

**WaterSMART: Water Marketing Strategy Grants for Fiscal Year 2017**  
Funding Opportunity Announcement No. BOR-DO-17-F014

***PROPOSAL***

**American River Basin Water Marketing Strategy  
Project**



**Applicant:**

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## TECHNICAL PROPOSAL AND EVALUATION CRITERIA

### (1) Executive Summary

#### ***American River Basin Water Marketing Strategy Project (Project)***

Date: April 19, 2017  
Applicant: El Dorado County Water Agency (EDCWA)  
City, County, State: Shingle Springs, El Dorado County, California

#### ***Proposal Summary***

California has an established water market that has matured over the past two decades both in its practice and the associated rules and regulations. Water transfers have become an essential tool for statewide water management to help prevent conflicts and to provide needed revenues to transfer agencies to supplement facility improvement investments and offset operating and maintenance costs. El Dorado County Water Agency (EDCWA) proposes to develop the American River Basin Water Marketing Strategy Project (Project) to leverage the great potential for regional conjunctive use to further enhance existing regional market transfers through surface water reservoir reoperation and individual groundwater substitution practices. The proposed Project will evaluate the potential for water market asset development; determine the infrastructure investments needed to realize that market; and formulate an implementation plan that includes recommendations on governance, reporting and monitoring procedures. The evaluation will primarily center on transfer opportunities from implementing conjunctive use for municipal and industrial (M&I) purposes. The proposed Project will leverage the many existing venues for public communication and regional stakeholder engagement, building on the long-term collaboration of regional water purveyors in advancing integrated regional water management and promoting economic development and environmental protection, as exemplified by the 2000 Water Forum Agreement and its subsequent implementation. Focused market outreach and partner development efforts will be conducted to confirm viability of the water marketing strategy. Recognizing Reclamation's operation of Folsom Dam and Reservoir is critical to regional water supply reliability, the proposed Project will pay special attention to aligning regional interests with Reclamation's need to meet all authorized purposes of the Central Valley Project (CVP). EDCWA is acting as the Applicant, with Placer County Water Agency (PCWA), the cities of Sacramento and Folsom, Sacramento Suburban Water District (SSWD), and Regional Water Authority (RWA, representing more than 20 water purveyors in the greater Sacramento area); these agencies are collectively known as the Project Partners. EDCWA's member agencies in the American River Basin include El Dorado Irrigation District (EID), Georgetown Divide Public Utility District (GDPUD), City of Placerville, and Grizzly Flats Community Services District (GFCSD).

#### ***Estimated Duration and Completion Date***

The proposed Project will be completed within a 36-month timeframe, beginning on August 1, 2017 through July 31, 2020, assuming the Project award by June 30, 2017.

#### ***Reclamation Facilities Addressed by the Project***

Reclamation's CVP American River Unit, including Folsom Dam and Reservoir, is the main Reclamation facility to be addressed by the proposed Project.

## (2) BACKGROUND DATA

### **Project Area and General Description**

Figure 1 shows the Project Area, **the American River Basin**, bounded by the Bear River to the north, the Cosumnes River to the south, the Sierra Nevada mountain range to the east, and the Feather and Sacramento Rivers to the west. The American River is a major tributary to the Sacramento River within the Sacramento and San Joaquin watersheds that drain to the Sacramento-San Joaquin Delta and San Francisco Bay. The Project Area encompasses:

- **American River Watershed**, covering 2,140 square miles from Sacramento to the peaks of the northern Sierra Nevada mountains west of Lake Tahoe, including Folsom Dam and Reservoir, and draining into the Sacramento River near downtown Sacramento with an annual average flow of 2.6 million acre-feet (about 15 percent of the total Sacramento River flow below its confluence near the City of Sacramento).
- **Project Partners' Service Areas Outside of the American River Watershed**, representing areas outside of the American River Watershed but adjacent to the Bear and Cosumnes rivers that are served by Project Partners with American River water.
- **North and South American Groundwater Subbasins**, providing many local water agencies with groundwater as their sole source of water, primary source of water, or supplemental source of water.

The Project Area covers portions of the counties of Sacramento, El Dorado, Placer, and Sutter which include major cities such as Sacramento, Roseville, Folsom, Elk Grove, Shingle Springs, Placerville, and Auburn. Urban land use is primarily in the metropolitan area with lower elevations around and below Auburn and Placerville, and many rural communities along and off the corridors of Highway 80 and 50. According to the California Department of Finance's 2014 estimates, the population of the American River Basin portions of El Dorado, Placer, and Sacramento counties will rise to nearly 3 million – a 47 percent increase – by 2060.

Most areas in the upper watershed are national forest lands with distributed and localized agricultural practices for vineyards, orchards, and mixed crops. There are also agricultural practices south of Elk Grove, which marks the southern boundary of the metropolitan area. In 2015, the aggregated gross crop value for the counties of Sacramento, El Dorado, Placer, and Sutter was over \$1.14 billion. Crops grown in the Project Area include wine grapes, apples, walnuts, timber, rice, and pears. In El Dorado County, commonly grown crops include wine grapes (2,420 acres in 2015), apples (852 acres), pears (107 acres) and timber (181,460 acres).

Folsom Reservoir and many upstream reservoirs provide water supply, flood control, and recreation for the region. The Lower American River below Folsom Dam provides critical habitats for federally-listed endangered fishery species, and the surrounding American River Parkway also provides a major recreation area for this region with river access and trails.

The Project Area contains 20 water purveyors with surface water rights and contract entitlements and/or access to groundwater. The aggregated estimated existing and buildout demands are 691,981 and 837,960 acre-feet for M&I use and 243,450 and 216,300 acre-feet for agricultural use. (The buildout condition is the maximum level of development permitted in the General Plan of a city or county, based on planning tools such as land carrying capacity analysis or cumulative impact assessment.) The aggregated total surface water rights for consumptive use purposes are up to 500,000 acre-feet per year, and CVP contract entitlements up to 140,000 acre-feet per year for M&I use. The north and south groundwater basins are both in good condition without significant overdraft, and corresponding

sustainable yields are around 131,000 and 273,000 acre-feet per year. Most groundwater use is for M&I purposes.

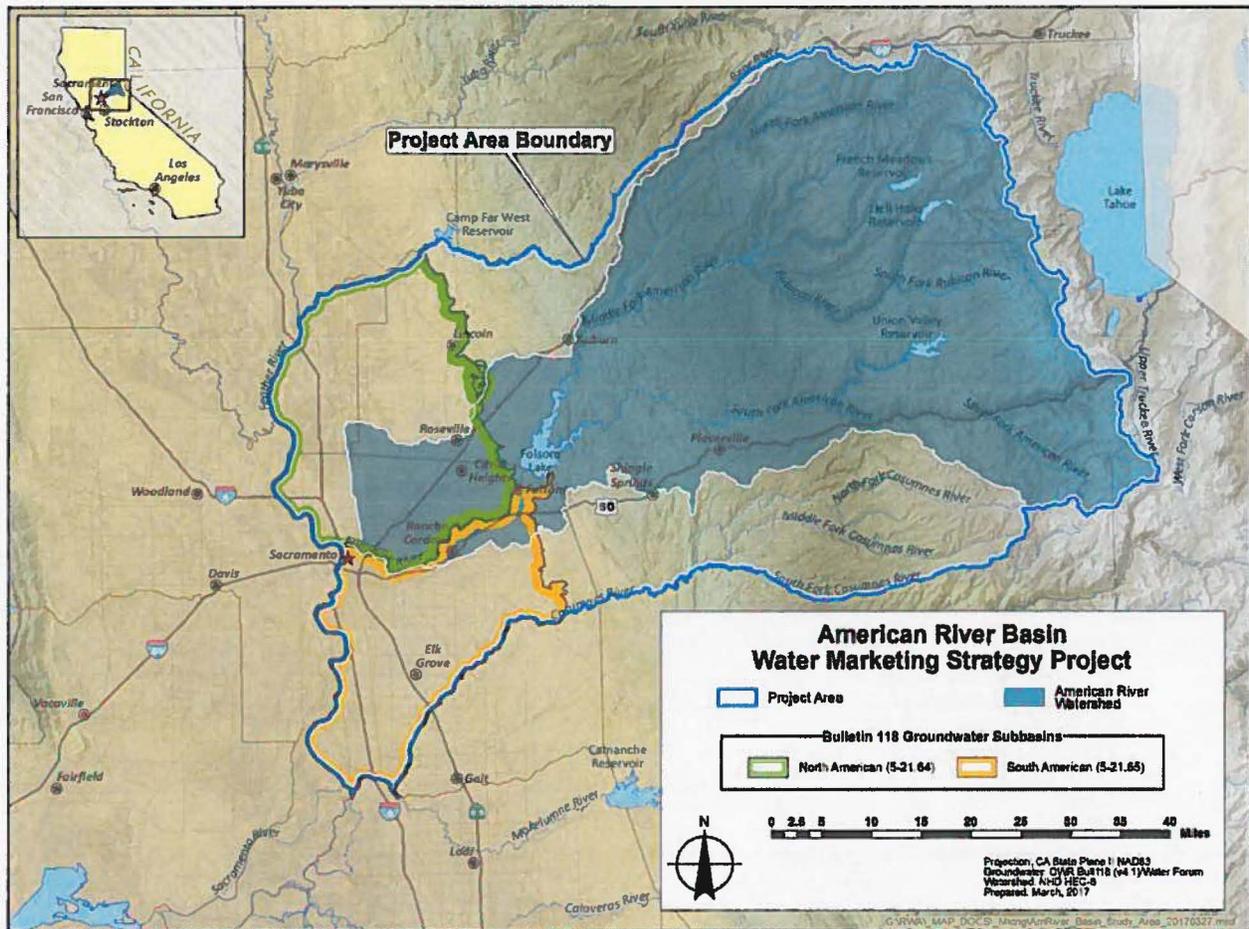


Figure 1. American River Basin Water Marketing Strategy Project Area Map

### Past Working Relationship with Reclamation

EDCWA has a long history of working with Reclamation, including:

- American River Basin Study (ARBS, with other partners, awarded under WaterSMART in 2016)
- Regional Drought Contingency Plan (through PCWA, awarded under WaterSMART in 2015)
- Alder Creek Reservoir Feasibility Study (authorized in H.R. 3597 of 2004)
- Transfer of Reclamation's CVP Sly Park Unit (through EID in 2003)
- CVP contracts (14-06-200-1375A-LTR1 through EID, and Public Law 101-514 Fazio water)
- A long-term Warren Act Contract for diverting water right water through Folsom facilities (through EID)
- American River Pump Station for the reserve capacity to serve GDPUD (through PCWA)
- Reclamation's Long-term Water Transfer Program (with PCWA, SSWD, and City of Sacramento since 2015 although no realized transfers)

Due to the prominent location and critical role of Reclamation's Folsom Dam and Reservoir in regional water management, the Project Partners and other local water agencies also have long histories of contractual and collaborative relationships with Reclamation.

### (3) PROJECT DESCRIPTION

EDCWA proposes this Project for consideration in Funding Group II. The proposed Project consists of seven (7) primary tasks to meet all requirements in the FOA, including the three (3) Required Project Elements, the two (2) Required Planning Components, and the Technical Project Report.

The objectives of the proposed Project are to:

- Quantify marketable assets under different levels of physical and institutional investments
- Identify the market focus and region preferences
- Develop implementation plan to support targeted markets and investments

Figure 2 shows the planning process of the proposed Project, depicting the major efforts needed to meet these objectives and their mutually supporting relationship. Many of these efforts will be conducted concurrently with necessary information exchanges for efficiency. Engagement and outreach activities (shown in blue) will be integrated within the execution of these efforts to properly inform and engage potential transfer partners, in-basin stakeholders, and the public. Table 1 provides the descriptions of the seven (7) primary tasks included in the proposed Project.

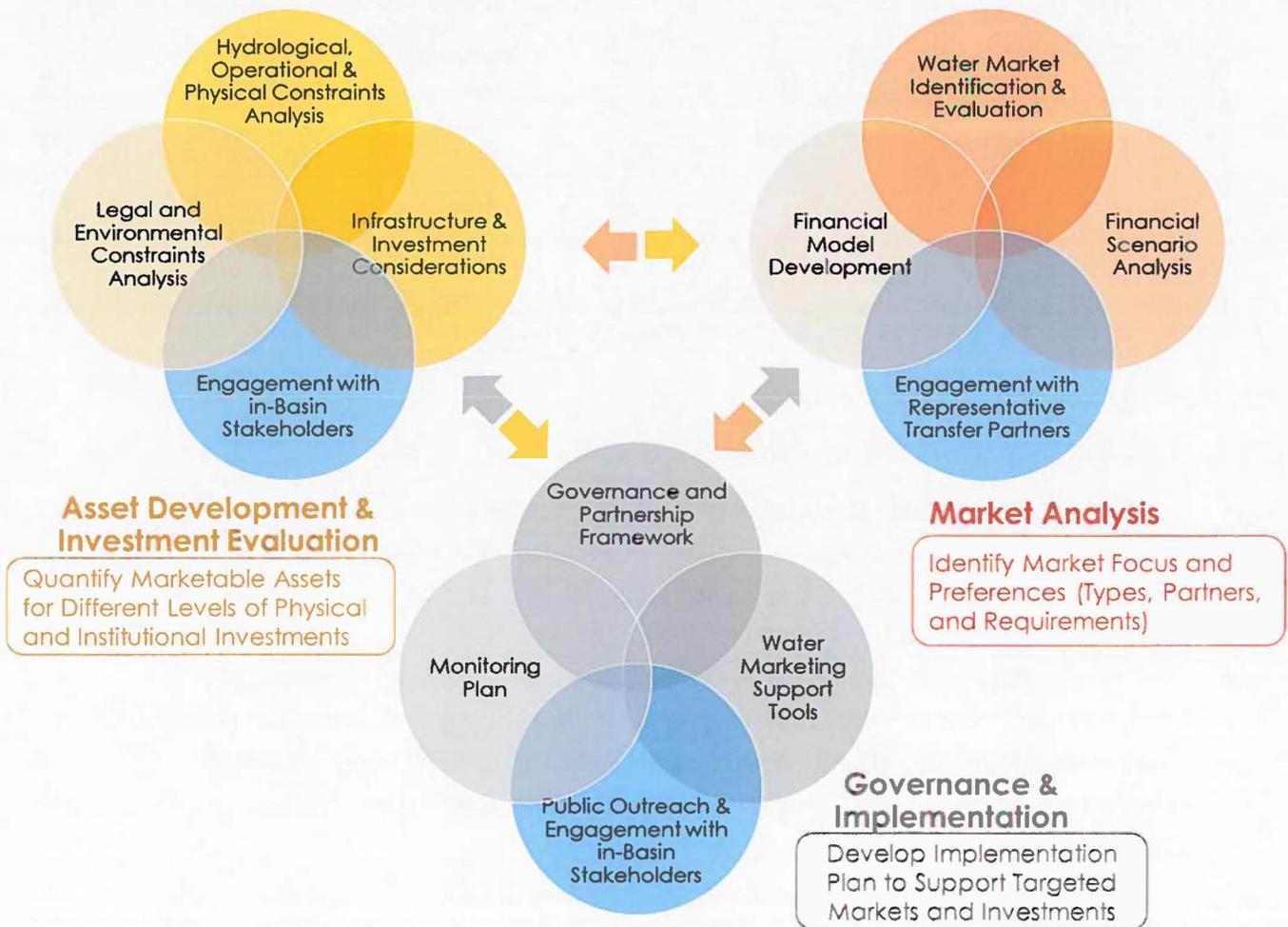


Figure 2. Overall Planning Process for the Proposed American River Basin Water Marketing Strategy Project

**Table 1. Description of Project Tasks for the Proposed American River Basin Water Marketing Strategy Project**

	TASK	DESCRIPTION
<b>Required Planning Components and Technical Project Report</b>	<b>Task 1 - Study Initiation</b>	
	1.1 - Project Work Plan	<ul style="list-style-type: none"> <li>- In consultation with Reclamation, develop a Draft Work Plan prior to commencing substantive work on the Project to detail the roles and responsibilities, tasks, deliverables, schedule, and budget required to complete the Project.</li> <li>- Incorporate review comments and prepare the Final Work Plan.</li> </ul>
	1.2 - Communication & Outreach Plan	<ul style="list-style-type: none"> <li>- Develop Draft Communication and Outreach (C&amp;O) Plan to ensure active engagement of potential transfer partners, in-basin stakeholders, the public, and elected officials in development of the Project.</li> <li>- Incorporate review comments and prepare the Final C&amp;O Plan.</li> </ul>
	<b>Task 2 - Draft and Final Technical Project Report</b>	
	2.1 - Draft Report	- Prepare Draft Technical Project Report to document Project findings.
2.2 - Final Report	- Incorporate review comments and prepare Final Technical Project Report.	
<b>Element 1. Outreach &amp; Partnership Building</b>	<b>Task 3 - Outreach &amp; Partnership Building</b>	
	3.1 - Engagement with Representative Transfer Partners	<ul style="list-style-type: none"> <li>- Identify potential interested transfer partners (i.e., water market beneficiaries). Potential transfer partners may include Reclamation, California Department of Water Resources (DWR), and CVP/State Water Project (SWP) contractors (e.g., Bay Area/North Bay, Central Valley, or Southern California)</li> <li>- Conduct outreach to potential transfer partners to explore their interest and needs.</li> </ul>
	3.2 - Engagement with in-Basin Stakeholders	<ul style="list-style-type: none"> <li>- Identify key in-basin stakeholders and potential affected parties (these may include water agencies, environmental interests, elected officials, etc.)</li> <li>- Conduct targeted outreach to in-basin stakeholders to learn their key concerns, and keep them updated on Project progress and findings.</li> </ul>
	3.3 - Public Outreach	- Conduct public outreach to provide updates on Project goals, progress, and findings.
<b>Element 2. Scoping &amp; Planning Activities</b>	<b>Task 4 - Water Market Analysis</b>	
	4.1 Water Market Identification & Evaluation	<ul style="list-style-type: none"> <li>- Identify key market types, attributes, and requirements based on the outreach to representative transfer partners, including Reclamation and DWR.</li> <li>- Quantify level of interest for each use type: M&amp;I agricultural, wildlife refuges, in-stream flow enhancement.</li> <li>- Characterize the key features of identified markets by each use type (e.g., for drought protection, excess water holding (single year), excess water holding (multi years), on call, etc.).</li> <li>- Identify the advantages and constraints associated with the various enabling mechanisms for water transfer (e.g., Folsom Reservoir exchange, Folsom South Canal, Freeport intake, Lower American River, Delta facilities).</li> <li>- Identify willingness to pay and likely financial arrangements (e.g., long-term, short-term, spot market).</li> </ul>

Table 1. (Continued)

		TASK	DESCRIPTION
Element 2. Scoping & Planning Activities (continued)		4.2 Financial Model Development	<ul style="list-style-type: none"> <li>- Develop a preliminary financial model to assess potential long-term net returns under various market scenarios.</li> <li>- Develop financial model inputs including (1) investments (e.g., capital costs and O&amp;M costs for banking and wheeling), and (2) revenues (e.g., value of water for different uses and under different year types).</li> </ul>
		4.3 Financial Scenario Analysis	<ul style="list-style-type: none"> <li>- Use the preliminary financial model to assess financial feasibility of water markets under different payment and fee structures (long-term, short-term, spot market).</li> <li>- Use the preliminary financial model to assess phasing of investments and water markets.</li> <li>- Revise the financial model to incorporate feedback from engagement with potential transfer partners.</li> <li>- Apply the revised model for more refined financial evaluations.</li> </ul>
	<b>Task 5 - Water Asset Development &amp; Investment Plan</b>		
		5.1 - Hydrological, Operational & Physical Constraints Analysis	<ul style="list-style-type: none"> <li>- Evaluate surface water supplies and infrastructure constraints to quantify surface water available during different year types.</li> <li>- Evaluate groundwater resource and infrastructure constraints to quantify groundwater recharge capability and extraction capacity.</li> <li>- Assess the additional infrastructure needed to enable storage and transfer of water supplies to best meet market needs (e.g., Alder Creek Reservoir, interties and connectors, the Cooperative Transmission Pipeline, RiverArc, Freeport Regional Project, Folsom South Canal)</li> <li>- Formulate and evaluate potential market scenarios using CalSim 3 (scoped to be developed in the ongoing ARBS and additional tools being used in the ongoing Regional Water Reliability Plan (RWRP)).</li> </ul>
		5.2 - Legal, Institutional, & Environmental Constraints Analysis	<ul style="list-style-type: none"> <li>- Analyze legal and institutional constraints on availability of regional water supplies.</li> <li>- Analyze legal and institutional constraints on storing out-of-Basin supplies (e.g., CVP, SWP, and others).</li> <li>- Scope environmental compliance requirements and resource areas affected by the proposed water markets.</li> <li>- Identify approval and permitting requirements for identified water market options.</li> </ul>
	5.3 - Infrastructure & Investment Considerations	<ul style="list-style-type: none"> <li>- Identify infrastructure improvements required to support development of the water market.</li> <li>- Conduct engineering studies to estimate the required level of investment to support water market.</li> </ul>	

Table 1. (Continued)

		TASK	DESCRIPTION
<b>Element 3.</b> <b>Development of a Water Marketing Strategy</b>	<b>Task 6 - Implementation and Governance</b>		
		6.1. Governance and Partnership Framework	<ul style="list-style-type: none"> <li>- Develop a framework for water market governance.</li> <li>- Formulate the rules and requirements for participating in the water market.</li> <li>- Develop partnerships agreements framework, and associated roles and responsibilities.</li> <li>- Develop a framework for cost allocations commensurate with the anticipated risks and rewards.</li> </ul>
		6.2 Monitoring Plan	<ul style="list-style-type: none"> <li>- Review existing surface water, groundwater, and conservation monitoring and reporting protocols.</li> <li>- Identify potential enhancements of the monitoring and reporting protocols for the water market requirements.</li> <li>- Outline key coordination and integration requirements with other regional initiatives (e.g., Sustainable Groundwater Management Act (SGMA) implementation).</li> </ul>
		6.3. Water Marketing Support Tools	<ul style="list-style-type: none"> <li>- Evaluate existing Water Accounting Framework (WAF) for expanded features to cover the monitoring and reporting of banking operations.</li> <li>- Identify necessary enhancement to the existing WAF to support the intended functions and needs for the water market.</li> <li>- Develop updated WAF, consistent with a phased water market implementation strategy.</li> </ul>
		6.4 Implementation Plan	<ul style="list-style-type: none"> <li>- Develop phased strategy for implementation of the water market.</li> <li>- Outline critical near-term activities (e.g., governance, partnerships agreements, technical, etc.).</li> </ul>
<b>Grant Administration</b>	<b>Task 7 - Reclamation Agreement Management</b>		
		7.1. Invoicing & Reporting	<ul style="list-style-type: none"> <li>- Prepare quarterly invoices.</li> <li>- Prepare semi-annual progress reports.</li> </ul>
		7.2. Coordination	<ul style="list-style-type: none"> <li>- Project management coordination calls with Reclamation (quarterly).</li> </ul>

## (4) EVALUATION CRITERIA

### Evaluation Criterion A — Water Marketing Benefits

*When implemented, the proposed Project would help increase the coordination between regional conjunctive use and groundwater banking activities, and Reclamation's operations of Folsom Dam to increase water supply reliability for M&I agencies in the region, including CVP contractors. It will also increase Reclamation operational flexibility in meeting all CVP authorized purposes.*

#### Addressing Water Supply Shortfalls and Benefits to Different Sectors

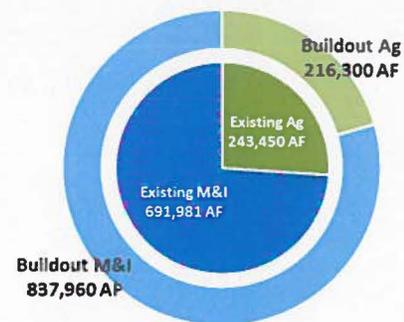
The proposed Project is to address the water supply shortfalls in the American River Basin and at the same time, addressing CVP system water shortfalls through coordination with Reclamation.

The dry lakebed of Folsom Reservoir has become symbolic of California's historic drought from January 2012 through April 2017. Severe drought conditions precipitated statewide water right curtailments, severely reduced contract allocations, mandatory conservation, and relaxed regulatory flows and water quality requirements for environmental protection. In late 2015, stored water was insufficient for local water right diversions and their CVP contract delivery, threatening water supply to over one million people in the American River Basin, and Reclamation's ability to maintain flow and water quality requirements under their water rights and federal Endangered Species Act (ESA) permits. The system was severely overwhelmed.



Folsom Reservoir reached a record low of 135,000 acre-feet on December 5, 2015, threatening water supplies and ecosystems of the American River Basin and system-wide.

The historical drought also exposed the vulnerability of water agencies in the American River Basin rely solely on surface water. The potential water supply and demand gap can only grow as climate change progresses. Currently, the water agencies in the American River Basin are collaborating with Reclamation in developing the Regional Drought Contingency Plan and the American River Basin Study. In these studies, regional partners are exploring a large-scale regional conjunctive use opportunity that leverages the water rights and contract entitlements and the available groundwater resources to improve drought resiliency and address M&I water supply shortfalls of up to 108,000 acre-feet (about 12 percent of the total) under the buildout conditions. The water market strategy that leverages the conjunctive use practice and associated water banking activities as identified in these studies and in proposed Project could leverage the water market to generate additional funds to offset the costs for needed infrastructure improvement to help address the identified water shortfalls in the American River Basin.

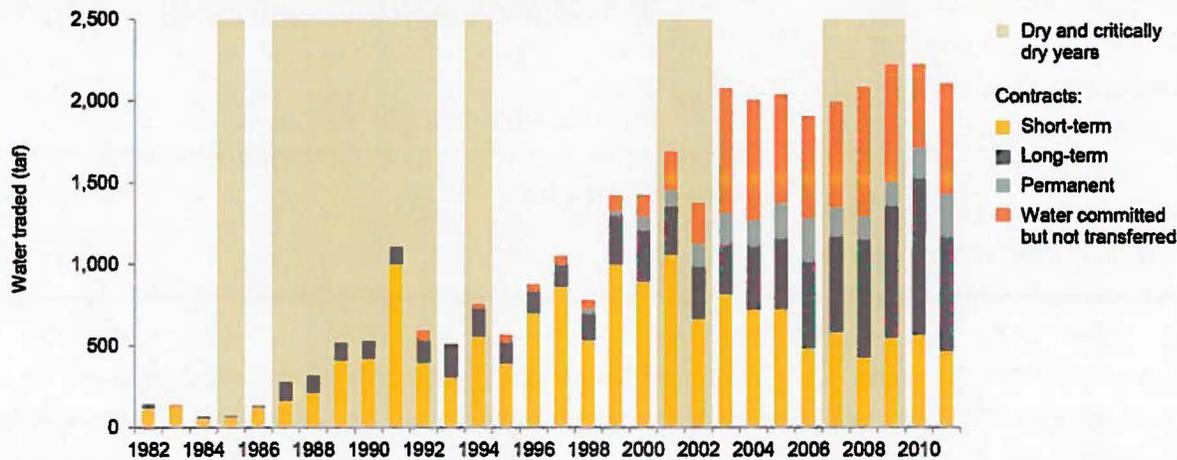


Population in the American River Basin is expected to increase by 1 million people by 2060. The estimated demands are expected to increase from about 935,000 acre-feet per year to over 1 million acre-feet per year with planned development.

The planned conjunctive use practice and associated water banking activities facilitated by the implementation of the proposed Project are also to improve coordination with Reclamation's operation of Folsom Reservoir to meet all CVP authorized purposes. It would help address CVP system shortfalls in agricultural, M&I, tribal and environmental uses.

### Improving Water Supply Sustainability

Precipitation in California is highly variable from year to year, with a Mediterranean climate – cool, wet winters and warm, dry summers. Recent studies<sup>1</sup> suggest that California has the greatest variability of the annual average precipitation in the nation. As a flexible water management tool, water transfers between willing sellers and willing transfer partners help stretch California's water suppliers in dry times and move water to places of critical needs, reducing water conflicts and improving water supply sustainability. As reported by Public Policy Institute of California (PPIC) and shown in **Figure 3**, California's water market grew significantly in the past two decades with the total water traded estimated around 2 million acre-feet in 2012, including transfers among state and federal agencies, water agencies and private parties. The existing and expanding water market provide a perfect backdrop for the proposed Project.



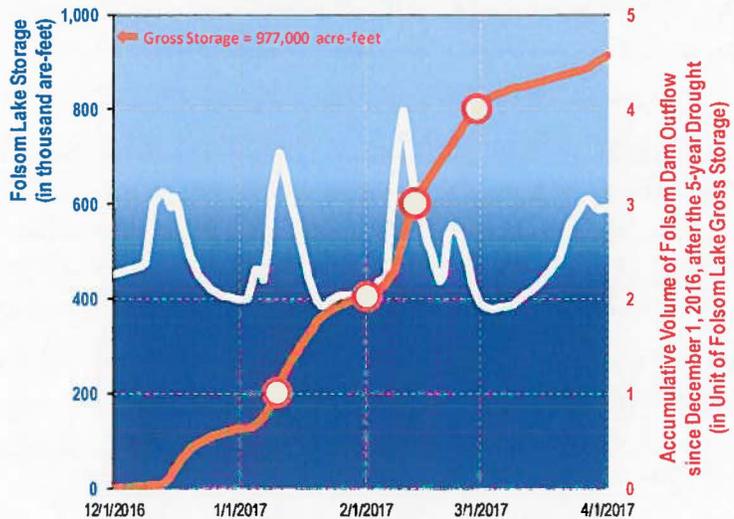
**Figure 3. Historical Water Transfers in California (from PPIC 2012)**

The 2012-2017 historical drought showed a greater regional disparity in precipitation that we have ever seen. The water transfers became more critical than ever, which also prompted the need to have the water market further expanded, adapted and streamlined. Governor Jerry Brown's 2016 California Water Action Plan restated the importance of this state policy and priority. Reclamation also approved a Long-term Water Transfer Program in 2015 to facilitate and approve voluntary water transfers from willing sellers upstream of the Delta to water users south of the Delta, and in the San Francisco Bay Area, who have the need for immediately implementable and flexible supplemental water supplies to alleviate shortages. The American River Basin is identified as a potential source of transfer water and Project Partners including EDCWA, PCWA and SSWD are included in the program as the willing sellers. Water transfers are recognized as an effective and flexible water management tool that helps water supply sustainability for the region and for the State.

<sup>1</sup> Collaborated among California Department of Water Resources (DWR), the National Oceanic and Atmospheric Administration's (NOAA) California Nevada Applications Program, Scripps Institution of Oceanography's Center for Western Weather and Water Extremes, and the Southwest climate Science center sponsored by the U.S. Department of the Interior.

The anticipated outcome of the proposed Project is a refined and updated strategy for regional implementation that is built on the existing, loosely coordinated agency-specific approaches. The potentially significant opportunity in improving regional and statewide water supply sustainability is discussed below.

From December 2016 through March 2017, the cumulative volume of Folsom Dam released for flood control purpose could fill the reservoir over 4 times. When the region leverages their surface water and groundwater assets for conjunctive use and banking activities, it can augment the limited storage of Folsom Lake and provide needed buffers to weather droughts. The total estimated groundwater storage capacity north and south of the American River is over twice of the capacity of Folsom Reservoir. Different than surface water storage, groundwater banking operations can extend over several years between their puts and takes, adding additional flexibility to the regional operation and expanded participation in Reclamation's water transfer program and statewide water market. The needed infrastructure investment to fully realize the large-scale regional conjunctive use opportunity is significant. When implemented, the proposed Project presents a funding option to offset the costs. At the same time, the expanded participation in Reclamation's water transfer program and statewide water market could improve water supply sustainability for the CVP system and statewide.



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the regional operation and expanded participation in Reclamation's water transfer program and statewide water market. The needed infrastructure investment to fully realize the large-scale regional conjunctive use opportunity is significant. When implemented, the proposed Project presents a funding option to offset the costs. At the same time, the expanded participation in Reclamation's water transfer program and statewide water market could improve water supply sustainability for the CVP system and statewide.

### Readiness to Proceed with Implementation

Project Partners such as EDCWA, PCWA, and SSWD have already participated in Reclamation's Long-term Water Transfer Program leveraging their individually surface reservoir releases and groundwater substitution capacity. With the proposed Project, the region's ability to participate in water marketing will be expanded. Provided incentives, the groundwater substitution transfer facilitated with M&I use in this region can be implemented immediately as demonstrated in previous transfers. It is recognized that a fully realized regional conjunctive use in the American River Basin requires significant infrastructure investments and thus, the implementation of the resulting strategy from the proposed Project would likely be staged and grow over time. The preliminary finding from ongoing studies suggests that the north groundwater basin is positioned for near-term implementation due to previous investments in regional facilities and groundwater water accounting framework, which is essential for groundwater bank operations. The estimated capacity for immediate implementation is approximately 15,000 to 30,000 acre-feet per year in average. With additional near-term infrastructure improvements, the range can be increased to 50,000 to 100,000 acre-feet per year in average. The M&I setting of this regional system allows quick response to market demands in an individual dry year demands that is several times greater than the annual average.

## Evaluation Criterion B — Level of Stakeholder Support and Involvement

*The proposed Project enjoys broad stakeholder support reflected by endorsements from elected officials, local M&I purveyors and agricultural interests, other water management entities represented by the Regional Water Authority, and environmental interests represented by the Sacramento Water Forum.*

### Diversity of Stakeholders Supporting the Proposed Project

There is strong support for the proposed Project among this broad range of local government agencies and stakeholder interests. **Table 2** describes the stakeholders supporting the proposed Project and their proposed involvement in the planning process. Letters of Support for the proposed Project are included in **Appendix B**.

**Table 2. List of Stakeholders Supporting the Project**

Stakeholder Type	Stakeholders	Role and Commitment to the Proposed Project	Letters of Support
<b>M&amp;I Purveyor</b>	<ul style="list-style-type: none"> <li>• EDCWA, PCWA, Sacramento, Folsom, SSWD, Rio Linda/Elverta Community Water District</li> <li>• RWA representing M&amp;I and agricultural purveyors in the Project Area (20 agencies)</li> </ul>	<ul style="list-style-type: none"> <li>• Support for the proposed Project</li> <li>• Participation in planning process</li> <li>• Contribution of in-kind services</li> </ul>	Yes
<b>Groundwater Management Entities</b>	<ul style="list-style-type: none"> <li>• Sacramento Groundwater Authority</li> <li>• Sacramento Central Groundwater Authority (SCGA)</li> </ul>	<ul style="list-style-type: none"> <li>• Support for the proposed Project</li> <li>• Participation in planning process</li> </ul>	Yes
<b>Environmental &amp; Business</b>	Represented by the Sacramento Water Forum	<ul style="list-style-type: none"> <li>• Support for the proposed Project</li> <li>• Participation in planning process</li> </ul>	Yes
<b>Business</b>	Sacramento Metropolitan Chamber of Commerce	<ul style="list-style-type: none"> <li>• Support for the proposed Project</li> </ul>	Yes
<b>Agricultural Industry</b>	<ul style="list-style-type: none"> <li>• El Dorado County Farm Bureau</li> </ul>	<ul style="list-style-type: none"> <li>• Support for the proposed Project</li> </ul>	Yes
<b>California Congressional Representatives</b>	<ul style="list-style-type: none"> <li>• 3<sup>rd</sup> District: John Garamendi</li> <li>• 6<sup>th</sup> District: Doris Matsui</li> <li>• 7<sup>th</sup> District: Ami Bera</li> </ul>	<ul style="list-style-type: none"> <li>• Support for the proposed Project</li> </ul>	Yes

### Opposition to the Proposed Project

There is no known opposition to the proposed Project.

### Related and Relevant Ongoing Planning Efforts

**Table 3** lists the key ongoing planning efforts that are relevant to the scope of the proposed Project. These planning efforts will provide the planning and technical foundations for quantifying the marketable water assets considering the hydrological, operational, water quality, environmental, institutional, and legal constraints. These planning efforts for updating long-term water management, which have identified the water market is a potential funding alternative for needed infrastructure improvement. Preliminary evaluations of marketable water assets under different levels of

investments (e.g., surface storage and conveyance) and certain tools will directly benefit this proposed Project without any duplicated efforts. This proposed Project will further the recommended funding tactics to implementation.

**Table 3. Ongoing Planning Efforts Relevant to the Proposed Project**

Planning Effort	Lead(s)	Relation to the Proposed Project	Related Project Task	Part of Local Cost-Share	Schedule
<b>American River Basin Study (WaterSMART)</b>	Reclamation, PCWA	Contributes information on strategy compatibility with adaption measures for climate change effects	Task 6	No	Apr 2017 – Apr 2020
<b>Regional Drought Contingency Plan (WaterSMART)</b>	PCWA, RWA	Describes constraints on marketable water assets due to hydrology, CVP operations, and environmental requirements	Task 5	No	Mar 2016 – Sep 2017
<b>Regional Water Reliability Plan</b>	RWA	Quantifies marketable water assets by enhancing regional conjunctive use.	Task 5	Yes	Mar 2016 – Sep 2018
<b>American River Basin Integrated Regional Water Management Plan 2018 Update</b>	RWA	Contributes information on regional demands, supplies, and legal, institutional constraints	Task 5	No	Apr 2017 – Dec 2018
<b>SGMA Implementation Efforts</b>	SGA, SCGA, RWA	Contributes groundwater monitoring plan and reporting protocols	Task 6	Yes	2015 – Ongoing
<b>RiverArc Project</b>	PCWA	Quantifies marketable water assets through investment in relocating some American River diversions to the Sacramento River.	Task 5	Yes	2015 – 2020
<b>Alder Creek Reservoir Investigation</b>	EDCWA	Contributes information on marketable water assets by investing in Alder Creek Reservoir.	Task 5	No	2015 – 2020
<b>City of Sacramento Groundwater Master Plan</b>	City of Sacramento	Assesses conjunctive use strategic operations within City of Sacramento Service Area.	Task 5	Yes	2015 – 2020
<b>Water Transfer Analysis</b>	City of Folsom	Conducts market analysis for interest in surface water transfers	Task 4	Yes	2018

## Coordination with Eldorado Irrigation District (EID)'s Application for Water Marketing Strategy Grant

EID, one of RWA members, is also pursuing a grant under FOA No. BOR-DO-17-FO14 under Funding Group I. EID seeks to expand water markets by standardizing additional forms of conservation-based transfers as well as in lieu recycled and polluted water-based transfers, focusing on clarification on regulatory requirements and practices. In contrast, this application seeks a grant under Funding Group II to support regional efforts to establish a groundwater bank to address regional water supply reliability. These two proposed projects do not overlap in their scope and budget, nor on the proposed cost-share items and efforts. They are complement each other. For instance, EID, as well as others in the region, can propose conservation and recycled water transfers that could provide source water for the regional groundwater bank. As a member of RWA, EID is in full support of this proposed Project as a complimentary regional project.

### Approach for Broad Stakeholder Involvement

The Project Partners are committed to a transparent process for Project development that involves **stakeholders and diverse water interests throughout the region – M&I, agricultural, tribal, environmental, recreation, power generation, and flood management** (see **Appendix B** for a current list of stakeholders). In addition to Reclamation, Project Partners are likewise committed to coordination with other Federal, state, and local agencies with relevant authorities and natural resource management responsibilities. Three Federally-recognized tribes reside within the American River Basin: the Shingle Springs Band of Miwok Indians, United Auburn Indian Community of the Auburn Rancheria, and Wilton Rancheria. Additional stakeholders will also be identified during the project initiation phase.

When the proposed Project is initiated, a Communication and Outreach Plan (C&O Plan) will be developed to ensure active stakeholder engagement and public communication. The C&O Plan will be completed within the first 30 days of the Project initiation. As part of the C&O Plan, specific engagement with potential transfer partners would be conducted to solidify the market strategy. It will also include details on how the Project Partners plan to outreach to the diverse stakeholder interests and Federally-recognized tribes in the Project area, and identify additional stakeholders. The C&O Plan will be a "living document" adjustable to changing Project circumstances and engagement needs.

The proposed Project will also leverage existing venues and processes, such as the regular plenary meetings hosted by RWA and by the Sacramento Water Forum, and public communication and engagement opportunities established for the ongoing regional planning efforts (see **Table 3**).

Additional outreach activities will include:

- **Email** – The Project Partners will utilize email communications to the stakeholder database to keep interested stakeholders informed on the process, timing of deliverables and key milestones, opportunities for collaboration, and other important announcements.
- **Website Updates** – The RWA website will be updated regularly to include Project content, allowing stakeholders to track the process and access Project public documents.
- **Presentations** – As requested, presentations to interested stakeholders, Board members, elected officials and staff, and other organizations may be made by Project Partners to share information and solicit feedback.

## **Evaluation Criterion C — Ability to Meet Program Requirements**

*Project Partners are confident in their ability to address all elements within 36 months of Project initiation. The American River Basin has a long history of collaboration on regional planning efforts and a track record of successful project delivery on schedule and budget, including Reclamation-funded planning studies.*

### **Detailed and Realistic Project Schedule**

**Figure 4** shows a detailed project schedule that highlights the stages, duration of the proposed work, and the major tasks and subtasks. The schedule illustrates the key linkages between parallel and sequenced tasks/subtasks. It also demonstrates the integration of engagement and outreach activities with the technical and planning tasks. Sufficient time has been provided to the key planning, technical, and implementation and governance activities to reflect realistic schedule for this collaborative planning process.

The schedule is formulated to meet Reclamation requirements outlined in the FOA, including (1) Project completion within 3 year (36 month) period, (2) submission of Technical Project Report for review at least 60 days before completion of the period of performance, and (3) sufficient time for Reclamation review of the Work Plan.

### **Reliance on Prior Planning Work**

In 2002, a regionally-coordinated pilot water sale of 10,000 acre-feet, which was made available by regional groundwater banking and exchange operations, was conducted. The Sacramento Groundwater Authority (SGA) entered into an agreement with the CALFED Bay- Delta Program Environmental Water Account (EWA). This pilot project proved the viability of a banking and exchange program, ensured no net impacts to the groundwater basin, and established the contractual and institutional arrangements (EWA, Reclamation, SGA, SSWD, City of Sacramento, and 3 other local water agencies). It also provided valuable insights on the water accounting mechanism and the financial structure implemented for this pilot project. RWA members, working with the Sacramento Area Flood Control Agency, also conducted a smaller pilot transfer, where 2,100 acre-feet banked in 1999 and made 1,995 acre-feet available in 2000. In recent years, PCWA and SSWD has conducted a number of short-term and long-term water sale agreements that involved surface water and groundwater substitution transfers. The Project Partners would like to build on these foundations to develop a regional strategy for water marketing that brings the collective surface water and groundwater resources of the region together to address the current water management challenges experienced throughout the State.

Prior planning work that provide technical foundation for this work, include the American River Basin IRWMP 2013 update and 2012 System Optimization Review (partially funded by Reclamation). A detailed listing of all relevant prior planning work and data sources is provided in **Appendix A - Existing Work Contributing to the Water Marketing Strategy**.

Currently, Reclamation has entrusted RWA through PCWA to lead and complete a Regional Drought Contingency Plan (2016), and is partnering with the region to conduct the American River Basin Study (2017). **Table 3** lists the key ongoing planning efforts that are relevant to the scope of the proposed Project.



## Adequacy of Budget for the Work Proposed

**Table 1** “*Description of Project Tasks for the Proposed American River Basin Water Marketing Strategy Project*”, **Table 3** “*Ongoing Planning Efforts Relevant to the Proposed Project*”, **Figure 4** “*Overall Schedule for the Proposed American River Basin Water Marketing Strategy Project*”, and **Table 5** “*Proposed Project Budget – By Task*” provide well thought out project scope and execution plan that leverages ongoing planning work. The budget estimates have also been informed by these ongoing planning efforts and level of confidence in available information and specific areas that needs additional development.

## Readily Available Quality Data and Information

**Table 3** identifies several complementary planning efforts that will assist in development of the proposed Project. Through these efforts, information is being generated related to hydrological, operational & physical constraints effecting the availability of surface water and groundwater as marketable assets. The Regional Drought Contingency Plan (Mar 2016 – Sep 2017) and the Regional Water Reliability Plan (Mar 2016 – Sep 2018) are developing water supply portfolios for each of the agencies in the Study Area that will provide foundational information on water budget balances under various hydrological and operational conditions. The 2018 IRWMP Update (Apr 2017 – Dec 2018) is updating the regional water management strategies, and legal and institutional constraints. Information on required investments to expand regional conjunctive use is also being developed through the Regional Water Reliability Plan, and further investments for storage and conveyance are under evaluation through the Alder Creek reservoir investigation and RiverArc Project. The Project Partners are confident in their ability to execute this Project effectively and efficiently, given the wealth of information under development. Note that some of the ongoing planning efforts have been reflected as cost-share items (see **Table 6**).

## Personnel Qualifications

Project Partners have identified **Ken Payne**, as a Project Manager. Mr. Payne is an experienced Project Manager with 25 years of experience working on and managing water projects. Mr. Payne previously worked for the City of Folsom as the Chief of Environmental & Water Resources Development. He is a founding partner in the environmental engineering firm of Municipal Consulting Group, LLP based in Sacramento, California, which focuses in the areas of water resources and public agency management. He currently serves as Interim Director to EDCWA as Executive Director for the El Dorado Water and Power Authority. Additionally, he serves as a strategic water resources planning advisor to a number of agencies in northern California. Mr. Payne is familiar with the American River Basin, both from his current and prior work experiences and serving on the Executive Steering Committee for the American River Basin study and participating in the Regional Water Reliability Plan.

Mr. Rob Swartz from RWA will be a key participant, representing RWA member agencies. He managed the development of the 2006 and 2013 versions of the IRWMP for the region. Rob also managed development of the 2012 SOR for the region. Rob will assist in quantifying the marketable assets, as well as the outreach and engagement activities through RWA established venues.

In addition, the Project Partners bring highly qualified staff with expertise specific to developing the Water Marketing Strategy. Each Project Partner agency is committing a senior-level staffer or manager to participate during development of the Project. The roles of the Project Partner staff are further described in the **Budget Narrative** section of this application.

A significant portion of the development of the proposed Project will require consulting support. As part of the Project, we will select consulting services through a process that identifies the highest level of technical expertise available to develop the plan.

## ***Evaluation Criterion D — Nexus to Reclamation***

*The proposed Project could directly contribute to Reclamation's operation of Folsom Dam, the primary CVP facility in the American River Basin for meeting all authorized CVP purposes. The proposed Project would also support implementation of the National Drought Resiliency Partnership goals and objectives.*

### **Reclamation Projects and Activities in the Project Area**

Reclamation is a close water management partner in the American River Basin because of its management of Folsom Reservoir and historical commitment to developing sustainable solutions critical to the region. Folsom Reservoir is the main project feature of Reclamation's CVP American River Division. Reclamation stores and conveys CVP contract water supplies and water right diversions to many local water agencies through the Folsom facilities. The total contract quantity for all CVP American River Division water service contracts is 180,750 acre-feet per year (excluding East Bay Municipal Utility District). Reclamation has additional operational agreements with City of Sacramento, PCWA, and other water rights holders in this basin. Much of the surface water supply in the American River Basin is either diverted from, or is conveyed through, Folsom Reservoir. As an integrated feature of the CVP, Folsom Reservoir also serves a critical role in managing water quality in the Sacramento-San Joaquin Delta and management of federally-listed species in the Lower American River. As the nearest CVP facility to the Delta and with its superior water quality, Folsom Reservoir can provide a rapid response to Delta outflow and water quality needs. Reclamation was also connected to the history of the upstream Sly Park Dam and Jenkinson Reservoir, which used to be CVP facilities and were transferred to EID (a member agency of EDCWA) in 2003.

The Sacramento metropolitan area is second only to New Orleans in terms of potential flood risks. The ongoing Joint Federal Project (JFP) – new auxiliary spillway – between Reclamation and the U.S. Army Corps of Engineers (USACE) will address flood damage reduction and dam safety risks at Folsom Dam. The JFP is the centerpiece of a comprehensive plan to provide local communities with a 200-year level of flood protection. Concurrent with JFP project construction, regional flood interests and stakeholders (including water agencies) are actively engaging USACE and Reclamation to revise the flood control operations manual for Folsom Dam to account for the new spillway and forecast-based operation to optimize flood operations considering water supply and other project purposes.

### **Support Implementation of Reclamation and Other Federal Initiatives**

The proposed Project will support the implementation of the National Drought Resiliency Partnership (NDRP), contributing to Goal 5: market-based approaches for infrastructure and efficiency. Under this goal, federal agencies shall support the advancement of innovative investment models and market-based approaches to increase resilience, flexibility, and efficiency of water use and water-supply systems. Furthering the cause of the NDRP, the proposed Project not only supports exploration of innovative financing options for drought resilience, but also supports state and local strategies for more flexible water management. The added benefit of the proposed Project is that it could further extend the benefits of two ongoing regional collaboration projects sponsored by Reclamation, these are described further below.

Currently through a WaterSMART grant and a funding assistance agreement under the FY2016 Basin Studies Program, the water agencies in the American River Basin are collaborating with Reclamation in two key regional studies: the Regional Drought Contingency Plan awarded in 2015, and the American River Basin Study awarded in 2016. In these studies, regional partners are exploring a large-scale regional conjunctive use opportunity that

leverages the water rights and contract entitlements and the available groundwater resources to significantly improve the long-term water supply reliability under climate change conditions and during drought conditions. The local water agencies are further developing the conjunctive use practice and associated water banking activities to also improve coordination with Reclamation's operation of Folsom Reservoir to meet all CVP authorized purposes with multiple federal nexus, including water supply (Reclamation), flood operations (USACE), protection of federally listed species (National Marine Fisheries Service (NMFS)), Delta water quality and protection of native fisheries (Reclamation, USFWS, and NMFS), and hydropower generation at Folsom and Nimbus Dams (Reclamation and Western Area Power Administration).

For implementation considerations, water transfers with Reclamation and other parties in the California water market has been identified as a potential funding source to offset infrastructure improvement costs for enhancing regional drought resilience and long-term water supply reliability. This provides direct benefits to the American River Basin where Reclamation is a critical water management partner. Furthermore, PCWA, EDCWA, and SSWD have already been included in Reclamation's 2015 Long-term Water Transfer Program as potential water transfer partners, leveraging their surface water and groundwater substitution capabilities; these transfers could benefit Reclamation's CVP service areas for M&I, agricultural and environmental water uses. The proposed Project will further expanding the participation to provide a flexible water management tool for Reclamation.

#### Related Reclamation's Indian Trust Responsibilities

Three Federally-recognized tribes reside within the American River Basin: the Shingle Springs Band of Miwok Indians, United Auburn Indian Community of the Auburn Rancheria, and Wilton Rancheria. The proposed Project does not interfere nor improve Reclamation's responsibilities to these tribes; however, the improved water supply reliability and drought resiliency would benefit these tribes because they receive water supply from the Project Partners.

The Lower American River supports more than 40 species of native and nonnative fish, including naturally spawning fall-run Chinook salmon (a federal species of concern), steelhead (federally listed as a threatened species under the Endangered Species Act), and American shad.

The restoration and rehabilitation of spawning and rearing habitat for anadromous fish in the Lower American River is a high priority for Federal and State resource agencies, as authorized and directed by the CVPIA 3406(b)(13) and the CALFED Bay-Delta Authority's Ecosystem Restoration Program.

## REQUIRED PERMITS OR APPROVALS

The proposed Project will evaluate the potential of water market asset development and investment needs to match the market perspectives and formulate a governance structure and implementation plan. The proposed Project will not require physical actions involving measurement, monitoring, or field work or changes to facility operations and maintenance. Therefore, permits or approvals will not be required for the proposed Project.

The proposed Project includes an implementation plan. Any specific infrastructure improvement projects or changes in facility operations and maintenance implemented will need permits and/or approvals independent from the proposed Project.

## PROJECT BUDGET

The proposed Project is for Funding Group II. The total Project cost is estimated at \$842,218. Project Partners are contributing over 52 percent of the total Project cost, and this contribution is through direct participation and other in-kind services in the form of relevant, ongoing studies and technical work (see **Appendix A** for detail). Federal and non-Federal cost shares are shown in **Table 4**.

### (1) FUNDING PLAN AND LETTERS OF COMMITMENT

As described previously, EDCWA is acting as the Applicant for WaterSMART funding. As summarized in **Table 4** and described in more detail in **Table 6**, the source of non-Federal funds will be from EDCWA, the cities of Folsom and Sacramento, PCWA, SSWD, and RWA. All non-Federal funds will be through direct participation and other in-kind contributions.

All local-cost share funding has been approved and letters of funding commitment are included in **Appendix B**.

**Table 4.—Summary of Non-Federal and Federal Funding Sources**

FUNDING SOURCES	AMOUNT
<b>Non Federal Entities</b>	
1. City of Folsom *	\$32,370
2. City of Sacramento *	\$110,907
3. El Dorado County Water District (EDCWD) *	\$102,933
4. Placer County Water Agency (PCWA) *	\$64,837
5. Regional Water Authority (RWA) *	\$111,239
6. Sacramento Suburban Water District (SSWD) *	\$19,932
Non-Federal Subtotal	\$442,218
<b>Other Federal Entities</b>	
None	\$0
Other Federal Subtotal	\$0
<b>REQUESTED RECLAMATION FUNDING</b>	<b>\$400,000</b>

Key:

(\*) denotes in-kind contributions, including (1) direct participation – hourly rate and fringe benefits and (2) studies being conducted by the Project Partners that contribute to the proposed Project scope

**Table 5** provides the budget details by task. It also provides the breakdown of Federal and non-Federal cost-share for each task. **Table 6** provide the sources of in-kind contributions to the proposed Project.

**Table 5. Proposed Project Budget – By Task**

	TASK	BUDGET		
		TOTAL	FEDERAL	NON-FEDERAL
Required Planning Components & Technical Project Report	<b>Task 1 - Study Initiation</b>	\$ 25,812	\$ 20,000	\$ 5,812
	Subtask 1.1 - Project Work Plan Subtask 1.2 - Communication & Outreach Plan			
	<b>Task 2 - Draft &amp; Final Technical Project Report</b>	\$ 47,850	\$ 40,000	\$ 7,850
	Subtask 2.1 - Draft Report Subtask 2.2 - Final Report			
Element 1	<b>Task 3 - Outreach &amp; Partnership Building</b>	\$ 122,489	\$ 50,000	\$ 72,489
	Subtask 3.1 - Engagement with Representative Transfer Partners Subtask 3.2 -Engagement with in-Basin Stakeholders Subtask 3.3 - Public Outreach			
	<b>Task 4 - Water Market Analysis</b>	\$ 177,200	\$ 130,000	\$ 47,200
Element 2	Subtask 4.1 - Water Market Identification & Evaluation Subtask 4.2 - Financial Model Development Subtask 4.3 - Financial Scenario Analysis			
	<b>Task 5 - Water Asset Development &amp; Investment Plan</b>	\$ 272,400	\$ 35,000	\$ 237,400
	Subtask 5.1 - Hydrological, Operational & Physical Constraints Analysis Subtask 5.2 - Legal, Institutional, & Environmental Constraints Analysis Subtask 5.3 - Infrastructure & Investment Considerations			
	<b>Task 6 - Implementation &amp; Governance</b>	\$ 157,967	\$ 105,000	\$ 52,967
Element 3	Subtask 6.1 - Governance & Partnership Framework Subtask 6.2 - Monitoring Plan Subtask 6.3 - Water Marketing Support Tools Subtask 6.4 -Implementation Plan			
	<b>Task 7 - Reclamation Agreement Management</b>	\$ 38,500	\$ 20,000	\$ 18,500
	Subtask 7.1 - Invoicing & Reporting Subtask 7.2 - Coordination			
	<b>TOTAL Budget</b>	<b>\$ 842,218</b>	<b>\$ 400,000</b>	<b>\$ 442,218</b>

**Table 6. Sources of In-kind Contributions to the Proposed Project**

Item	Lead(s)	Contribution to the Proposed Project	Related Project Task	Non-Federal Cost-Share	Date of Cost Incurrence
Supplemental Water Rights Application	EDCWA	Provides information related to the institutional constraints on water availability.	Subtask 5.2	\$20,000	2018
Rio Linda Water Transfer		Assesses of feasibility and required investment for an aquifer storage and recovery program in Rio Linda/Elverta Community Water District area. Supports analysis of infrastructure and investment considerations	Subtask 5.3	\$20,000	2017-2018
Facility Usage Fee Market Analysis		Supports the development of the Financial Model by analyzing the existing conveyance assets in the North American River Basin (Cooperative Transmission Pipeline).	Subtask 4.2	\$10,000	2017-2018
Staff Participation		Provides Project management and oversight on deliverables	Tasks 1-7	\$52,933	
<b>Subtotal EDCWA</b>				<b>\$102,933</b>	
Market Analysis for Surface Water Transfers	City of Folsom	Identifies and evaluates regional and state-wide water markets.	Subtask 4.1	\$15,000	2018
Staff Participation		Participates in Project meetings, provides input on deliverables.	Tasks 1-6	\$17,370	
<b>Subtotal City of Folsom:</b>				<b>\$32,370</b>	
City of Sacramento Groundwater Master Plan	City of Sacramento	Evaluates groundwater conjunctive use strategic operations within the City service area. Supports the development of the hydrological, operational and physical constraints analysis.	Subtask 5.1	\$67,400	2016-2017 (Before Project Initiation)
		Evaluates required investments to maintain, rehabilitate and expand groundwater infrastructure. Supports the analysis of infrastructure and investment considerations	Subtask 5.3	\$30,000	2016-2017 (Before Project Initiation)
Staff Participation		Participates in Project meetings, provides input on deliverables	Tasks 1-6	\$13,507	
<b>Subtotal City of Sacramento</b>				<b>\$110,907</b>	

Table 6. (Continued)

Item	Lead(s)	Contribution to the Proposed Project	Related Project Task	Non-Federal Cost-Share	Date of Cost Incurrence
RiverArc Project	PCWA	Evaluates expansion of regional conjunctive use program with phased implementation RiverArc. Supports development of hydrological, operational and physical constraints analyses.	Subtask 5.1	\$20,000	2017 – 2019
		Estimates required investment for phased implementation of RiverArc project. Supports the analysis of infrastructure and investment considerations	Subtask 5.3	\$20,000	2017 – 2019
		Supports analysis of institutional and legal constraints.	Subtask 5.2	\$10,000	2017 – 2018
Staff Participation		Participates in Project meetings, provides input on deliverables.	Tasks 1-6	\$14,837	
<b>Subtotal PCWA</b>				<b>\$64,837</b>	
SGMA Implementation	RWA	Supports development of the monitoring plan	Subtask 6.2	\$10,000	2017-2020
Regional Water Reliability Plan		Identifies and engages potential transfer partners, with a focus on potential CVP and SWP partners.	Subtask 3.1	\$25,000	2018
		Evaluates the potential for additional groundwater recharge capacity with improved ability to share surface supplies regionally. Supports the development of the hydrological, operational and physical constraints analysis	Subtask 5.1	\$30,000	2016 –2018 <i>(Partially before Project Initiation)</i>
		Evaluates potential infrastructure improvement to increase current capacity for groundwater banking and recovery. Supports analysis of infrastructure and investment considerations	Subtask 5.3	\$20,000	2016 –2018 <i>(Partially before Project Initiation)</i>
Staff Participation		Participates in Project meetings, provides input on deliverables.	Tasks 1-6	\$26,239	
<b>Subtotal RWA</b>				<b>\$111,239</b>	
Staff Participation	SSWD	Participates in Project meetings, provides input on deliverables.	Tasks 1-6	\$19,932	
<b>Subtotal RWA</b>				<b>\$19,932</b>	
Direct Staff Participation - Subtotal				\$144,818	
Relevant Studies and Technical Work - Subtotal				\$297,400	
<b>TOTAL Non-Federal Cost Share</b>				<b>\$442,218</b>	

## ENVIRONMENTAL AND CULTURAL RESOURCES COMPLIANCE

The proposed Project will evaluate the potential of water market asset development and investment needs to match the market perspectives and formulate a governance structure and implementation plan. The proposed Project will not require physical actions involving measurement, monitoring, or field work or changes to facility operations and maintenance. Therefore, it is not anticipated that the proposed Project will effect on environmental or cultural resources in the Project area.

***Will the proposed Project impact the surrounding environment (e.g., soil [dust], air, water [quality and quantity], animal habitat)?***

It is anticipated that the proposed Project will have no direct impact on the surrounding environment.

***Are you aware of any species listed or proposed to be listed as a Federal threatened or endangered species, or designated critical habitat in the area? If so, would they be affected by any activities associated with the proposed Project?***

Federal threatened or endangered species known to be found in the Project area include naturally spawning fall-run Chinook salmon (a federal species of concern) and steelhead (federally listed as a threatened species under the Endangered Species Act). These species are not anticipated to be affected by any activities associated with the proposed Project.

***Are there wetlands or other surface waters inside the Project boundaries that potentially fall under Clean Water Act (CWA) jurisdiction as "Waters of the United States?" If so, please describe and estimate any impacts the proposed project may have.***

Within the Study Area boundaries (within the American River Basin), there are many wetlands and surface waters that fall under Clean Water Act (CWA) jurisdiction as "Waters of the United States". These waters are not anticipated by affected by any activities associated with the proposed project.

***When was the water delivery system constructed?***

Construction of the Folsom Dam and Reservoir, primary regulating reservoir for the Project area, was completed in 1956.

***Will the proposed project result in any modification of or effects to, individual features of an irrigation system (e.g., headgates, canals, or flumes)?***

It is not anticipated that the proposed Project will result in the modification to individual features of an irrigation system.

***Are any buildings, structures, or features in the irrigation district listed or eligible for listing on the National Register of Historic Places?***

There are buildings, structures, or features in the Project Area listed on the National Register of Historic Places. It is anticipated that these places will be unaffected by the proposed Project.

***Are there any known archeological sites in the proposed area?***

There are no known archeological sites in the proposed Project area.

***Will the proposed Project have a disproportionately high and adverse effect on low income or minority populations?***

It is not anticipated that the proposed Project will have a disproportionately high and adverse effect on low income or minority populations.

***Will the proposed Project limit access to and ceremonial use of Indian sacred sites or result in other impacts on tribal lands?***

It is not anticipated that the proposed Project will limit access to and ceremonial use of Indian sacred sites or result in other impact on tribal lands.

***Will the proposed Project contribute to the introduction, continued existence, or spread of noxious weeds or non-native invasive species known to occur in the area?***

It is not anticipated that the proposed Project will contribute to the introduction, continued existence, or spread of noxious weeds or non-native invasive species known to occur in the Project area.

## APPENDIX A: EXISTING ANALYSIS CONTRIBUTING TO THE WATER MARKETING STRATEGY

Sources of Data/Reports
American River Basin, 2013. American River Basin Integrated Regional Water Management Plan Update 2013. <a href="http://rwah2o.org/programs/integrated-regional-water-management/american-river-basin-irwmp-2013-update/">http://rwah2o.org/programs/integrated-regional-water-management/american-river-basin-irwmp-2013-update/</a>
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## APPENDIX B: FUNDING COMMITMENT LETTERS AND LETTERS OF SUPPORT



April 14, 2017

Mr. Kenneth Payne  
El Dorado County Water Agency  
4110 Business Drive, Suite B  
Shingle Springs, CA 95682

Jim Peifer, Chair  
Marcus Yasutake, Vice  
Chair

**Members**

- California American Water
- Carmichael Water District
- Citrus Heights Water District
- Del Paso Manor Water District
- El Dorado Irrigation District
- Elk Grove Water District
- Fair Oaks Water District
- Folsom, City of
- Golden State Water Company
- Lincoln, City of
- Orange Vale Water Company
- Placer County Water Agency
- Rancho Murieta Community Services District
- Roseville, City of
- Rio Linda / Elverta Community Water District
- Sacramento, City of
- Sacramento County Water Agency
- Sacramento Suburban Water District
- San Juan Water District
- West Sacramento, City of
- Yuba City, City of

**Associates**

- County of Placer
- El Dorado County Water Agency
- Sacramento Municipal Utility District
- Sacramento Regional County Sanitation District
- Sacramento Area Flood Control Agency

Subject: Funding Commitment for the American River Basin Water Marketing Strategy Project: Funding Opportunity Announcement  
No. BOR-DO-17-F014

Dear Mr. Payne:

I am writing on behalf of the Regional Water Authority (RWA) to confirm our commitment to and support of the American River Basin Water Marketing Strategy Project. RWA is a joint powers authority that represents 21 water supply agencies in El Dorado, Placer, Sacramento, Sutter, and Yolo counties in California. We understand that the El Dorado County Water Agency is acting as the lead grant applicant in our collaborative effort in seeking assistance for the proposed project.

RWA is currently leading a regional effort to develop a Regional Water Reliability Plan to ensure reliable water resources for our customers and the environment under all conditions, including extreme drought. We believe that an important part of the solution is to expand conjunctive use operations in the region's groundwater basins. We are also interested in establishing a Reclamation-recognized water bank in the region as a means of incentivizing expanded conjunctive use and allowing for long-term storage and recovery of Reclamation water supplies. The proposed effort is a critically important step in the process of deciding to establish a water bank.

To show our commitment to the project, we are committing up to \$111,239 through in-kind and direct funding support to meet the non-federal cost-share requirements for the project. The cost-share is immediately available and will be in place for the duration of the project. There are no other constraints or contingencies associated with our cost share commitment.

Sincerely,

John K. Woodling  
Executive Director



PLACER COUNTY WATER AGENCY  
SINCE 1957

BOARD OF DIRECTORS

Gray Allen, District 1  
Primo Santini, District 2  
Mike Lee, District 3  
Robert Dugan, District 4  
Joshua Alpine, District 5

BUSINESS CENTER

144 Ferguson Road  
MAIL  
P.O. Box 6570  
Auburn, CA 95604

PHONE  
(530) 823-4850  
(800) 464-0030

Einar Malsch, General Manager

WWW.PCWA.NET

April 17, 2017

Sent via email to: [kpayne@municipalcon.com](mailto:kpayne@municipalcon.com)

Mr. Kenneth Payne  
El Dorado County Water Agency  
4110 Business Drive, Suite B  
Shingle Springs, CA 95682

**SUBJECT: Funding Commitment for the American River Basin Water Marketing Strategy Project  
Funding Opportunity Announcement No. BOR-DO-17-F014**

Dear Mr. Payne:

I am writing on behalf of Placer County Water Agency (Agency) to confirm our commitment to and support of the American River Basin Water Marketing Strategy Project. We support El Dorado County Water Agency acting as the lead grant applicant in our collaborative effort in seeking assistance for the proposed project.

To show our commitment to the project, our Agency is committing up to \$64,837 through in-kind and direct funding support to meet the non-federal cost-share requirements for the project. The cost-share is immediately available and will be in place for the duration of the project. There are no other constraints or contingencies associated with our cost-share commitment.

Sincerely,

PLACER COUNTY WATER AGENCY

Andrew Fecko  
Director of Resource Development

AF:BR:vf

c: Brent Smith, Director of Technical Services, Placer County Water Agency  
Brian Rickards, Associate Engineer, Placer County Water Agency  
Kirsten Pringle, Associate Public Affairs Specialist, Stantec



CITY OF  
**FOLSOM**  
DISTINCTIVE BY NATURE

April 16, 2017

Mr. Kenneth Payne  
El Dorado County Water Agency  
4110 Business Drive, Suite B  
Shingle Springs, CA 95682

Subject: Support for the American River Basin Water Marketing Strategy Project:  
Funding Opportunity Announcement No. BOR-DO-17-F014

Dear Mr. Payne:

I am writing on behalf of the City of Folsom to confirm our commitment to and support of the American River Basin Water Marketing Strategy Project. We understand that the El Dorado County Water Agency is acting as the lead grant applicant in our collaborative effort in seeking assistance for the proposed project.

To show our commitment to the project, our agency is committing up to \$33,000 through in-kind and direct funding support to meet the non-federal cost-share requirements for the project. The cost-share is immediately available and will be in place for the duration of the project. There are no other constraints or contingencies associated with our cost share commitment.

Sincerely,

A handwritten signature in black ink that reads "Marcus Yasutake".

Marcus Yasutake  
City of Folsom  
Environmental and Water Resources Director

April 13, 2017

Mr. Kenneth Payne  
El Dorado County Water Agency  
4110 Business Drive, Suite B  
Shingle Springs, CA 95682

**Subject: Funding Commitment for the American River Basin Water Marketing Strategy Project: Funding Opportunity Announcement No. BOR-DO-17-F014**

Dear Mr. Payne:

I am writing on behalf of the City of Sacramento to confirm our support of the American River Basin Water Marketing Strategy Project. We understand that the El Dorado County Water Agency is acting as the lead grant applicant in our collaborative effort in seeking assistance for the proposed project.

To show our interest and intended commitment to the project, our agency has identified up to \$110,907 through in-kind funding support to meet the non-federal cost-share requirements for the project. *Please note that approval of a cost share agreement would require action by the Sacramento City Council.*

Sincerely,



William O. Busath  
Director

General Manager

Robert S. Roscoe, P. E.



Board of Directors

President - Robert P. Wichert  
Vice President - Craig M. Locke  
David A. Jones  
Neil W. Schild  
Kevin M. Thomas

April 13, 2017

Mr. Kenneth Payne  
El Dorado County Water Agency  
4110 Business Drive, Suite B  
Shingle Springs, CA 95682

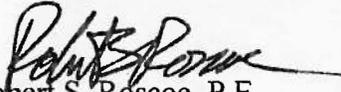
Subject: Funding Commitment for the American River Basin Water Marketing Strategy  
Project: Funding Opportunity Announcement No. BOR-DO-17-F014

Dear Mr. Payne:

I am writing on behalf of Sacramento Suburban Water District to confirm our commitment to and support of the American River Basin Water Marketing Strategy Project. We understand that the El Dorado County Water Agency is acting as the lead grant applicant in our collaborative effort in seeking assistance for the proposed project.

To show our commitment to the project, our agency is committing up to \$20,000 through in-kind and direct funding support to meet the non-federal cost-share requirements for the project. The cost-share is immediately available and will be in place for the duration of the project. There are no other constraints or contingencies associated with our cost share commitment.

Sincerely,

  
Robert S. Roscoe, P.E.  
General Manager

JOHN GARAMENDI  
3RD DISTRICT, CALIFORNIA



UNITED STATES CONGRESS

April 17, 2017

2438 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
PHONE: (202) 225-1880  
FAX: (202) 225-5914

DISTRICT OFFICES:

412 G STREET  
DAVIS, CA 95616  
PHONE: (530) 753-5301  
FAX: (530) 753-5614

1261 TRAVIS BOULEVARD, SUITE 130  
FAIRFIELD, CA 94533  
PHONE: (707) 438-1822  
FAX: (707) 438-0523

795 PLUMAS STREET  
YUBA CITY, CA 95991  
PHONE: (530) 329-8865  
FAX: (530) 763-4248

ARMED SERVICES COMMITTEE  
STRATEGIC FORCES SUBCOMMITTEE  
EMERGING THREATS AND CAPABILITIES  
SUBCOMMITTEE

TRANSPORTATION AND  
INFRASTRUCTURE COMMITTEE  
RANKING MEMBER  
COAST GUARD AND MARITIME TRANSPORTATION  
SUBCOMMITTEE

WATER RESOURCES AND ENVIRONMENT  
SUBCOMMITTEE  
AVIATION SUBCOMMITTEE

Mr. David Murillo  
Commissioner (Acting)  
U.S. Bureau of Reclamation  
1849 C Street NW  
Washington DC 20240-0001

Dear Mr. Murillo:

I write in support an effort by several American River Basin water purveyors to establish and expand water markets and water marketing activities between willing participants. As part of their effort, the group is applying to your agency for a WaterSMART Water Marketing Strategy grant.

California and the western United States will continue experiencing pressures on water resources in the future for a variety of reasons. I appreciate the Bureau's ongoing efforts to help optimize the security and resiliency of western water resources by assisting local and regional efforts in this regard. Water markets between willing buyers and sellers can be used to help water users meet demands efficiently in times of shortage. This helps to prevent water conflicts, and provides a necessary tool to ease the impacts of drought.

This is a timely opportunity for the Bureau to support water purveyors in the American River Basin as water marketing strategies are being actively considered in development of both the ongoing Regional Water Reliability Plan and the upcoming federal American River Basin Study. A WaterSMART grant from the Bureau would provide resources and opportunities for the region to further the necessary asset development and investments, market focus and capture, and implementation and governance.

El Dorado County Water Agency will take the lead on submitting the grant application on behalf of participating agencies including the Placer County Water Agency, the City of Sacramento, the City of Folsom, the Sacramento Suburban Water District, and the Regional Water Authority. I urge you to give all due consideration to the American River Basin Marketing Strategy grant application.

Sincerely,

A handwritten signature in blue ink that reads "J. Garamendi".

JOHN GARAMENDI  
Member of Congress

**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-0506

April 17, 2017

Mr. Kenneth Payne  
El Dorado County Water Agency  
4110 Business Drive, Suite B  
Shingle Springs, CA 95682

**Re: Support for the American River Basin Water Marketing Strategy  
Project: Funding Opportunity Announcement No. BOR-DO-17-F014**

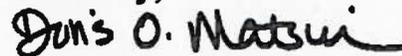
Dear Mr. Payne:

I write in support of the American River Basin Water Marketing Strategy put forth by the El Dorado County Water Agency, the lead grant applicant, and their numerous partners which include the City of Sacramento, the Sacramento Suburban Water District and the Placer County Water Agency.

As this application moves forward, I am encouraged by the strong collaboration among the numerous partner agencies. I have been told that the resulting water marketing strategy will be a great contributor to the resolution of California's statewide water conflicts as well as water supply sustainability for our region. With this funding, the partners would provide resources and opportunities for the region to further the necessary asset development and investments in order to advance water marketing strategy and regional sustainability.

Again, I am pleased to support the American River Basin Water Marketing Strategy. I trust that you will give their application thorough consideration.

Sincerely,



DORIS O. MATSUI  
Member of Congress

AMI BERA, M.D.  
7<sup>TH</sup> DISTRICT, CALIFORNIA

COMMITTEE ON FOREIGN AFFAIRS

SUBCOMMITTEES:

ASIA AND THE PACIFIC

AFRICA, GLOBAL HEALTH, AND HUMAN RIGHTS

COMMITTEE ON SCIENCE, SPACE, AND  
TECHNOLOGY

SUBCOMMITTEES:

ENVIRONMENT

SPACE



Congress of the United States  
House of Representatives

WASHINGTON OFFICE  
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FAX: (202) 226-1298

DISTRICT OFFICE  
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BUILDING 3, SUITE 100  
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[AMI.BERA@MAIL.HOUSE.GOV](mailto:AMI.BERA@MAIL.HOUSE.GOV)

April 17, 2017

Mr. David Murillo  
Acting Commissioner  
Bureau of Reclamation  
1849 C Street NW  
Washington DC 20240-0001

Subject: Support for the American River Basin Water Marketing Strategy Project: Funding Opportunity Announcement No. BOR-DO-17-F014

Dear Mr. Murillo,

I am writing in support for the American River Basin Water Marketing Strategy Project application for the WaterSMART Water Marketing Strategy Funding Opportunity. I understand that the El Dorado County Water Agency is acting as the lead grant applicant in the collaborative effort to seek assistance for this proposed project and is working with the Placer County Water Agency, the cities of Sacramento and Folsom, the Sacramento Suburban Water District and the Regional Water Authority (RWA).

As a member of Congress who represents the Sacramento region, I know how critical a sustainable water supply is for families and our local economy. The last few years have shown that California can quickly go from experiencing a prolonged period of drought to a year with plentiful surface water supplies. This past year is a strong reminder of the importance of a stable and integrated water market and the need for storing and replenishing groundwater supplies during wet years for future periods of drought. That's why the Sacramento region is focused on developing a regional groundwater bank to alternate the use of surface water and groundwater supplies during wet and dry years to maximize both resources.

Our changing climate requires us to take action to secure our water supply. I look forward to supporting this project at the federal level and advocating for strong and robust funding of the Bureau of Reclamation and the WaterSMART program. I am confident that the American River Basin Water Marketing Strategy Project will contribute towards resolving statewide water conflicts as well as ensuring water supply sustainability for the communities that I represent and the entire Sacramento region.

Sincerely,

A handwritten signature in blue ink that reads "Ami Bera".

Ami Bera, M.D.  
Member of Congress



2460 Headington Road  
Placerville, CA 95667-5216  
Phone: 530.622.7773  
Fax: 530.622.7839  
Email: info@edcfb.com

April 13, 2017

Mr. Kenneth Payne  
El Dorado County Water Agency  
4110 Business Drive, Suite B  
Shingle Springs, CA 95682

Subject: Support for the American River Basin Water Marketing Strategy Project:  
Funding Opportunity Announcement No. BOR-DO-17-F014

Dear Mr. Payne:

I am writing on behalf of the El Dorado County Farm Bureau to confirm support of the American River Basin Water Marketing Strategy Project. We understand that that El Dorado County Water Agency is acting as the lead grant applicant in our collaborative effort in seeking assistance for the proposed project.

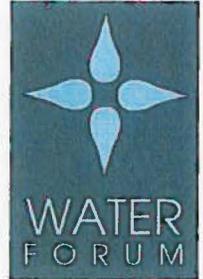
We look forward to being an involved stakeholder, and advocate believing in the importance of best practices to gain, and keep, water rights and supplies to meet El Dorado County's needs. EDWA is the proper vehicle to accomplish that.

We believe that the resulting water marketing strategy will greatly contribute to resolution of statewide water conflicts as well as water supply sustainability for El Dorado County and neighboring regions. Adequate water supply to meet future agricultural and development needs is important to the agricultural industry as it stands today and even more crucial to ensure viability and sustainability for the future.

Sincerely,

A handwritten signature in black ink that reads 'Merv de Haas'. The signature is written in a cursive, flowing style.

Merv de Haas  
Board President



Sacramento City-County  
Office of Metropolitan  
Water Planning

April 17, 2017

Mr. Kenneth Payne  
El Dorado County Water Agency  
4110 Business Drive, Suite B  
Shingle Springs, CA 95682

**Subject: Support for the American River Basin Water Marketing Strategy Project:  
Funding Opportunity Announcement No. BOR-DO-17-F014**

Dear Mr. Payne:

I am writing on behalf of Sacramento Water Forum to express support of the American River Basin Water Marketing Strategy Project. We understand that that El Dorado County Water Agency is acting as the lead grant applicant in a regional effort to seek grant funding assistance for the proposed project.

Our understanding of the proposed project is that it will evaluate a water marketing strategy as one possible way of expanding conjunctive use operations in the region, which are a foundational element of the Water Forum Agreement. Our support for the proposal is based on a commitment to engage with regional environmental and business stakeholders, which are caucuses of the Water Forum. It will be important to engage these caucuses to ensure that the intent of the Water Forum Agreement is maintained as you evaluate a potential water market outside of the region. We look forward to being actively engaged in the process.

Sincerely,

Tom Gohring  
Executive Director



**metrochamber**

SACRAMENTO METROPOLITAN  
CHAMBER OF COMMERCE

April 17, 2017

Mr. Kenneth Payne  
El Dorado County Water Agency  
4110 Business Drive, Suite B  
Shingle Springs, CA 95682

Mr. John Woodling  
Regional Water Authority  
5620 Birdcage Street, Suite 180  
Citrus Heights, CA 95610

**Subject: Support for the American River Basin Water Marketing Strategy Project: Funding Opportunity Announcement No. BOR-DO-17-F014**

Dear Mr. Payne and Mr. Woodling:

I am writing on behalf of the Sacramento Metro Chamber to confirm support for the American River Basin Water Marketing Strategy Project. We understand that that El Dorado County Water Agency is acting as the lead grant applicant in a collaborative effort with the Regional Water Authority and its members in seeking assistance for the proposed project.

For decades, water purveyors and businesses in the California Capitol Region have been innovative and collaborative in the management of water resources. Efforts like the Water Forum agreement, among others, have both ensure that our region has water supply reliability, and helps us manage supply and storage systems for the benefit of our neighbors, the delta, and water users elsewhere in the state. In that vein, we are pleased to offer our support for this WaterSMART grant application by the El Dorado County Water Agency.

Development of collaborative regional water marketing strategies could play a constructive role in the California Capitol Region's water supply reliability and sustainability. We are also hopeful that the resulting plan can contribute to the resolution of statewide conflicts over water resources consistent with our region's history in that regard.

Sincerely,

Robert Dugan, Senior Vice President  
Public Policy and Economic Development  
Sacramento Metro Chamber



**Sacramento Groundwater Authority**  
*Managing Groundwater Resources  
in Northern Sacramento County*

5620 Birdcage Street, Suite 180  
Citrus Heights, CA 95610

Tel: (916) 967-7692  
Fax: (916) 967-7322  
www.sgah2o.org

April 14, 2017

Mr. Kenneth Payne  
El Dorado County Water Agency  
4110 Business Drive, Suite B  
Shingle Springs, CA 95682

California American  
Water

Carmichael  
Water District

Citrus Heights  
Water District

City of Folsom

City of Sacramento

County of Sacramento

Del Paso Manor  
Water District

Fair Oaks Water District

Golden State  
Water Company

Natomas Central Mutual  
Water Company

Orange Vale  
Water Company

Rio Linda / Elverta  
Community Water  
District

Sacramento Suburban  
Water District

San Juan  
Water District

Agricultural and  
Self-Supplied  
Representative

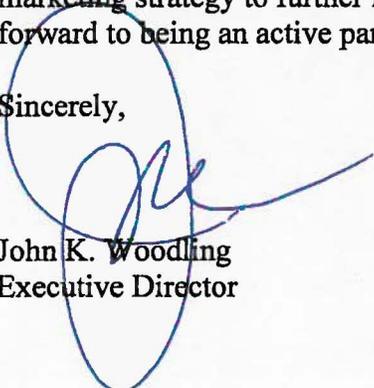
**Subject: Support for the American River Basin Water Marketing Strategy  
Project: Funding Opportunity Announcement No. BOR-DO-17-F014**

Dear Mr. Payne:

I am writing on behalf of Sacramento Groundwater Authority (SGA) to confirm support of the American River Basin Water Marketing Strategy Project. SGA is a joint powers authority formed in 1998 to manage the groundwater basin underlying the portion of Sacramento County north of the American River. We understand that the El Dorado County Water Agency is acting as the lead grant applicant in a collaborative effort in seeking assistance for the proposed project.

SGA has long promoted increased conjunctive use of surface water and groundwater as a key component to a sustainable groundwater basin. SGA understands that there have been barriers, mostly financial in nature, to expanding conjunctive use. To partially address this, SGA adopted a Water Accounting Framework in 2010 to recognize past investments by local water providers that resulted in a healthier groundwater basin. The WAF has enabled those agencies to participate in water transfers over the past several years with the U.S. Bureau of Reclamation and the California Department of Water Resources. We believe that it is a worthwhile effort to evaluate and develop a marketing strategy to further incentivize conjunctive use expansion. SGA looks forward to being an active participant in your process.

Sincerely,



John K. Woodling  
Executive Director



**Sacramento Central Groundwater Authority**  
*Managing Groundwater Resources  
 in Central Sacramento County*

827 7<sup>th</sup> St, Rm 301  
 Sacramento, CA 95814

Tel: (916) 874-6851  
 Fax: (916) 874-5698  
 www.scgah2o.org

April 17, 2017

Darrell K. Eck  
 Executive Director

California-American  
 Water Company

City of Elk Grove

City of Folsom

City of Rancho Cordova

City of Sacramento

County of Sacramento

Florn Resource Conservation  
 District/Elk Grove Water  
 Service

Golden State Water Company

Omoohunne-Hartnell  
 Water District

Rancho Murieta Community  
 Services District

Sacramento Regional  
 County Sanitation District

Agricultural Representative

Agricultural-Residential  
 Representative

Commercial/Industrial  
 Representative

Conservation Landowners

Public Agencies/Self-  
 Supplied Representative

**Mr. Kenneth Payne**  
**El Dorado County Water Agency**  
**4110 Business Drive, Suite B**  
**Shingle Springs, CA 95682**

**Subject: Support for the American River Basin Water Marketing Strategy Project:  
 Funding Opportunity Announcement No. BOR-DO-17-F014**

**Dear Mr. Payne:**

I am writing on behalf of the Sacramento Central Groundwater Authority to confirm support of the American River Basin Water Marketing Strategy Project. We understand that that El Dorado County Water Agency is acting as the lead grant applicant in seeking assistance for the proposed project.

We look forward to being an involved stakeholder through ongoing and related regional planning efforts, evaluate surface water and groundwater supplies during various water year types, and analyze legal and institutional constraints on the availability of regional water supplies. We believe that the resulting water marketing strategy will greatly contribute to resolution of statewide water conflicts as well as water supply sustainability for our stakeholders and our region.

Sincerely,

**Darrell Eck**  
**Executive Director**



## RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT

P.O. BOX 400 • 730 L STREET  
RIO LINDA, CALIFORNIA 95673  
Phone: (916) 991-1000 • Fax: (916) 991-6616  
[www.rlecwd.com](http://www.rlecwd.com)

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April 10, 2017

Mr. Kenneth Payne  
El Dorado County Water Agency  
4110 Business Drive, Suite B  
Shingle Springs, CA 95682

Subject: Support for the American River Basin Water Marketing Strategy Project:  
Funding Opportunity Announcement No. BOR-DO-17-F014

Dear Mr. Payne:

I am writing on behalf of the Rio Linda/Elverta Community Water District to confirm support of the American River Basin Water Marketing Strategy Project. We understand that El Dorado County Water Agency is acting as the lead grant applicant in our collaborative effort in seeking assistance for the proposed project. We look forward to being an involved stakeholder through ongoing and related regional planning efforts, evaluate surface water and groundwater supplies and constraints during various water year types, analyze legal and institutional constraints on availability of regional water supplies, and develop the framework for a regional water marketing strategy. We believe that the resulting water marketing strategy will greatly contribute to resolution of statewide water conflicts as well as water supply sustainability for the Rio Linda/Elverta Community Water District and our region.

Sincerely,

*Ralph Felix*

Ralph Felix  
General Manager  
RLECWD

---

**DIRECTORS:**  
Brent Dills, President  
Mary Harris, Vice President  
John Ridilla, Director  
Paul Green, Director  
Mary Henrici, Director

**General Manager:**  
Ralph Felix  
[RFelix@rlecwd.com](mailto:RFelix@rlecwd.com)

## APPENDIX C: OFFICIAL RESOLUTION

On April 12, 2017, the El Dorado County Water Agency (EDCWA) Board of Directors (Board) approved EDCWA's participation in the proposed American River Basin Water Marketing Strategy Project with the Project Partners. The agenda and staff report from the Board's April 12 meeting is included below. The Board meets on a monthly basis; therefore, the complete application was not able to be brought to the Board before the application deadline (April 19). The Board will be holding a special meeting on the week of April 23 to vote on a resolution verifying the Board's support of this application and confirming the capability of EDCWA and the Project Partners to provide the funding amount specified in the funding plan. The draft resolution is included below. The executed resolution will be sent within 30 days of the application deadline.



## El Dorado County Water Agency

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# MEETING AGENDA

### El Dorado County Water Agency Board of Directors

Brian Veerkamp, Chair, Board of Supervisors  
Michael Ranalli, First Vice Chair, Board of Supervisors  
Shiva Frentzen, Second Vice Chair, Board of Supervisors  
Dr. Dale Coco, El Dorado Irrigation District  
Duane Wallace, South Tahoe P.U.D.

Kenneth V. Payne, P.E., Interim General Manager  
Julianne van Leeuwen, Temporary Water Agency Technician/Acting Clerk of the Board

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Wednesday, April 12, 2017

10:00 a.m.

El Dorado County Water Agency

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Mission Statement  
*"Ensure El Dorado County has  
adequate water for today and in the future."*

Agendas, Supplemental Materials and Minutes of the Board of Directors are available on the internet at:  
<http://www.edcgov.us/water>

The El Dorado County Water Agency is committed to ensuring that persons with disabilities are provided the resources to participate in its public meetings. Please contact the Clerk of the Board if you require accommodation: 530/621-5392 or via email: [julianne.vanleeuwen@edcgov.us](mailto:julianne.vanleeuwen@edcgov.us)

If a writing that is a public record is distributed less than 72 hours prior to an open meeting of this Board, a copy of the writing will be made available for public inspection at the time the writing is distributed to the Board at the address above and on the website listed below as soon as electronically available.

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**CALL TO ORDER and ROLL CALL**

**PLEDGE OF ALLEGIANCE TO THE FLAG**

**OPEN FORUM:** Public comments during open forum are limited to three (3) minutes.

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**ADOPTION OF AGENDA AND APPROVAL OF CONSENT CALENDAR**

At this time the Board will make any necessary additions, deletions, or corrections to the Agenda; determine matters to be added to or removed from the Consent Calendar; and with one motion adopt the Agenda and approve the Consent Calendar.

**CONSENT CALENDAR:** Determination of matters to be added to or removed from the Consent Calendar and Board action on the Consent Calendar.

1. **Approval of Minutes (Conformed Agenda) of the El Dorado County Water Agency ("EDCWA") regular meeting, March 8, 2017.**  
**RECOMMENDED ACTION:** Staff recommends the Board receive and file the Conformed Agenda for March 2017.
2. **Interim Warrant Register**  
**RECOMMENDED ACTION:** Staff recommends the Board receive and file the Interim Warrant Register for March 2017.
3. **Budget to Actual Report**  
**RECOMMENDED ACTION:** Staff recommends the Board receive and file the Budget to Actual report for the period through March 31, 2017.
4. **Water Forum Funding Agreement Fiscal Years 2017-18, 2018-19 and 2019-20**  
**RECOMMENDED ACTION:** Staff recommends the Board: 1) find that entering into the Water Forum funding agreement for the next three fiscal years supports the Water Agency in carrying out its mission, and 2) authorize execution of the Water Forum funding agreement for FY 2014-15, 2015-16 and 2016-17.
5. **Review and Adoption of Revised Strategic Plan for El Dorado County Water Agency**  
**RECOMMENDED ACTION:** Staff recommends the Board review and adopt, in such final form as it approves, the revised Strategic Plan for the Water Agency.

**END CONSENT CALENDAR**

**PRESENTATION – 10:00 a.m.**

**Avis Jolly, Executive Director, El Dorado County Ag in the Classroom will be giving a presentation on the organization's programs that provide preschool thru 5<sup>th</sup> grade El Dorado County youth various hands-on educational opportunities to understand and appreciate the importance and all-encompassing role of agriculture in our daily lives in the context of local farms, ranches, forests AND watersheds.**

**DISCUSSION CALENDAR:**

6. **Update on the GSA Formation Notice to the California Department of Water Resources for the portion of the Tahoe Valley South Groundwater Basin covered by the 2016 GSA Formation Notice by the South Tahoe Public Utility District**  
On September 8, 2016, the El Dorado County Water Agency (Agency) Board of Directors adopted the Memorandum of Understanding between the South Tahoe Public Utility District (District) and the El Dorado County Water Agency for the Tahoe Valley South (TVS) Groundwater Basin. The District has been recognized as the

exclusive GSA for the portion of the TVS Basin within its jurisdiction. Through the adopted MOU, the District submitted a groundwater sustainability agency formation notice ("GSA Formation Notice") to DWR on September 16, 2016 for the portion of the TVS Basin outside of its jurisdiction ("2016 GSA Formation Notice") to cooperatively manage and coordinate implementation and enforcement of SGMA in this portion of the Basin.

**RECOMMENDED ACTION:** Staff recommends the Board receive the update on the GSA Formation Notice to the California Department of Water Resources for the portion of the Tahoe Valley South Groundwater Basin covered by the 2016 GSA Formation Notice by the South Tahoe Public Utility District.

**7. Federal WaterSMART Water Marketing Strategy Grant**

The Bureau of Reclamation has announced a grant opportunity that aligns with current and planned activities for the El Dorado County Water Agency (Agency) and other regional partners. Staff believes this is a very timely opportunity to leverage existing activities already budgeted and planned by the Agency, and provides up to a 50% cost-share by the U.S. Bureau of Reclamation should the application be successful.

**RECOMMENDED ACTION:** Staff recommends the Board: 1) Make the finding that Participation in the Regional Application in the WaterSMART Program supports the Agency in carrying out its mission; and 2) Authorize the Interim General Manager to Develop and Submit the WaterSMART Grant Application with the Participating Regional Water Agencies.

**8. Presentation to Board of Directors Regarding the Organizational Structure for the El Dorado County Water Agency**

The El Dorado County Water Agency (EDCWA) was created in in 1959 with the mission to "ensure that El Dorado County has adequate water for today and in the future." Recently, the Agency was validated as a separate entity from El Dorado County, and must operate independently, including managing its own resources and its employees. This presentation seeks to solicit input from the Board of Directors to (1) Review the current organizational structure; (2) Review organizational options to meet potential workload needs; and (3) Discuss potential next steps in moving forward.

**RECOMMENDED ACTION:** Staff recommends the Board review, provide input and direction to staff regarding: 1) current organizational structure; 2) organizational options to meet potential workload needs; and 3) potential steps in moving forward.

**BOARD OF DIRECTOR'S COMMUNICATIONS/DIRECTION TO STAFF**

**GENERAL MANAGER'S REPORT**

**ADJOURN**

**NEXT REGULAR SCHEDULED MEETING:** May 17, 2017, 10:00 a.m., at the El Dorado County Water Agency, 4110 Business Drive, Suite B, Shingle Springs, California.



**AGENDA REQUEST  
Regular Meeting, April 12, 2017**

**TO:** Board of Directors  
**FROM:** Kenneth V. Payne, Interim General Manager   
**DATE:** April 7, 2017  
**SUBJECT:** Federal WaterSMART Water Marketing Strategy Grant

**BACKGROUND/DISCUSSION:**

The Bureau of Reclamation has announced a grant opportunity that aligns with current and planned activities for the El Dorado County Water Agency (Agency) and other regional partners. Staff believes this is a very timely opportunity to leverage existing activities already budgeted and planned by the Agency, and provides up to a 50% cost-share by the U.S. Bureau of Reclamation should the application be successful.

*#continued#*

(Attachment: Federal WaterSMART Water Marketing Strategy Grants)

KP/jvl

**RECOMMENDATION:**

Staff recommends the Board: 1) Make the finding that Participation in the Regional Application in the WaterSMART Program supports the Agency in carrying out its mission; and 2) Authorize the Interim General Manager to Develop and Submit the WaterSMART Grant Application with the Participating Regional Water Agencies.

**ACTION OF AGENCY ON:** The Board: 1) Made the finding that participation in the Regional Application in the WaterSMART Program supports the Agency in carrying out its mission; and 2) Authorized the Interim General Manager to develop and submit the WaterSMART Grant Application with the participating regional water agencies.

**VOTE:**

**Ayes:** Ranalli, Frentzen, Coco, Veerkamp, Wallace

**Noes:** None.

**Abstentions:** None.

**Absent:** None.

I hereby certify that this is a true and correct copy of an action taken and entered into the minutes of the Board of Directors, El Dorado County Water Agency.

Date 4/7/2017

Attest:

By   
Clerk of the Agency

## **Background**

In February 2017, the Department of the Interior, Bureau of Reclamation (Reclamation) issued a Funding Opportunity Announcement for WaterSMART grants to support the development of water marketing strategies that will help prevent water conflicts and will contribute to water supply sustainability. Authorized in the 2009 SECURE Water Act under Public Law 111-11, Section 9502; this is the first time such grants are being made available. For Fiscal Year 2017, Reclamation has \$3 million in project funding and estimates it will make 10 to 12 awards of up to \$200k and \$400k each (depending on project scope). Proposals are due on April 19, 2017; Reclamation intends to announce awards in June 2017.

The Agency is seeking to develop an application for this WaterSMART grant with Pacer County Water Agency, the cities of Folsom and Sacramento, Sacramento Suburban Water District and the Regional Water Authority. Because of its relationship with Reclamation and the role within the American River Basin Study with these same regional agencies, the Agency has been designated to take the lead for developing the application with its application partners.

The grant provides an opportunity for water purveyors in the American River Basin. Water marketing strategies are already being actively considered in development of both the ongoing Regional Water Authority (RWA) Regional Water Reliability Plan and the federal American River Basin Study. As the reliability of water rights and contract entitlements become more uncertain under changing regulations and extreme events continue to intensify under climate change, viable water marketing strategies will be critically important to investing in the regional infrastructure and institutional arrangements for a sustainable water future. This grant would provide resources and opportunities for the region to further the necessary asset development and investments, market focus and capture, and implementation and governance. The grant would help advance our water marketing strategy as an essential part of integrated water management for regional sustainability.

The Agency's share of the cost to prepare the application is expected to be approximately \$5,000, depending on the final number of participants. If successful, the grant could leverage up to \$400,000 for regional water marketing activities between the participants. The benefit to Agency is by coordinating with regional partners to leverage existing activities for improved water supply reliability. The Agency's cost share commitments are assignments that are already included in the annual budgets under the Priority 1 assignments for water supply such as the feasibility study for Alder Reservoir, the Surface Water Reliability Project and the Fazio water entitlement contract.

The attached white paper and schedule, prepared by StanTec, provides a good summary of the opportunity.

Resolution No. <add #>

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE EL DORADO COUNTY WATER AGENCY AUTHORIZING AN APPLICATION FOR FUNDING ASSISTANCE THROUGH THE BUREAU OF RECLAMATION'S WATERSMART WATER MARKETING STRATEGY GRANTS

WHEREAS, the United States Department of the Interior, Bureau of Reclamation ("Reclamation") has implemented the WaterSMART Program to provide financial assistance to water managers for projects that seek to conserve and use water more efficiently, increase the use of renewable energy and improve energy efficiency, benefit threatened and endangered species, investigate and develop water marketing strategies, prevent any water-related crisis, or otherwise contribute to water supply and sustainability in the Western United States;

WHEREAS, Reclamation has solicited proposals from states, Indian tribes, irrigation districts, water districts, and other organizations with water or power delivery authority for a new round of grant funding under the WaterSMART Program to support development of water marketing strategies that will help prevent water conflicts and will contribute to water supply sustainability, which proposals are due on or before April 19, 2017;

WHEREAS, the Board of Directors of the El Dorado County Water Agency ("EDCWA") has identified itself as an eligible applicant under Reclamation's WaterSMART Water Marketing Strategy Grants Program; and

WHEREAS, EDCWA is pursuing grant funding assistance under the WaterSMART Program in an amount up to \$842,218 to develop a regional water marketing strategy.

NOW, THEREFORE, be it resolved by the Board of Directors as follows:

1. The Board has reviewed the scope and purpose of EDCWA's funding application, finds that the Project will serve both the needs of the Agency's ratepayers and satisfy the goals of the WaterSMART Program, and on that basis, supports staff's submittal of the financial assistance application to Reclamation.
2. EDCWA is capable of funding the minimum 50-percent cost share required to obtain grant funding under the WaterSMART Water Marketing Strategy Grants Program. Collaborating agencies will verify their funding capabilities through letters of commitment to be included with the application.
3. The Board hereby ratifies the action of its Interim General Manager or his designee of EDCWA in applying for financial assistance from Reclamation's WaterSMART Program as part of a regional collaborative effort and authorizes the Interim General Manager or his designee to execute any related

documents, including a cooperative financial assistance agreement with Reclamation.

4. The Interim General Manager and staff are directed to take all other actions necessary to secure funding for the Project under the WaterSMART Water Marketing Strategy Grants Program, including working with Reclamation to meet established deadlines for entering into a cooperative financial assistance agreement.

PASSED AND ADOPTED by the Board of Directors of the El Dorado County Water Agency on the <add #> of April 2017, by the following vote:

AYES:

NOES:

ABSENT:

<add signature lines>