

Agenda

Sacramento Suburban Water District
Ad Hoc Water Banking and Transfer Committee

3701 Marconi Avenue, Suite 100
Sacramento, CA 95821

June 8, 2020
6:00 p.m.

In accordance with the California Department of Public Health’s and the Governor’s Executive Orders N-29-20 and N-33-20, the District’s boardroom is closed and this meeting will take place solely by videoconference and teleconference. The public is invited to listen, observe, and provide comments during the meeting by either method provided for below. The Chairperson will call for public comment on each agenda item at the appropriate time and all votes will be taken by roll call.

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Where appropriate or deemed necessary, the Committee may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the District’s Administrative Office at the address listed above.

The public may address the Committee concerning an agenda item either before or during the Committee’s consideration of that agenda item. Persons who wish to comment on either agenda or non-agenda items should fill out a Comment Card and give it to the General Manager. The President will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Sacramento Suburban Water District Human Resources at 916.679.3972. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Call to Order

Roll Call

Announcements

Public Comment

This is an opportunity for the public to comment on non-agenda items within the subject matter jurisdiction of the Committee. Comments are limited to 3 minutes.

Items for Discussion and/or Action

1. San Juan Water District Water Transfer Update

Recommendation: Recommend approval of a pilot project to purchase up to 4,000 AF of surface water from San Juan Water District.

2. Aquifer Storage and Recovery Program Update

Receive written staff report and direct staff as appropriate.

Adjournment

Upcoming Meetings:

Monday, June 15, 2020, at 6:00 p.m., Regular Board Meeting

Monday, July 6, 2020, at 5:00 p.m., SSWD/DPMWD 2x2 Ad Hoc Committee

Monday, July 20, 2020, at 6:00 p.m., Regular Board Meeting

I certify that the foregoing agenda for the June 8, 2020 meeting of the Sacramento Suburban Water District Ad Hoc Water Banking and Transfer Committee was posted by June 5, 2020 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was made available to the public during normal business hours.

Dan York
General Manager/Secretary
Sacramento Suburban Water District



Water Banking and Transfer Committee

Agenda Item: 1

Date: June 2, 2020

Subject: San Juan Water District Water Transfer Update

Staff Contact: Mike Huot, Assistant General Manager

Recommended Committee Action:

Recommend the full Board approve undertaking a pilot project to purchase up to 4,000 acre-feet (AF) of surface water from San Juan Water District (SJWD) and authorize the General Manager to execute and sign agreements necessary to implement the pilot project, subject to approval by District legal counsel.

Background:

The District has a long-term Agreement with Placer County Water Agency (PCWA) to purchase Middle Fork Project water in years when the March-November Unimpaired Inflow to Folsom Reservoir (UIFR) is 1.6 million AF or more. That contract originally committed the District to 29,000 AF of take-or-pay water when the UIFR trigger is met. In 2008, the District and PCWA amended the Agreement to reduce the take-or-pay quantity to 12,000 AF. The District is currently working with PCWA to revise the agreement, which tentatively includes reducing the take-or-pay down from 12,000 AF to 8,000 AF.

SJWD approached staff with a proposal to sell the District surface water that would be available on a more reliable basis than the surface water sold by PCWA. While there would be years when the District would not be able to access water from SJWD, it would be available more often than is available through the PCWA Agreement, and in those years it would not be available from SJWD it also wouldn't be available from PCWA.

Moreover, the District would be able to purchase water from SJWD at a lower price than what is stipulated in the PCWA Agreement.

Discussion:

Establishing a relationship with SJWD to purchase surface water has the potential to provide multiple benefits to the District: (1) increased access to groundwater stabilization supplies; (2) reduced costs for the purchase of groundwater stabilization supplies; (3) enhanced conjunctive use management of the District's North Service Area (NSA); and, (4) improved capability to undertake future groundwater substitution transfers with SJWD with reduced regulatory uncertainty.

The proposal before the Committee is to enter into a pilot purchase agreement with SJWD for up to 4,000 AF. PCWA water is not available to the District this year. While 2016-2019 were wetter years that allowed the District to access PCWA water because the UIFR 1.6 MAF trigger was satisfied, 2007-2015 presented a different story, during which time the trigger was only met in 2010 and 2011. However, the District would likely have been able to access water from SJWD in five of those years – 2007-2009, and 2012-2013, when the UIFR trigger was not met.

Depending upon hydrology, and particularly SJWD's Central Valley Project contract allocation, the amount of water available to the District from SJWD in any year will vary from approximately 4,000 to 8,000 AF per year. However, the high-end of the range would be available in those years when the UIFR was 1.6 MAF or above, and the low end of the range would be available in some years when PCWA water would not be available, like the current year.

While the District successfully reduced its PCWA take-or-pay obligation down to 12,000 AF in 2008, it remains a challenge to be able to take advantage of all of that water in the wet and wetter years when it is available. SJWD's ability to provide water in more years, and at a more manageable level, is attractive to staff and will be helpful in improving conjunctive management of the District's NSA as there will be dry and drier year supplies available for use when PCWA water would not be available.

In addition, if the pilot project is successful and a long-term agreement is pursued, it could facilitate increased opportunities to undertake future groundwater substitution transfers utilizing the NSA with SJWD as a partner, similar to the partnership the District has with the City of Sacramento in the South Service Area.

It is important to note that undertaking this pilot project, and a potential longer-term agreement in the future, would not impact the supply or reliability of water available to SJWD's Wholesale Customer Agencies (WCAs). As with the District's agreement with PCWA, if supplies cannot be sold to the District because they are needed by SJWD to meet its demands, then they will be retained by SJWD and the District will not be charged.

SJWD will always meet its contractual obligations to its WCAs when the District is purchasing water from SJWD under this proposed pilot and any potential future long-term agreement.

SJWD's Wholesale Water Supply Agreements with its WCAs states: "San Juan may transfer water under San Juan's Water Rights and Entitlements for use outside the boundaries of San Juan that San Juan determines is surplus to the water supply needs of the member agencies [WCAs] during the term of the water transfer." Based upon current and forecasted use by its WCAs, SJWD has determined the water it is offering to the District is "surplus to the needs" of the WCAs. In addition, per its agreements, SJWD's carrying out such a transfer cannot result in raised rates. Since SJWD, like the District, will financially benefit from this project, such revenue will actually help reduce upward pressure on its Wholesale rates.

Fiscal Impact:

When the District develops its budget, funding is always included to cover the estimated costs of paying the 12,000 AF PCWA take-or-pay supplies in case the UIFR reaches the 1.6 MAF threshold. So, funding is available in the budget to cover the costs of purchasing water from San Juan if the proposed pilot project is approved.

Subject to finalizing an agreement, the proposed pilot project with San Juan will cost the District approximately \$50.48/AF (exclusive of treatment). The current PCWA charge rate is \$58.39/AF. So, purchasing 4,000 AF this year from San Juan will cost the District \$31,640 less than the cost of 4,000 AF of PCWA water if the UIFR trigger was met.

Strategic Plan Alignment:

Goal A - Provide a High Quality Reliable Water Supply by Ensuring it is Sustainable, Clean, and Safe

Goal B – Optimize Operational and Organizational Efficiencies

Goal C - Ensure Fiscal Responsibility and Affordable Rates

The District's ratepayers will benefit because it enhances the District's conjunctive use program, provides more water transfer options in the future, and provides lower cost surface water for the District.



Water Banking and Transfer Committee

Agenda Item: 2

Date: June 3, 2020

Subject: Aquifer Storage and Recovery Program Update

Staff Contact: Mike Huot, Assistant General Manager

Recommended Committee Action:

Informational Item – No Action Required.

Background:

Last year there were two concurrent efforts that began to evaluate the feasibility of an Aquifer Storage and Recovery (ASR) Program, regionally and District specific. Regional Water Authority (RWA) kicked off a Regional Aquifer Storage and Recovery Information Project (Project). This item was brought to the District’s full Board in April 2019. Part of the intent of the Project is to identify how ASR could contribute to the Sacramento Regional Water Bank (“Water Bank”). The ability to store water regionally potentially could be enhanced by using ASR technology. Maximizing water storage is a great benefit for a Water Bank and enhancing conjunctive use, so it is critical for the region to understand the feasibility and potential economic benefits of implementing ASR.

The Project scope includes evaluating the benefit of ASR in the region, costs to implement ASR, Hydrogeologic and Water Quality considerations, the right to store and then retrieve water from aquifers, and providing a final report documenting the findings and providing recommendations. Not all agencies participating in the Water Bank project would benefit from the ASR Information Project. Therefore, only 11 of the 21 RWA member agencies are participating. It is anticipated that the final report will be available in July 2020.

The District retained Leonard Rice Engineers (LRE) to prepare an ASR Well Economic Assessment (Assessment) specific to the District’s infrastructure and service area. The main goal of the Assessment is to evaluate the potential benefits and risks of implementing or not implementing an ASR well system. Furthermore, the District is in the beginning stages of evaluating the opportunity to partner with the Carmichael Water District to install an ASR well.

Discussion:

The report provided by LRE is expected to be complete by July 2020. Staff has received a draft report and is in the process of reviewing it. Following are highlights of the draft report:

1. **Location and Infrastructure** - SSWD's location within the greater Sacramento region, hydrogeologic setting, extensive well infrastructure, and access to surface water supplies, makes it well suited to implement ASR and participate in California water markets, like the District has actively been doing to date.
2. **Reliability and Water Quality** - Implementing ASR has the potential to benefit SSWD's customers by increasing water supply reliability, mitigating the migration of contaminated groundwater toward SSWD's production wells, and offsetting some of the future capital costs of replacing aged well infrastructure.
3. **Economics** - Constructing New ASR Wells scenario produces a better Present Value (PV) Cost of Recharged Water than rehabilitating existing wells because new wells have higher and more sustained capacity, and should not need to be replaced during the 40-year project life-cycle. However, the PV Cost of recharge operations varies based on the ASR well development scenario, annual recharge volume goal, and a number of other factors.
4. **Economic Model** - Additional analysis and field-testing are needed to confirm or adjust the assumptions used to develop the economic model, including well injection rates, backwashing frequencies, and water quality compatibility.

LRE's draft report recommends that SSWD consider several actions before making a decision to implement ASR. These include conducting additional research into California water markets to develop a better understanding of demand and pricing, refining assumptions in the economic model, assessing opportunities to pursue grant funding, and conducting an ASR pilot study to further the District's understanding of the technical feasibility of conducting ASR and to improve cost estimates.

The final report will help the District determine if partnering with Carmichael Water District to construct the ASR well is beneficial to the District.

Fiscal Impact:

N/A

Strategic Plan Alignment:

Goal A - Provide a High Quality Reliable Water Supply by Ensuring it is Sustainable, Clean, and Safe

Goal B - Optimize Operational and Organizational Efficiencies

Goal C - Ensure Fiscal Responsibility and Affordable Rates

The District's ratepayers will benefit because it enhances the District's conjunctive use program, provides more water transfer options in the future, and potentially lowers the cost of surface water for the District.