of their own CAP water (or alternatively water recovered from underground storage) to be delivered to Mesa's Brown Road Water Treatment Plant, and a corresponding amount (less system losses) will be taken by AJWD at the point where the systems connect. Limited volumes of water would flow regularly in order to maintain water quality in the connecting line, with additional amounts during emergency conditions on AJWD's system.

Under the proposed Agreement, AJWD will compensate the City of Mesa for making this water available.

**Alternatives**

Mesa could decide not to approve the Agreement, with limited impact on the City. The AJWD currently can treat their own CAP water supply but may not be able to meet demand during plant maintenance or shortages.

**Fiscal Impact**

AJWD has agreed to pay for the water received. The anticipated annual revenues amount to approximately \$9,200. In addition, AJWD must maintain liability insurance on behalf of Mesa. The agreement provides for the price to be indexed according to the Consumer Price Index-All Urban Consumers during the term of the agreement.

**Coordinated With**

The City Attorney's Office has reviewed the Agreement as to form.