

**CITY OF AVALON CITY COUNCIL**

**MEETING DATE:** September 20, 2016

**AGENDA ITEM:** 8

**ORIGINATING DEP:** Administration

**CITY MANAGER:** 

**PREPARED BY:** David Jinkens, City Manager

**SUBJECT:** CPUC Request to Urge SCE's Support for City or SCE State Grant Application for Sustainable Year-Round Water Supply for Avalon

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**REVISED REPORT**

**RECOMMENDED ACTION(S):** Direct the City Manager, in consultation with the City Attorney, to seek the help, support, and direction of the California Public Utilities Commission in the appropriate manner prescribed by the Commission to urge, support, provide advice and direction to Southern California Edison to cooperate with and fully support the City of Avalon's priority request to the State of California for grant funds to build fresh water storage, construct new salt water wells, refurbish or replace existing salt water wells and construct a fresh water line to Hamilton Cove (if feasible) to create a sustainable year-round supply of fresh water to Avalon. In addition, request that the CPUC support a City or SCE application for State grant funds for the above-named purposes.

**REPORT SUMMARY:**

**Update** - On September 19, 2016 representatives of SCE made themselves available to discuss with City via a telephone conference call water issues in Avalon and how SCE and City government can work together to address fresh water shortage issues in Avalon. It is for this reason that an update to the original staff report, written before the meeting, is being made available to you. The City Attorney and I appreciated the opportunity to speak with SCE staff about this matter. Director of Public Works Dennis Jaich was also available on the conference call. *From our conversation with SCE officials, I glean that they conceptually support the City request for State funding.*

**Past Direction** - Based on past direction by the City Council, the City of Avalon through the City Attorney has been seeking the cooperation and support of Southern California Edison to collaborate and cooperate on a joint venture in which the City of Avalon would seek State of California funds to build new storage facilities, construct new water wells and refurbish or replace existing salt water wells in Pebbly Beach to create adequate fresh water storage from existing desalinization units in place to sustain the City of Avalon, its people, businesses, and the million plus people who come here annually on a year-round basis. SCE has been reluctant to commit to supporting such an effort if the grant funds received require City ownership of the storage/well facilities or if the grant application request would rank higher for funding with City ownership.

The City has now learned that the State of California will accept a grant request from either SCE or the City and would look most favorably on a grant request that has the support of the City Council and SCE. City officials are seeking grant, as opposed to loan funds from the State, to build the identified facilities in order to avoid huge rate increases for Avalon water customers, business owners and property owners that for many would create an economic hardship.

The City Attorney advises that State funding for desalinization facilities are the top State priority.

**Storing and keeping fresh water fresh** - The construction of adequate fresh water storage facilities near the SCE plant in a closed-system environment eliminates direct air contamination potential, evaporation, wind-blown contaminants and animal access and provides a ready resource for fresh water in high-demand times. It is understood that fresh water storage in tanks would require steps to maintain water quality, and this is simply addressed by adding a small mixer to the tank that keeps the water mixed so that chlorine residual is maintained in the water column. Public water providers do this all of the time. Sealed water storage tanks are far preferable to open reservoirs or other existing open-air fresh water facilities. Construction of large water storage facility gives added protection to Avalon that an adequate fresh water supply will always be available.

**Support for Multiple Water Sources** - The City of Avalon has been an active supporter since the early 1980's of using its vast access to sea water as a means of providing through desalinization year-round fresh water supply for residents and visitors. The existing SCE water supply system relies heavily on rain and ground water, and adequate storage facilities for desalinated fresh water would better ensure a sustainable supply of water year-round. Avalon does not necessarily have to use desalinated water year-round, only when there is a shortage of fresh water supply.

SCE officials point out that they conceptually support funds to create adequate storage facilities, and they want to study the matter and options more before committing to a final solution. City staff is of the opinion that the time for hesitation is through. There has been plenty of time for studies in the past. The City wants SCE support for the City requested improvements and work out final details of that support in the near term.

**Hamilton Cove** – SCE staff point out that if a water line could be constructed to supply Hamilton Cove with an inside City water source, Hamilton Cove would not be dependent on the Middle Ranch Reservoir which helps Hamilton Cove and water users in the Interior. City staff agrees with this premise. If grant funds can be acquired without diminishing dollars for new salt wells and storage, the City should actively support including the Hamilton Cove line in a grant request.

**Avalon Needs for a water solution should be Number 1** - Avalon must take steps to assure an adequate fresh water supply for its residents, business owners and operators and tourists. *Avalon's needs for grant funds should be the number one priority for requests this year for State funding and SCE should not be submitting competing proposals for State funding made*

*by SCE that might compromise the ability of the City or SCE to receive sufficient funds or diminish the amount received.* It is important to remember SCE should support this request fully to help enable them to provide the service for which they are required to provide by the CPUC and under State law. **Having said this, Avalon officials should support subsequent requests for State and Federal funding for other Island water needs.**

**Why ask the CPUC to help?-** Like the City Council that provides policy direction for City operations, the California Public Utilities Commission (CPUC) provides policy direction for non-public utilities like SCE and how they operate. Just as residents make contact with members of the City Council on local matters, the City has the right to seek help from SCE's policy body, the CPUC. This is not meant as a "slam" on SCE. It is simply using the tools available of government to achieve City goals.

**GOAL ALIGNMENT:** General Plan Conservation Element– Assure Adequate and Sustainable Water Supply

**FISCAL IMPACTS:** Water is an essential component of maintaining a sustainable City for residents and visitors, maintaining property values, maintaining the local economy, and encouraging and supporting reasonable and proper investment in Avalon. The lack of adequate water storage and desalinization facilities creates incalculable drain on the local economy and revenue to operate the City. Residents of Avalon must be protected and sustained in the manner proposed in this report.

**CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION:** Continued drought conditions, economic decline, and loss of tourism, unhealthy conditions, and increase in water rates with no benefit to residents and businesses. Further delay of actions to create a sustainable Avalon fresh water supply will only mean more time lost for a positive solution.

**FOLLOW UP ACTION:** City Manager, after consultation with the City Attorney, will immediately file a request to the CPUC as noted herein.

**ADVERTISING, NOTICE AND PUBLIC CONTACT:** This item was properly listed on the posted agenda pursuant to the Brown Act.