

SAN JUAN WATER DISTRICT

Board of Director's Workshop Minutes

March 24, 2015 – 4:00 p.m.

BOARD OF DIRECTORS

Ted Costa	President
Pam Tobin	Vice President
Ken Miller	Director
Dan Rich	Director
Bob Walters	Director

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Shauna Lorance	General Manager
Keith Durkin	Assistant General Manager
Kate Motonaga	Finance Manager
Teri Hart	Board Secretary/Administrative Assistant
Joshua Horowitz	Legal Counsel

OTHER ATTENDEES

Bob Churchill	Citrus Heights Water District
Mitch Dion	San Juan Water District

AGENDA ITEMS

- I. Public Comment**
- II. Water Storage Options**
- III. Retail Rate Structure**
- IV. Communication with Legal Counsel**
- V. Public Comment**
- VI. Adjourn**

President Costs called the meeting to order at 4:03 p.m.

I. PUBLIC COMMENT

There was no public comment.

Ms. Lorance conducted a presentation on *Water Storage Options and Retail Rate Structure*. A copy of the presentation will be attached to the meeting minutes. The presentation covered groundwater and surface water storage, the retail rate structure, and communication with legal counsel.

II. WATER STORAGE OPTIONS

Ms. Lorance provided the Board with groundwater storage options to discuss which included:

- Cooperation with another agency outside SJWD boundaries
- Injection wells outside SJWD boundaries
- Injection wells inside SJWD boundaries

The Board discussed injection wells and storage, and voiced some concerns regarding ability, cost, water quantity, political issues, and legal rights. Mr. Horowitz informed the

Board that the State Water Board adopted a statewide permit that is called Aquifer Storage and Recovery which allows injection wells; however, some issues would be the cost, location, and staff time, along with the Bureau's regional office allowing CVP supplies to be used for injection under the District's contract. In addition, Mr. Horowitz informed the Board that the District has a legal right to drill wells outside of the retail service area and pump groundwater back as a portion of its municipal supply. Mr. Horowitz clarified that there are legal and institutional questions with banking water within a wholesale customer agency's service area.

Ms. Lorance provided the Board with surface water storage options to discuss which included:

- Participate in Sites Reservoir
- Construction of new reservoir upstream

The Board discussed participation in Sites Reservoir and construction of upstream or off stream storage. Ms. Lorance informed the Board that a consultant would need to be hired to research surface water storage locations, water supply, water rights, costs, and analyze for fatal flaws. Vice President Tobin voiced concern that any benefit from Sites Reservoir is unknown and that SJWD needs to be self-sufficient and look at another option or a combination of options. Director Miller and Director Rich voiced opinion that reservoirs should be constructed by the State. Director Walters suggested that if the Board considered looking into more surface water storage that the District partner with other agencies on the project.

Mr. Horowitz suggested that the Board discuss the potential to work with local agencies upstream that own reservoirs or contract with the City of Sacramento for their American River water that they do not use. Ms. Lorance commented that the issue is getting water elsewhere when the water in Folsom Reservoir is unattainable. Vice President Tobin commented that the Board should look into the location upstream that the volunteer Drought Committee mentioned. The site could hold 20,000 AF and is right off the American River.

Ms. Lorance commented that the Board needs to establish if they are trying to solve water reliability during a drought or trying to solve the issue when the water at Folsom Reservoir drops below the intake. Therefore, if the water drops below the intake then the Board needs to address these issues:

- What storage facility could be built where water could be piped to the WTP without going through Folsom Dam
- Pump groundwater to the District to meet summer demands other than facilities that are currently being constructed
- Meet 80% of water use or just indoor use

President Costa commented that if the Board looks into storage then a power source should be investigated as well, such as hydropower or solar, in order to control costs. Director Miller commented that the District has enough water during normal years and that the Bureau should be the ones to be concerned about delivering the District's water during drought conditions at their expense. Vice President Tobin commented that the

District should be looking into storage for supplies during drought years. Director Rich suggested that the District look at PCWA for consolidation or contracting for water.

Mr. Durkin supplied the Board with some rough estimates regarding costs for surface water storage. A ballpark estimate for a reservoir might be \$2,000 per acre foot, or about \$300 million just to build a 150,000 reservoir which doesn't include site acquisition costs or water for the reservoir. Piping would cost over \$2M per mile, or over \$60M if the reservoir was 30 miles upstream. This would compare to injection wells at about \$3-4 million apiece for construction to use the groundwater basin for storage. He commented that wells would be less difficult to achieve versus building a new upstream reservoir.

Director Walters voiced concern that the discussion is not regarding the present drought circumstances. Ms. Lorange recommended that the Board decide what the District is planning over the next 10-20 years and also discuss if they want to plan for beyond 20 years. Ms. Lorange commented that if the Board decided to look into long-term planning then an outside consultant would need to be hired at a cost of approximately \$100,000 to \$150,000, and for analysis of the injection wells the cost might be \$100,000. Ms. Lorange suggested that the District look into funding from the water bond for studying these storage options.

Action: Ms. Lorange will bring back a staff report which addresses funding for a groundwater or surface water storage study.

III. RETAIL RATE STRUCTURE

Ms. Lorange informed the Board that, by adopting the retail uniform water rate, the amount of revenue going into the fixed and volumetric portions changed. She explained that the previous water rate included 44% of revenue from the volumetric rate and under the new uniform water rate it is now 50% of revenue. It is requested that the Board consider returning to 44% of the revenue coming from the volumetric rate while keeping the uniform water rate, which is a change in structure. She explained that should the Board consider this then it would be in effect January 2016, which would require it to be included in the Prop. 218 notice.

The Board discussed the issue and requested that staff bring back information regarding impact to customers and revenue impact. Ms. Lorange informed the Board that the District is bringing in less revenue due to decreased water usage.

Action: Ms. Lorange will provide the Board with information regarding impact of the recommended change to small, medium and large users in addition to showing revenue impact.

IV. COMMUNICATION WITH LEGAL COUNSEL

Ms. Lorange informed the Board that the current process for communicating with Legal Counsel is as follows:

- Board member with specific legal question
- Board as a whole
- General Manager/Assistant General Manager

- Staff with approval by GM or AGM; provides for AGM or GM to answer questions first

The Board discussed and decided to keep the policy as is. Mr. Horowitz commented that, since he represents the whole Board, any response that he gives a Board member is copied to the Board as a whole and is considered attorney-client privileged.

For information, no action requested

V. PUBLIC COMMENT

There were no public comments.

VI. ADJOURN

The meeting was adjourned at 6:08 p.m.

EDWARD J. "TED" COSTA, President
Board of Directors
San Juan Water District

ATTEST:

TERI HART, Board Secretary

Water Storage Options and Retail Rate Structure

Shauna Lorance
General Manager
March 24, 2015

Overview

○ Water Storage

- Ground water
 - Cooperation with another agency outside boundaries
 - Within SJWD boundaries
- Surface water
 - Participation in Sites Reservoir
 - Construction of new reservoir

○ Retail Rate Structure

- New structure lower fixed portion
- Keep uniform rate, but more costs included in fixed portion?

○ Other – communication with legal

Water Storage Options

Groundwater Storage Options

Cooperation with another agency outside SJWD boundaries

● In Lieu with SSWD thru merger

- Ability to pump GW back to SJWD in dry years
- New board could consider gw substitution transfer to region or elsewhere

Groundwater Storage Options

Cooperation with another agency outside SJWD boundaries (Cont.)

● Injection – more expensive

- in SSWD boundaries using CVP
 - GW could be pumped back to SJWD during dry years
 - Might need to construct more wells in SSWD area to provide pumping capacity anytime SJWD needs it
- Injection in Roseville using PCWA or CVP
 - Roseville could use GW freeing up SW for SJWD
 - Pump GW from Roseville to SJWD?

Groundwater Storage Options

Within SJWD boundaries

◉ Fund injection wells in WCA

- WCA operate and maintain wells
- SJWD reimburses WCA
- Wells used to offset SW in dry or emergency

Groundwater Storage Option

Within SJWD boundaries (Cont.)

- SJWD construct injection wells in wholesale service area
 - SJWD fund wells
 - SJWD own and operate wells
 - SJWD connect wells to CTP or ?

Groundwater Storage Options

Direction on GW storage options

- ⦿ Necessary for future droughts and emergency
- ⦿ Ensures GW stability
- ⦿ Merger most effective and efficient
- ⦿ If merger does not proceed?
 - Cooperation with external agencies
 - Fund wells in WCA
 - Construct wells in wholesale service area

Surface Water Storage Option

Participate in Sites Reservoir

- Purchase storage
- Release water from SJWD storage to keep equal amount in Folsom Reservoir
- SJWD would need to be able to “own” stored water in Folsom
- Likely only useful in dry years – Folsom reservoir spills

Surface Water Storage Options

Construction of new reservoir

- Determine if any feasible sites upstream of Folsom
 - Smaller storage at Auburn Dam site or other on stream locations
 - Off stream storage
- Huge undertaking
 - Staffing
 - costs

Retail Rate Structure

Existing Retail Rate Structure

- Fixed daily rate and uniform volumetric rate
- Increased revenue from volumetric from 44% to 50% - incentive conserve
- Fixed rate went down, volumetric rate went up

	Current	Another Option
Fixed	\$1.08	\$1.24
Volumetric	\$0.80 per ccf	\$0.68 per ccf

- Note: Approximate cost for “another option”

Existing Retail Rate Structure

- ◉ 2015-2016 budget will propose rate effective January 2016
- ◉ Proposition 218 notice required
- ◉ Could include rate structure change in notice

Existing Retail Rate Structure

Discussion – should rate structure return to previous 44% revenue from ~~fixed~~ **volumetric** portion of rate?

Other – Communications with Legal Counsel

Communications with Legal

○ Current process:

- Board member with specific legal question
- Board as a whole
- General Manager/Assistant General Manager
- Staff with approval by GM or AGM; provides for AGM or GM to answer questions first