

Meeting Date: 12/9/2014

Report Type: Consent

Report ID: 2014-00875

Title: Agreement: Cost-Sharing with Placer County Water Agency for Sacramento River Water Supply Analysis

Location: Citywide

Recommendation: Pass a Motion authorizing the City Manager or the City Manager's designee to execute a cost-sharing agreement for an amount not-to-exceed \$15,000 with the Placer County Water Agency (PCWA) for a Sacramento River Water Supply Analysis.

Contact: Bill Busath, Interim Director, (916) 808-1434; Dan Sherry, Interim Division Manager, Engineering & Water Resources, (916) 808-1419, Department of Utilities

Presenter: None

Department: Department Of Utilities

Division: Engineering & Water Resources

Dept ID: 14001311

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Attachment 1 Cost Sharing Agreement
- 4-Exhibit 1 West Yost Scope of Work

City Attorney Review

Approved as to Form
Kourtney Burdick
12/2/2014 11:35:32 AM

Approvals/Acknowledgements

Department Director or Designee: Bill Busath - 11/24/2014 1:16:06 PM

Description/Analysis

Issue Detail: A large number of the region's water supply agencies, including the City of Sacramento, have recently collaborated to identify regional solutions to improve water supply reliability. In previous years, the City participated in the Sacramento Regional Water Supply Reliability Project (SRWSRP), but primarily due to a significant downturn in the region's economy, that project was never completed. The improving economy, coupled with multi-year drought conditions, now warrant studying the possibility of reinitiating and re-envisioning a new Sacramento River water supply project.

This action will fund a cost-sharing agreement for the purpose of engaging a consultant(s) to develop a Project Framework Document that would re-conceptualize the SRWSRP for the purpose of establishing a potential path for advancing a new Sacramento River water supply project

Policy Considerations: This project is consistent with the Council focus areas of Sustainability and Livability and Public Safety by evaluating projects that improve water supply.

Economic Impacts: Not Applicable

Environmental Considerations: The Community Development Department, Environmental Planning Services has reviewed the agreement and has determined that participating in an evaluation of potential water supply alternatives is an exempt planning and feasibility study under the California Environmental Quality Act (CEQA) Guidelines, Section 15262. The cost sharing application is an administrative activity seeking to understand the feasibility of a future project. No physical changes in the environment will occur based upon this process. Any future action related to carrying out a project will be subject to environmental review if required pursuant to CEQA.

Sustainability Considerations: The cost sharing agreement facilitates an evaluation of the potential for new water supply alternatives for the City and other agencies.

Commission/Committee Action: Not Applicable

Rationale for Recommendation: Funding the City's share of the Sacramento River Water Supply Project Framework Document will allow for cost-effective analysis of the potential for a regional water supply project by sharing project costs equally with 10 agencies.

Financial Considerations: The City's total cost under the proposed Project Agreement is not to exceed \$15,000. Funding will come from the Water Supply Master Plan project (Z14000500).

Local Business Enterprise (LBE): Not Applicable

BACKGROUND

The ongoing drought has highlighted water supply challenges throughout the region. Currently, many of the area's water agencies have begun collaborating on a potential regional project to improve water supply reliability. These water agencies are: California American Water Company, City of Folsom, the City of Roseville, the City of Sacramento, Placer County Water Agency, the Rio Linda/Elverta Community Water District, the Sacramento County Water Agency, the Sacramento Suburban Water District, the Citrus Heights Water District, and the El Dorado County Water Agency.

The agencies each desire to have water supplies, facilities, and contractual arrangements in place to provide high-quality, reliable long-term water supplies within their service areas. Several of the agencies entered into a Memorandum of Understanding in 1998 leading to the American River Basin Cooperating Agencies Regional Water Master Plan Phase 1 Final Report that identified potential projects and programs to address these goals. These potential projects included the concept for an additional point of diversion from the Sacramento River.

Several of the agencies subsequently collaborated in the Sacramento Regional Water Supply Reliability Project (SRWSRP) which envisioned a new water supply diversion from the Sacramento River, a new water treatment plant, and associated conveyance facilities. The SRWSRP was not completed because of a significant downturn in the region's economy. The participating agencies now believe that a recovering local economy, coupled with recent multi-year drought conditions, warrant studying the possibility of reinitiating and re-envisioning a new Sacramento River water supply project.

The purpose of the proposed cost-sharing Agreement is to engage a consultant(s) to develop a Project Framework Document that would re-conceptualize the SRWSRP for the purpose of establishing a potential path for a new Sacramento River water supply project. Participation in this Agreement does not constitute approval of any future project.

Placer County Water Agency ("PCWA") has solicited and received a scope of work from West Yost Associates for this study, with a budget of \$130,249. All of the participating water agencies will share the costs and fees for developing the Project Framework Document equally. PCWA has been identified as the contract administrating agency of this study. The City's share is a not-to-exceed amount of \$15,000.

**COST-SHARING AGREEMENT REGARDING
DEVELOPMENT OF A PROJECT FRAMEWORK DOCUMENT FOR A
NEW SACRAMENTO RIVER WATER SUPPLY**

This Agreement is entered into as of _____ by the California American Water Company, City of Folsom, the City of Roseville, the City of Sacramento, Placer County Water Agency, the Rio Linda/Elverta Community Water District, the Sacramento County Water Agency, the Sacramento Suburban Water District, the Citrus Heights Water District, and the El Dorado County Water Agency who are individually referred to as a “Party” and collectively as the “Parties”.

RECITALS

A. All of the Parties have collaborated and participated in regional water supply planning activities for many years through the efforts of the Water Forum and the Regional Water Authority.

B. The Parties each desire to have water supplies, facilities and contractual arrangements in place to provide high-quality, reliable long-term water supplies within their service areas. Several of the Parties entered into a Memorandum of Understanding (MOU) in 1998 leading to the ARBCA Regional Water Master Plan Phase 1 Final Report that identified potential projects and programs to address the goals referenced above. Included in these potential projects was conceptually an additional diversion of surface water from the Sacramento River. Several of the Parties subsequently collaborated in the Sacramento Regional Water Supply Reliability Project (SRWSRP) which envisioned a new water supply diversion from the Sacramento River, a new water treatment plant and associated conveyance facilities. The SRWSRP was not completed because of a significant downturn in the region’s economy. The Parties now believe a recovering local economy, coupled with recent multi-year drought conditions, warrant the Parties studying the possibility of reinitiating and re-envisioning a new Sacramento River Water Supply Project.

C. The Parties desire to create a cost-sharing agreement to engage consultant(s) to develop a Project Framework Document that would re-conceptualize the SRWSRP for the purpose of establishing a potential path for advancing a new Sacramento River Water Supply Project. Participation in this Agreement does not constitute approval of any future project

D. Through this Agreement, the Parties desire to govern their payment of consultant costs and fees arising from their cooperative efforts related to developing a Project Framework Document for a new Sacramento River Water Supply.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals, and the mutual covenants and conditions contained herein, the Parties agree as follows:

1. Approval of Consultant's Scope of Work. The Parties acknowledge that Placer County Water Agency ("PCWA") has solicited and received a scope of work from West Yost Associates ("Consultant") concerning the development of a Project Framework Document for a new Sacramento River Water Supply and included as an Attachment to this Agreement. Each Party has reviewed and approves Consultant's scope of work. Consultant's approved scope of work is attached and incorporated into this Agreement as Attachment 1.

2. Administrating Agency. The Parties hereby appoint PCWA as the Administrating Agency under this Agreement. None of the employees of the Administrating Agency will be deemed to be employed by any of the Parties other than the Administrating Agency. PCWA is willing to enter into an agreement with Consultant upon execution of this Agreement by all Parties to direct Consultant to complete the scope of work. Any changes, additions or extensions to the approved scope of work will be made by PCWA only after approval by the Steering Committee as provided for in Section 4 of this Agreement. The other Parties shall have no contractual obligations whatsoever to any consultant under contract to the Administering Agency.

3. Cost-Sharing. The Parties' shall equally share in the costs and fees for developing the Project Framework Document. No Party's total obligation to fund the work shall exceed \$15,000 without further written approval by that Party's governing body or an employee with authority to approve a proposed additional expenditure. Administrative costs or expenses incurred by any Party related to that Party's participation in the activities under this Agreement that are not included as project costs under the Consultant's scope of work will be the responsibility of the Party incurring those costs and expenses.

4. Steering Committee and Direction of Work. The Parties will each appoint a representative to a Steering Committee, which will manage all work by Consultant by considering and approving task orders within the approved scope of work. The Steering Committee generally will meet at least once each month at locations to be decided by the committee during this Agreement's term. The Steering Committee will review work and receive updates from PCWA and Consultant on the progress of the work. A majority of all the members of the Steering Committee will be required to vote in the affirmative in order to direct any action by Consultant or PCWA related to this Agreement.

5. Cost-Sharing Upon Addition of Parties. A new Party may be added to this Agreement with: (i) approval by all members of the Steering Committee, and (ii) a written commitment by the new Party to pay its proportionate share of all of the Consultant's costs and fees incurred for the applicable scope or scopes of work by consultants, including work already performed under the applicable scope or scopes of work. Before adding a new Party to the Agreement, that new Party's share, and the shares of the pre-existing Parties, of any costs and fees incurred in relation to the applicable scope or scopes of work will be determined (as outlined in Section 3) by the Steering Committee and the new Party will agree to the Steering Committee's determination of cost as a condition of being admitted into participation under this Agreement.

6. Withdrawal and Cost-Sharing. Any Party may withdraw from this Agreement at any time; provided, however, that in the event a Party withdraws after the Steering Committee has authorized consultants to proceed with certain scopes of work and related task orders, the withdrawing Party shall remain obligated for payment of its proportionate share of the costs of such authorized work completed as of the date of the Party's withdrawal. Written notice of withdrawal shall be sent to all members of the Steering Committee not less than 30 days prior to the date of withdraw.

7. Term. This Agreement shall remain in effect until any of the following events occur: (a) a majority of the Parties withdraw from the Agreement;(b) the Steering Committee votes, by a two-thirds majority, to terminate this Agreement; or this Agreement is terminated by the Parties entry into a subsequent Agreement, which by its terms supersedes this Agreement.

8. Billing Procedures. As the Administrating Agency, PCWA will have the responsibility for collecting and managing each Party's contribution of funds under this Agreement to pay for the Consultant's approved work; processing invoices submitted by the consultants pursuant to the approved scopes of work and budget; preparing invoices to the Parties based on the shares specified in Section 1 or any future cost-sharing allocation approved by the Parties; and for maintaining an accurate accounting of this administration of funds. The Administering Agency has volunteered to perform this work and therefore shall not receive any remuneration for performing this function. The Parties will make payments on invoices presented by the Administering Agency within 30 days of the date of each invoice.

9. Work Product. All Parties shall receive copies of all draft and final work product funded under this Agreement.

10. Representations. The individuals signing this Agreement in a representative capacity warrant that they have the authority to do so on behalf of the entity or entities they represent, and further agree that as representatives of the entity or entities that they respectively represent, they themselves are bound by all terms of this Agreement.

11. Entire Agreement. This Agreement and any later-approved amendments or exhibits constitute the entire agreement of the Parties with respect to development of a Project Framework Document for a new Sacramento River Water Supply and supersede any prior oral or written agreement, understanding, or representation relating to the subject matter of this Agreement.

12. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original irrespective of the date of the execution, and said executed counterparts shall together constitute one and the same Agreement. Further, facsimile or .PDF copies of signatures shall be as effective as original signatures for evidencing execution of this Agreement. To ensure that each Party has a full copy of this Agreement, upon a Party's initial execution of this Agreement, that Party shall transmit a copy of its signature to PCWA, which shall then transmit copies of all Parties signatures to all other Parties to this Agreement.

13. Notices. All notices and other communications required to be given to a Party under the terms of this Agreement (a) shall be in writing; (b) shall be personally delivered, sent via first

class mail, or transmitted by facsimile or email with confirmation of receipt; and (c) shall be directed to such Party at the address, facsimile number or email address specified below, or at such other address, facsimile number or email address as such Party may hereafter designate by notice in accordance with this Section 12.

14. No Agency. Nothing in this Agreement is intended to create an agency relationship or joint venture among the Parties

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement for the development of a Project Framework Document for a new Sacramento River Water Supply.

CALIFORNIA-AMERICAN WATER COMPANY

By: _____

S. Audie Foster
Director of State Operations Northern District
4701 Beloit Drive
Sacramento, CA 95838
916-568-4259
audie.foster@amwater.com

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement for the development of a Project Framework Document for a new Sacramento River Water Supply.

CITY OF FOLSOM, A Municipal Corporation:

Date Evert W. Palmer, City Manager

ATTEST: FUNDING AVAILABLE:

Christa Saunders, City Clerk Date James W. Francis, CFO/ Finance Director Date

ORIGINAL APPROVED AS TO CONTENT: ORIGINAL APPROVED AS TO FORM:

Marcus Yasutake, Date Bruce C. Cline, City Attorney Date
Environmental & Water Resources Director

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement for the development of a Project Framework Document for a new Sacramento River Water Supply.

CITY OF ROSEVILLE

By: _____
Ray Kerridge
City Manager
311 Vernon Street, Roseville, CA 95678

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement for the development of a Project Framework Document for a new Sacramento River Water Supply.

CITY OF SACRAMENTO

By: _____

John Shirey
City Manager
915 I Street, 5th Floor
Sacramento, CA 95814

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement for the development of a Project Framework Document for a new Sacramento River Water Supply.

CITRUS HEIGHTS WATER DISTRICT

By: _____

Robert A. Churchill
General Manager
6230 Sylvan Road, Citrus Heights, CA 95610

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement for the development of a Project Framework Document for a new Sacramento River Water Supply.

EL DORADO COUNTY WATER AGENCY

By: _____

Dave Eggerton
General Manager
4110 Business Drive, Suite B
Shingle Springs, CA 95682

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement for the development of a Project Framework Document for a new Sacramento River Water Supply.

PLACER COUNTY WATER AGENCY

By: _____

David Breninger
General Manager
144 Ferguson Road
Auburn, CA 95604

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement for the development of a Project Framework Document for a new Sacramento River Water Supply.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

By: _____

Mary Henrici
General Manager
730 L St., Rio Linda, CA 95673
Facsimile:
E-mail:

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement for the development of a Project Framework Document for a new Sacramento River Water Supply.

SACRAMENTO COUNTY WATER AGENCY

By: _____

[Name]

[Title]

[Notice information]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement for the development of a Project Framework Document for a new Sacramento River Water Supply.

SACRAMENTO SUBURBAN WATER DISTRICT

By: _____

Robert S. Roscoe
General Manager
3701 Marconi Ave, Suite 100, Sacramento, CA 95821
Facsimile: (916) 972-7639
E-mail: rroscoe@sswd.org



September 19, 2014

Mr. Brent Smith
Director of Technical Services
Placer County Water Agency
P.O. Box 6570
Auburn CA 95604

SUBJECT: Update of Sacramento River Water Reliability Study—Phase 1

Dear Brent:

In order to identify the potential steps for securing regional water supply reliability for the Placer County Water Agency (PCWA), the City of Roseville, and the other potential regional stakeholders, West Yost Associates has developed the following proposed work scope, schedule, and budget. This work scope is intended to serve as a basis for preparing a road map for the Sacramento River Water Reliability Study (SRWRS), and is the first step in judging regional interest in reviving a regional water supply project, roughly defining alternatives that are tailored to the current needs and issues in the region, and giving potential project partners a first cut at the potential scope and costs they could face in implementing such a project.

WORK SCOPE

Task 1. Review and Summary of Previous Work

Pertinent documents were previously prepared that provide a good starting point for the SRWRS. These documents will be compiled and reviewed to determine the applicability to the current regional interests and needs. Some of the documents that will be reviewed include the status update report completed for the SRWRS in 2009 and the administrative draft EIR. Previous project work will be highlighted in a concise format to allow potential project partners to start with a common point of understanding and background. It is envisioned that the work product will include a summary matrix, with associated figures, that presents the most feasible previously identified alternatives, their updated relative costs (using Construction Cost Index price adjustments), and the advantages and disadvantages of each. In addition, the gaps in analyses, the current feasibility of each option, and suggestions for further evaluation will be noted.

Deliverables: Technical memorandum documenting previous work, including figures and a comparison matrix of previously evaluated project alternatives.

Task 2. Meet With Potential Project Partners

Each of the potential project partners will be individually contacted and interviewed to identify their interest, concerns, water supply needs, project goals, schedule drivers, and commitment to pursuing this project. Notes from these meetings will be consolidated into a concise summary of partner interests and will serve as the basis for development of alternatives that meet the overall needs of the partners. It is assumed that the potential project partners interviewed will include: PCWA, Sacramento Suburban Water District, the City of Roseville, the City of Sacramento, Rio Linda/Elverta Community Water Agency (RLWA), City of Folsom, El Dorado County Water Agency, California American Water, Citrus Heights Water District and the Sacramento County Water Agency. In addition, the Natomas Central Mutual Water Company (NCMWC) will be contacted because of its potential interest in sharing diversion capacity in one or more of its existing intakes.

Deliverables: Technical memorandum documenting meetings with the potential project partners, and a matrix comparison of their issues, objectives, and potential capacity needs.

Task 3. Assess Current Conditions/Issues and Scoping Impacts

Regional water supply conditions and issues have changed significantly over the past five years, the most notable of which include:

- Heightened water supply reliability concerns, due to the current drought, for those agencies that rely on American River water, thus leading to the need for a broadening of their supply source portfolios.
- Environmental impacts on the American River, as well as Folsom Lake's operational performance.
- Change in the potential regional project partners and their interests, water supply needs, and commitments.
- Potential NCMWC intake capacity availability for diversion from the Sacramento River, avoiding many of the environmental issues raised in the past regarding the construction of a new intake.
- Renewed interest in residential construction in Western Placer County and Northern Sacramento County after enduring a tough economic climate. (Additional residents will increase water demands on an already strained American River water supply. To continue to serve these areas with the existing water supply is problematic and requires other options to be evaluated).
- Potential growth in the RLWA over the next decade. RLWA is receiving increased interest from developers to build-out their service area. The additional growth has led to a strong desire to obtain surface water supply.
- The changing state water picture, including recent discussions about the potential conveyance alternatives through the Delta could provide unique opportunities to the region concerning funding, grants, and priority water rights.
- Potential changes in water rights, transfers, and exchange contracts. Water rights, transfers and exchanges were well defined in past work, but need to be updated to

ensure that all the project partners' interests and needs can be met under current and projected future conditions. The RLWA, for example, will be interested in obtaining rights or contract entitlements for surface water from the Sacramento River, and this interest must now be integrated with the water supply analyses completed in the past work, and the Water Forum Agreement and Purveyor-Specific Agreements for the American River. In addition, projections of water supply availability in the Sacramento River based on climate change issues and the impacts on Term 91 conditions and Shasta inflow, must be defined and assessed in relation to the changing supply demands being exerted on the Sacramento River.

- The regulatory process related to testing, design and approval of aquifer storage and recovery (ASR) wells has matured significantly over the past several years. There is now a more supportive statewide procedure for approval of testing and operation of ASR wells. More agencies are now considering this approach to be a critical component of their water supply portfolio, and assessing its benefits and cost-effectiveness for incorporation into their long-range water supply plans. The project partners should determine if ASR wells will be considered in their water supply portfolio and the associated capacity needed to bank water in the wet winter months.

The purpose of this work task will be to identify each major factor that will likely impact project feasibility and to define the general level of effort that will be needed in future feasibility studies. The future feasibility studies will analyze each issue, confirm its impact on project sizing, provide possible project alternative layouts, identify water supply yield and reliability, present planning-level cost estimates, and identify major hurdles.

Deliverables: Technical memorandum describing the current water supply issues facing the potential project partners, their potential impacts on the shaping of a future feasible project, and how these issues could be evaluated in the future.

Task 4. Identify Potential Feasible Alternatives

Based on the results obtained in completion of the three tasks described above, several conceptual alternatives will be developed that appear to meet the future needs of the project partners and appear to be the most feasible in light of current conditions. The description of each alternative (up to three) will include a definition of specific project facilities, preliminary sizing, raw and treated water pipeline lengths, and the potential for phasing of the alternative to implement project components that best match projected partner needs and economic and funding constraints. The alternatives will be compared in a matrix format, and the major factors affecting the feasibility of each alternative will be identified.

Deliverables: Technical memorandum containing a detailed description of up to three feasible alternatives, potential for phasing, and a matrix comparing their strengths and constraints, feasibility, primary implementation issues, and general estimate of level of cost, etc.

Task 5. Develop Preliminary Project Road Map

Based on the work completed in the above tasks, a road map will be prepared that illustrates how the project could be carried from today's status through feasibility analyses and environmental documentation to eventual implementation. This road map will identify off-ramps for the project partners' consideration as the work moves forward. This road map will also discuss approaches to water rights and transfers, stakeholder and public outreach, permitting and property acquisition, funding and other critical steps in the implementation process. The road map will be separated into logical phases and the deliverables from each phase will be clearly defined.

Deliverables: Technical memorandum providing a road map for project implementation including major phases of work, schedule and budget estimate for each work phase. It is anticipated that this road map will define work elements needed to carry the project from the feasibility studies through construction.

Task 6. Project Management

In addition to managing work product quality and controlling budget and schedule, this task will include formal presentations to the potential project partners at up to three project meetings and to the PCWA Board of Directors at up to two board meetings over the work period.

Deliverables: Brief monthly progress reports, up to three formal presentations to the project partners, and up to two formal presentations to the PCWA Board.

SCHEDULE

It is estimated that these work tasks can be completed by the end of May 2015, assuming an October 15, 2014 start date. Tasks will overlap to expedite completion. The anticipated duration of each task, including delivery of the draft and final work products, is outlined in the text and schedule table below:

- Task 1: Review and Summary of Previous Work – draft memorandum within three weeks of receiving notice to proceed, final a week after receiving client review comments.
- Task 2: Meet with Potential Project Partners – draft memorandum within a month of meetings, final a week after receiving comments. Meetings will begin after the Task 1 draft memorandum is complete. Meetings are expected to take up to four weeks.
- Task 3: Assess Current Conditions/Issues and Scoping Impacts – draft memorandum in six weeks, final a week after receiving comments. This task will begin after the Task 2 draft memorandum is complete.
- Task 4: Identify Potential Feasible Alternatives – draft memorandum in eight weeks, final two weeks after receiving comments. This task will begin after the Task 3 draft memorandum is complete.
- Task 5: Develop Preliminary Project Road Map – draft memorandum in three weeks, final a week after receiving comments. This task will begin after the Task 4 draft memorandum is complete.

