

item #9A

**City of Carson City
Agenda Report**

Date Submitted: October 24, 2008

Agenda Date Requested: November 6, 2008

Time Requested: Consent Agenda

To: Mayor and Supervisors

From: Public Works - Operations

Subject Title: Action to approve a Water Agreement between South Carson, LLC and Carson City for the purchase of 13.9635 acre feet of Eagle Valley groundwater.

Staff Summary: Staff recommends the purchase of the above stated Eagle Valley groundwater rights, at the reasonable rate of \$8,000.00 per acre foot, to increase the City's water right portfolio.

Type of Action Requested: (check one)
() Resolution () Ordinance
(XXX) Formal Action/Motion () Other

Does This Action Require A Business Impact Statement: () Yes (XX) No

Recommended Board Action: I move to approve a Water Agreement between South Carson, LLC and Carson City for the purchase of 13.9635 acre feet of Eagle Valley groundwater.

Discussion: South Carson, LLC, (Ribeiro Companies) has offered the City an opportunity to purchase 13.9635 acre feet of Eagle Valley groundwater rights (Permit #18535 and 18536) at a reasonable price of \$8,000.00 per acre foot, for a total cost of \$111,708.00. See attached Water Agreement. This water will increase the City's total Eagle Valley water right to 6,710.35 acre feet.

This agreement is being brought forward in accordance with Carson City's Water Conservation Plan, January 2007, "The Water Utility will aggressively research all water right offers concerning groundwater from the Eagle Valley, Carson Valley and Dayton Valley basins to evaluate potential municipal use, necessity and priority of purchase, purchase impact on budget and rates; and if applicable negotiate a purchase for Board of Supervisors approval." The City's water right consulting firm, Resource Concepts, Inc., also recommends this purchase.

Fiscal Impact: \$111,708.00

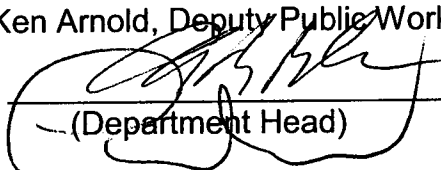
Funding Source: Water Capital Fund

Explanation of Impact: Reduction in budget by \$111,708.00

Alternatives: Do not approve.

Prepared By: Ken Arnold, Deputy Public Works Director

Reviewed By:

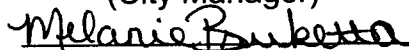


(Department Head)

Date: 10-28-08

(City Manager)

Date: 10-28-08



(District Attorney)

Date: 10-28-08



(Finance Director)

Date: 10-28-08

Board Action Taken:

Motion: _____ 1) _____ Aye/Nay
2) _____

(Vote Recorded By)

WATER AGREEMENT

This Agreement dated this _____ day of _____, 2008, is made by and between SOUTH CARSON, LLC (hereinafter referred to as "Grantor") and Carson City a CONSOLIDATED MUNICIPALITY (hereinafter referred to as "City").

W I T N E S S E T H:

WHEREAS, Grantor has legal ownership of certain permitted, certificated, or judicially decreed water rights which rights can be utilized within the Carson City Water System Service Area; and

WHEREAS, such water rights are free of any liens or encumbrances; and

WHEREAS, Grantor is desirous of selling said water rights to City; and

WHEREAS, City is desirous of purchasing said water rights in order to utilize said water rights in its municipal water system.

NOW, THEREFORE, the parties to this Agreement, in consideration of the provisions herein contained and other good and valuable consideration, do hereby agree as follows:

1. The Grantor owns or controls title to 13.9635 acre feet of Eagle Valley Groundwater, Permits #18535 and #18536 attached as Exhibit A.
2. The Grantor shall cooperate and the City shall assist in the preparation and filing of the necessary documents with the State of Nevada Division of Water Resources, State Engineer's Office, Department of Conservation and Natural Resources, (hereinafter referred as "State Engineer") for the purpose of transfer and assigning said water right(s) to the City's legal name. All fees incident to the expense of assignment shall be borne by Grantor.

3. City shall prepare and file the application and any supporting map which may be required by the State Engineer seeking to change the point of diversion, place of use, and manner of use of the aforementioned water rights as required by Chapter 533 and 534 of Nevada Revised Statutes. City shall determine the precise well(s) and location of the point(s) of diversion, the subject of the application(s) to change. All costs incident to filing the application(s), preparation of the supporting map, and possible administrative hearing and judicial appeals shall be borne by Grantor. Both parties agree to execute the necessary documents and, to the extent necessary, meet the requirements of the State Engineer.

4. The parties agree that the reasonable value of the water rights which are the subject of this agreement is eight thousand dollars (\$8,000.00) per acre foot for the transferred municipal water rights.

5. City shall accept and develop the water at one of its existing wells, future wells, or other source or point of diversion, and shall be responsible for the pumping, storing, treating, and distribution of the water in its present distribution system. It is expressly understood that the application(s), when granted by the State Engineer or made final through judicial order, shall be conveyed to the City.

6. In the event the State Engineer denies the application(s) to assign and change the point of diversion, and/or his approval is not upheld upon final administrative or judicial appeal, then this Water Agreement shall terminate without further liability on behalf of either party hereto and any money paid by City to Grantor shall be refunded within ten (10) days. City shall reconvey any water rights which are so denied or not approved for transfer as contemplated under this agreement.

7. This Water Agreement is further conditioned upon approval of all local, state and federal governmental agencies as required by Chapters 278, 533, 534 of Nevada Revised Statutes and by the Carson City Board of Supervisors.

8. This Agreement is the entire agreement between the parties and cannot be modified unless by mutual agreement in writing.

9. The provisions of this agreement shall be interpreted using Nevada law.

IN WITNESS WHEREOF, the parties hereto have affixed their official signatures the day and year written below and intend to be legally bound thereby.

GRANTOR:

CARSON CITY
BOARD OF SUPERVISORS

South Carson, LLC
DATED

MAYOR
DATED

ATTEST:

CLERK RECORDER
DATED

APPROVED AS TO FORM ONLY
Neil Rombardo
District Attorney

DATED