

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMMERCE, CALIFORNIA AUTHORIZING STAFF TO DEVELOP AND RELEASE A REQUEST FOR PROPOSALS (RFP) FOR THE POTENTIAL SALE OF THE COMMERCE WATER SYSTEM WITHOUT WATER RIGHTS.

WHEREAS, on November 5, 2019, staff presented a report to the City Council regarding the Commerce Water System; and

WHEREAS, the presentation included information on the system's infrastructure owned by the City, its current condition, needed capital improvement and costs, necessary rate increases every three years which include the costs of capital improvements, legally required Proposition 218 process for public entity rate adjustments, a lease agreement with California Water Service Company for the operations and maintenance of the system to meet Federal and State Drinking Water Standards and implementation of the system's Capital Improvement Program; and

WHEREAS, at said time, two options were presented for Council consideration: Option 1 included selling the system and retaining the City's water rights as revenue in perpetuity at an estimated amount of \$838,000/year in present value. Option 2 included retaining ownership of the system and water rights with pros and cons discussed for each; and

WHEREAS, on November 19, 2019, a third option, Option 3 was also presented for City Council consideration that included retaining the system and implementing a Proposition 218 process for an accelerated rate increase until the Commerce system rates are level with the rates charged under the Cal Water system; and

WHEREAS, given the information provided and the amount of capital investment needed for an aged system to meet water quality standards, staff recommends City Council pursue Option 1 and direct staff to develop and release a Request for Proposals (RFP) for the potential sale of the system with further discussion to follow completion of a formal RFP process.

NOW, THEREFORE, THE CITY COUNCIL DOES HEREBY RESOLVE, DECLARE AND DETERMINE AS FOLLOWS:

Section 1. The City Council of the City of Commerce hereby finds and declares that the foregoing recitals are true and correct and incorporates them herein as findings and as a substantive part of this Resolution.

Section 2. Approves City staff to develop and release said RFP.

Section 3. The Mayor is authorized to execute the Resolution for and on behalf of the City of Commerce.

PASSED, APPROVED AND ADOPTED this 19th day of November, 2019.

John Soria
Mayor

ATTEST:

Lena Shumway
City Clerk