February 3, 2006
File No. Placer Vineyards

Mr. Paul Thompson, Principal Planner
Placer County Planning Department
11414 B Avenue
Auburn, CA  95603

Re:  Updated Placer Vineyards Base Specific Plan Water Supply Assessment

Dear Mr. Thompson:

This letter is in response to your request of October 28, 2005 for an updated water assessment pursuant to SB610 (Government Code 65858) for the proposed Placer Vineyards Specific Plan.

The Project includes 5148± acres in the unincorporated portion of southwest Placer County.

The Placer Vineyards Base Specific Plan area would accommodate 14,132 homes, 931 acres of parks and open space and over 329 acres of commercial and commercial mixed use centers. It would also provide for one high school, two middle schools and six elementary schools. The Placer Vineyards Base Specific Plan proposes an annual build out water demand of 11,496 acre feet for potable uses. Open spaces, park areas and transportation medians will be irrigated with reclaimed water. This assessment includes an estimate of water demands based on Agency analysis of projected unit water demands applied to projected land use types and densities as provided by the developer.

The Placer County Water Agency Board of Directors discussed and approved this response to your request at the meeting of February 2, 2006.

This project is located in the Cal American Franchise area, however, it is also within PCWA’s service area.

Please be aware that the Project will need to request and be annexed to the Agency’s Zone 1 as a condition of service. This Water Supply Assessment should not be interpreted as indicating the Agency’s action on any such annexation.

Additional comments, information and conditions relevant to water service to the Project follow.
SURFACE WATER

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

1. The first is a surface water supply contract with PG&E for 100,400 acre feet annually (afy) of Yuba/Bear River water that is delivered through PG&E’s Drum Spaulding hydro system. This has been the Agency’s primary source of supply for Zone 1 since the Agency began retailing water in 1968. Prior to that PG&E was the retail water purveyor in Zone 1. The term of this contract is to 2013, but the Agency expects the contract to be renewed after the expiration of the present term.

This source of water has a high reliability during normal, single-dry and multiple-dry years. For example, between 1987 and 1992 the state experienced 5 years of drought, during which many areas in the state had reduced supplies. During that period, the Agency had a full Yuba/Bear river supply each year. 1977 was the only year in which the Agency has had to impose drought restrictions on its customers due to reduced PG&E supply. The Agency’s 2005 Urban Water Management Plan was adopted on December 15, 2005 and contains a water shortage contingency analysis that includes a five stage rationing plan that will be invoked during a declared water shortage.

2. The Agency’s second source of surface water for consumptive use is its Middle Fork Project (MFP) water rights. The MFP reservoirs have 340,000 acre-feet of storage capacity; however, pursuant to agreements with the United States, the Agency is limited to a maximum consumptive use of 120,000 afy from this source. The Agency’s MFP water right permits provide that this water 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 afy, even in dry years as severe as the 1976-1977 hydrologic event.

3. The Agency’s third source of surface water is its federal Central Valley Project (CVP) Municipal and Industrial water supply contract with the United States Bureau of Reclamation. This contract is for 35,000 afy. This supply is subject to 25% deficiencies during single-dry and multiple-dry years. This water was originally to be provided to the Agency at Auburn Reservoir but the contract as amended now provides for its diversion at Folsom Dam or other locations mutually agreed to by the parties. As noted below in the discussion of infrastructure capacity, Reclamation and the Agency are now studying the feasibility of diverting this supply off of the Sacramento River instead of at Folsom. Under the Agency’s Integrated Water Resources Plan, discussed in more detail below, the Agency plans to supplement its CVP contract supply with groundwater in dry years to improve the reliability to the point where the full contract amount can be relied upon to serve urban development needs.

4. The Agency also has a surface water contract to purchase up to 5,000 afy 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. Most of the Agency's Zone 5 customers also have groundwater available, and revert to that source when surface water is not available. 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.

The total surface water supply available to the western Placer County area that includes Zones 1 & 5 is 255,400 afa of permanent supply in normal years, plus 5,000 afa of temporary surplus water. Out of that permanent supply, the Agency has contracted to deliver up to 25,000 afa to San Juan Water District for use within the Placer County portion of its service area 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.

On going water delivery efficiency efforts and Board policies relating to the Agency's raw water system have reduced the amount of water that must be committed to meet the Agency's customers demand by an estimated 5,000 af over the past 5 years. Through December 15, 2005, the Agency has committed approximately 113,563 af to meet the needs of its Zone 1 & 5 customers plus the 55,000 af committed to Roseville and San Juan Water District. Subtracting these amounts from the Agency's entitlements leaves 86,837 afa of surface water available in normal years for use in Western Placer County to meet future demands.

GROUNDWATER

Although groundwater use in Placer County by individual homes, farms and businesses is estimated to be about 90,000 acre-feet per year, the Agency does not currently use significant amounts of groundwater to meet its customers' demands. The Agency has a single well located in the Sunset Industrial area that meets all drinking water standards but has not been utilized for several years due to customer concerns regarding water quality (hardness and silica) related to industrial use.

The following findings with regards to the use of groundwater can be concluded from the Agency's draft Integrated Water Resources Plan:

- The historic average annual rate of groundwater use within the Placer County portion of the North American River Groundwater Basin is estimated to be about 90,000 acre feet per year. (The estimated use will be refined in the development of the plan.)

- According to semi-annual well data collected by the State Department of Water Resources since the 1940s, the subsurface groundwater level in western Placer County in the area west
of Roseville has been relatively stable since the early 1980s following decades of steady decline.

- Based upon this information we believe that the current groundwater use and natural recharge rate are in balance and that current average annual groundwater pumping rates within the basin can be sustained indefinitely without a further decline in the subsurface groundwater level.

- Therefore, as urban development replaces historic groundwater irrigated agriculture, there is an opportunity to develop groundwater for use in meeting urban domestic and irrigation demands without adversely affecting groundwater levels or long term groundwater reliability.

PCWA's surface water supplies, particularly its 35,000 afa CVP contract entitlement and its Yuba Bear 100,400 afa contract with PG&E, will be subject to shortages in future dry years. To make up for such dry year shortfalls and for backup in the event of emergency or planned outages, PCWA is planning on developing groundwater resources as its service area expands west over the groundwater basin and into the area most likely to be served long term from the Sacramento River using the Agency’s CVP contract supply. But to insure that there is no adverse long term impact of such dry year groundwater use there must be groundwater banking in normal and wet years to offset the planned dry year use. That banking can most efficiently occur through “in-lieu recharge” which is the reduction of historic groundwater use in normal and wet years allowing the natural recharge flow to accumulate in the aquifer.

RECYCLED WATER USE

Recycled water use by projects within a reasonable service perimeter of reclaimed water supplies is assumed in the Agency's draft Integrated Water Resources Plan and in it's 2005 Urban Water Management Plan. This project proposes landscape irrigation of parks and common areas where feasible from a recycled water line that will be extended from east to west through the project site.

WATER SUPPLY ASSESSMENT

On December 15, 2005, the Agency Board of Directors adopted the 2005 Urban Water Management Plan update. This plan projects water supply and water demands for normal, single dry and multiple dry years for 20 years into the future. The proposed Placer Vineyards Base Specific Plan was included in this plan.

Through the integrated use of existing surface water entitlements, recycled water and demand reduction resources and groundwater as proposed herein, the Agency has an adequate water supply to meet the anticipated build out demands of the Placer Vineyards Base Specific Plan in addition to the rest of the build out demands currently anticipated within the Agency's projected service area in western Placer County in normal, single dry and multiple dry years, subject to the qualifications set forth below.
INFRASTRUCTURE CAPACITY

To provide water service to a project the Agency must have both the water supply resources (discussed above) and adequate treatment and delivery infrastructure capacity. This section provides an assessment of the infrastructure capability and needs of the Agency to serve the Placer Vineyards Base Specific Plan.

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 the United States, the U.S. is required to 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). Because of flooding concerns which necessitates the seasonal removal of the temporary pumps, and other technical limitations, the Agency estimates that it can only reliably divert up to 13,000 afa with the current configuration installed by the U.S.

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.

Progress by the Agency and the U.S. Bureau of Reclamation is being made in completing a new, permanent American River Pump Station. On June 13, 2003, Reclamation entered into a contract to construct Phase I of the American River Pump Station. It is anticipated that Phase I will be completed in May of 2006. Phase 2, which includes construction of the diversion facility and rewatering of the river, has been designed and has been bid twice by the U.S. Bureau of Reclamation. As a result of the inflated bid prices the Bureau canceled both of the solicitations. It is anticipated that the project will be re-bid and a construction contract for Phase II may be awarded in March 2006 and completion may be in 2008.

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 in normal/wet years. Subtracting 113,563 afa of current and committed demands will leave 22,337 afa of uncommitted raw water delivery capacity available for new development once the permanent American River pump station is complete in 2008.

Raw Water Delivery with Proposed Sacramento River Diversion Facilities
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.

The Agency is studying the feasibility of a project in which a new treatment plant would serve proposed developments in southwest Placer County with water diverted from the Sacramento River.
north of 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. If the project is approved, the Agency anticipates construction of the project could be completed by about 2012.

Completion of both the permanent American River Pump Station and the Sacramento River Diversion facilities would increase the amount of surface water available to the Agency’s west Placer service area to 175,900 af and 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.

**Treatment, Transmission and Storage**

The Agency completed the most recent expansion of its Foothill WTP in Newcastle in 2005. The treatment plant capacity of this facility is 55 million gallons per day (mgd). Combined with the Sunset WTP, which has a capacity of 8 mgd, the Foothill/Sunset system has a treatment capacity of 63 mgd. The Agency reserves capacity for new customers upon payment of the Agency’s Water Connection Charge (WCC). There is typically an average time lag of approximately 18 months between the payment of WCC and the full development of demand from the occupied units. At this time, the Agency estimates that this reserved capacity for development that has already paid the WCC to be 3.0 mgd but these demands are not reflected in the 2005 maximum day demand of 49.3 mgd. This leaves 10.7 mgd of unallocated capacity that can serve approximately 9,304 equivalent dwelling units (EDUs) and which is available on a first-come, first-served basis.

The Agency has completed the design of the Auburn Tunnel Pump Station 2. This pump station is located on Ophir Road in the Ophir area. This pump station will be capable of delivering American River water from the Auburn Tunnel to the existing Foothill WTP, to the proposed Ophir area WTP as well as to the Agency’s canal system. This project has been bid and awarded. Construction is to start in February of 2006. It is anticipated it will be completed in 2007.

In addition, the Agency is in the design phase for a new water treatment plant that will be located on Ophir Road in the Newcastle/Ophir area. This plant is scheduled for completion in 2008. This plant is being designed with a capacity of 30 mgd. When complete, this facility will be able to serve an additional 26,000 EDUs.

The Agency completed construction of 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. A new treated water transmission pipeline is being designed to convey water from the Ophir area plant to the existing Foothill/Sunset system at Penryn and to areas near the City of Lincoln.

The Agency completed a new 10 million gallon (mg) tank near the Sunset WTP in 2001. This increased the storage capacity of the Foothill Sunset system to 30.0 million gallon (mg). The Agency has a contract with the City of Roseville to wheel up to 10 mgd through Roseville’s system to the Baseline Road area. The Agency is currently in the construction phase of the Tinker Road pump station and 10 million gallon (mg) tank. This storage and pump station will be used to pump water into Roseville’s system for conveyance to PCWA Zone 1 areas south of Baseline Road. This project is scheduled for completion in June of 2006. Currently, the Agency is wheeling an average of
660,000 gpd through Roseville’s system to serve the Bianchi Estates and the Morgan Creek areas.

**PCWA’S DEMAND MANAGEMENT MEASURES**

The Agency was created by the Placer County Water Agency Act, a special act of the California Legislature. The California Urban Water Management Planning Act requires water purveyors that serve more than 3,000 customers prepare a long-term water supply plan every five years. The Agency’s most recent Urban Water Management Plan (UWMP) was adopted in December 2005.

The Agency is providing a comprehensive suite of demand management measures to its customers. All customers are metered. The Agency has implemented inclining block 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.

The long term effects of the Agency’s demand management measures on per capita water use will be quantitatively evaluated in the Agency’s Integrated Water Resources Plan and are included in the 2005 UWMP.

**ADDITIONAL CONDITIONS FOR DELIVERY OF WATER SUPPLY**

The Agency reserves water supply only when a project is located within an Agency service zone, a project proponent submits an application for water service and the Water Connection Charges are paid.

Based on the Agency’s limited bonding capacity with existing Zone 1 projects, the project proponents will be required to participate with the Agency in developing and implementing a financing plan to construct the major water supply infrastructure (treatment plants, etc.) necessary to serve this project.

The Agency has an existing contract to supply treated water to California American Water Company on a wholesale basis within the existing Zone 1 area to the east of the proposed project. In 2004, the Agency notified California American Water Company of its need to revise that contract to resolve certain financial inequities in regards to the amount of water connection charges received for the infrastructure capacity provided by the Agency in a manner that is consistent with a similar agreement the Agency has with the City of Lincoln. Since the initial discussions with California American Water Company in 2004 there have been significant corporate and personnel changes with the result that there have been no recent discussions between the Agency and California American Water Company on this subject. The Agency will require amendment of the existing wholesale water supply contract between PCWA and California American Water Company as a condition of providing increased supplies to California American Water Company for this project. However, should this project be served by PCWA as the retailer, said amendment would not be required.
Ultimately, the project will be served with water from the Sacramento River from the Agency’s CVP surface water contract with the United States Bureau of Reclamation. This supply is subject to a 25 percent reduction during single and multiple dry years. To make up for the dry year shortfalls and emergency or planned outages the Placer Vineyards project should provide groundwater wells for 25 percent of the maximum day demand or 25 percent of the annual acre feet with one well pump out of service, while the others are operating a maximum of 18 hours per day, which ever is greater.

CONCLUSIONS

Through the integrated use of existing surface water entitlements, recycled water and demand reduction resources and groundwater as proposed herein, the Agency has an adequate water supply to meet the anticipated build out demands of Placer Vineyards Base Specific Plan in addition to the rest of the build out demands currently anticipated for 20 years within the Agency’s projected service area in western Placer County in normal, single dry and multiple dry years.

However, depending upon the timing of water needs from this project and because the Agency has a first-come, first-serve policy for serving new customers, the completion of any or all of numerous Agency planned infrastructure projects may be required before the Agency can provide water service for the build out of the Placer Vineyards Base Specific Plan. Those projects include completion of the permanent American River Pump Station, which is currently under construction, completion of the Auburn Tunnel Pump Station and completion of additional treatment capacity and transmission facilities associated with the Agency’s planned Ophir area water treatment plant project, which are currently under design.

In addition, the Placer Vineyards Base Specific Plan will need to extend California American Water’s existing transmission infrastructure to the project site and construct the needed onsite infrastructure, including the potable water distribution system. California American Water will be required to complete the design and construction of local storage facilities so that peak hour flows and fire flows are not taxing PCWA and Roseville’s system.

If you have any questions on this subject, please call Brian Martin at (530) 823-4886.

Sincerely,

PLACER COUNTY WATER AGENCY

[Signature]
Alex Ferreira
Chair, PCWA Board of Directors

AF/BCM/ns
c:      PCWA Board of Directors
       Placer County Board of Supervisors
       Jim Ray, McKay & Somps
       Tom Miller, Placer County Executive Officer
       John Marin, Placer County Administrative Officer
       Holly Heinzen, Placer County Deputy County Executive Officer
       Derrick Whitehead, Director of Environmental Utilities, Roseville
       Dan Mizerski, Cal American Water
       Andy Soulé, Cal American Water
February 3, 2006
File No. Placer Vineyards

Mr. Paul Thompson, Principal Planner
Placer County Planning Department
11414 B Avenue
Auburn, CA 95603

Re: Placer Vineyards Specific Plan Blueprint Alternative Water Supply Assessment

Dear Mr. Thompson:

This letter is in response to your request of July 21, 2005 for a water assessment pursuant to SB610 (Government Code 65858) for the proposed Placer Vineyards Specific Plan Blueprint Alternative.

The Project includes 5148± acres in the unincorporated portion of southwest Placer County.

The Placer Vineyards Specific Plan area within the Blueprint Plan framework would accommodate 21,631 homes, approximately 497 acres of employment related activity, approximately 970.5 acres of parks and open space and over 145 acres of retail commercial centers. It would also provide for two high schools, three middle schools and seven elementary schools. The Placer Vineyards Blueprint Plan proposes an annual build out water demand of 14,543 acre feet for potable uses. Open spaces, park areas and transportation medians will be irrigated with reclaimed water. This assessment includes an estimate of water demands based on Agency analysis of projected unit water demands applied to projected land use types and densities as provided by the developer.

The Placer County Water Agency Board of Directors discussed and approved this response to your request at the meeting of February 2, 2006.

This project is located in the Cal American Franchise area, however, it is also within PCWA’s service area.

Please be aware that the Project will need to request and be annexed to the Agency’s Zone 1 as a condition of service. This Water Supply Assessment should not be interpreted as indicating the Agency’s action on any such annexation.

Additional comments, information and conditions relevant to water service to the Project follow.

Water “Our Most Precious Resource”
SURFACE WATER

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

1. The first is a surface water supply contract with PG&E for 100,400 acre feet annually (af) of Yuba/Bear River water that is delivered through PG&E's Drum Spaulding hydro system. This has been the Agency's primary source of supply for Zone 1 since the Agency began retailing water in 1968. Prior to that PG&E was the retail water purveyor in Zone 1. The term of this contract is to 2013, but the Agency expects the contract to be renewed after the expiration of the present term.

This source of water has a high reliability during normal, single-dry and multiple-dry years. For example, between 1987 and 1992 the state experienced 5 years of drought, during which many areas in the state had reduced supplies. During that period, the Agency had a full Yuba/Bear river supply each year. 1977 was the only year in which the Agency has had to impose drought restrictions on its customers due to reduced PG&E supply. The Agency's 2005 Urban Water Management Plan was adopted on December 15, 2005 and contains a water shortage contingency analysis that includes a five stage rationing plan that will be invoked during a declared water shortage.

2. The Agency's second source of surface water for consumptive use is its Middle Fork Project (MFP) water rights. The MFP reservoirs have 340,000 acre-feet of storage capacity; however, pursuant to agreements with the United States, the Agency is limited to a maximum consumptive use of 120,000 af from this source. The Agency's MFP water right permits provide that this water 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 af, even in dry years as severe as the 1976-1977 hydrologic event.

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4. The Agency also has a surface water contract to purchase up to 5,000 af 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. Most of the Agency’s Zone 5 customers also have groundwater available, and revert to that source when surface water is not available. 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.

The total surface water supply available to the western Placer County area that includes Zones 1 & 5 is 255,400 afa of permanent supply in normal years, plus 5,000 afa of temporary surplus water. Out of that permanent supply, the Agency has contracted to deliver up to 25,000 afa to San Juan Water District for use within the Placer County portion of its service area and up to 30,000 afa to the City of Roseville.

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The following findings with regards to the use of groundwater can be concluded from the Agency’s draft Integrated Water Resources Plan:

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- According to semi-annual well data collected by the State Department of Water Resources since the 1940s, the subsurface groundwater level in western Placer County in the area west
of Roseville has been relatively stable since the early 1980s following decades of steady decline.

- Based upon this information we believe that the current groundwater use and natural recharge rate are in balance and that current average annual groundwater pumping rates within the basin can be sustained indefinitely without a further decline in the subsurface groundwater level.

- Therefore, as urban development replaces historic groundwater irrigated agriculture, there is an opportunity to develop groundwater for use in meeting urban domestic and irrigation demands without adversely affecting groundwater levels or long term groundwater reliability.

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Completion of both the permanent American River Pump Station and the Sacramento River Diversion facilities would increase the amount of surface water available to the Agency’s west Placer service area to 175,900 af and 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.

Treatment, Transmission and Storage
The Agency completed the most recent expansion of its Foothill WTP in Newcastle in 2005. The treatment plant capacity of this facility is 55 million gallons per day (mgd). Combined with the Sunset WTP, which has a capacity of 8 mgd, the Foothill/Sunset system has a treatment capacity of 63 mgd. The Agency reserves capacity for new customers upon payment of the Agency’s Water Connection Charge (WCC). There is typically an average time lag of approximately 18 months between the payment of WCC and the full development of demand from the occupied units. At this time, the Agency estimates that this reserved capacity for development that has already paid the WCC to be 3.0 mgd but these demands are not reflected in the 2005 maximum day demand of 49.3 mgd. This leaves 10.7 mgd of unallocated capacity that can serve approximately 9,304 equivalent dwelling units (EDUs) and which is available on a first-come, first-served basis.

The Agency has completed the design of the Auburn Tunnel Pump Station 2. This pump station is located on Ophir Road in the Ophir area. This pump station will be capable of delivering American River water from the Auburn Tunnel to the existing Foothill WTP, to the proposed Ophir area WTP as well as to the Agency’s canal system. This project has been bid and awarded. Construction is to start in February of 2006. It is anticipated it will be completed in 2007.

In addition, the Agency is in the design phase for a new water treatment plant that will be located on Ophir Road in the Newcastle/Ophir area. This plant is scheduled for completion in 2008. This plant is being designed with a capacity of 30 mgd. When complete, this facility will be able to serve an additional 26,000 EDUs.

The Agency completed construction of 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. A new treated water transmission pipeline is being designed to convey water from the Ophir area plant to the existing Foothill/Sunset system at Penryn and to areas near the City of Lincoln.

The Agency completed a new 10 million gallon (mg) tank near the Sunset WTP in 2001. This increased the storage capacity of the Foothill Sunset system to 30.0 million gallon (mg). The Agency has a contract with the City of Roseville to wheel up to 10 mgd through Roseville’s system to the Baseline Road area. The Agency is currently in the construction phase of the Tinker Road pump station and 10 million gallon (mg) tank. This storage and pump station will be used to pump water into Roseville’s system for conveyance to PCWA Zone 1 areas south of Baseline Road. This project is scheduled for completion in June of 2006. Currently, the Agency is wheeling an average of
660,000 gpd through Roseville’s system to serve the Bianchi Estates and the Morgan Creek areas.

**PCWA’S DEMAND MANAGEMENT MEASURES**

The Agency was created by the Placer County Water Agency Act, a special act of the California Legislature. The California Urban Water Management Planning Act requires water purveyors that serve more than 3,000 customers prepare a long-term water supply plan every five years. The Agency’s most recent Urban Water Management Plan (UWMP) was adopted in December 2005.

The Agency is providing a comprehensive suite of demand management measures to its customers. All customers are metered. The Agency has implemented inclining block 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.

The long term effects of the Agency’s demand management measures on per capita water use will be quantitatively evaluated in the Agency’s Integrated Water Resources Plan and are included in the 2005 UWMP.

**ADDITIONAL CONDITIONS FOR DELIVERY OF WATER SUPPLY**

The Agency reserves water supply only when a project is located within an Agency service zone, a project proponent submits an application for water service and the Water Connection Charges are paid.

Based on the Agency’s limited bonding capacity with existing Zone 1 projects, the project proponents will be required to participate with the Agency in developing and implementing a financing plan to construct the major water supply infrastructure (treatment plants, etc.) necessary to serve this project.

The Agency has an existing contract to supply treated water to California American Water on a wholesale basis within the existing Zone 1 area to the east of the proposed project. In 2004, the Agency notified California American Water Company of its need to revise that contract to resolve certain financial inequities in regards to the amount of water connection charges received for the infrastructure capacity provided by the Agency in a manner that is consistent with a similar agreement the Agency has with the City of Lincoln. Since the initial discussions with California American Water Company in 2004 there have been significant corporate and personnel changes with the result that there have been no recent discussions between the Agency and California American Water Company on this subject. The Agency will require amendment of the existing wholesale water supply contract between PCWA and California American Water Company as a condition of providing increased supplies to California American Water Company for this project. However, should this project be served by PCWA as the retailer, said amendment would not be required.
Ultimately, the project will be served with water from the Sacramento River from the Agency’s CVP surface water contract with the United States Bureau of Reclamation. This supply is subject to a 25 percent reduction during single and multiple dry years. To make up for the dry year shortfalls and emergency or planned outages the Placer Vineyards project should provide groundwater wells for 25 percent of the maximum day demand or 25 percent of the annual acre feet with one well pump out of service, while the others are operating a maximum of 18 hours per day, which ever is greater.

CONCLUSIONS

Through the integrated use of existing surface water entitlements, recycled water and demand reduction resources and groundwater as proposed herein, the Agency has an adequate water supply to meet the anticipated build out demands of Placer Vineyards Specific Plan Blueprint Alternative in addition to the rest of the build out demands currently anticipated for 20 years within the Agency’s projected service area in western Placer County in normal, single dry and multiple dry years.

However, depending upon the timing of water needs from this project and because the Agency has a first-come, first-serve policy for serving new customers, the completion of any or all of numerous Agency planned infrastructure projects may be required before the Agency can provide water service for the build out of the Placer Vineyards Specific Plan Blueprint Alternative. Those projects include completion of the permanent American River Pump Station, which is currently under construction, completion of the Auburn Tunnel Pump Station and completion of additional treatment capacity and transmission facilities associated with the Agency's planned Ophir area water treatment plant project, which are currently under design.

In addition, the Placer Vineyards Specific Plan Blueprint Alternative will need to extend California American Water's existing transmission infrastructure to the project site and construct the needed onsite infrastructure, including the potable water distribution system. California American Water will be required to complete the design and construction of local storage facilities so that peak hour flows and fire flows are not taxing PCWA and Roseville’s system.

If you have any questions on this subject, please call Brian Martin at (530) 823-4886.

Sincerely,

PLACER COUNTY WATER AGENCY

[Signature]
Alex Ferreira
Chair, PCWA Board of Directors

AF/BCM/"ns
c:  
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Placer County Board of Supervisors
Jim Ray, McKay & Somps
Tom Miller, Placer County Executive Officer
John Marin, Placer County Administrative Officer
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