

Agenda

**Sacramento Suburban Water District
Ad Hoc Water Banking and Transfer Committee**

3701 Marconi Avenue, Suite 100
Sacramento, CA 95821

Wednesday, February 17, 2021
4:00 p.m.

This meeting will be conducted both in-person in the District’s Boardroom at the address above, and by videoconference and teleconference using the information provided below. The public is invited to listen, observe, and provide comments during the meeting by any method provided. The Chairperson will call for public comment on each agenda item at the appropriate time and all votes will be taken by roll call.

Due to State guidelines on physical distancing in public gatherings, the Boardroom can accommodate a maximum occupancy of 14 members of the public at one time. Members of the public shall be admitted on a first-come basis with no reservations. When the occupancy maximum of 14 is reached, any remaining individuals will be directed to attend via video/teleconference remotely. Although the Boardroom will be setup to maintain required physical distancing, attendees must follow current State and County requirements. Prior to entry into the building, attendees will be asked to answer COVID-related health questions. Based on the answers, or if attendee refuses to answer questions, entry may be denied. Face masks are required to be worn at all times. Hand sanitizer and masks will be available at the entrance for attendees to use. Additionally, eating and drinking while in the building is prohibited, as it is not possible to maintain face coverings while eating and/or drinking.

The District recommends that members of the public participate in public meetings via videoconference and/or teleconference per the instructions below.

For members of the public interested in viewing and having the ability to comment at the public meeting via Zoom, an internet enabled computer equipped with a microphone and speaker or a mobile device with a data plan is required. Use of a webcam is optional. You also may call in to the meeting using teleconference without video. Please use the following login information for videoconferencing or teleconferencing:

Join the meeting from a computer, tablet or smartphone:

<https://us02web.zoom.us/j/88316718128?pwd=ZFlnU3JyWHd0anlGNUFuZ2hQRUE2dz09>

Meeting ID: 883 1671 8128

Password: 337961

You can also dial in using your phone: 1-669-900-6833

New to Zoom? Get the app now and be ready when your first meeting starts: <https://zoom.us/>. Zoom uses encryption of data during Zoom meetings. The District uses a secure password to restrict access to scheduled meetings. The meeting host has control of content sharing, recording, and chat.

Please mute your line.

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.

Consent Items

The Committee will be asked to approve all Consent Items at one time without discussion. Consent Items are expected to be routine and non-controversial. If any Board member, staff, or interested person requests that an item be removed from the Consent Items, it will be considered with the Items for Discussion and/or Action.

1. Minutes of the September 28, 2020, Water Banking and Transfer Committee Meeting

Recommendation: Approve subject minutes.

Items for Discussion and/or Action

2. Placer County Water Agency Memorandum of Understanding for Wheeling Capacity

Recommendation: Recommend the full Board to approve of a Memorandum of Understanding with PCWA for the right to purchase and convey up to 15 MGD through the Cooperative Transmission Pipeline and Antelope Transmission Pipeline, and authorize the General Manager to execute and sign the Memorandum of Understanding, subject to review and approval by District legal counsel.

3. 2021 Water Transfer Program Update

Recommendation: No action. Receive 2021 Water Transfer Program update.

Adjournment

Upcoming Meetings:

- Monday, February 22, 2021, at 5:30 p.m., Special Board Meeting
- Monday, February 22, 2021, at 6:00 p.m., Regular Board Meeting
- Monday, March 15, 2021, at 6:00 p.m., Regular Board Meeting
- Wednesday, March 17, 2021, at 4:00 p.m., Facilities and Operations Committee Meeting
- Monday, April 5, 2021, at 4:00 p.m., Regulatory Compliance Committee Meeting

I certify that the foregoing agenda for the February 17, 2021 meeting of the Sacramento Suburban Water District was posted by February 11, 2021 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

Minutes

Sacramento Suburban Water District
Ad Hoc Water Banking and Transfer Committee
Monday, September 28, 2020

Location:

Video and Audio Conference Only at 1-669-900-6833, or Zoom at Meeting Id #899 6579 7665

Call to Order – Videoconference/Audioconference Meeting

Chair Thomas called the meeting to order at 5:00 p.m.

Roll Call

Directors Present: Kevin Thomas and Robert Wichert.

Directors Absent: None.

Staff Present: General Manager Dan York, Assistant General Manager Mike Huot, and Heather Hernandez-Fort.

Public Present: None.

Announcements

None.

Public Comment

None.

Items for Discussion and/or Action

1. Placer County Water Agency Agreement Amendment No. 3

Assistant General Manager Mike Huot (AGM Huot) presented the staff report and answered clarifying questions.

Director Wichert inquired whether the water that comes to the District from PCWA and leaves our system at a future time, or through a groundwater substitution is subject to paying PCWA 50% of the revenue.

AGM Huot expressed he will look into it.

Director Wichert congratulated staff on good negotiating, and requested staff look into discussing a take-or-pay option with the City of Sacramento.

Chair Thomas stated he would rather lease or rent the capacity in a future agreement for the CTP rather than sell it.

Staff agreed with Chair Thomas.

The Committee endorsed providing the Item to the full Board with the Consent Items, with a recommendation to approve.

Adjournment

Chair Thomas adjourned the meeting at 5:18 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

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Water Banking and Transfer Committee

Agenda Item: 2

Date: February 17, 2021

Subject: Placer County Water Agency Memorandum of Understanding for Wheeling Capacity

Staff Contact: Dan York, General Manager

Recommended Committee Action:

Recommend the full Board to approve of a Memorandum of Understanding with PCWA for the right to purchase and convey up to 15 million gallons per day through the Cooperative Transmission Pipeline and Antelope Transmission Pipeline, and authorize the General Manager to execute and sign the Memorandum of Understanding, subject to approval by District legal counsel, and present as a Consent Item at the March 15, 2021, regular Board meeting.

Benefit to the District:

Entering into a Memorandum of Understanding with PCWA for the purchase and conveyance of water through the Cooperative Transmission Pipeline (CTP) allows the District to utilize infrastructure that is currently underutilized and also receive funds through the wheeling charges.

Background:

San Juan Water District (SJWD) owns the CTP and the District owns the Antelope Transmission Pipeline (ATP). Although SJWD owns the CTP, per an “Agreement for Ownership, Utilization, Operation and Maintenance of the Cooperative Transmission Pipeline” dated July 1, 1997, between SJWD and the District, the District owns 59.2 million gallons per day (MGD) of capacity in the CTP. The District purchased the subject capacity for approximately \$4 million. The District is also obligated to cover a portion of maintenance costs and capital replacement and improvement costs for the CTP.

On August 21, 1995, Placer County Water Agency (PCWA) and Northridge Water District (NWD) entered into a Water Supply Agreement (Agreement). PCWA owns and operates the Middle Fork American River Project, and NWD provided water in its service area primarily with groundwater. The Agreement was intended for PCWA to sell surplus water under their Water Rights to NWD under terms and conditions of the Agreement.

The Agreement has since been amended three times, as indicated below:

- Amendment No. 1 stipulated that the District is the successor entity to NWD following the consolidation of NWD and Arcade Water District, and that the District has succeeded to

all the rights and obligations of NWD under the Agreement. Amendment No. 1 also added in the “take-or-pay” provision where the District is required to pay PCWA the cost of the surface water when the water is available to deliver. Effective September 1, 2008, the “take-or-pay” was 16,000 acre-feet, and effective January 1, 2009 the “take-or-pay” was reduced to 12,000 acre-feet.

- Amendment No. 2 extended the term of the Agreement to December 31, 2045. The extension was due to the District obtaining a Long Term Warren Act Contact in 2018.
- Amendment No. 3 reduced the take-or-pay amount from 12,000 acre-feet to 8,000 acre-feet, adjusted the time and method of payment from quarterly to semi-annual, with payments due following when deliveries are made, and reduced the net revenue amount owed to PCWA for selling, leasing, transferring, or disposing of water outside the authorized service area from 95% to 50%, or an amount that SSWD and PCWA agrees upon on a case-by-case basis.

Discussion:

During the Amendment 3 negotiations between the District and PCWA, a discussion ensued regarding the District’s shoulder capacity in the CTP. PCWA is interested in exploring a new option for treated water supplies for their water delivery obligations in developing areas, such as Placer Vineyards and Regional University developments in City of Roseville.

Both the District and PCWA recognize the benefit of having multiple methods of water transmission available to achieve their reliability goals and meet the needs of growth within their independent service areas at the most efficient cost. The two agencies also recognize the mutual importance and benefit to each of working cooperatively to optimize the available resources and existing infrastructure to serve their respective customer bases.

There is available capacity in the CTP that is not being fully utilized by the District, therefore, PCWA may wish to purchase the right to convey up to 15 MGD through this available capacity, known as wheeling capacity.

The purpose of the Memorandum of Understanding (MOU) is to memorialize the agreement and understanding with respect to a partnership that would give PCWA the option to purchase wheeling capacity in both the CTP and ATP from the District that would enable PCWA to meet future water delivery obligations in the Placer Vineyards and Regional University developments in City of Roseville.

In the event that the District proposes to sell any amount of wheeling or transmission capacity in the CTP or the ATP to a third party, PCWA shall have the right of first refusal to purchase such capacity. The District shall provide ninety (90) days’ written notice to PCWA of its intention to sell such wheeling or transmission capacity, whereas, PCWA shall advise the District whether it intends to exercise its option to purchase by the end of the ninety (90) day period.

Note: The District and PCWA acknowledge and agree that nothing in this MOU requires, or implies that this MOU is intended to obligate, PCWA to purchase wheeling capacity, or the District to sell wheeling capacity.

Fiscal Impact:

Unknown at this time. Potential to receive funding from the wheeling charges.

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

**MEMORANDUM OF UNDERSTANDING BETWEEN PLACER COUNTY WATER AGENCY
AND SACRAMENTO SUBURBAN WATER DISTRICT
FOR WHEELING CAPACITY**

This Memorandum of Understanding ("MOU") is entered into by and between Placer County Water Agency, a public agency (the "Agency"), and Sacramento Suburban Water District, a public agency in the County of Sacramento, California (the "District"), and will take effect as of the date on which both the Agency and the District have executed this MOU. The Agency and the District may be collectively referred to as the "Parties," or each individually as a "Party."

Recitals

- A. The Agency is a public agency and primary water resource agency for Placer County, California, created under the Placer County Water Agency Act, that provides, among other things, retail and wholesale supplies of treated and untreated water to customers throughout the west slope of Placer County. The Agency's service area is the entire County of Placer, however, the Agency currently only provides water service on the west slope of the county.
- B. The District is a public agency and primary water resource agency for northern Sacramento County, created under the County Water District Law (California Water Code Sections 30000 through 33901). The District's service area is shown as the shaded area identified in **Exhibit A** as "Sacramento Suburban Water District (SSWD)."
- C. The Agency and the District are parties to an agreement for Water Supply for Groundwater Stabilization, originally entered into on June 1, 2000, and previously amended by various amendments, which provides for up to twenty-nine thousand (29,000) acre-feet per year of water that would be made available by the Agency for use by the District under specified conditions.
- D. The Antelope Transmission Pipeline ("ATP") is a six (6)-mile pipeline owned by the District that conveys water from San Juan Water District to the District via the Cooperative Transmission Pipeline ("CTP"). The ATP is shown in the map in **Exhibit A**, "Antelope Transmission Pipeline, Cooperative Transmission Pipeline," which is attached hereto.
- E. The CTP is a large diameter transmission line that runs from the San Juan Water District ("SJWD")'s Peterson Water Treatment Plant ("WTP") to the District's service area via the ATP. The CTP is also shown in **Exhibit A**. Several agencies are currently connected to the CTP in addition to the District and SJWD; they are the Fair Oaks Water District ("FOWD"), Citrus Heights Water District ("CHWD"), and the City of Roseville ("Roseville"), Orange Vale Water Company ("OVWC"), Carmichael Water District ("CWD"), and California American

Water (“Cal Am”).

- F. Although SJWD owns the CTP, per an “Agreement for Ownership, Utilization, Operation and Maintenance of the Cooperative Transmission Pipeline” dated July 1, 1997, between SJWD and the District, the District owns 59.2 million gallons per day (“MGD”) of capacity in the CTP. The District is also obligated to cover a portion of maintenance costs and capital replacement and improvement costs for the CTP.
- G. The Agency is interested in exploring a new option for treated water to be transmitted to the Agency at a future intertie and pipeline in Watt Avenue so as to enable the Agency to meet future water delivery obligations to a part of its service area near where Watt Avenue runs north into Placer County.
- H. Both the Agency and the District recognize the benefit of having multiple methods of water transmission available to achieve their reliability goals and meet the needs of growth within each Party’s service area at the most efficient cost. The Parties also recognize the mutual importance and benefit to each of working cooperatively to optimize their available resources and existing infrastructure to serve their respective customer bases.
- I. The District currently has available capacity in the CTP and the ATP that is not being fully utilized by the District and the Agency may wish to purchase the right to convey up to fifteen (15) MGD through this available capacity (“wheeling capacity”).
- J. The Parties have elected to take advantage of the opportunity to partner with each other with respect to the possibility of the District providing wheeling capacity to the Agency in both the CTP and ATP and allowing the Agency to transmit water to its service area via a future pipeline in Watt Avenue, under the terms provided herein.

In consideration of the mutual covenants contained, herein, the Parties agree as follows:

1. **Recitals Incorporated:** The foregoing recitals are true and are incorporated by reference.
2. **Purpose:** The purpose of this MOU is to memorialize the agreement and understanding of the Parties with respect to a partnership that would give the Agency the option to purchase wheeling capacity in both the CTP and the ATP from the District so as to enable the Agency to meet future Agency water delivery obligations to a portion of the Agency’s service area, including the Placer Vineyards and Regional University developments in western Placer County.
3. **Amount of Capacity:** The amount of wheeling capacity that the Agency shall have the option to purchase from the District shall be up to but not exceeding fifteen (15) MGD.
4. **Distribution Route:** Water purchased pursuant to the terms of this MOU would be delivered from

Folsom Reservoir to the Agency's service area via the following distribution route:

- a. SJWD's Peterson WTP (for treatment purposes and by separate agreement with SJWD);
 - b. Through the CTP;
 - c. Through the ATP;
 - d. To a future Intertie with the Agency in Watt Avenue.
- 5. Condition Precedent:** The Parties acknowledge and understand that the Agency's interest in purchasing wheeling capacity in the CTP and ATP is subject to SJWD's ability and agreement to treat Agency water at SJWD's Peterson WTP near Folsom Reservoir.
- 6. Right to Purchase:** Pursuant to this MOU, in the event that the District proposes to sell any amount of wheeling or transmission capacity in the CTP or the ATP to a third party, the Agency shall have the right of first refusal to purchase such capacity. The District shall provide ninety (90) days' written notice to the Agency of its intention to sell such wheeling or transmission capacity and the Agency shall advise the District whether it intends to exercise its option to purchase by the end of the ninety (90) day period, unless the Parties have agreed otherwise. In the event that the Agency has an active total of 15 MGD of wheeling capacity in the CTP and the ATP via purchase(s) from the District pursuant to this paragraph, then this paragraph shall not apply.
- 7. Cost of Capacity:** In the event that the District provides the Agency with written notice of an option to purchase pursuant to Paragraph 6, the District will also advise the Agency of the proposed cost for the amount of capacity being offered. The Parties acknowledge and agree that this proposed cost is subject to negotiation between the Parties and that the Parties will negotiate in good faith with respect to same.
- 8. Separate Agreement:** If the Agency exercises its option to purchase wheeling capacity in the CTP and the ATP, the Parties agree that the terms and conditions thereof, including terms and conditions regarding routing service via the District's distribution system, will be set forth in a separate, stand-alone written agreement.
- 9. No Obligation:** The Parties acknowledge and agree that nothing in this MOU requires, or implies that this MOU is intended to obligate, the Agency to purchase wheeling capacity or the District to sell wheeling capacity.
- 10. Notices:** Any notice to be given under this MOU shall be provided to those representatives identified in **Exhibit B** and may be made by: (a) depositing in any United States Post Office, postage prepaid, and shall be deemed received at the expiration of seventy-two (72) hours after its deposit; (b) transmission by facsimile copy; (c) transmission by electronic mail; or (d) personal delivery.

- 11. Term of MOU:** This MOU shall be effective as of the date first written above and shall remain in effect until one of the following occurs: (a) a new agreement is executed for the sharing of water as described in this MOU and no obligations under this MOU remain outstanding, or (b) the MOU is terminated by the mutual written agreement of both Parties or by operation of law.
- 12. Amendments:** Amendments to this MOU must be in writing and executed by both Parties.
- 13. Assignment:** Except as otherwise provided in this MOU, the rights and duties of the Parties may not be assigned or delegated without the written consent of the other Party and its respective governing body. Subject to the foregoing, this MOU will inure to the benefit of, and be binding on, the successors and assigns of the Parties hereto.
- 14. No Agency:** Each Party understands and agrees that there is no agency or joint venture relationship between the Parties. It is further understood and agreed by the Parties that notwithstanding anything contained herein, the employees of each Party shall continue to be entirely and exclusively under the direction, supervision, and control of the employing Party.
- 15. Responsibility for Costs:** Each Party understands and agrees that any internal, in-house or administrative costs, or expenses incurred by either Party related to that Party's obligations under this MOU shall be the sole responsibility of the Party incurring said costs and expenses.
- 16. No Third-Party Beneficiary:** The Parties understand and agree that this MOU creates rights and obligations solely among the Parties and is not intended to benefit any other party. No provision of this MOU shall in any way inure to the benefit of any third person so as to constitute any such third-person as a third-party beneficiary of this MOU or any of its items or conditions, or otherwise give rise to any cause of action in any person not a Party hereto.
- 17. Choice of Law:** This MOU shall be governed by the laws of the State of California.
- 18. No Conflict:** Nothing in this MOU is intended to conflict with current law, regulation, or policy. Further, nothing in this MOU is intended to restrict the authority of either Party to act as provided by law or regulation, or to restrict either Party from enforcing any laws or regulations within its authority or jurisdiction.
- 19. Severability:** If any provision of this MOU is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way, but only to the extent that the intent of the Parties can be effectuated without the provision or provisions held invalid, void, or unenforceable.
- 20. No Waiver:** The waiver by any Party to this MOU of any requirements, condition, or provision of this MOU shall not be deemed a waiver of any subsequent breach of that or any other requirement,

condition or provision of this MOU.

21. Signatories' Authority: The Parties represent that the undersigned individuals executing this MOU on their respective behalf are fully authorized to do so by law or other appropriate instrument and to bind said Parties to the obligations set forth herein.

22. Counterparts: The Parties hereto agree that this Agreement may be executed and delivered in counterparts which, when taken together, shall constitute a fully-executed Agreement. In addition, this Agreement may be executed via electronic pdf transmission and any such pdf signature shall be deemed to be an original signature.

23. Entire Agreement: This instrument and any attachments hereto constitute the entire MOU between the Parties concerning the subject matter hereof.

The foregoing is hereby agreed to by the Parties as of the date executed below.

PLACER COUNTY WATER AGENCY

By: _____ Date: _____
Name:
Title:

ATTEST

By: _____ Date: _____
Name:
Title:

SACRAMENTO SUBURBAN WATER DISTRICT

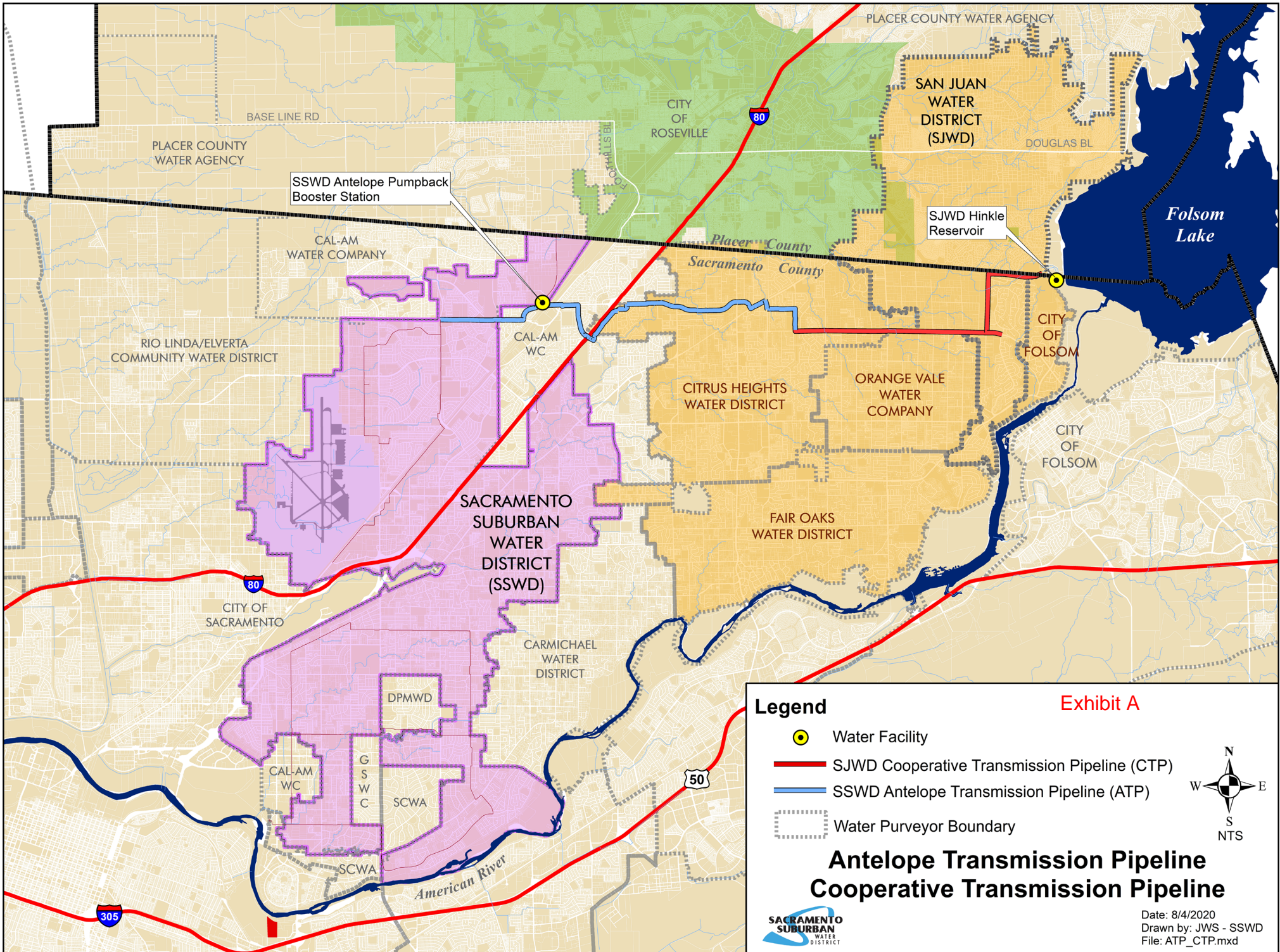
By: _____ Date: _____
Name:
Title:

ATTEST

By: _____ Date: _____
Name:
Title:

Exhibit A

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Legend

- Water Facility
- SJWD Cooperative Transmission Pipeline (CTP)
- SSWD Antelope Transmission Pipeline (ATP)
- Water Purveyor Boundary

Exhibit A



**Antelope Transmission Pipeline
Cooperative Transmission Pipeline**



Date: 8/4/2020
 Drawn by: JWS - SSWD
 File: ATP_CTP.mxd

Exhibit B

Placer County Water Agency and Sacramento Suburban Water District Cooperative Pipeline Representatives

Tony Firenzi, Director of Strategic Affairs
Placer County Water Agency (Agency)
P.O. Box 6570
Auburn, CA 95604
Office: (530) 823-4965
Mobile: (916) 624-0640

Dan York, General Manager
Sacramento Suburban Water District (District)
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821
Office: (916) 679-3973
Mobile: (916) 869-7349

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Water Banking and Transfer Committee

Agenda Item: 3

Date: February 17, 2021

Subject: 2021 Water Transfer Program Update

Staff Contact: Dan York, General Manager

Recommended Committee Action:

No action. Receive 2021 Water Transfer Program Update.

Background:

The District has participated in water transfers, both independently and regionally, since 2009. In total, the District has received approximately \$6 million in revenues from water transfer participation.

At the District’s January 19, 2020, regular Board meeting, the General Manager was given the authority to execute and sign water transfer agreements that will benefit the District, for five years (2020-2024), subject to approval by District legal counsel of any non-substantive changes to such agreements. As such, the District participated in a regional water transfer in 2020, which resulted in the District receiving approximately \$1 million from that particular water transfer.

Discussion:

The Sacramento Region is interested in a 2021 water transfer. Interested parties to date are City of Folsom and Sacramento, Carmichael Water District, County of Sacramento, San Juan Water District, and Sacramento Suburban Water District. Both the State Water Project (SWP) and Central Valley Project (CVP) buyers are interested in purchasing transfer water in 2021. The CVP group has already solicited letters of intent from sellers in the Sacramento Valley. The SWC’s are working with their buyers to prepare a term sheet, which could circulate as early as the week of February 8, 2021.

To date, no prices or quantities for 2021 transfer water have been identified by either buyer group. However one interesting development is the Butte Water District just signed a contract for a four-year transfer with a private buyer in the San Joaquin Valley. The water is priced at \$525 per acre foot and apparently includes a guaranteed option payment of \$400,000 per year for three years. What this transaction may indicate is that the State Groundwater Management Act is starting to motivate big farming interests in the valley to secure their own supplies through direct purchases, which could become a common practice. In order to consider such an option, interested agencies would have to prepare a long-term CEQA EIR/EIS to provide coverage for multi-year deals of this type.

District staff will continue discussions related to the 2021 Water Transfer Program and report back as necessary.