

City of Sacramento
City Council - 5PM Report
915 I Street Sacramento, CA 95814
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File ID: 2025-01732

10/21/2025

Supplemental Agreement: Preservation of City Water Entitlements [Published for 10-day Review 10/09/2025]

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Location: Citywide

Recommendation: Pass a **Motion:** 1) authorizing the City Attorney or designee to execute Supplemental Agreement No. 1 to City Agreement with Zanjero LLC, a Delaware Limited Liability Company, to provide professional service for Phase 2 in protecting the City's water entitlement assets under the Water Master Plan Program (14510200, Fund 6005); and 2) allow payments under the Agreement in future fiscal years provided that funding is available for this purpose in the Council approved budget for the applicable fiscal year, for an amount not-to-exceed \$2,492,950, bringing the agreement's total not-to-exceed amount to \$3,201,275.

Contact: Brett Ewart, Supervising Engineer, (916) 808-1725; Sherill Huun, Interim Director, (916) 808-1455; Department of Utilities; Michael Voss, Senior Deputy City Attorney, (916) 808-5346, mvoss@cityofsacramento.org; City Attorney's Office

Presenter: None

Attachments:

1-Description/Analysis

2-Supplemental Agreement

Description/Analysis

Issue Detail: The City Attorney's office and staff recommend Council approve Supplemental Agreement No. 1 with Zanjero LLC, a Delaware Limited Liability Company, for Phase 2 in protecting the City's water entitlement assets under the Water Master Plan Program.

As permit applications and licenses for use require demonstrating beneficial use of water within allowed diversion points and areas of use, Phase 1 of the project consisted of analyzing the necessary Legal, Economic, Political, and Technical factors to achieve that objective. This next phase will ultimately assist the City to prepare for and participate in a State Water Resources Control Board (SWRCB) hearing related to City water rights licenses.

Policy Considerations: Section 3.04.010 of the Sacramento City Code requires that agreements above the authorization amount of \$250,000 be approved by City Council.

The Sacramento City Code Section 4.04.020 and the City Council Rules of Procedure (Chapter 7, Section E.2.d) mandate that unless waived by a 2/3 vote of the City Council, all labor agreements, and all agreements greater than \$1,000,000 shall be made available to the public at least ten (10) days prior to City Council action. This item was published for 10-day review on October 9, 2025, in compliance with the City Code.

Economic Impacts: None.

Environmental Considerations: This report concerns administrative activities that will not result in physical changes in the environment and do not constitute a “project” as defined by the California Environmental Quality Act (CEQA) Guidelines Sections 15378(b)(2) and (5) and, thus, are not a “project” subject to the provisions of CEQA [CEQA Guidelines Section 15060(c)(3)].

Sustainability: The proposed project is consistent with the 2040 General Plan Policies PFS-4.1 (Exercise and Protect Water Rights) which requires the City to exercise and protect its water rights and entitlements in perpetuity.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: In September 2024, Council approved Phase 1 of the project, which assessed the best course of action to ensure the City maintains water supply access for current and future uses. Phase 2 will implement that approach, which includes engaging stakeholders, addressing CEQA requirements, synthesizing preservation actions with projects, and preparing supporting documents.

Financial Considerations: The original not-to-exceed amount of the agreement was \$708,325. The proposed Supplemental Agreement No. 1, in the amount of \$2,492,950, would increase the agreement not-to-exceed amount to \$3,201,275. Funding for the first year of this Supplemental Agreement No. 1 of approximately \$708,325 has been included in the approved Fiscal Year 2025/26 DOU CIP Budget in the Water Master Plan Program (I14510200, Fund 6005). Funding for future fiscal years shall be subject to funding availability in the adopted budgets for the applicable fiscal year in an amount not to exceed \$3,201,275 over the term. Purchase orders encumbering funds under this agreement will not be created until needs and funding are identified in the applicable budget (operating, capital, multi-operating, or grants).

There are no general funds allocated or planned for this agreement.

Local Business Enterprise (LBE): Zanjero LLC, a Delaware Limited Liability Company is an LBE.

SUPPLEMENTAL CONTRACT

Project Title and Job Number: Preservation of City Water Entitlements- I14510212
Purchase Order #: 0000082698

Date: 09/22/2025
Supplemental Contract No.: 1

The City of Sacramento ("City") and Zanjero LLC, a Delaware Limited Liability Company ("Contractor"), as parties to that certain Professional Services Agreement designated as Contract Number CONFIDENTIAL, including any and all prior supplemental contracts modifying the contract (the contract and all supplemental contracts are hereafter collectively referred to as the "Contract"), hereby supplement and modify the Contract as follows:

1. The Scope of Services specified in Exhibit A of the Contract is amended as follows:

Additional services to the Scope of Services as described in Attachment 1 to Exhibit A, attached hereto and incorporated herein by this reference.

2. In consideration of the additional and/or revised services described in section 1, above, the maximum not-to-exceed amount that is specified in Exhibit B of the Contract for payment of Contractor's fees and expenses, is **increased** by \$2,492,950, and the Contract's maximum not-to-exceed amount is amended as follows:

Agreement's original not-to-exceed amount:	<u>\$708,325</u>
Net change by previous supplemental contracts:	<u>\$0</u>
Not-to-exceed amount prior to this supplemental contract:	<u>\$708,325</u>
Increase by this supplemental contract:	<u>\$2,492,950</u>
New not-to exceed amount including all supplemental contracts:	<u>\$3,201,275</u>

3. Contractor agrees that the amount of increase or decrease in the not-to-exceed amount specified in section 2, above, shall constitute full compensation for the additional and/or revised services specified in section 1, above, and shall fully compensate Contractor for any and all direct and indirect costs that may be incurred by Contractor in connection with such additional and/or revised services, including costs associated with any changes and/or delays in schedules or in the delivery of other services by Contractor.
4. Contractor warrants and represents that the person or persons executing this supplemental contract on behalf of Contractor has or have been duly authorized by Contractor to sign this supplemental contract and bind Contractor to the terms hereof.
5. Except as specifically revised herein, all terms and conditions of the Contract shall remain in full force and effect, and Contractor shall perform all of the services, duties, obligations, and conditions required under the Contract, as supplemented and modified by this supplemental contract.

[SIGNATURES ON FOLLOWING PAGE]