

CITY OF SACRAMENTO  
—  
COUNTY OF SACRAMENTO  
—  
SACRAMENTO COUNTY WATER AGENCY  
—

June 30, 1987

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APPROVED  
BY THE CITY COUNCIL

JUL 14 1987

OFFICE OF THE  
CITY CLERK

AG 87012

City Council, City of Sacramento  
Board of Supervisors, County of Sacramento  
Board of Directors, Sacramento County Water Agency  
Sacramento, California

Honorable Members in Session:

**SUBJECT: EXECUTION OF MOU FOR THE SACRAMENTO  
METROPOLITAN WATER PLAN**

**SUMMARY**

This report recommends that the City Council, Board of Supervisors, and Agency Board of Directors, by resolution, authorize the execution of a Memorandum of Understanding (MOU) between the City of Sacramento, the County of Sacramento and the Sacramento County Water Agency concerning water development and use within certain urbanized areas of Sacramento County. The MOU provides the basis for and description of the roles of the City, the County and the County Water Agency in the management and use of surface and groundwater.

**BACKGROUND**

For a number of years, City, County, County Water Agency and water district officials have engaged in discussions concerning the use of surface and groundwater for municipal and industrial purposes. There have been extensive studies by professional consultants and staffs of the various entities concerning water resource management in Sacramento County.

In 1984, the City, County, County Water Agency and Arcade County Water District retained the firm of Metcalf and Eddy to prepare a report on water resources in the Sacramento area. The major emphasis on the study was the development of long-range alternatives which are technically feasible, financially realistic and politically implementable by the affected agencies. Metcalf and Eddy recommended that the City assume the role as the major purveyor of treated surface water within the major portion of the urbanized area of Sacramento County. This alternative was selected as the most economically beneficial to existing and future users of City treated surface water in and outside the City's corporate limits. The City's role as the major purveyor of treated surface water coupled with the County Water Agency's role in managing the use of groundwater in the urbanized area of Sacramento County is designed to balance the use of water in Sacramento County.

Recent staff negotiations have been successful and a final Memorandum of Understanding was agreed to by representatives of the City, County and County Water Agency on June 25, 1987. The final MOU is described herein and is submitted for formal approval by the City Council, Board of Supervisors, and Agency Board of Directors.

**MAJOR ELEMENTS OF THE MEMORANDUM OF UNDERSTANDING**

The attached final draft MOU contains a number of recitals to justify participation by the City, the County, and the County Water Agency promoting the development of a Sacramento Metropolitan Water Plan. The objectives of the parties clearly are to bring about the balanced use of surface and groundwater in selected urbanized portions of the Sacramento County area by utilizing the City's surface water rights and entitlements to the fullest extent possible by seeking and utilizing additional surface water rights and entitlements and by managing the groundwater pursuant to Water Agency powers approved in 1985 by the State Legislature. Additionally, the MOU seeks to provide an equitable financing arrangement whereby the City can construct and operate expanded and new surface water diversion, treatment, storage and conveyance facilities to improve the surface water services in urbanized areas which are not totally dependent upon groundwater. The basic functions of each party is as follows:

**A. City of Sacramento**

1. The City shall plan, construct and operate a treatment and delivery system to supply surface water to public retail water service entities in the urbanized areas of Sacramento County which so desire, utilizing the City's surface water rights and entitlements where the area to be served is within the City's permitted American River place of use (POU) and utilizing permanent surface water rights or entitlements obtained by others where the area to be served is outside the City's POU, and the City may similarly supply surface water to private retail water service entities.
2. The City will require that all users of the City supplied surface water pay a fair share of the costs for providing the service, taking into account all relevant factors.
3. The City shall support and cooperate with groundwater management by the County and the County Water Agency.
4. The City shall assess and collect connection fees on all new development within the City to assist in financing additional surface water facilities. The City shall accept and utilize connection fees and groundwater charges collected by the County and the County Water Agency to assist in financing the non-City fair share of the costs of the water facilities.
5. The City shall take the lead in securing and mutually share and guarantee any debt financing associated with the expansion of the existing or construction of new surface water facilities.
6. The City agrees to create a technical advisory committee composed of City, County and County Water Agency representatives for the purpose of recommending and guiding the City, the County, and the County Water Agency policies and actions to achieve the objectives of the Memorandum of Understanding.

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**B. The County and the County Water Agency**

1. The County Water Agency shall provide a program of groundwater management with the objective of halting and, if feasible and desirable, reversing the long-term decline in groundwater levels and to terminate the use of groundwater of undesirable quality in the urbanized area of Sacramento County.
2. The County Water Agency shall establish appropriate groundwater management zones which may include areas within as well as outside the City limits and shall levy and collect groundwater charges within such zones for the purpose of managing groundwater use and improving groundwater quantity and quality. The revenues from the groundwater management program shall be used to offset groundwater management costs incurred by the County Water Agency and for the payment of construction of surface water facilities provided by the City.
3. The County Water Agency shall establish surface water benefit zone or zones outside the City limits which will be benefited by surface water supply provided by the City. The Agency shall assess, collect and pay to the City appropriate amounts for the construction of the surface water facilities provided by the City.
4. The County and the County Water Agency shall mutually share and guarantee any debt financing required for the expansion of existing or construction of new surface water facilities by the City.
5. The County shall cooperate in providing members of a technical advisory committee to represent the County and County Water Agency in providing specific policy and action recommendations and guidance to achieve the objectives of the Memorandum of Understanding.

**FINANCIAL DATA**

The Metcalf and Eddy report estimated capital expenditures by the year 2030 will exceed \$400,000,000 in 1984 dollars. Approximately 40% of those funds are expected to be expended prior to the year 2000.

**RECOMMENDATION**

It is recommended that the City Council, Board of Supervisors, and Agency Board of Directors, by resolution, authorize the Mayor, Chairperson of the Board of Supervisors and Agency Board of Directors to execute the attached Memorandum of Understanding which provides the structure for a Sacramento Metropolitan Water Plan that emphasizes conjunctive use of water for municipal and industrial purposes from surface and ground sources.

Respectfully submitted,



WALTER J. SLIPE  
City Manager



BRIAN H. RICHTER  
County Executive

July 14, 1987

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**RESOLUTION No. 87-564**

**Adopted by The Sacramento City Council on date of**

**APPROVED  
BY THE CITY COUNCIL**

**JUL 14 1987**

**OFFICE OF THE  
CITY CLERK**

**RESOLUTION APPROVING THE MEMORANDUM OF UNDERSTANDING  
(MOU) ON WATER DEVELOPMENT AND USE WITH THE CITY OF  
SACRAMENTO, COUNTY OF SACRAMENTO AND SACRAMENTO  
COUNTY WATER AGENCY**

WHEREAS, the City Council recognizes the City's significant resources and investments in surface water diversion, treatment, storage and conveyance to meet municipal and industrial uses within the City limits and the City's authorized water place of use (POU); and

WHEREAS, the City Council recognizes the timeliness and the need to develop and implement a coordinated area-wide program of conjunctive use of surface water and groundwater to correct groundwater overdraft and to advance water conservation; and,

WHEREAS, the City Council supports a policy whereby the City's significant resources can be utilized to improve surface water service in the Sacramento urbanized area with benefit to the citizens of the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO, that:

1. The Mayor is authorized to execute, on behalf of the City, the attached Memorandum of Understanding (MOU) with the County of Sacramento and the Sacramento County Water Agency to promote surface water development and use in Sacramento County.
2. The City Manager and his staff are directed to actively seek implementation agreements with public and private water agencies within the City's Water Place of Use (POU) to further the objectives of the attached MOU.
3. The City Manager and his staff are directed to actively encourage the County Water Agency to apply for sufficient surface water rights and entitlements in areas not covered by the City's rights and entitlements pursuant to the objectives of the MOU.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

Final Draft 6-29-87

MEMORANDUM OF UNDERSTANDING  
OF  
CITY OF SACRAMENTO, COUNTY OF SACRAMENTO  
AND SACRAMENTO COUNTY WATER AGENCY RE:  
WATER DEVELOPMENT AND USE

This Memorandum of Understanding is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 1987, between the City of Sacramento ("the City"), the County of Sacramento ("the County") and the Sacramento County Water Agency ("the Agency").

R E C I T A L S

The parties, after extensive studies by their staffs and by expert, professional consultants in the field of water resource management, most recently the Metcalf & Eddy study which culminated in the report entitled "Sacramento Area Water Management Plan," dated January 1985, have determined as follows:

1. For a number of years, use of surface water and groundwater in the Sacramento area has not been coordinated or properly balanced. Groundwater has been overdrafted, resulting in long-term declining groundwater levels in certain parts of the area, while surface water has not been used to the extent available. In addition, groundwater used in certain parts of the area has undesirable quality.

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2. The City has water rights and entitlements to surface water from the Sacramento River and the American River sufficient both for existing use and for future increased use in the Sacramento area, with certain restrictions as to the authorized place of use ("the City's authorized water place of use") as follows: Water from the Sacramento River may be used only within the City limits as they are changed from time to time by annexations to the City, while water from the American River may be used only within a specifically described territory, the American River place of use ("POU"), which includes all lands within the present City limits plus additional lands outside those limits.

3. Additional surface water may become available for use in the Sacramento area outside the City's authorized water place of use pursuant to water rights or entitlements obtained in the future by the County, the Agency or others within the area.

4. The City has existing surface water diversion, treatment, storage and conveyance facilities which could be expanded and extended to provide surface water for use in the Sacramento area beyond the places where it is presently being used.

5. It is timely to develop and implement a coordinated, area-wide program of conjunctive use of surface water and groundwater to correct groundwater overdraft and water quality problems, and to assure that the groundwater basin and all water supplies available to the area will be properly managed. The objectives of such a conjunctive use program include

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efficient water use, drought protection, support of instream uses, and cost savings. Such a program would result in the most reasonable, beneficial use of water available in the best interests of all the inhabitants of the Sacramento area.

6. Neither the City, the County, the Agency nor any other single governmental entity, can implement such a coordinated area-wide program alone, but it can be implemented by the cooperative action and leadership of the City and County and the Agency performing the functions which each is best able to perform, and the participation in such a program by other public and private water purveying entities in the Sacramento area.

7. Fully implementing such a program will be a major undertaking requiring an estimated expenditure of more than \$400,000,000 in 1984 dollars by the year 2030, with approximately 40 percent of the funds expended prior to the year 2000.

8. The purpose of this Memorandum of Understanding is to set forth the objectives of the City, the County and the Agency in such a program, their respective functions, and a mechanism for their taking specific actions in the future, including reaching specific agreements, as necessary to implement such a program.

UNDERSTANDING

9. Parties' Objectives

The objectives of the parties are:

- (a) to bring the use of surface water and groundwater in the Sacramento area into a proper balance by conjunctive use thereof, utilizing the City's surface

water rights and entitlements to the maximum extent, seeking and utilizing additional surface water rights and entitlements, and limiting and managing groundwater use;

(b) to provide for equitable financing of City construction and operation of an expanded and extended system of surface water diversion, treatment, storage and conveyance facilities in order to improve surface water service in the Sacramento area and bring it to places where it is not now available.

(c) to improve through legislation the Agency's groundwater management authority as necessary to implement conjunctive use of surface water and groundwater.

10. City Water Service Outside City Limits But Within American River Place of Use

In addition to providing water service within the City limits, the City (a) shall utilize its water rights or entitlements to provide wholesale treated surface water service to areas outside the City limits but within the POU which are served by a public water agency desiring such service, and shall expand, extend, construct, operate and maintain surface water diversion, treatment, storage and conveyance facilities as necessary to provide such service, and (b) in its discretion, may perform the functions described in (a) in order to provide such service to areas outside the City limits but within the POU which are served by a private water agency desiring such service.



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11. City Water Service Outside City Limits  
and Outside American River Place of Use

The City, utilizing other than its own water rights and entitlements:

(a) shall provide wholesale treated surface water service to areas outside the City limits and the POU which are served by a public water agency desiring such wholesale treated surface water service and shall expand, extend, construct, operate and maintain surface water diversion, treatment, storage and conveyance facilities as necessary to provide such service, subject to (i) such public water agency first obtaining its own permanent water rights or entitlements to the surface water to be served as, for example, by contract with the U.S. Bureau of Reclamation or by a water rights permit from the State of California, and (ii) a written agreement first being negotiated and entered into between the City and such public water agency; and

(b) in its discretion, may perform the functions described in (a) above, subject to the conditions specified therein, in order to provide wholesale treated surface water service to areas outside the City limits and the POU which are served by a private water agency desiring such wholesale treated water service.

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12. Financing Arrangements and Water Delivery Agreements

The City's performance of the functions described in the preceding two paragraphs shall be conditioned upon financing arrangements and any necessary water delivery agreements, to assure that the agencies and water users which are provided water service by the City pay appropriate amounts for the service provided, taking into account all factors (including the City's past investment in property and water rights and entitlements utilized in providing such service and other factors authorized by law).

13. City Water Connection Fees

The City shall assess and collect water connection fees on new development within the City to help finance its appropriate amounts of the cost of City expansion, extension and construction of surface water facilities which provide service both within and outside the City limits. The City shall accept and utilize groundwater charges and connection fees collected by the Agency under Paragraphs 16 and 17 below to help finance the Agency's payment of appropriate amounts for the service provided outside the City limits by such facilities.

14. Groundwater Amendments to Sacramento County Water Agency Act

The City, the County and the Agency agree to pursue the enactment of amendments to the Sacramento County Water Agency Act as necessary or desirable to provide the authority to implement a proper groundwater management plan, including those aspects listed in Paragraph 15.

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15. Groundwater Management Plan

The Agency shall develop and implement a groundwater management plan with the objectives of halting groundwater overdraft, protecting against water quality degradation and equitably sharing the costs and benefits of the plan. The plan may include:

- (a) data collection;
- (b) control of well location, design, construction and abandonment;
- (c) groundwater pumping controls;
- (d) groundwater charges;
- (e) the creation of groundwater management zones and other benefit zones;
- (f) groundwater replenishment;
- (g) equity assessments;
- (h) pollution control or clean-up projects;
- (i) other aspects mutually agreed to by the parties.

16. Groundwater Management Zones

Pursuant to its groundwater management powers, the Agency shall seek the establishment of appropriate groundwater management zones, which may include areas within as well as outside the City limits. The Agency shall levy and collect groundwater charges within such zones if and to the extent justified by benefits of (a) groundwater management, or (b) improvement of groundwater quantity or quality resulting from surface water service. The revenue from such charges shall be

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used, among other purposes authorized by law, to help finance groundwater management by the Agency and for payment to the City of appropriate amounts for surface water service provided by the City benefitting a groundwater management zone. Such payments shall be as specifically provided by further agreement between the City and the Agency.

17. Surface Water Benefit Zones.

The Agency shall establish appropriate surface water benefit zones within the areas of the Agency outside both the City limits and the POU which are or will be benefitted by surface water supplied by the City, excluding areas within public or private water agencies which enter into agreements with the City to pay for the benefits to them of surface water supplied by the City; provided, that the Agency may establish such zones outside the City limits but within the POU where so requested by the City. The Agency shall assess, collect and pay to the City connection fees on new development within such zone or zones to help finance the Agency's payment of appropriate amounts for surface water service by the City to such zone or zones, as specifically provided by further agreement between the City and the Agency.

18. Guarantee of Debt Repayment

In the event the expansion, extension or construction of surface water facilities by the City as contemplated in this Memorandum requires any debt financing, repayment of such debt shall be mutually guaranteed by the City, the County and the Agency in an equitable manner, as specifically provided by

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further agreement between the City, the County and the Agency. No such guarantee shall exist unless and until the County and the Agency are assured by written agreement that the City will provide surface water service to the County or the Agency from such surface water facilities. Unless otherwise agreed, such surface water facilities expanded, extended or constructed by the City shall be the property of the City.

19. Technical Advisory Committee - Composition

The parties shall cooperate to achieve their objectives and implement the policies above. A Technical Advisory Committee of City and County representatives is hereby created to promote such operation. It shall be composed of eight members: The City Director of Public Works, who shall be the Chair; the County Director of Public Works, who shall be the Vice Chair; the City Division Manager of Water; the County Chief of Water Resources Division; two additional City staff to be named by and serve at the pleasure of the City Manager; and two additional County staff to be named by and serve at the pleasure of the County Executive.

20. Technical Advisory Committee - Functions

The Technical Advisory Committee shall meet periodically, but not less often than quarterly, to discuss and seek to agree on specific means of achieving the parties' objectives. Among other things, it shall seek to agree on written recommendations to be presented for action by the City Council, the County Board of Supervisors and the Agency Board of Directors, which shall include, but not be limited to, (a)

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further agreements between the City, the County and the Agency and with others for financing, construction and operation of specific facilities to expand and extend treated surface water service by the City, and (b) measures to manage, and reduce reliance upon, groundwater.

21. Further City Council, County Board of Supervisors and Agency Board of Directors Actions

The City Council, the County Board of Supervisors and the Agency Board of Directors shall expeditiously consider such recommendations and shall expeditiously take such actions in response thereto as are best calculated to achieve the parties' objectives.

22. Termination of this Memorandum of Understanding.

This Memorandum of Understanding may be terminated only (a) by mutual written agreement of the parties or (b) by a party giving one year's prior written notice to the others; provided, that such notice shall not be effective as long as any party has an outstanding financial obligation respecting City water facilities which are jointly financed by the City and the County or the Agency; provided further, that termination of this Memorandum of Understanding shall not affect any other agreement entered into between the City and the County or the Agency pursuant to this Memorandum of Understanding.

DATED: \_\_\_\_\_

CITY OF SACRAMENTO

By: \_\_\_\_\_  
Mayor

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Attest:

\_\_\_\_\_  
City Clerk

DATED: \_\_\_\_\_

COUNTY OF SACRAMENTO

By: \_\_\_\_\_  
Chairperson, Board of Supervisors

Attest:

\_\_\_\_\_  
Clerk of Board of Supervisors

DATED: \_\_\_\_\_

SACRAMENTO COUNTY WATER AGENCY

By: \_\_\_\_\_  
Chairperson, Board of Directors

Attest:

\_\_\_\_\_  
Clerk of Board of Directors

MEMORANDUM OF UNDERSTANDING

OF

CITY OF SACRAMENTO, COUNTY OF SACRAMENTO  
AND SACRAMENTO COUNTY WATER AGENCY RE:  
WATER DEVELOPMENT AND USE

This Memorandum of Understanding is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 1987, between the City of Sacramento ("the City"), the County of Sacramento ("the County") and the Sacramento County Water Agency ("the Agency").

R E C I T A L S

The parties, after extensive studies by their staffs and by expert, professional consultants in the field of water resource management, most recently the Metcalf & Eddy study which culminated in the report entitled "Sacramento Area Water Management Plan," dated January 1985, have determined as follows:

1. For a number of years, use of surface water and groundwater in the Sacramento area has not been coordinated or properly balanced. Groundwater has been overdrafted, resulting in long-term declining groundwater levels in certain parts of the area, while surface water has not been used to the extent available. In addition, groundwater used in certain parts of the area has undesirable quality.



2. The City has water rights and entitlements to surface water from the Sacramento River and the American River sufficient both for existing use and for future increased use in the Sacramento area, with certain restrictions as to the authorized place of use ("the City's authorized water place of use") as follows: Water from the Sacramento River may be used only within the City limits as they are changed from time to time by annexations to the City, while water from the American River may be used only within a specifically described territory, the American River place of use ("POU"), which includes all lands within the present City limits plus additional lands outside those limits.

3. Additional surface water may become available for use in the Sacramento area outside the City's authorized water place of use pursuant to water rights or entitlements obtained in the future by the County, the Agency or others within the area.

4. The City has existing surface water diversion, treatment, storage and conveyance facilities which could be expanded and extended to provide surface water for use in the Sacramento area beyond the places where it is presently being used.

5. It is timely to develop and implement a coordinated, area-wide program of conjunctive use of surface water and groundwater to correct groundwater overdraft and water quality problems, and to assure that the groundwater basin and all water supplies available to the area will be properly managed. The objectives of such a conjunctive use program include

efficient water use, drought protection, support of instream uses, and cost savings. Such a program would result in the most reasonable, beneficial use of water available in the best interests of all the inhabitants of the Sacramento area.

6. Neither the City, the County, the Agency nor any other single governmental entity, can implement such a coordinated area-wide program alone, but it can be implemented by the cooperative action and leadership of the City and County and the Agency performing the functions which each is best able to perform, and the participation in such a program by other public and private water purveying entities in the Sacramento area.

7. Fully implementing such a program will be a major undertaking requiring an estimated expenditure of more than \$400,000,000 in 1984 dollars by the year 2030, with approximately 40 percent of the funds expended prior to the year 2000.

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used, among other purposes authorized by law, to help finance groundwater management by the Agency and for payment to the City of appropriate amounts for surface water service provided by the City benefitting a groundwater management zone. Such payments shall be as specifically provided by further agreement between the City and the Agency.

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further agreements between the City, the County and the Agency and with others for financing, construction and operation of specific facilities to expand and extend treated surface water service by the City, and (b) measures to manage, and reduce reliance upon, groundwater.

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DATED: \_\_\_\_\_

CITY OF SACRAMENTO

By: \_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

DATED: \_\_\_\_\_ COUNTY OF SACRAMENTO

By: \_\_\_\_\_  
Chairperson, Board of Supervisors

Attest:

\_\_\_\_\_  
Clerk of Board of Supervisors

DATED: \_\_\_\_\_ SACRAMENTO COUNTY WATER AGENCY

By: \_\_\_\_\_  
Chairperson, Board of Directors

Attest:

\_\_\_\_\_  
Clerk of Board of Directors

July 23, 1987

Board of Supervisors  
County of Sacramento  
700 "H" Street, Room 2450  
Sacramento, CA 95814

On July 14, 1987, the Sacramento City Council adopted a Resolution No. 87-564 authorizing the execution of City Agreement #87012, MEMORANDUM OF UNDERSTANDING (MOU) on Water Development and use with the City of Sacramento, County of Sacramento and Sacramento County Water Agency.

Enclosed, for your records, are two fully certified copies of said agreement and authorizing resolution.

Sincerely,

LORRAINE MAGANA, CITY CLERK

JANICE BEAMAN  
Deputy City Clerk

JB/cc/#33  
Enclosure

cc: City Manager  
City of Sacramento, Public Works  
Risk Management