

FOWD/SJWD AD HOC COMMITTEE
Representatives of the Board of Directors of
Fair Oaks Water District and San Juan Water District

FAIR OAKS WATER DISTRICT

Michael McRae, President
Chris Petersen, Vice President

SAN JUAN WATER DISTRICT

Dan Rich, President
Ted Costa, Director

AGENDA

June 19, 2023

6:00 p.m.

at

**San Juan Water District
9935 Auburn Folsom Road
Granite Bay, California**

To attend via videoconference, please use the following link:

Please join the meeting from your computer, tablet or smartphone.

<https://meet.goto.com/245724141>

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Please mute your line.

- A. Call to Order
- B. Old Business
 - 1. Report Back on FOWD proposed Wholesale Water Delivery Agreement Amendments by SJWD
 - 2. Report Back on Voluntary Agreement Discussions – Deadlines for Participation
- C. New Business
 - 1. Develop Bullet Point Framework for an SJWD and FOWD ASR Project - FOWD New York Well
- D. Agenda Items for Next Meeting
- E. Public Comment
- F. Adjournment

FOWD-SJWD 2x2 Ad Hoc Committee Meeting Minutes

San Juan Water District

May 22, 2023

6:00 p.m.

Committee Members: Mike McRae, FOWD Member
Chris Petersen, FOWD Member
Dan Rich, SJWD Member
Ted Costa, SJWD Member

Staff: Tom Gray, FOWD General Manager
Paul Helliker, SJWD General Manager
Greg Zlotnick, SJWD Water Resources Manager
Tony Barela, SJWD Director of Operations

Topics: Voluntary Agreement Groundwater Substitution Transfers
SJWD Water Right Protection – Proposed Wholesale Agreement Language
FOWD-SJWD Groundwater Partnership – Project-Specific Action Items
Sacramento Regional Water Bank Governance Document
Agenda Items for Next Meeting
Public Comment

1. Voluntary Agreement Groundwater Substitution Transfers

General Managers Tom Gray and Paul Helliker described the current discussions among the Sacramento region agencies that will provide groundwater substitution water for the Voluntary Agreement, and the plans for distribution of the \$55 million in associated funding from the California Department of Water Resources. GMs Gray and Helliker also discussed the upcoming meeting on May 24 among Wholesale Customer Agencies, to work on the details of agreements to implement the “fair share” contributions identified by the regional groundwater group.

2. SJWD Water Right Protection – Proposed Wholesale Agreement Language

GM Gray reviewed draft revisions to the Wholesale Water Supply Agreement that were proposed by FOWD. The committee discussed the proposed revisions, and GM Helliker provided his perspective. The committee requested that the GMs discuss the proposed revisions further, before bringing the subject back to a future committee meeting. Director Ted Costa requested that SJWD legal counsel review any proposed changes to the Agreement developed by the GMs.

3. Sacramento Regional Water Bank Governance Document

GM Helliker provided a summary of the comments that SJWD provided on the draft governance document for the Water Bank, prepared by RWA/SGA.

4. Agenda Items for Next Meeting

The committee decided to focus at its next meeting (June 19 at 6 p.m.) on the elements of a project-specific partnership between FOWD and SJWD.

5. Public Comment

There were no public comments.

The meeting was adjourned at 7:30 p.m.

Groundwater Banking – SGA Eastern Area

Program Components/Tasks – Specific Well Projects – 12-10-21

Development of Facilities: Production Well

1. Identify location and purchase property
2. Determine aquifer characteristics – depth to groundwater, water quality, transmissivity
3. Design well and secure permits and approvals
4. Install well and production facilities

Additional Tasks – ASR Well

1. Determine aquifer characteristics – chemistry of blended water, fate of injected water, etc.
2. Conduct any necessary pilot testing
3. Secure any necessary additional approvals (such as Regional Water Quality Control Board approval)

Management of Facilities

1. Define and implement operational plans and protocols
2. Develop and adopt any agreements for partnerships, including ownership and allocation of produced water
3. Allocate necessary staffing, equipment, supplies and budget
4. Monitor and report on operations to oversight organizations and partners

Additional Tasks – ASR Well

1. Develop an accounting protocol to define amount of banked water
2. Identify surface water supplies and develop agreement with provider of these supplies
3. Adopt agreements with any partners for ownership of banked water

Financing of Facilities

1. Manage expenses and budget/revenues during design, construction and operation of facilities
2. Adopt agreements for any financial partnerships between well owner and other project participants

Analysis of Developing an ASR Project Between FOWD and SJWD – May 1, 2023 DRAFT



ANALYSIS OBJECTIVES

1. Determine if the investment and development of an agreement between FOWD and SJWD for an ASR Project is a reasonable business decision for the FOWD and SJWD Boards.
2. Determine how the implementation of local groundwater sustainability plans and Sacramento Regional Water Bank will influence the potential agreement.

INTERNAL FACTORS

STRENGTHS (+)

- ASR Well Already Drilled
- Significant Groundwater Resources Available
- Significant Surface Water Resources Available
- High Quality Groundwater Available
- High Quality Surface Water Available
- Existing Infrastructure Capacity
- Unique Existing Infrastructure That Can Handle 100% GW or 100% SW
- FOWD and SJWD are both SGA Board Members

WEAKNESSES (-)

- Regulations
- Relationship Disfunction
- SMUD Power Cost Impacts
- Required Capital Investment
- Operational Learning Curve
- Existing Under Utilized Water Supply

EXTERNAL FACTORS

OPPORTUNITIES (+)

- Beneficial Use of Water Supply
- Increased Water Supply Reliability
- Potential Revenue

THREATS (-)

- Future Groundwater Control by Others
- Assignment of Groundwater Rights by Others
- GW Contamination
- Future Operating Restrictions on Existing Wells
- Implementation of the Sustainable Groundwater Management Act
- Lost opportunity to become the Backbone of Future Regional Water Transfers
- Potential litigation by others due to GW basin impacts

EVALUATION OF OBJECTIVES

Opportunity exists for FOWD and SJWD to enhance water supply reliability and gain return on stranded water infrastructure investment with the development and implementation of the proper water supply mix and local groundwater sustainability plans.

Meeting the above objective will require the FOWD and SJWD Board commitment to an active role in development and implementation of local groundwater sustainability plans and the future investment in both FOWD GW and SJWD SW.

Collaboration Scenarios
Conjunctive Use and Groundwater Banking
2-2-2023 Draft

1.0 Summary

San Juan Water District (SJWD) conducts a variety of business activities with the Wholesale Customer Agencies (WCAs), including those focused on ensuring reliable water supplies under various hydrologic conditions. SJWD and the WCAs jointly operate the Cooperative Transmission Pipeline (CTP), which provides the capability of delivering surface water from Folsom Reservoir to SJWD's wholesale service. SJWD and the WCAs are now considering additional partnerships to increase their ability to conjunctively use surface and groundwater supplies, thereby increasing water supply reliability and their joint ability to transfer water supplies to other parties, to meet various needs.

2.0 Partnership Opportunities

Currently, SJWD has adequate surface water diversion, treatment and transmission capacity to meet projected surface water supply needs for the WCAs, including its own retail service area. SJWD's 120 MGD (150 maximum MGD) surface water treatment plant, its 62 MG Hinkle Reservoir for treated water storage, and the various transmission pipelines (CTP – 72", Fair Oaks – 40" and Citrus Heights – 42") have reliably delivered more than 73,000 acre-feet of treated surface water from Folsom Reservoir to both its wholesale service area and to SSWD and California American Water Company (Cal-Am), at rates of up to 139 MGD. SJWD has various water rights and entitlements totaling up to 82,200 AF/yr when hydrology permits, of which 58,000 AF/yr is available as a relatively firm supply.

When SJWD's wholesale demands do not require the use of all of its available supplies, it can transfer unused water to the WCAs use in lieu of groundwater, which could be considered banked water, including pursuant to the provisions of the banking protocol defined by the Sacramento Groundwater Authority. This water that can be banked via in-lieu accounting includes SJWD's water right water, as well as purchases of CVP water under SJWD's Repayment Contract. For example, this protocol has resulted in the banking of more than 385,000 of groundwater in the SGA portion of the North American subbasin aquifer.

In the future, SJWD's water right water could also be banked by the WCAs via direct injection, if and when they install aquifer storage and recovery technology. Also, once the Bureau of Reclamation acknowledges that the North American subbasin aquifer is a groundwater bank, SJWD will be authorized to bank within its wholesale service area the CVP contract supplies of other CVP contractors, and SJWD will be able to bank its own CVP contract supplies and those of other CVP contractors outside of SJWD's service area, either via in-lieu use or direct injection.

While SJWD has never failed to have adequate surface water supplies to meet wholesale customer demands, its ability to receive deliveries from Folsom Reservoir could be reduced, should reservoir levels fall below 110,000 AF. Below that level, SJWD and the City of Roseville would be forced to rely on, and share, the maximum 60 cubic feet per second (cfs) capacity of an emergency pump operated by the Bureau of Reclamation. SJWD's water rights allow for diversion of up to 75 cfs during the peak summer months, and its diversions of supplies from the Placer County Water Agency and its CVP water add to this total amount, thus indicating the inadequacies of 60 cfs of shared capacity.

The threat of this reduced pumping capacity under low reservoir conditions - which almost occurred in 2015 – led SJWD, Orangevale and Folsom to build the Antelope Pump Station to be able to provide backup groundwater supplies to the three agencies, if necessary. Citrus Heights Water District (CHWD) and Fair Oaks Water District (FOWD), which are the other WCAs, have also constructed and operate groundwater wells for baseline and supplemental drought supplies. To ensure reliability and adequate production capacity to deliver groundwater to all of these agencies, they are evaluating the alternatives described below.

2.1 WCA Wells and Facilities – Partial Ownership by SJWD

In this scenario, individual WCAs and SJWD would jointly own the groundwater wells and associated facilities. Operational responsibilities would need to be defined, but given the expertise of certain WCAs in owning and operating groundwater facilities, their taking on that responsibility for the jointly-owned wells would likely be the optimal approach. SJWD would contribute to the operational costs, as well as to the repair and replacement costs. Allocation of the proportional share of the pumping capacity of the well(s) to each agency would also need to be defined.

2.1.1 Issues to Address via Agreements between the WCA and SJWD

Analysis and Design of Facilities

Capital Cost, Financing and Financial Participation

Operations Responsibilities and Cost Sharing

Quantities of Produced Groundwater Available to Each Party and Timing of Deliveries

2.2 WCA Wells and Facilities – SJWD Pays for Production Capacity

In this scenario, the WCA would own and operate the groundwater wells and associated facilities, and SJWD would purchase production capacity in those facilities by contributing funds toward installation or rehabilitation, etc. SJWD would also contribute to the operational costs, as well as to the repair and replacement costs. As part of the

financial and operational agreements between the WCA and SJWD, SJWD would be provided a guaranteed quantity of groundwater produced, for use either within the WCA's service area (which would then allow that amount of surface water supply to be dedicated to customers in SJWD's retail area, in Folsom or in Orangevale) or for use in the service areas of SJWD, Orangevale or Folsom.

2.2.1 Issues to Address via Agreements between the WCA and SJWD

Analysis and Design of Facilities

Capital Cost, Financing and Financial Participation

Operations Responsibilities and Cost Sharing

Quantities of Produced Groundwater Available to Each Party and Timing of Deliveries

2.3 WCA Wells and Facilities – SJWD Pays for Groundwater Produced

In this scenario, the WCA would own and operate the groundwater wells and associated facilities, and SJWD would purchase water supplies from those facilities. SJWD would be provided a guaranteed quantity of water produced, for use by SJWD and its Wholesale Customer Agencies. Under this option, SJWD would pay solely for the water produced, with no upfront financial contribution to the WCA partner for the cost of facilities or capacity in them.

2.3.1 Issues to Address via Agreements between the WCA and SJWD

Analysis and Design of Facilities

Capital Cost, Financing and Financial Participation

Operations Responsibilities and Cost Sharing

Quantities of Produced Groundwater Available to Each Party and Timing of Deliveries