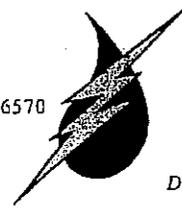


Placer County Water Agency

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A Public Agency

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May 19, 2003

Fred Yeager, Director
Placer County Planning Department
11414 B Street
Auburn, CA 95603

Rick Jordan
Lennar Communities
2240 Douglas Blvd., Suite 200
Roseville, CA 95661

Subject: Bickford Ranch – SB 221 Water Supply Sufficiency Verification

Dear Mr. Yeager and Mr. Jordan:

On March 28, 2003, Rick Jordan of Lennar Communities submitted a request (attached) to the Agency for water supply sufficiency verification pursuant to SB 221 for the Bickford Ranch (Project). SB 221 requires that a water purveyor provide a written verification that a sufficient water supply is available to the Project prior to the land use authority's approval of a project tentative map involving a minimum of 500 dwelling units. The County approved the Project's Specific Plan and Environmental Impact Report in late 2001 and is now considering approval of the Project's Tentative Map. The Agency Board of Directors approved this letter on May 15, 2003, which contains a water supply sufficiency verification for this Project and provides guidance to the project developer as to those actions required for the Agency to reserve a surface water supply for the Project. The Agency believes that it is important that the County, as the involved land use authority, be a primary recipient of this verification.

The Project is located in western Placer County, east of the City of Lincoln, south of Highway 193, and is shown on Exhibit A attached hereto. The Project is located within PCWA Zone 1. According to the developer, the Project is to be a residential development that encompasses approximately 1,943 acres and consists of 920 detached age restricted residential units, 864 conventional housing units, 106 age restricted multi-family residential units, an 18-hole golf course, and commercial and recreational uses. The build-out treated water demand of this project is estimated to be 1,454 acre-feet annually. It is anticipated that the first homes in the

Project will be ready for occupancy in 2005 and that build-out to completion of the Project would take an additional six to eight years.

CONCLUSIONS

The Agency verifies that it currently has sufficient surface water entitlements to meet the projected build-out demand for water for the current (as of 2001) General Plans in western Placer County, including the Bickford Ranch Project.

The Project currently has raw water entitlements from the Agency that total 212 "seasonal" miner's inches and 4 "yearly" miner's inches which are sufficient for the build-out irrigation demand of the Project. The Project has raw water delivery points on the Agency's Caperton and Antelope Canals. The Agency has sufficient raw water transmission capacity to serve the Project.

The Project's raw water entitlement equates to 3,061 equivalent dwelling units or 1,991 acre-feet annually. There may be an opportunity for a portion of the Project's raw water entitlement to be reallocated and provide the Agency with water to meet some of the Project's treated water demand. Any reallocation of the Project's raw water entitlement requires the approval of the Agency.

The Agency will have sufficient surface water treatment, transmission and storage capacity in 2003 to meet the treated water needs of the Project at build-out.

The total current water available to Zones 1 and 5 is 113,400 acre-feet annually (afa) on a permanent basis and 118,400 afa on a temporary basis in normal/wet years. Currently the Agency operates the temporary seasonal American River Pump Station at Auburn which is limited to a raw water delivery from the American River of approximately 13,000 afa annually. Completion of the proposed permanent American River Pump Station is anticipated in mid 2005. However, completion of this facility is dependent upon appropriation by Congress or the availability of funding from other sources. When completed, this will allow the Agency to increase its diversion of American River water to 35,500 afa on a year-around basis. Without completion of the permanent American River Pump Station, the Agency currently has a limited amount of unallocated water to serve Zone 1 and Zone 5. This limited supply may be depleted by other developments before the Project is able to take advantage of it.

The Agency reserves water to this Project and other projects only when the project proponent submits an application for water service, pays the connection fees, the project land is annexed into an agency service zone, and that all required infrastructure improvements, both on-site and

off-site as appropriate, are approved by the Agency. While the Agency has a policy of first-come, first-served basis, because of infrastructure restrictions, the Agency has recently modified this policy and now limits the amount of connections any one party can purchase to the amount that the party can effectively use prior to the completion of the permanent American River Pump Station .

WATER SUPPLY SUFFICIENCY ANALYSIS

On March 13, 2001, the Agency Board of Directors released a discussion paper titled " Surface Water Supply Update for Western Placer County." The purpose of the discussion paper was to initiate a dialogue among land use representatives regarding Agency surface water policies for Western Placer County. The paper concluded, with several significant assumptions, that the Agency's surface water supply entitlements matched the then-current General Plans of the Cities, Town and County in Western Placer County, including the Project with a build-out demand of 1,454 afa. The assumptions were: no significant increase in the use of groundwater; no increase in raw or treated water use efficiency; no significant increase in the use of reclaimed water; no significant increase in the delivery of surface water for agriculture; and full use of their contract supplies by San Juan Water District and the City of Roseville.

Surface water availability has two components: 1) surface water entitlements; and 2) infrastructure capacity. This letter builds on the information contained in the Agency's March 2001 discussion paper and updates both aspects of surface water sufficiency for the Project.

AGENCY SURFACE WATER ENTITLEMENTS

The Agency has several sources of surface water entitlements available for use in Western Placer County.

1. The first is a water supply contract with PG&E for 100,400 afa of Yuba/Bear River water that is delivered through PG&E's Drum Spaulding hydro system. This source of water has a high reliability during normal, single-dry and multiple-dry years.
2. The Agency's second source of surface water is its Middle Fork Project (MFP) water rights. Pursuant to agreements with the United States, the Agency is limited to a maximum of 120,000 afa from this source. This supply may be diverted from the American River at either Auburn or at Folsom Reservoir. The Agency has done extensive modeling of the MFP system to determine its reliability during drought events using California's hydrologic record, which dates back to 1921. The conclusion of that analysis

is that the MFP can provide 120,000 afa , even in back-to-back years as severe as the 1977 hydrologic event.

The Agency's water right permits issued in 1962 gave the Agency until 2007 to put this water to use. At the present it is not likely that the Agency will be using all of the 120,000 afa by that date. Therefore the Agency will request the State Water Resources Control Board to grant an extension of time in order to put the water to use. While the Agency expects to obtain such an extension of time, the Agency cannot guarantee that this will happen. The State Board could reduce the Agency's entitlement to American River water to the amount being used in 2007. If such an action were to occur, the Agency would consider all its options in having that action reversed.

3. The Agency's third source of water is its Central Valley Project (CVP) contract with the United States Bureau of Reclamation. This contract is for 35,000 afa. This supply is predicted to have no greater than a 25% deficiency during single-dry and multiple-dry years. This water may be diverted at Folsom Dam or other locations mutually agreed to by the parties. Reclamation and the Agency are now studying the feasibility of diverting water off of the Sacramento River.
4. The Agency also has a contract to purchase up to 5,000 afa from South Sutter Water District (SSWD). This supply is only available when it is surplus to SSWD's needs. Delivery is only available into the Auburn Ravine. The Agency's Board has directed that this water is to be made available as a supplemental supply to agricultural customers in Zone 5. No water is expected to be available from this source during dry years. This SSWD source is considered temporary because it is expected that the available supply will eventually be fully utilized by SSWD. Under the Board's policy for the use of SSWD water, it is not anticipated that the loss of the SSWD supply, either due to drought or prior use by SSWD, would affect the water supply to Zone 1.

GROUNDWATER USAGE

The Agency does not have any groundwater available for the Project. The Agency does not use significant amounts of groundwater to meet Zone 1 or 5 demands. The Agency has a well located in the Sunset Industrial area which has not been operational for a time due to industrial customer concerns regarding water quality. Also, the 1994 County of Placer General Plan Update contains a policy that requires all new urban development in the unincorporated area in Western Placer County be served by surface water.

RECLAIMED WATER USE

The Agency does not have jurisdiction over the distribution and use of any reclaimed water in western Placer County. The availability of reclaimed water to the Project is under the control of the Cities of Roseville and Lincoln that have wastewater treatment plants. The Agency supports the principal that when wastewater flows, generated by the various cities, town, or county unincorporated areas in Placer County, provide reclaimed water supply benefits to others, these "source" entities should be included as financial beneficiaries in a reclaimed water rate structure.

AGENCY SURFACE WATER COMMITMENTS

As described above, the Agency's total water supply available to western Placer County Zones 1 & 5 is 255,400 afa of permanent supply, plus 5,000 afa of temporary surplus water. Out of that supply, the Agency has contracted to deliver 25,000 afa to San Juan Water District and up to 30,000 afa to the City of Roseville. The Agency has also contracted to deliver up to 29,000 afa to Sacramento Suburban Water District for groundwater stabilization in that district's service area, but only when the supply is surplus to the needs of Placer County. Because of the surplus nature of this contract, it is not a factor in determining water availability for the Agency's service area.

In 2001, the Agency used 105,300 af to meet the needs of its Zone 1 & 5 customers. Subtracting this amount and the amounts committed to Roseville and San Juan leaves 95,100 afa for use in Western Placer County. However, until the permanent pumping station at Auburn is completed or a pumping station on the Sacramento River is built, the Agency will have only 113,400 afa available for use in Zone 1, leaving only 8,100 afa (113,400 minus 105,300) for the Project and other uses. A report is given to the Agency Directors at every scheduled Board meeting on the status of remaining uncommitted amount of water.

By Resolution 98-23 in June 1998, the Agency's Board reserved 6,000 af to supply up to 8 mgd of the 28 mgd expansion of the Foothill Water Treatment Plant (WTP), currently near completion, and 2.5 mgd for increased treated water demands in the Auburn Bowman treated water system. The Board further directed that, except for the 6,000 af reservation, all new commitments for delivery of raw water after that date, including current deliveries to Zone 5, be on an as-available basis until completion of the permanent American River Pump Station.

SURFACE WATER AVAILABILITY FOR THE PROJECT

The Agency's March 2001 discussion paper concluded that the Agency's remaining surface water entitlements are adequate to meet the buildout of the then-current General Plans of the Cities, Town and County in Western Placer County, including the Project.

The Project currently has raw water entitlements from the Agency that total 212 "seasonal" miner's inches and 4 "yearly" miner's inches that are sufficient for the Project's build-out irrigation demand. The Project's raw water entitlement equates to 3,061 equivalent dwelling units or 1,991 acre-feet annually. There may be an opportunity for a portion of the Project's raw water entitlement to be reallocated and provide the Agency with water to meet some of the Project's treated water demand. Any reallocation of the Project's raw water entitlement requires the approval of the Agency.

INFRASTRUCTURE CAPACITY

Raw Water Delivery from the Yuba/Bear River

There are no infrastructure limitations to the delivery of 100% of the Agency surface water supply entitlements under its PG&E (100,400 afa) and SSWD (5,000 afa) contracts.

Raw Water Delivery from the American River

The only facility that the Agency currently has to deliver water to its service area from its American River supplies is the temporary American River Pump Station at Auburn. Under an agreement between the Agency and Reclamation, Reclamation is required to annually install temporary pumps in the American River so that the Agency can access up to 25,000 afa of its MFP water at a rate of 50 cubic feet per second (cfs) until a permanent pumping plant is constructed. Because of flooding concerns the Agency estimates that the temporary pumps can only reliably divert up to 13,000 afa with the current configuration installed by Reclamation.

As limited by the temporary American River Pump Station, the total current raw water delivery capacity available to Zones 1 & 5 is 113,400 afa on a permanent basis, and 118,400 afa on temporary basis in normal/wet years. The Agency has currently a limited unallocated raw water delivery capacity to serve Zone 1 and Zone 5.

Significant progress is being made in completing a new, permanent American River Pump Station. The Agency approved the project's Final Environmental Impact Report/Statement in

July 2002. On October 4, 2002, Reclamation signed the Record of Decision for the American River Pump Station Project. The estimated cost of the project is \$31,000,000. Current Congressional appropriations for the project total \$17,400,000 and the State has budgeted \$4,000,000 for the project.

Additional appropriations will be necessary. It is anticipated that Reclamation will begin construction of the permanent pump station in 2003 and have it completed in 2005 if the required financing is obtained from Congress, the State, or other sources.

Completion of this project will increase the Agency's raw water delivery capacity to Zone 1 and western Placer County to 135,900 afa on a permanent basis, and 140,900 afa on a temporary basis in normal/wet years.

Because of environmental concerns, the Agency has agreed in the Water Forum Agreement, dated January 2000, to limit the Agency's diversions from the American River to 35,500 afa, provided the Agency is able to obtain a diversion off the Sacramento River for the remainder of its MFP and/or CVP water not delivered off the American River.

Raw Water Delivery with Proposed Sacramento River Diversion Facilities

The Agency has begun a feasibility study for a new treatment plant/diversion facilities to serve proposed developments in west Placer County with water diverted from the Sacramento River near the Sacramento Airport. The project would provide an additional 35,000 afa of raw water supply, and 65 mgd of treatment capacity into the Agency service area. In 2001, Congress authorized Reclamation to complete a feasibility study and EIS/EIR on the project. The Agency received a Congressional appropriation in 2002 of \$4,000,000 for the project. If the project is approved, the Agency anticipates construction of the project could be completed by about 2010.

Completion of the permanent American River Pump Station and the Sacramento River Diversion should enable the Agency to meet the projected increase in the raw water delivery needs of its service area in western Placer County until 2030's.

Treatment, Transmission and Storage

The Agency expects to complete the expansion of its Foothill WTP in Newcastle, which is currently under construction, in 2003. When complete the treatment plant capacity of this facility will be increased from 27 mgd to 55 mgd. Combined with the Sunset WTP, which has a capacity of 5 mgd, the Foothill Sunset system will have a treatment capacity of 60 mgd. The Agency will have adequate treatment capacity in 2003 to meet the build-out water needs of the Project.

The Agency uses 1,150 gallons per day (gpd) as the estimated average peak day demand for residential development. Therefore, the Agency will have adequate treatment capacity to serve an additional 22,600 equivalent dwelling units (EDU) when the current treatment plant expansion is complete.

The Agency completed the construction a 42 inch diameter treated water transmission line between Penryn and Lincoln in the fall of 2002. The Agency's transmission capacity is now equal to its treatment capacity in the Foothill Sunset system serving Loomis, Rocklin, Lincoln and surrounding County jurisdiction areas. The Agency has sufficient treated water transmission capacity for the build-out water needs of the Project.

The Project currently has raw water delivery points on the Agency's Caperton and Antelope Canals. The Agency has sufficient raw water transmission capacity to serve the Project.

The Agency completed a new 10 million gallon (mg) tank near the Sunset WTP in 2001. This increases the storage capacity of the Foothill Sunset system to 28.5 mg. This is adequate to serve the needs of the west Placer water system for at least 10 years.

It is reasonably foreseeable that future drought conditions and/or development could impact the availability of water for agriculture. In a future dry year, water supplies to Zone 5 from SSWD would not be available.

In the event of a delay in the completion of the permanent American River Pump Station, continued urban land development within the Agency's lower Zone 1 area, including the Project, could result in a decrease in up to 6,000 af of surface water available to agriculture and irrigation customers. This potential decrease to these customers is consistent with the June 1998 Board Resolution reserving that water for treated uses. The described potential shortage to agricultural and irrigation customers would not be expected to begin until sometime after 2005, depending upon growth rates in municipal and industrial demand.

PCWA'S DEMAND MANAGEMENT MEASURES

The California Urban Water Management Planning Act requires water purveyors, such as the Agency, that service a minimum of 3,000 customers to prepare a long term water supply plan every five years. The Agency's most recent Urban Water Management Plan (UWMP) was published in December 2000. On June 4, 2002, the Agency was informed by the California Department of Water Resources that the Agency's December 2000 UWMP, including the discussion of the Agency's water demand management effort, was deemed complete.

The Agency is providing a comprehensive suite of demand management measures to its customers. All customers are metered. The Agency has implemented inclining rates based upon water usage. System wide water audits are being conducted and customer usage is tracked on a monthly basis. Leak detections are conducted whenever unaccounted water exceeds 10%. Agency rules and regulations require discontinuance of service upon excessive wasting of water. Residential water surveys are provided upon request. The Agency has a full time water conservation coordinator on staff.

ADDITIONAL CONDITIONS FOR DELIVERY OF WATER

The Agency reserves water for this and other projects only when the project proponent submits an application for water service, pays the connection fees, the project land are annexed into an Agency service zone, and all required infrastructure improvements are in place and approved by the Agency. While the Agency has a policy of first-come, first-served basis, because of infrastructure restrictions, the Agency has recently modified this policy and now limits the amount of connections any one party can purchase to the amount that the party can use within the estimated time period for the completion of the permanent American River Pump Station.

This letter is written in accordance with the requirements of SB 221 and shall be used for the purpose set forth therein. This letter is not intended as , and shall not be construed as, a guarantee of delivery of any particular amount of water to any particular landowner or project.

If you have any questions on this subject, please call me at (530) 823-4889.

Sincerely,

PLACER COUNTY WATER AGENCY


Mal Toy
Planning Administrator

c: PCWA Board of Directors
David A. Breninger, General Manager
Ed Tiedemann, Legal Counsel

attachments