



## Folsom City Council Staff Report

<b>ETING DATE:</b>	5/27/2025
<b>AGENDA SECTION:</b>	New Business
<b>SUBJECT:</b>	Resolution No. 11385 – A Resolution Authorizing the City Manager to Execute an Inter-Agency Agreement for Cost-Sharing of the Water Forum Successor Effort and Habitat Management Element Budget of the Water Forum
<b>FROM:</b>	Environmental and Water Resources Department

### **RECOMMENDATION / CITY COUNCIL ACTION**

The Environmental and Water Resources Department recommends the City Council pass and adopt Resolution No. 11385 – A Resolution Authorizing the City Manager to Execute an Inter-Agency Agreement for Cost-Sharing of the Water Forum Successor Effort and Habitat Management Element Budget of the Water Forum.

### **BACKGROUND / ISSUE**

In January of 2000, the Water Forum was formed to provide a safe, reliable water supply and preserve the value of the Lower American River. Through a collaborative effort of 21 water purveyors, environmental interest groups, citizens organizational groups and business groups, the Water Forum Agreement (WFA) was signed to endorse and, where appropriate, participate in each of the seven complementary actions:

1. Increase Surface Water Diversions
2. Implement actions to meet customer needs while reducing diversion impacts in the drier years
3. Support an improved pattern of fishery flow releases from Folsom Reservoir
4. Support Lower American River Habitat Management Element
5. Support the Water Conservation Element
6. Support Groundwater Management Element
7. Support the Water Forum Successor Effort

The Water Forum brings together a diverse group of businesses, citizen groups, environmentalists, water providers, and local governments. Members collaborate under the WFA to balance two equal objectives:

- Provide a reliable and safe water supply for the region's economic health and planned development through to the year 2030; and
- Preserve the lower American River's fishery, wildlife, recreational, and aesthetic values.

The original WFA is set to expire in 2030. From the beginning, the Water Forum has played a central role for the region in ensuring regional water supply reliability and protecting the health of the lower American River by providing a venue for collaborative problem-solving. By coming together to support each other's shared priorities, Water Forum members facilitated significant infrastructure projects, built a culture of trust, and enabled quick responses to crises like drought, all without resorting to gridlock or litigation.

This resolution will authorize the City Manager to execute an Inter-Agency Agreement for cost-sharing of the Water Forum Successor Effort and Habitat Management Element budget of the Water Forum.

### **POLICY / RULE**

In accordance with Chapter 2.36 of the Folsom Municipal Code, supplies, equipment, services, and construction with a value of \$75,049 or greater shall be awarded by City Council.

### **ANALYSIS**

Under the current WFA, the Water Forum Successor Effort (WFSE) will continue negotiations of various environmental activities to protect the Lower American River, support the renewal of the water diversion agreements of the signatories, develop updates as necessary the Lower American River Flow Management Standard, and assist with other necessary regional water management activities to meet WFSE goals. The historic success in this program has positioned both Folsom and the region to be eligible for funding opportunities through collaborative efforts.

For the last five years, Water Forum members have been actively negotiating terms for an updated Water Forum agreement. The negotiations have focused on addressing the unprecedented challenges posed by climate change--projected to bring hotter, drier periods and intense rainfall, increasing pressure on Folsom Reservoir and our fishery--and future growth. The draft of the updated agreement includes commitments to continue the important work that the Water Forum has led for over two decades. This includes:

- **Habitat Enhancement in the Lower American River:** By leveraging funding from local, state, and federal partners, the Water Forum has invested over \$38.8 million in local and grant funding for habitat enhancement and public education since 2000. Its

pioneering studies have yielded invaluable insights into habitat enhancement strategies and species behavior—from detailed underwater maps of the river to monitoring salmon in drought conditions.

- **Flow Management Standard (FMS):** The FMS uses the best available science to set targets for minimum river flows and cold-water storage at Folsom Reservoir to help preserve water storage and improve water temperature in the lower American River for salmon and steelhead. After nearly 20 years of study and refinement, the Modified FMS is now seen as the best path forward for protecting and restoring steelhead and fall-run Chinook salmon in the lower American River, while improving local water supply reliability without causing negative impacts elsewhere in the state.
- **Increased Conjunctive Use:** The Water Forum provides a crucial collaborative foundation essential to successfully expanding conjunctive use through the Sacramento Regional Water Bank.
- **A Foundation for Funding Success:** State planning and regulatory frameworks emphasize the interconnectedness of surface water, groundwater, and the environment. The Water Forum showcases the region's commitment to protecting both water supplies and the environment, positioning us for significant funding opportunities.
- **Effective Advocacy:** Over the past decade, regulatory demands on water management have intensified, highlighting the importance of strong regional advocacy. Engaging through the Water Forum helps to ensure our voice is heard by critical operators in the watershed like the U.S. Bureau of Reclamation and groundwater agencies can more effectively influence policies and safeguard regional interests.
- **Commitments for Regional Coordination and Water Management:** Continued dialogue for common interests within the region related to habitat improvements, regional water supply reliability, and public education and outreach.

During negotiations, it was identified that a new cost allocation methodology would be necessary to fund the work of the Water Forum beginning in Fiscal Year 2025-2026. Previously, funding for multiple agencies was derived from assessments through Sacramento County Water Agency (SCWA) Zone 13. However, since Zone 13 was established 38 years ago without an inflation adjustment, its revenue has remained static while the Water Forum's budget has grown annually to accommodate inflation. As a result, contributions from Zone 13 towards the Water Forum's work became unsustainable. Zone 13 funds have historically comprised nearly 50% of Water Forum's annual budget.

Over several months, water agencies and other funders explored several new funding models to distribute the Water Forum costs equitably. In November 2024, stakeholders agreed on an approach involving proportional cost allocations based on agency connection counts, five-year average groundwater production, and a five-year average of American River diversions. Each

dataset is weighted relative to the benefits derived from Water Forum participation (as summarized in Table 1 below).

**Table 1. Water Forum Cost Allocation Weighting Factors and Benefits**

<b>Agency Data Set</b>	<b>Weighting Factor</b>	<b>Associated Benefits</b>
Connection Counts	0.40	<ul style="list-style-type: none"> <li>• Environmental Stewardship</li> <li>• Maintaining peace on the river</li> <li>• Assistance in the regulatory settings</li> </ul>
Groundwater Production	0.20	<ul style="list-style-type: none"> <li>• Regional water supply reliability</li> <li>• Support for more conjunctive use activities</li> <li>• Regional collaboration and partnerships for projects, programs, and funding</li> </ul>
American River Diversions	0.40	<ul style="list-style-type: none"> <li>• Regional coordination and strategy with U.S. Bureau of Reclamation</li> <li>• Protecting the value and function of the Lower American River corridor</li> </ul>

The attached annual funding agreement reflects the application of the agreed-upon funding allocation methodology. While the updated Water Forum Agreement is not expected to be finalized until the fall of 2025, the new cost allocation model is proposed to be applied in Fiscal Year 2025-26. This approach aligns with the agreement in principle reached during the last five years of negotiations. Based on the timing and contents of the final Water Forum Agreement, the annual funding agreements will be updated for Fiscal Year 2026-27.

### **FINANCIAL IMPACT**

The proposed Fiscal Year 2025-26 Water Operating Budget includes funding for contractual services, including the Water Forum related expenses. Below is the proposed budget for FY 2025-26 for the Water Forum Successor Effort and the Habitat Management Element. EWR staff will include the proposed costs in future fiscal year budgets. The City's share is \$119,622. The Water Forum requests that cost-sharing partners approve the inter-agency funding agreement in FY 2024-25 so that they can collect funds as soon as possible in FY 2025-26.

The Parties identified below have each agreed to pay a pro-rata amount of the total costs for funding the Water Forum Successor Effort (WFSE) and Habitat Management Element (HME) activities (based upon their number of active water connections and the 5-year average quantities of groundwater production and American River diversions, or a negotiated amount), as set forth below for the period of July 1, 2025, to June 30, 2026.

<b>WFSE Cost-Sharing Partners</b>	<b>FY 2025-2026 Cost Share Amounts</b>
El Dorado Irrigation District	<b>66,634</b>
Placer County Water Agency	<b>56,874</b>
City of Folsom (minus Ashland)	<b>62,054</b>
City of Roseville	<b>110,238</b>
San Juan Water District	<b>55,474</b>
Citrus Heights Water District	<b>42,377</b>
Fair Oaks Water District	<b>32,775</b>
Carmichael Water District	<b>27,725</b>
City of Sacramento	<b>219,192</b>
Sacramento Suburban Water District	<b>97,382</b>
Golden State Water Company	<b>32,010</b>
California American Water	<b>93,116</b>
Sacramento County Water Agency	<b>83,311</b>
East Bay Municipal Utility District	<b>15,356</b>
Sacramento Area Flood Control Agency	<b>20,000</b>
Sacramento Municipal Utility District	<b>21,000</b>
El Dorado Water Agency	<b>15,000</b>
<b>Total:</b>	<b>1,050,519</b>

<b>HME Cost-Sharing Partners</b>	<b>FY 2025-2026 Cost Share Amounts</b>
El Dorado Irrigation District	<b>61,817</b>
Placer County Water Agency	<b>52,762</b>
City of Folsom (minus Ashland)	<b>57,568</b>
City of Roseville	<b>102,268</b>
San Juan Water District	<b>51,464</b>
Citrus Heights Water District	<b>39,314</b>
Fair Oaks Water District	<b>30,406</b>
Carmichael Water District	<b>25,720</b>
City of Sacramento	<b>203,345</b>
Sacramento Suburban Water District	<b>90,342</b>
Golden State Water Company	<b>29,696</b>
California American Water	<b>86,385</b>
Sacramento County Water Agency	<b>77,288</b>
East Bay Municipal Utility District	<b>14,246</b>
<b>Total:</b>	<b>922,621</b>

## **ENVIRONMENTAL REVIEW**

This project is exempt from environmental review under the California Environmental Quality Act, Section 15301 “Existing Facilities”.

## **ATTACHMENTS**

1. Resolution No. 11385 – A Resolution Authorizing the City Manager to Execute an Inter-Agency Agreement for Cost-Sharing of the Water Forum Successor Effort and Habitat Management Element Budget of the Water Forum
2. Draft Inter-Agency Agreement for Cost-Sharing of the Water Forum Successor Effort and Habitat Management Element Budget of the Water Forum

Submitted,

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Marcus Yasutake, Director  
ENVIRONMENTAL AND WATER RESOURCES DEPARTMENT