



### Today's Agenda

1. How Water Works in California
2. Current Water Conditions
3. How SGMA is Affecting Water Supplies in California
4. Potential Water Supply Options

# Water Supply Considerations

## Main Surface Water Suppliers



~9.5 MAF Max. Deliveries



~4.4 MAF Max. Deliveries

## CA Surface Water Supplies



3

# What is Driving Water Demand?

## Population Growth/Development



## Regulatory



## Agricultural Operations Across the State



## SGMA Compliance



4

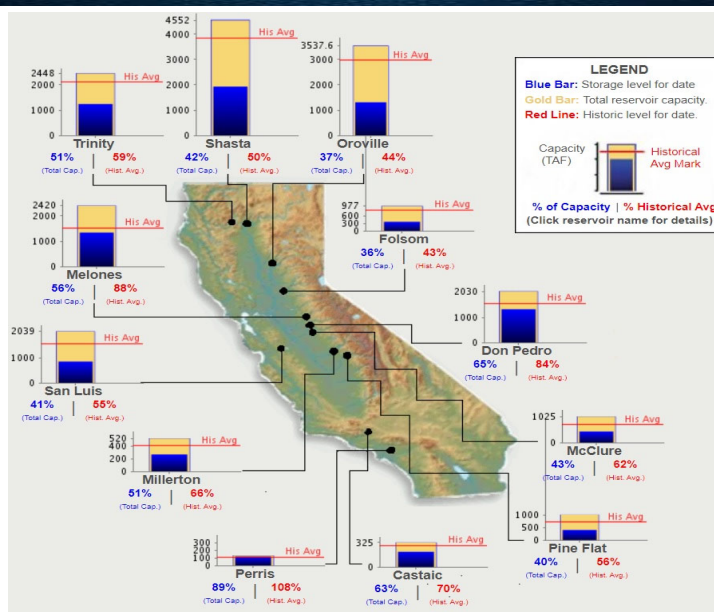
## SGMA Compliance

- The need for imported surface water has increased significantly since the beginning of the SGMA process
- There are 21 critically overdrafted groundwater basins including the Indian Wells Basin
- Approx. 90 more basins will be submitting GSPs in early 2022
- Many of the critically overdrafted basins are looking for long-term imported water supplies to offset groundwater pumping

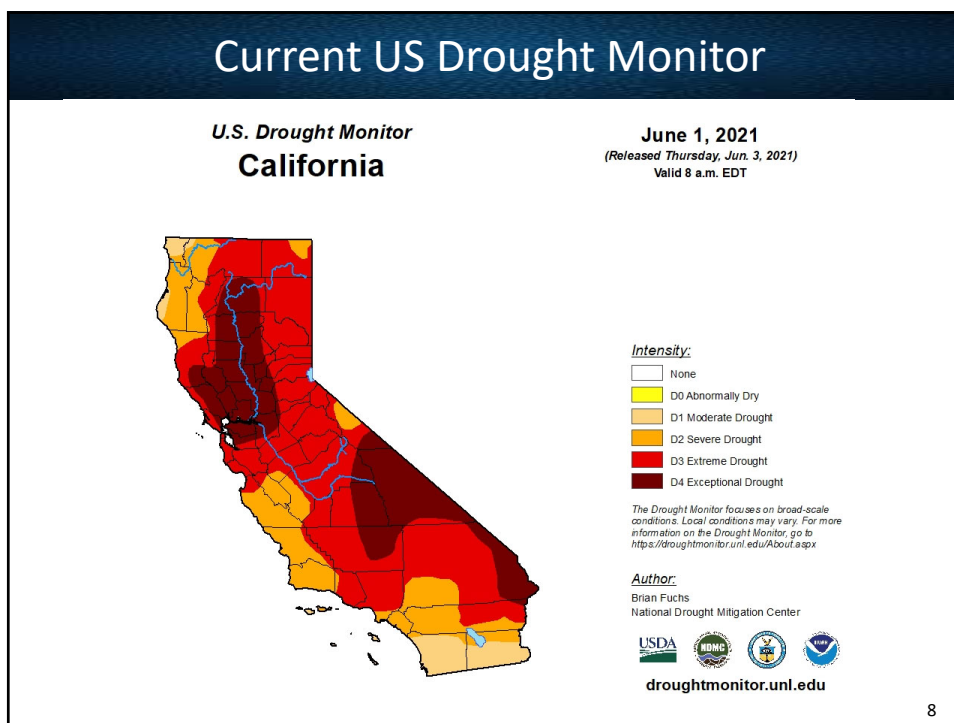
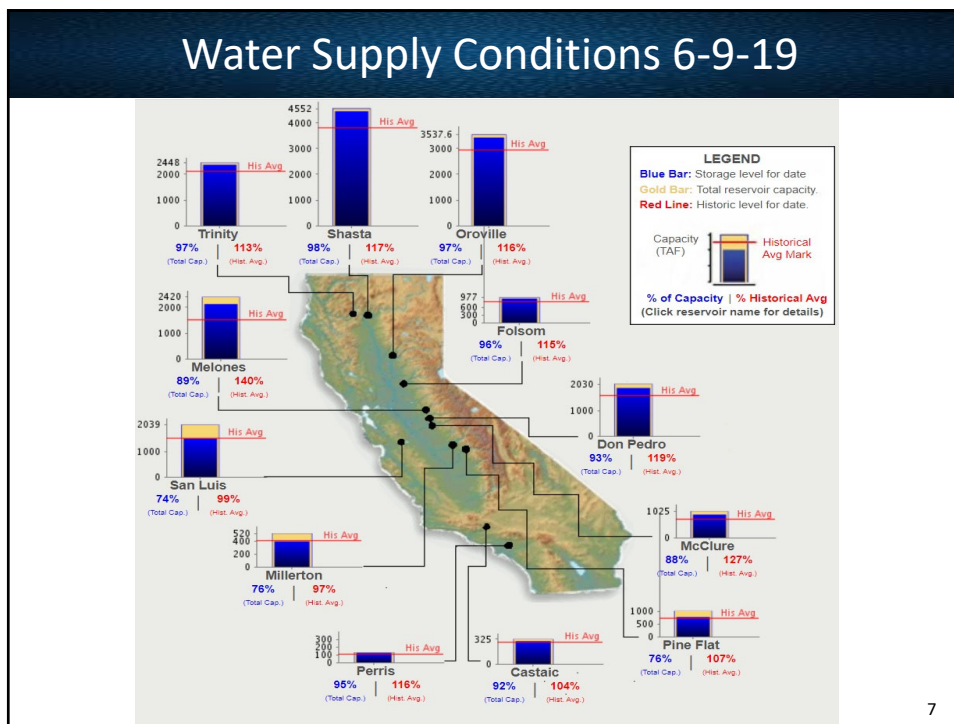


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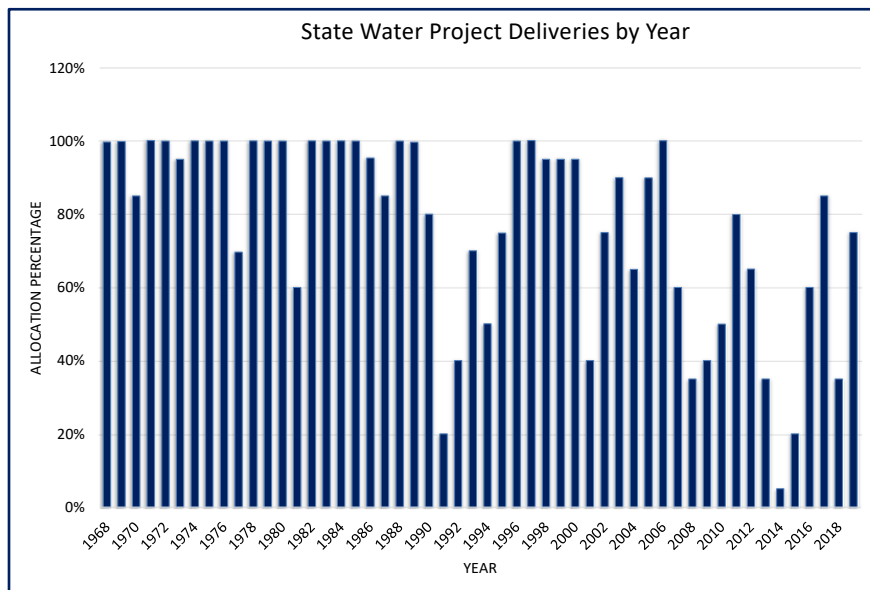
## Current Water Conditions



6



## Water Supply Variability



9

## Potential Water Supplies

### Single Year Purchases

- Can either be transferred directly or banked
- Require State and local approvals
- Vary in cost depending on the year's hydrology

### Multi-Year Purchases

- Similar logistically to single year purchases
- Usually have annual cost escalator in contract

### Permanent Water Rights

- Holders have rights to receive annual surface water allocation
- Percentage allocations can change from year to year

10

## Considerations on Water Supply Types

### Single Year Transfers

- Price is highly variable and is dependent on water supply in a given year
- Requires banking partner(s) to store water until infrastructure is in place

### Multi-Year Transfers

- Price is less variable
- Requires banking partner(s) to store water until infrastructure is in place

**To be Clear** - While these are sometimes useful transfers to provide supplemental water, the Groundwater Authority is providing water supplies to domestic users which cannot be curtailed. **The GSA needs a permanent supply that can address this demand. As such, the GSA Board has given Capitol Core direction that pursuing permanent transfer options is the first priority.**

11

## Permanent Transfers

- Provides the owner with an annual entitlement, subject to adjustments in hydrologic conditions
- Easiest of the three options to lease, hold long-term while waiting for the infrastructure build
- Does not require banking partner if leased out directly to an end user
- Has overhead O&M costs associated with owning the water, and variable costs if water is delivered

### Status of Permanent Supply Options

- Capitol Core has identified potential permanent water supplies and is in active discussions with the seller to pursue this deal
- We continue to work with the Board to finalize negotiations and move potential deal forward

12

## Next Steps and Considerations

### Next Steps

1. Finalize offer for permanent water supplies identified as addressed in prior slide
2. Continue to pursue other permanent water supply options as applicable
3. Further pursue funding sources for infrastructure associated with importing water to Indian Wells Basin

### Items to Consider

- Other districts are pursuing water supplies, and more will likely do so once the next round of GSPs get submitted (approx. 90 more in January 2022)
- Capitol Core will be actively pursuing infrastructure funding sources, so coordination on water needs and infrastructure priorities will be critical.

13



Thank You and Questions?  
June 9, 2021