

# CITY OF PERRIS

*MINUTES:* City Council Work Session  
*Date of Meeting:* 09 July, 2002  
*Time of Meeting:* 4:00 p.m.  
*Place of Meeting:* City Council Chambers-City Hall

1. **CALL TO ORDER:** The Honorable Mayor Busch opened the Regular City Council Work Session at 4:00 p.m. and requested City Clerk Rey to call the roll.

*4:10 p.m. Called to Order*

2. **ROLL CALL:**

*Four Councilmembers Present*

Council Members Present: Landers, Motte, Rogers, Busch

*Councilmember Yarbrough Arrived at 4:20 p.m.*

Councilmember Yarbrough arrived at 4:20 p.m.

Staff Members Present: City Manager Vasquez, City Attorney Dunn, City Engineer Motlagh, and City Clerk Rey.

3. **PUBLIC COMMENT:**

4. **WORK SESSION:**

A. McCanna Ranch Water Company Franchise Agreement. (Villages of Avalon)

Mr. Ochoa, Barratt American, was available to answer questions and introduced Mr. Howard of Don Howard Engineering; and Mr. Seward California Water Service Company.

*Barratt American, Mr. Ochoa's Introduction*

**CITY COUNCIL COMMENTS AND DISCUSSION:**

Mayor Pro Tem Rogers asked for more detail on Eastern Municipal Water District's Plan that had not been converted to Barratt.

*Mayor Pro Tem Rogers' Query Re: EMWD's Plan*

In response, Mr. Ochoa said what had been done was that through the process of map approval all the improvement plans had to be completed and there were plans approved by Eastern Municipal District (EMWD). The plans were given to Mr. Howard, of Don Howard Engineering, for stamp of approval to implement those plans under the McCanna Ranch Water Company. There were two minor location revisions, but the specifications were similar to EMWD's plan and met the standards of American Water Works.

*Barratt American, Mr. Ochoa's Response*

Mayor Busch asked the following: 1) what the water source would be and would it be reliable; 2) who would be the operator of the facility; and 3) what infrastructure would be constructed that would enhance the project.

*Mayor Busch's Queries*

In response, Mr. Ochoa said the source of water would be well water that was located within the project; infrastructure would be similar to any water facility (storage tanks, pump buildings, block wall); and the managing operator would be California Water Service Company and eventually would transition into an ownership position.

*Barratt American, Mr. Ochoa's Response*

Councilmember Landers asked Mr. Ochoa if the storage tank would be similar to the Nuevo Water Company; would the water be tested periodically; and would there be any ownership/shares with anyone in McCanna Ranch. Also, he asked who the Water Conservation District was.

*Councilmember Landers' Queries Re: Storage Tank, Water Testing, Ownership, & Water Conservation District*

In response, Mr. Ochoa said the project's water storage would be twenty-two feet in height and sixty-four feet in diameter. California Water Service Company (Cal-Waters) would perform testing on a weekly basis and curried over-night with next day lab results. In regards to ownership/share, Mr. Ochoa said it was a separate issue between Barratt American and California Water Service Company.

*Barratt American, Mr. Ochoa's Response*

In reply to the Water Conservation District query, City Attorney Dunn said the district was separate from the franchise issue.

*City Attorney Dunn's Reply Re: Water Conservation District*

Councilmember Motte asked how many gallons would the storage tank hold. It was confirmed that the tank held about 500,000 gallons. It was confirmed that the amount of gallons and fire flows met and exceeded the City, County and State's requirements.

*Councilmember Motte's Query Re: Storage Tank Gallons*

Mr. Seward, California Water Service Company (Cal-Waters), said they were an investor owned company traded on the New York Stock Exchange; and a private company that partnered with cities, agencies, and builders. He presented financial statements, letters of recommendations; indicated they had acquired the Dominguez Water Company; and expanded into New Mexico, Washington, and continued to grow. He presented two videos of the Cal-Waters Group that detailed the company and their operation. Cal-Waters would be able to connect to a well or other available water systems.

*California Water Service Company, Mr. Seward's Presentation*

Councilmember Motte asked City Manager Vasquez if the City had approached Cal-Waters in regards to the possibility of buying water.

*Councilmember Motte's Query Re: Purchase of Water*

In response, City Manager Vasquez commented he had not approached the company, but was interested in what Cal-Waters charged and what areas would be billed.

*City Manager Vasquez's Response*

An unidentified speaker commented that the company's current operating permit would not allow sale of water outside the boundaries of the company's district (Villages of Avalon). To sell outside of the boundary would require Public Utilities Commission (PUC) approval. The district/service territory was the Villages of Avalon Specific Plan at 262 acres.

*Unidentified Speaker's Comments Re: Sale of Water & Service District*

City Attorney Dunn commented that State Law set the franchise fee. Usually, 2% of gross receipts arising out of the use of the franchise, but not less than 1% of the receipts for the sale of water. With approval the franchise would not prevent the City from the sale of water outside of the district and an agreement could be implemented.

*City Attorney Dunn's Comments Re: Franchise Fee*

There was general discussion in regards to utilization of the proposed water facility and the implementation of wells in the downtown area for landscaping. With the use of wells there would be the issue of the type of water treatment and would be necessary to negotiate with EMWD on that issue. It was pointed out that the City's water system ended at the intersection of Perris Boulevard and Nuevo Road, which was four to five miles from the proposed project. It was confirmed that Cal-Waters fees were substantially less than EMWD's. It was the consensus of Council to explore the issue of the utilization of the proposed project's facility.

*General Discussion Re: Utilization of Proposed Project & Wells*

Discussion ensued in regards to the term of franchise. It was indicated that the longer the term the greater insurance the residents would recapture the investments and it provided a stable system that would produce the reliable supply. Mr. Ochoa requested a forty-year term with a ten-year opener. Council voiced support of the forty-year term with the ten-year opener.

*General Discussion Re: Franchise Term*

City Manager Vasquez asked the difference in operation of regulated and unregulated. Also, was there an annual payment to the City. It was confirmed that the unregulated were not subjected to PUC Regulations; an example would be municipality utilities, they do not respond to the PUC, they respond to a government charter. In regards to the annual payment it was indicated that Cal-Waters was presently finalizing a second fifteen-year payment to the City of Commerce. The work session was for the opportunity to receive better understanding of the franchise.

*City Manager Vasquez's Query Re: Regulated & Unregulated*

5. **ADJOURNMENT:** By unanimous consent the City Council Work Session was adjourned at 5:00 p.m.

*5:00 p.m. City Council Work Session Adjourned*

Respectfully Submitted,

---

Margaret Rey, City Clerk

