

# **Agenda**

## **Sacramento Suburban Water District Special Board Meeting**

3701 Marconi Avenue, Suite 100  
Sacramento, California 95821

Friday, April 1, 2016  
4:30 p.m.

Where appropriate or deemed necessary, the Board 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 Board concerning an agenda item either before or during the Board'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 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 the opportunity for the public to comment on non-agenda items within the Board's jurisdiction. Comments are limited to 3 minutes.

### **Item for Discussion and Action**

1. 2016 Water Transfer Program  
*Receive written staff report and direct staff as appropriate.*

### **Director's Comments/Staff Statements and Requests**

The Board and District staff may ask questions for clarification, and make brief announcements and comments, and Board members may request staff to report back on a matter, or direct staff to place a matter on a subsequent agenda.

**Closed Session (Closed Session Items are not opened to the public)**

None.

**Adjournment**

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**Upcoming Meetings**

Monday, April 18, 2016 at 6:30 p.m., Regular Board Meeting

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I certify that the foregoing agenda for the April 1, 2016 meeting of the Sacramento Suburban Water District Board of Directors was posted by March 29, 2016 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was freely available to the public.

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Robert S. Roscoe  
General Manager/Secretary  
Sacramento Suburban Water District



## Agenda Item: 1

**Date:** March 28, 2016

**Subject:** 2016 Water Transfer Program

**Staff Contact:** Dan York, Assistant General Manager

### **Recommended Board Action:**

Authorize the General Manager to enter into agreements for water transfers with Placer County Water Agency and City of Sacramento, subject to approval by District legal counsel of any non-substantive changes to such agreements, along with guidelines, which are listed below:

1. Placer County Water Agency (PCWA) to institute a groundwater substitution transfer which would forego receipt of Middle Fork Project surface water.
2. City of Sacramento (City) to institute a groundwater substitution transfer of Area D Surface Water.
3. Utilize revenue received from water transfers to purchase future surface water at a rate lower than revenues received from water transfers.
4. General Manager to enter into agreement for water transfers at a rate no less than \$400 per acre feet (af).

### **Background:**

With California in a potential fifth year of a drought, the shortage of water supplies is causing economic projections to show serious impacts to farms, farm workers and agriculture related business. This has also resulted in limited surface water supplies available to many urban water users. As a result, there is currently a transfer market. In addition, the District Board of Directors adopted a budget that assumes \$1.3 million of revenue through water transfers in CY2016.

This topic was brought before the Board of Directors as an Action Item at the March 21, 2016 regular Board meeting. The Board voted 3-2 against any water transfers in 2016. The Board subsequently voted 3-2 in favor of bringing the water transfer opportunities before the Ad Hoc Water Banking and Transfer Committee (Committee). The Board gave the Committee authority to direct the General Manager to enter into water transfer agreements.

### **Discussion:**

The Committee met on March 25, 2016. Staff provided the Committee an outline of four opportunities for water transfers, which are listed below:

1. Placer County Water Agency (PCWA) to institute a groundwater substitution transfer which would forego receipt of Middle Fork Project surface water.
2. City to institute a groundwater substitution transfer of Area D Surface Water.
3. City of Sacramento (City) to exchange surface water diversions for District groundwater.
4. San Juan Water District (SJWD) in a regional collaborate water transfer which includes participation with Citrus Heights Water District (CHWD) and Fair Oaks Water District (FOWD).

The Committee chose to proceed with #1 – Groundwater substitution transfer with PCWA and #2 – Groundwater substitution transfer with the City. Upon approving the subject transfers, the Committee directed staff to develop a strategy to utilize revenues received from water transfers to purchase future surface water supplies at a rate lower than the water was sold to a buyer. The net revenue of the transfer, less all costs, shall be sufficient to purchase at least 10% more surface water than water sold at previously established rates under existing contracts such that the net result of the transfer is sure to result in more in-lieu surface water banking than water sold, thus offsetting the groundwater from the basin with surface water to further preserve the District's in-ground resources. In addition, the Committee directed staff to prepare guidelines for the General Manager to follow when considering entering into an agreement with a buyer.

The PCWA water transfer would consist of selling the District's contracted water to a buyer and provide PCWA with a negotiated amount. The District would transfer approximately 5,000 af during the water transfer period. In the 2009 water transfer the District paid PCWA \$70 per af from the \$275 per af received from the buyer. The price for water transfers is being "benchmarked" at approximately \$500 to \$550 per af. The actual terms for an agreement in 2016 are anticipated to be a \$100 per af payment to PCWA and no less than \$400 per af from a buyer.

The City water transfer would be a groundwater substitution during Hodge Flows. The District would transfer approximately 3,000 af, depending on how long the releases are above Hodge Flows on the American River. The District would pay the City a charge for the use of Area D water. In the 2013 water transfer, the District paid the City \$38 per af for the Area D water from the \$190 per af sale price. The price for water transfers is being "benchmarked" at approximately \$500 to \$550 per af. The actual terms for an agreement in 2016 are anticipated to be a \$100 per af payment to the City and no less than \$400 per af from a buyer.

Once an agreement is signed, the buyer pays to any seller \$50,000 for Administration/Legal expenses. Currently Santa Clara Valley Water District and San Luis and Delta-Mendota Water Authority is looking for water and expressing a preference for groundwater substitution supplies. SL&DMWA may have a bit of an advantage as it appears there may be more available pumping capacity for transfers at the Central Valley Projects Jones Pumping Plant. It will be advantageous for the District to begin talking to buyers as soon as possible to try to secure priority for a District transfer.

**Fiscal Impact:**

The purchase price for the potential water transfers is approximately \$500- \$550 per af. The amount of water forecast to be transferred with PCWA is approximately 4,000 af. The amount of water to be transferred with the City is approximately 3,000 af. This would depend on how long the release pattern of the USBR is above Hodge flows on the American River. Staff estimates that the District could net between \$1,500,000 and \$2,000,000 on the combined 2016 water transfers, depending on the amount of transferred water.

**Strategic Plan Alignment:**

Finance (C) – Combine sound and efficient business procedures with regular and simple reporting, ensuring proper handling and reporting of all District financial processes. Securing a water transfer agreement will provide revenue to assist in reducing District debt service.

Leadership – 5.C. Participate in regional water management partnerships. Participation in the 2009 Drought Water Bank requires the District to partner with several agencies and work through SGA and RWA in the process as well as the State of California, Department of Water Resources.

The District's ratepayers will benefit from a water transfer as it will generate additional revenues that can be used by the District for purchase of surface water in-lieu of groundwater pumping, water system maintenance, replacements and upgrades or other purposes without any impacts on service.