



4.1

Department of Utilities
Office of the Director

CITY OF SACRAMENTO
CALIFORNIA

1395 35th Avenue
Sacramento, CA 95822-2911
phone (916) 264-1400
fax (916) 264-1497/1498

APPROVED
BY THE CITY COUNCIL

August 31, 1998

SEP 22 1998

City Council
Sacramento, California

OFFICE OF THE
CITY CLERK

Honorable Members in Session:

SUBJECT: WATER SUPPLY PRINCIPLES OF AGREEMENT BETWEEN THE CITY OF SACRAMENTO, THE COUNTY OF SACRAMENTO, AND THE SACRAMENTO COUNTY WATER AGENCY

LOCATION AND COUNCIL DISTRICT: City-wide

RECOMMENDATION

It is recommended that the City Council approve the attached Principles of Agreement and authorize the City Manager to negotiate, subject to compliance with all applicable legal requirements and future City Council approval, agreements relative to surface water supplies.

CONTACT PERSONS: Jim Sequeira, Director of Utilities, 264-1407

FOR COUNCIL MEETING OF: September 22, 1998

SUMMARY

The County of Sacramento is working to obtain surface water entitlements to provide a future water supply for County areas. They are desirous of having the City, through its facilities and staff, divert, treat, and deliver (otherwise known as "wheeling") County water to County service areas. The County also may desire to receive some City water for County areas within the City's service area. Staff of the City's Department of Utilities and the County's Water Resources Division have negotiated a listing of principles regarding both agencies future water supply planning and projects. These principles provide the framework for future negotiations that could result in long-term agreements between the City and the County of Sacramento.

COMMITTEE/COMMISSION ACTION: None



CITY OF SACRAMENTO
DEPARTMENT
OF UTILITIES

Making a Difference in Your Neighborhood

City Council
August 31, 1998
Water Supply Principles of Agreement

BACKGROUND INFORMATION

The City of Sacramento (City) and the County of Sacramento (County) have been discussing water supply issues for decades. In 1987, both agencies developed a Memorandum of Understanding (MOU) to provide the basis for and description of the roles of the City, the County and Sacramento County Water Agency (SCWA) in the management and use of surface and groundwater. However, this document was immediately challenged by the East Bay Municipal Utility District on the grounds that it adopted a "project" without adequate environmental review under the California Environmental Quality Act (CEQA). The MOU subsequently was amended to reflect that the document was simply a guide to future water planning efforts and therefore exempt from CEQA requirements. In a further effort to work cooperatively on water planning efforts, in 1991 the City and County formed the City-County Office of Metropolitan Water Planning and initiated the regional planning process now called the Sacramento Water Forum.

In 1996 the U.S. Congress authorized a new Central Valley Project water supply contract (P.L. 101-514) in which the County, among others, was granted a surface water supply. In order to potentially utilize this contract and provide surface water to its service areas, the surface water would require river diversion, treatment, and transmission facilities. As this is a tremendous undertaking if started from scratch, the County has decided that it would be preferable to contract with the City to provide these water wheeling services. The County may also desire to enter into future wholesale contracts for the delivery of treated City water to County areas within the City's water service area. City and County staff have agreed that before any agreements are negotiated, it would be helpful to frame principles of mutual understanding between the City and the County regarding both agencies' future water supply planning and projects. These principles would then form the foundation of any negotiated agreements. Toward that end, City and County staff have over the course of the past six months constructed the attached Principles of Agreement.

ENVIRONMENTAL DETERMINATION

Environmental review is not required as Council approval is simply requested to approve the attached principles and authorize the City Manager to negotiate, subject to compliance with all applicable legal requirements and environmental obligations, and future City Council approval, the water wheeling and wholesale agreements referenced therein.

FINANCIAL CONSIDERATIONS

There are no financial implications as a result of this report.

POLICY CONSIDERATIONS

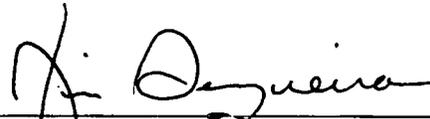
Approval of the attached principles is consistent with previous City-County water planning efforts as discussed above.

City Council
August 31, 1998
Water Supply Principles of Agreement

MBE/WBE

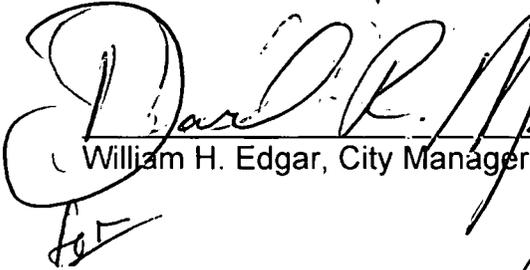
There are no services or supplies being purchased as a direct result of this report.

Respectfully submitted,



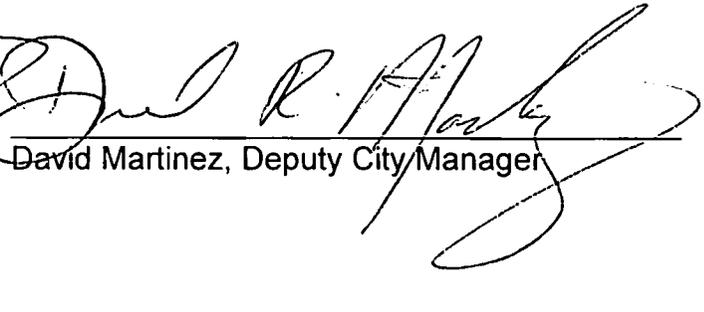
Jim Sequeira, Director of Utilities

APPROVED:



William H. Edgar, City Manager

APPROVED:



David Martinez, Deputy City Manager

APPROVED
BY THE CITY COUNCIL

RESOLUTION NO. 98-486

SEP 22 1998

ADOPTED BY THE SACRAMENTO CITY COUNCIL

OFFICE OF THE
CITY CLERK

ON DATE OF _____

The City Council of the City of Sacramento hereby resolves as follows:

WHEREAS, the City of Sacramento and the County of Sacramento have participated in cooperative water supply planning efforts, including the adoption in 1987 of a Memorandum of Understanding concerning their management and use of surface and groundwater, and the formation in 1991 of the City-County Office of Metropolitan Water Planning (CCOMWP); and

WHEREAS, the CCOMWP has been instrumental in facilitating the ongoing regional water planning effort known as the Sacramento Water Forum; and

WHEREAS, consistent with the Sacramento Water Forum's water planning efforts, the County/Agency desires to utilize the City's water diversion, treatment and transmission facilities to supply County areas with surface water obtained by County/Agency and/or to supply City water to County areas located within the City's water service area; and

WHEREAS, prior to negotiating any long-term agreements to utilize City facilities to supply water to the County, it is in both agencies' best interests to develop basic principles of agreement regarding both agencies' future water supply planning and projects, to provide a foundation and framework for any future negotiations concerning these matters; and

WHEREAS, City and County/Agency staff have drafted the attached Principles of Agreement for this purpose.

FOR CITY CLERK USE ONLY

RESOLUTION NO. _____

DATE ADOPTED: _____

NOW, THEREFORE, BE IT RESOLVED that the attached Principles of Agreement is hereby adopted and the City Manager is authorized to negotiate, subject to compliance with all applicable legal requirements and environmental obligation, and future City Council approval, water supply agreements with County/Agency consistent with the provisions of the attached Principles of Agreement.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO. _____

DATE ADOPTED: _____

**PRINCIPLES OF AGREEMENT
BETWEEN THE CITY OF SACRAMENTO AND THE COUNTY OF SACRAMENTO /
SACRAMENTO COUNTY WATER AGENCY
September 22, 1998**

Preamble:

Since 1988, the City of Sacramento (City) and Sacramento County/ Sacramento County Water Agency (County/SCWA) have worked together to meet long-term water supply needs of their respective service areas. Consistent with this objective, the City has pursued the expansion and rehabilitation of surface water diversion and treatment facilities to utilize City's existing water entitlements while the County has sought to secure new surface water supplies and develop its future water supply plan to be able to utilize City surface water facilities for treatment of such water supplies in combination with County/SCWA groundwater supplies.

The City intends to divert water at both the Sacramento River Water Treatment Plant (WTP) and the Fairbairn WTP as described in the Draft Recommendations for the Water Forum Agreement.

The County/SCWA intends to enter into an agreement with the City to divert the County/SCWA's surface water at the City's Sacramento River Water Treatment Plant (WTP) and possibly a new diversion facility located near the confluence of the American River. The County/SCWA's diverted water could be treated at the Sacramento River WTP and at the Fairbairn WTP if a project is constructed to divert water near the mouth of the American River and pump it to that facility. The County/SCWA's current plan calls for 40 mgd of firm treatment capacity and 70 mgd of "shared" treatment capacity to be phased in over the next 50 or so years. Treated water conveyed to the County/SCWA would be served within the authorized place of use consistent with surface water entitlements secured by the County/SCWA. The County/SCWA may also serve treated surface water from the City's entitlements within the City's authorized place of use to those areas where the County/SCWA provides retail water service.

The planning horizon to fully implement this plan is well into the future. However, both the City and County/SCWA are fully committed to working together for the purpose of meeting the long-term water supply needs of both entities, consistent with their respective General Plans, in a mutually beneficial manner.

Principles of Agreement:

Subject to satisfaction of all applicable legal requirements, environmental obligations, and successful completion of negotiations between parties:

Both parties will:

1. Through the Water Forum Process, work with other entities and interests to develop and implement a regional water management plan.
2. Negotiate in good faith to reach interim and long-term agreements referenced below for wheeling and wholesaling of surface water to County/SCWA service areas.
3. Cooperate in the planning, design, and construction of improvements to water transmission, storage, and pumping facilities to facilitate the delivery of surface water to both parties. Water facility projects (or series of projects) may be constructed by the County/SCWA (with appropriate City approvals); by the City; or jointly by the County/SCWA and the City. The County/SCWA agrees to pay for any such project(s), built to serve the County/SCWA. The County/SCWA and City will negotiate an equitable sharing of costs for joint projects, if any.
4. Cooperate in the performance of environmental review and analysis necessary for the approval and implementation of future City and County/SCWA actions described herein.
5. Work in good faith to attempt to negotiate a mutually acceptable water supply agreement with the EBMUD.
6. Support the establishment of a new, more protective minimum instream flow standard for the lower American River by the State Water Resources Control Board.

The City will:

Prior to completion of the City's water supply expansion/rehabilitation project

1. In so far as it is practicable to do so, maximize the in-service time of the Sacramento River Water Treatment Plant (WTP) to facilitate the wheeling of water to the County/SCWA.
2. Continue efforts to complete the pre-design and environmental review associated with the rehabilitation and expansion of the City's Sacramento River and Fairbairn WTPs.
3. Take the lead in the development of a City/County/SCWA water distribution master plan to be completed by November, 1998.
4. Relative to "wheeling" water, pursuant to an interim agreement negotiated by City and County/SCWA, utilize the City's existing Sacramento River WP facilities (up to 10 million gallons per day) to "wheel" surface water supplies obtained by the County/SCWA when it does not unreasonably affect City customers.

5. With regard to wholesaling, pursuant to an interim agreement negotiated by City and County/SCWA, utilize the City's existing Sacramento River WTP facilities to provide up to 2,000 acre-feet per year of City water to SCWA service areas outside the City limits but within the City's authorized water rights place of use when such service does not unreasonably affect City customers. Such County/SCWA areas include new growth areas within the County General Plan that have retail water service provided by County/SCWA.

After completion of the City water supply expansion/rehabilitation project

6. Pursuant to long-term water wheeling and wholesaling agreements negotiated between the City and County/SCWA, utilize the City's Sacramento River WTP diversion, treatment, and delivery facilities (and the Fairbairn WTP, if a project near the mouth of the American River is constructed) to divert, treat, and convey surface water to County/SCWA in accordance with terms of those agreements.

The County/SCWA will:

1. Participate in development of a City/County/SCWA water distribution master plan to be completed by November, 1998.
2. Work closely with City staff to construct cost effective improvements to the City's water transmission pipeline system for the greatest mutual benefit of both parties.
3. Design and construct a physical solution to insure that transmission of water through all City/County/SCWA interconnections does not result in an increase of water diverted from the City's Fairbairn WTP if that facility is not used for treatment of County/SCWA water.
4. Consistent with the Draft Recommendations for a Water Forum Agreement, support the City's efforts to rehabilitate its diversion facilities as well as expand its treatment capabilities.
5. Pay fair share of costs associated with:
 - a. Use of the City's existing Sacramento River diversion, treatment, and conveyance facilities to wheel County water and to wholesale City water to County/SCWA pursuant to the interim agreements referenced above.
 - b. Use of the rehabilitated/expanded City diversion, treatment, and conveyance facilities to wheel County/SCWA water and to wholesale City water to County/SCWA pursuant to the long-term agreements referenced above.
6. Support the preservation and defense of the City's water rights and entitlements.