
EXECUTIVE SUMMARY

TO: Mr. Don Lockhart, Executive Officer
Sacramento Local Agency Formation Commission (LAFCo)

PREPARED BY: José R. Ramírez, Senior Civil Engineer, Regional San

DATE: February 25, 2021

RE: **Harvest Water Program – Proposed SOI Amendment and Annexation**

1. PURPOSE

The purpose of this Executive Summary document is to summarize the efforts associated with the proposal from the Sacramento Regional County Sanitation District (Regional San) to amend the Sphere of Influence (SOI) of Regional San and annex the Harvest Water Program (“Program” or “Project”) Service Area to Regional San for recycled water service only.

2. OVERVIEW

Regional San is proposing the Harvest Water Program, which will deliver up to 50,000 acre-feet per year of tertiary treated recycled water to irrigate up to 16,000 acres of farmland and habitat lands located in south Sacramento County. The high quality recycled water, suitable for unrestricted reuse, will be produced at the Sacramento Regional Wastewater Treatment Plant (SRWTP) after the completion of the EchoWater Project in 2023. Fundamental to the funding of this program from the California Water Commission (CWC) are the public benefits to groundwater storage and to the ecosystem of South Sacramento County including enhanced wetlands, water for Sandhill Crane roosting and foraging, restored riparian corridors along the Cosumnes River, improved streamflows in the Cosumnes, and vernal pool habitat enhancement.

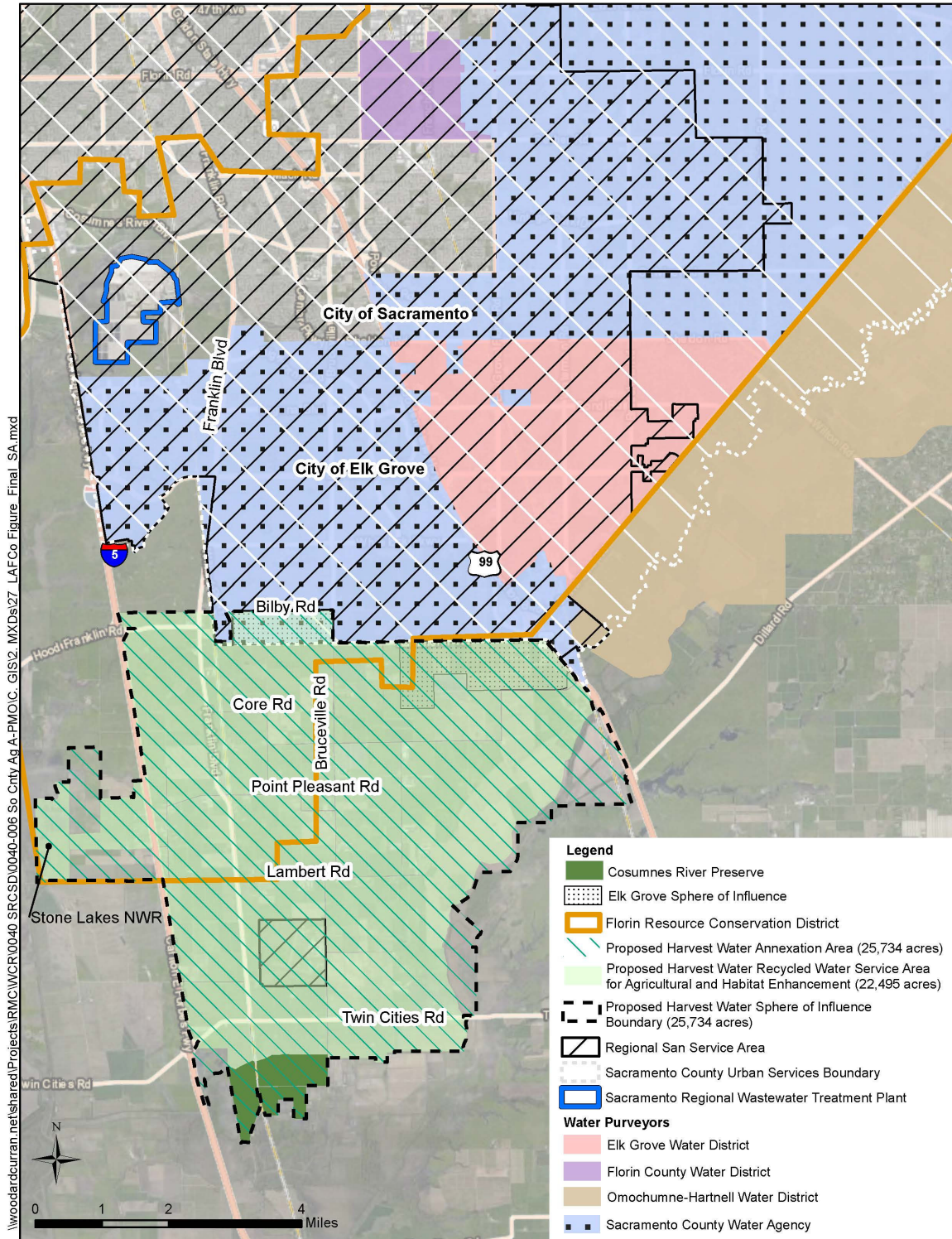
3. PROJECT LOCATION

Harvest Water’s proposed service area is located in Sacramento County and includes portions of the City of Elk Grove’s Sphere of Influence, Elk Grove Florin Resource Conservation District, unincorporated Sacramento County, Stone Lakes National Wildlife Refuge, and a small piece of the Cosumnes River Preserve. The recycled water service area is bounded to the south primarily by the Cosumnes River Preserve, south of Twin Cities Road, to the north primarily by Bilby Road and Kammerer Road, and lies mostly between Interstate 5 and Highway 99. It does not include lands located east of Highway 99. (See **Figure 1** for reference)

4. RECYCLED WATER SERVICE ONLY

Harvest Water will convey and provide recycled water service only. The Program’s water rights stipulate the place of use is in the proposed SOI and annexation area, and that the recycled water will be used for Agricultural irrigation and Wetland/Ecosystem Habitat Enhancement. Recycled water from the Program’s water rights is not planned for other uses or locations. This proposed expansion of the SOI will not include the extension or provision of potable water or sanitary sewer services and will not alter existing land use designations.

Figure 1 – Harvest Water Proposed Sphere of Influence Map



5. PROJECT BENEFITS

Harvest Water will provide a safe and reliable supply of tertiary-treated recycled water, to be produced at SRWTP, for agricultural irrigation and habitat lands uses, which in turn will:

- reduce the demand for groundwater pumping, thus improving the sustainability of groundwater in the region;
- provide for improved habitat and associated ecosystems;
- expand Regional San’s effluent management options at SRWTP, thereby assisting Regional San in complying with State, Regional, and Federal requirements associated with discharging into the Sacramento River; and
- improve the overall management of water supply in the Sacramento region.

6. PROJECT DOCUMENTATION

Regional San has prepared several documents to support the planning, permitting, and implementation of Harvest Water. The documents listed in **Table 1** are part of Harvest Water’s application to LAFCo that are associated with the proposed SOI amendment and annexation. Hard copies and electronic copies of these documents have been transmitted to LAFCo staff.

Table 1 – Documentation Related to SOI Amendment and Annexation

Work Product/Submittal	Submitted On
Regional San Resolution, Letter, Agreement	
Regional San Resolution to initiate LAFCo proceedings	1-22-2021
Regional San letter requesting approval to waive non-concurrence policy	1-22-2021
Draft Indemnification Agreement between Regional San and LAFCo	1-22-2021
Supporting SOI Amendment and Annexation Documents	
Draft Municipal Services Review Document (SOI Amendment)	2-12-2021
Plan for Services Document (Annexation)	2-12-2021
LAFCo Consistency Document	2-12-2021
Outreach Summary with key Agencies	2-12-2021
Letters of Support from key Agencies	2-24-2021 on
Executive Summary for LAFCo	2-25-2021
Environmental Documentation	
Draft and Final Project Specific and Programmatic Environmental Impact Report (certified on March 8, 2017)	2-12-2021
Initial Study Checklist for Distribution and Lateral Pipelines (dated August 2020)	2-12-2021
Ecological Plan & Wintertime Application Project Addendum (Includes a Chapter for LAFCo, dated December 2020)	2-12-2021

7. PUBLIC OUTREACH & STAKEHOLDER ENGAGEMENT

Regional San is implementing a comprehensive public outreach program to gain input and participation from key stakeholders (such as landowners, farming and environmental interests, residents, agency representatives, etc.) in the vicinity of the proposed Harvest Water service area. The outreach program will continue through the LAFCo process, as well as through design and construction phases of Harvest Water. A summary of the stakeholder outreach activities and letters of support received to date from key agencies related to the LAFCo process are included as part of the documentation for Harvest Water.

At the LAFCo meeting held on February 3, 2021, two residents provided comment letters related to Regional San's request to LAFCo to waive its non-concurrence policy for Harvest Water. Most of the comments on these letters were based on the misunderstanding about the project location for Harvest Water. Although LAFCo approved Regional San's request on that date, after the meeting Regional San staff followed up with each of the two residents to discuss their comments.

8. PROJECT COSTS, REVENUE SOURCES, and RATES

Service and Value to All Regional San Rate Payers

Regional San considers the Harvest Water Program to be essential to its long term reuse and disposal plans, and therefore a fundamental service and value to all Regional San ratepayers. Consequently, financing the Program will be supported by all user rates and fees. This approach for Harvest Water is similar to Regional San's financing of its Regional Interceptors, SRWTP, and the Biosolids reuse and disposal program, where the capital and annual costs are borne by all Regional San ratepayers.

Capital Costs

Capital costs to implement Harvest Water are currently estimated at approximately \$441 million, encompassing planning, design, construction, and other capital costs. The CWC initially awarded Regional San \$280.5 million in Proposition 1 grant funding through the Water Storage Investment Program (WSIP). Recently the CWC has increased Regional San's WSIP grant award by an additional \$7 million. The U.S. Bureau of Reclamation (USBR) has awarded Regional San \$4.2 million in grant funding through the Water Infrastructure Improvements for the Nation (WIIN) program. It is anticipated that the balance of capital costs and costs ineligible for grant funding will be financed through tax exempt revenue bonds issued by Regional San. Some financing may also be pursued with Clean Water State Revolving Fund (CWSRF), as managed by the State Water Resources Control Board, or similar federal low interest loan programs if the financing terms are superior to local tax exempt financing.

Operation and Maintenance (O&M) Costs

Annual costs for the O&M of facilities and equipment for Harvest Water will be financed with Regional San wastewater ratepayer revenue. To help offset some of the annual costs, Regional San will receive contracted payment from recycled water users for the treated water delivered by the Project. These system revenues and those generated from wastewater rates will fund the O&M of the system and will contribute to reserve accounts for emergencies, repairs, and debt coverage.

Recycled Water Rates

The rate structure for Harvest Water has not yet been established in water supply contracts; however, based on (1) groundwater use costs in the area targeted for recycled water distribution, (2) recycled water commodity pricing, and (3) willingness-to-pay, the recycled water rate for Harvest Water is estimated to be up to approximately \$30 per acre-foot (AF) supplied – to be paid only by program participants. The cost for the Program participants is expected to be competitive with existing groundwater pumping costs, i.e. cost-neutral.

More detailed information about the capital costs, O&M costs, sources of revenue, and rates for Harvest Water are included in the Harvest Water Financing Plan for Recycled Water Service Area Annexation Technical Memorandum, which is included as an attachment to the Plan for Services document.

9. PROJECT SCHEDULE

The delivery of recycled water service to the Project area requires additional planning, permitting (environmental and water quality), design, and construction of the pump station and distribution system facilities. The project will most likely be designed, bid, and constructed in four to five separate packages, corresponding to major facilities: 1) recycled water pump station; 2) transmission main; 3) distribution mains; and 4) on-site connections. Recycled water delivery is estimated to start in the third quarter of 2024. A simple project schedule of activities from now through recycled water delivery is included as **Figure 2**.

Figure 2: Proposed Harvest Water Schedule

	2021	2022	2023	2024	2025
Planning	■				
Landowner Outreach¹	■	■	■	■	■
Design					
Pump Station	■	■			
Distribution System	■	■	■		
Onsite Connections		■	■		
Construction					
Pump Station			■	■	
Distribution System			■	■	■
Onsite Connections				■	■
Recycled Water Service				■	■

Notes

¹Landowner outreach including, but not limited to, public noticing, customer recruitment, and recycled water service contract execution.

10. CONTACT INFORMATION

Please contact Mr. Christoph Dobson, Regional San Director of Policy and Planning, at dobsonc@sacsewer.com or at (916) 876-6042, if you have any questions or need additional information regarding this Executive Summary.