



Agenda Report

Fullerton City Council

MEETING DATE: OCTOBER 6, 2020

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: KENNETH A. DOMER, CITY MANAGER

PREPARED BY: MEG McWADE, PUBLIC WORKS DIRECTOR
TIFFANY FOO, ASSOCIATE WATER ENGINEER

SUBJECT: LICENSE AGREEMENT WITH RAYTHEON COMPANY
FOR WATER SYSTEM WELL 9

SUMMARY

The City of Fullerton will enter into an updated license agreement with Raytheon Company for the installation of a packer system and modifications to Water System Well 9.

RECOMMENDATION

1. Authorize City Manager or designee to enter into License Agreement with Raytheon Company, effectively replacing December 15, 2017 License Agreement, in a form approved by the City Attorney.
2. Authorize Public Works Director to execute any future amendments / supplements with Raytheon Company for this project, in a form approved by the City Attorney.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statement:

- Infrastructure and City Assets.

FISCAL IMPACT

Raytheon Company will fund the capital costs related to the installation of a packer system and modifications to Fullerton's water Well 9, under the terms of a License Agreement which includes replacement of the pump, motor and electrical system. There is no new revenue to the City resulting from the License Agreement. The packer installation may result in incremental electrical charges, which Raytheon Company

("Raytheon") would pay for starting in 2028, should the packer system still be in operation at that time.

DISCUSSION

Since January 2015, Raytheon has been conducting a Packer Testing Program at water Well 9 located in the western part of the City. The program evaluates whether sealing off lower screen intervals to isolate where the water is pulled from would reduce the concentration of 1,1-dichloroethene (1,1-DCE) in the well discharge. In December 2016, it was determined that the temporary packer system successfully prevented 1,1-DCE from entering the well discharge. Since then, all subsequent tests of the well discharge with the inflated packer system confirmed these results. However, the inflated packer did result in a reduction in well capacity and incremental electrical charges.

As part of a License Agreement executed in December 2017, Raytheon will install a semi-permanent packer system and replace equipment to return Well 9's flow capacity to its original capacity. As part of the project evaluation, it was determined there was a need to replace the electrical system due to its age, deterioration and safety concerns to Fullerton's employees and not due to the electrical needs of the packer system.

With this action, the City will enter into an updated agreement with Raytheon that waives the incremental electrical charges caused by the packer system for ten years (2018 through 2028) that were anticipated in the original license Agreement. The calculated incremental electrical charges in 2018 were approximately \$4,700 per year (includes a 10-percent tracking fee) and are expected to amount to approximately \$50,000 during this ten year period. This amount will offset the anticipated value of the electrical system replacement.

The License Agreement (Attachment 1), which incorporates the electrical cost offset, will replace the previously entered into license agreement dated December 15, 2017 (Attachment 2). Standard insurance requirements, warranty language and payment for incremental water capacity charges incurred from work extending beyond the schedule were also added to the revised agreement. Otherwise, there are no other substantive changes to the License Agreement.

Attachments:

- Attachment 1 – License Agreement (2020)
- Attachment 2 – License Agreement (December 15, 2017)