



## Staff Reports

---

**File #:** 138-2021, **Version:** 1

---

**To:** Honorable Mayor and Members of City Council

**From:** Phil Brun, Utilities Director

**Prepared By:** Joy Eldredge, Deputy Utilities Director

**TITLE:**

2021 Dry Year Water Purchase

**RECOMMENDED ACTION:**

Adopt a Resolution 1) authorizing the Utilities Director to execute water supply agreements for the purchase of up to 1,400 acre feet of dry year water for a not to exceed total expenditure of \$640,000; 2) approving a transfer of \$640,000 from Water Supply Reserve Account to nonrecurring water supply expenditure budget as documented in Budget Adjustment No.BE 2105501; and 3) determining that the actions authorized by this resolution were adequately analyzed by a previous CEQA action.

**DISCUSSION:**

Due to dry conditions both locally and throughout the state, available water resources are more sparse than typical this time of year. The City's main local supply of water, Lake Hennessey, received less than 10 inches of rain compared to our annual average of 27 inches. The amount of water recharge at Lake Hennessey this year (approximately 1,000 acre feet) rivals the limited recharge during the benchmark drought years in 1977-78 and 1990-91. Lake Hennessey is currently at 67% capacity, holding 20,812 acre feet (AF) as of April 1<sup>st</sup>. Fortunately, Milliken Reservoir is at 100% capacity, but it is much smaller, holding 1,400 AF.

In addition to the City's local supply of water, the City contracts through the Napa County Flood Control and Water Conservation District (NCFCWCD) for water supply from the Department of Water Resources (DWR) State Water Project (SWP). Due to the limited rain throughout California, the April 1<sup>st</sup> snowpack was just 58% of normal in the Sierras. Correspondingly, the SWP allocation is just 5%. As a result, City of Napa will receive just 1,095 AF of our 21,900 AF of Table A entitlements this year. This is in addition to 3,754 AF of carryover and Article 21 water available this year.

In 2020 our customer demands were 14,100 AF which is less than demands in 2014 prior to the drought in 2015. During the 2015-16 drought mandate, our customer demands were 12,100 AF, representing a 23% reduction over the previous year. Despite conservation efforts to seek similar reductions in 2021 demands, it is necessary to purchase dry year water from the State Water Project (SWP) system, and implement measures to preserve our local supplies in Lake Hennessey to the fullest extent possible.

In December 2013 the Napa County Flood Control and Water Conservation District (NCFCWCD) on behalf of the three participating SWP subcontractors: Cities of American Canyon, Calistoga and

Napa, entered into an Area of Origin Settlement Agreement with the Department of Water Resources, Amendment No. 24 to Agreement No 1573 (City Agreement No. 6496). As a result of this Agreement, we have the ability to call on additional water in years when Table A and carryover water amongst all three subcontractors has been consumed. For the first time since 2014 this water, known as Advanced Table A, is needed by both Napa and American Canyon. Since Calistoga does not plan to use all of their available water this year, Napa and American Canyon must use this water first in order to make Advanced Table A water available. Transfer agreements will be executed between the cities to ensure Calistoga's water is either returned next year or purchased by the city using the water this year. Approximately 800 AF of water may be available from Calistoga under this scenario. If Calistoga chooses to be paid for the water next year, it is anticipated that the pricing will be the same as Yuba Accord water at \$447/AF.

Yuba Accord water is available from DWR through the SWP contract. Approximately 420 AF of water is available at \$447/AF. In addition, during dry years DWR purchases water supplies from other agencies and farmers and makes them available to State water contractors as part of a dry year transfer program. Approximately 150 AF of water at \$625/AF may be available. NCFCWCD will purchase these supplies on the City's behalf from DWR, and the City will reimburse NCFCWCD for the costs incurred per Amendment No. 14 to Agreement No 1573 (City Agreement No. 6496). The City participated in a similar dry year program through DWR in 2001, 2008 and 2009.

The City's Water System Optimization and Master Plan recommends the City purchase dry year water on occasions when other sources have been reduced in dry years. Based on the allocation from the State Water Project at 5% and Lake Hennessey entering the summer at 67% capacity, Staff is recommending the City purchase up to an additional 1,400 acre-feet of water from the options identified above.

In accordance with Amendment 3 to Agreement 9381 with City of St Helena, upon request when purchasing dry year water on a single year basis from an outside source, the City of Napa will include an increment for St Helena and pass through the costs accordingly. St. Helena has requested 200 AF. Napa will be able to use the approximately 150 AF of dry year transfer water to meet this request only if Napa does not need it to meet projected demands and American Canyon does not choose to purchase the unused water.

The City's current water supplies combined with the dry year purchases described above and conservation measures will allow the City to minimize the use of Lake Hennessey and manage its water supplies effectively. Hennessey storage is projected to be approximately 16,700 AF (54%) as we enter the rainy season on Nov 1<sup>st</sup>. This is dependent upon a conservation target to reduce demands by 15% as compared to last year. Water conservation results will be monitored weekly and if we are falling short of our goals during the peak summer months, our programs, outreach and actions will increase accordingly.

#### **FINANCIAL IMPACTS:**

If all options to purchase dry year water supplies are executed, total expenditures are estimated to be approximately \$640,000. Sufficient funds in the amount of \$1,325,000 are available in the Water Supply Reserve account and \$640,000 will be transferred via Resolution to the nonrecurring water supply expenditure budget as shown in Budget Adjustment No. BE2105501.

If dry year water is able to be conveyed to St. Helena, then approximately \$94,000 in revenue will be generated.

Given the need for a 15% reduction in water consumption by customers, the proposed FY22 revenue budget has been adjusted accordingly.

**CEQA:**

City Staff recommends that the City Council determine that the potential environmental effects of the Recommended Action described in this Staff Report were adequately examined by the Water System Optimization and Master Plan Final Environmental Impact Report (November 4, 1997), pursuant to CEQA Guidelines Section 15162. Water sellers (as lead agency) will be required to comply with CEQA prior to any water transfer to the City

**DOCUMENTS ATTACHED:**

ATCH1 - Resolution

EX A - Budget Adjustment No. BE2105501

**NOTIFICATION:**

None.