



City of Needles, California Request for City Council Action

CITY COUNCIL NPUA

Regular Special

Meeting Date: January 28, 2025

Title: Authorize the City Manager to execute Amendment No. 3 to Contract No. 06-XX-30-W0452 between the City of Needles and Metropolitan Water District of Southern California for Delivery of Lower Colorado Water Supply Project Water

Background: The United States Department of Interior, acting through the Bureau of Reclamation (Reclamation), operates the Lower Colorado River Water Supply Project (LCRWSP). The Project consists of a well field near the All-American Canal that provides water to, among others, The Metropolitan Water District of Southern California (MWD) in exchange for certain amounts of Colorado River water used by the City of Needles (City) and others. The City administers the Project. MWD currently makes payments to the City that the City deposits into a trust fund to provide future funding for the replacement of the Project, if necessary, as provided for by contract between the City, MWD, and Reclamation (Contract).

The United States Geological Survey (USGS) is currently conducting a water quality study to determine the need for desalting Project water by 2070 or other potential feasible alternatives to desalting, the costs of which would be covered by trust fund deposits as provided for in the Contract. The trust fund currently has approximately \$10 million. Based on preliminary USGS study results, it appears unlikely that desalting or feasible alternatives will be required and therefore further trust fund payments appear unnecessary at this time.

However, the USGS study is not yet final and is not expected to be final until December 31, 2026, which is after the now-expired deadline of December 31, 2024 set by prior Contract amendment. Accordingly, the City, MWD, and Reclamation have negotiated an amendment to the Contract (Amendment) to (1) extend the time for USGS to complete the study beyond the current December 31, 2024 deadline, and (2) temporarily pause trust fund payments from MWD to the City until six months after the USGS study is complete. Payments will automatically resume following expiration of the Amendment unless earlier terminated by the parties. The Amendment is now ready for execution and will be effective once all parties have signed.

The Board of Public Utilities approved the recommended action on January 21, 2025.

Fiscal Impact: There is no immediate fiscal impact to the NPUA, as the trust fund has a current balance of \$10 million to fund the LCRWSP. The pause in payments will not affect ongoing operations or obligations. Future payments will resume as stipulated in the amendment.

Environmental Impact: N/A

Recommended Action: Authorize the City Manager to execute Amendment No. 3 to Contract No. 06-XX-30-W0452 between the City of Needles and Metropolitan Water District of Southern California for Delivery of Lower Colorado Water Supply Project Water

Submitted By: Rainie Torrance, Utility Manager

City Manager Approval: Patrick J. Martinez

Date: 1/23/2025

Other Department Approval (when required): Barbara DiLeo

Date: 1/23/2025

Approved: <input type="checkbox"/>	Not Approved: <input type="checkbox"/>	Tabled: <input type="checkbox"/>	Other: <input type="checkbox"/>
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