



# STAFF REPORT

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**Meeting Type:** Operations Committee/Board of Directors  
**Title:** Water Supply Roadmap Update on Cost of Conveyance to Storage  
**From:** Paul Sellier, Director of Water Resources  
**Through:** Ben Horenstein, General Manager  
**Meeting Date:** August 16, 2024

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**TYPE OF ACTION:**                      Action                      X                      Information                      Review and Refer

**RECOMMENDATION:** Receive staff presentation on cost of conveyance of winter water to a District reservoir

**SUMMARY:** As the conveyance project team works to better define the alternatives for conveyance of winter water to storage, the costs have been further refined. Staff will present an update on the conveyance work and compare the costs of conveyance to the other water supply options discussed in prior meetings.

**DISCUSSION:** The Strategic Water Supply Roadmap consists of five broad strategies for developing a resilient water supply including Water Efficiency, Distribution System Improvements, Sonoma-Marin Partnership, Local Storage Enlargement and New Supply Development, which includes desalination and recycled water. Water Efficiency program costs were discussed at the May Finance and Administration Committee meeting, and Desalination and Recycled water costs were presented at the June 18, 2024 Board Meeting. At this meeting, staff will provide an update on, and review the Conveyance alternatives and costs.

To compare water supply alternatives it is useful to develop a unit cost of water, or cost per acre-foot. Drought water supply projects provide a water supply benefit only during a drought and for the purpose of comparison the estimated yield of a given water supply project is the capacity of that project over a single four-year drought. The costs for each water supply option are expressed as a present value that includes all costs going out to the end of the planning horizon (25 years). All costs include the annual cost to finance the capital to design, permit and construct the project, replacement costs (for assets that have a shorter useful life than the planning horizon) and any annual Operational and Maintenance (O&M) costs. O&M costs tend to vary based on volume of water produced, however some O&M costs, such as staffing, are fixed.

To-date, staff has presented the costs of projects with similar useful lives of 25 years. The typical useful life of a pipeline, such as might be used for conveyance of water to storage, is 100 years or

approximately four times that of a desalination or a recycled water treatment plant. In order to compare the Conveyance project, which is largely a pipeline project that has a useful life of 100 years, to the 25 year planning horizon used to this point in staff's analysis, staff credited the pipeline project with 75% of its residual or salvage value. This is a common technique for comparing projects with different useful lives. In addition to the discussion of cost, staff will provide an update on the work completed.

**ENVIRONMENTAL REVIEW:** Not Applicable.

**FISCAL IMPACT:** None.

**ATTACHMENT(S):** None.