



# MEMORANDUM

FC 14 (02-08-19)

**TO:** Board of Directors  
**FROM:** Director John Varela  
JWRC 2022 Chair  
**SUBJECT:** Joint Water Resources Committee (JWRC)  
with Gilroy/Morgan Hill July 6, 2022  
Meeting Summary  
**DATE:** August 9, 2022

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This memorandum summarizes the regular meeting of the Joint Water Resources Committee (JWRC) held on July 6, 2022, which included discussion of the following items:

1. Approval of April 6, 2022 Joint Water Resources Committee Meeting Minutes.

The Committee considered the minutes of the April 6, 2022, Joint Water Resources Committee meeting, and unanimously carried by vote to accept the minutes as presented.

2. Receive Update on South County Water Reuse Collaboration.

The Committee was informed that this presentation was a continuation of the update after the April 6, 2022 meeting. In addition, Mr. David Tucker, Associate Engineer-Civil, added that the Technical Working Group (TWG) would take a phased approach toward the development of one comprehensive South County agreement; that the TWG had revised the Amended Producer-Wholesaler Agreement, Agreement No. A2280W-4, and which is now being reviewed by each party prior to any legal review; that the cities are working on an update on the buy-out clause; and that a revised draft is expected in August and would be presented to this Committee at the next meeting.

Mr. Chris Ghione, City of Morgan Hill Public Service Director, reported that in regard to the 2015 South County Water Reuse Master Plan, updates are being made to report on expansion of recycled water distribution facilities in and around Gilroy since 2015; flow changes brought about by water conservation especially during the summer months and that were different from flow changes projected; combine the City of Morgan Hill's planning efforts with VW's core plan; use this master plan, when updated, as a source for the City Council's request for information on what would be next step for the city in developing the recycled water facilities; and that the update would take approximately three to four months at a cost of \$50,000.

Mr. Daryl Jordan, City of Gilroy Public Works Director, reported that in regard to the Amazon Data Center located in an undeveloped parcel north of Gilman Road and east of Arroyo Circle in Gilroy, this project would consist of two data center buildings to be built in two phases and would be connected to the City of Gilroy's recycled water system. The recycled water system will include capacity analysis, treatment capacity, booster station capacity, along with hydraulics analysis to determine impact to the existing system and the size of the new pipeline and storage needs to connect to the cooler system of the data center project. He added that in regard to the South County pipeline project, the Notice to Proceed was issued in January this year; that a mailer distribution, as well as blog post, Nexdoor post, and project signs, had been coordinated between the city and Valley Water; and that the entire project would extend approximately 13,000 linear feet and is estimated to be completed in 2023.

Mayor Blankley inquired who would be paying the 13,000 linear feet pipeline construction. Mr. Tucker stated that this \$25M pipeline project is funded by Valley Water and would not have funding from SCRWA; that after the environmental issues, this had been released early this year; and that a \$5.7M grant offsets 25% of the cost.

Mayor Blankley requested clarification on the presentation made on Attachment 1, Slide 3, the last bullet item indicated, "*Include Water Resources Committee advisory role,*" as to what change would that be from the existing agreement, and if this Committee had an advisory role before. Mr. Tucker added that the committee's role would be to review master planning and capital expenditures on an annual basis and bring back that information back to their elected bodies. Ms. Struve added that this was typical of how recycled water coordination had been handled with other entities and since we were doing it now, we would memorialize it on the agreement. In effect, TWG would make recommendations since it includes each individual cities. This Committee did not yet exist when the previous agreements were executed.

Chairperson Varela requested confirmation from staff that the \$25M project is entirely supported through VW and grants that offset the cost, and mentioned that this project benefits the citizens of south county and where tax dollars go. Mr. Tucker confirmed that the \$25M would be solely funded by VW.

Councilmember McKay inquired if the TWG was an ongoing effort, or if it was formed recently to work on the master plan initiated a few months back; and if all administrative work on the wholesaler agreement is done. Ms. Struve replied that the TWG was formed a year ago after a joint Board and City Council meeting with Morgan Hill and Gilroy, and since then had been meeting monthly; and that the TWG is on the draft stage for one of the agreements while they started on the other two, as well as updates being made on the 2015 South County Recycled Water Master Plan.

Director Santos inquired on how and the amount of time that VW would be able to recoup the \$25M investment. Mr. Tucker stated that we would be receiving resources on an annual basis from the sale of recycled water; that it would allow VW to expand the system; and would provide redundancies and capabilities of linking new developments in Gilroy to our system. The Committee was informed that staff would come back with additional information on the length of time for a return on investment.

Mr. Doug Muirhead, a Morgan Hill resident, requested to allow in person participation at this meeting; asked that if this Committee had to take action to approve the expenditure mentioned on Mr. Ghione's presentation of a \$50,000 cost to update the master plan; and requested for Mr. Ghione to comment on what are referred to as priorities that the City of Morgan Hill is looking at through recycled water. Ms. Struve responded that on the \$50,000 cost, these funds were already budgeted and the contract had been under development, and would not need this Committee's approval, but staff would seek Committee input on the work performed. Mr. Ghione added that the most formal update to the city's priorities were presented to the city council sustainable management plan in 2019, that not only included recycled water, and also water sources.

The Committee noted the information without taking formal action.

### 3. Drought Emergency Response and Water Supply Update.

The Committee was informed that in regard to water supply, this year as well as last year, Valley Water (VW) had received extremely low allocations of imported water; that state water allocation is 5% while CVP allocation is limited only for public health and safety; that VW continues to pursue emergency transfer of water; and that in regard to outreach, VW received over 500 reports of water waste violation since June which VW addressed by education notifications rather than imposing fines.

Director Santos shared a news article in the Mercury News (Rogers, Paul. "California is missing a new round of rainfall since 2019, new figures show." *Mercury News*, 2022 July 6) on how severe the drought had been.

Chairperson Varela repeated Ms. Bijoor's statement that Valley Water's message should complement the city's mandatory conservation so that it would be consistent and clear to our constituents.

Councilmember McKay asked what kind of priority and security are given to agricultural community. Chairperson Varela stated that some local farmers have fallowed their lands; that Director Santos and himself sit on the Board of the San Luis Delta Mendota Water Authority which covers the agricultural community from Bakersfield up north of Sacramento; that many of the farmworkers had lost their jobs because crops were not grown anymore; that even Valley Water is receiving less water allocation from federal government and state; and that our challenge is for our foods to be farmed in California, grown in America by American farmers. Ms. Struve added that the south county agriculture relies on the ground basin and VW is prioritizing groundwater recharge in south county; and that VW had asked for a cut back from the agricultural community just like everyone else for water to be used wisely.

Councilmember McKay asked about if priority could be given to orchards to keep trees alive. Chairperson Varela stated that VW has the Agricultural Water Advisory Committee where all farmers primarily in south county attend monthly; that Directors Santos and Hsueh are also in that committee; that the Open Space Credit that almost went away in Valley Water's budget last year was confirmed where commercial farming will receive preferential water cost and services; and that VW offers tools and resources to the agricultural community.

Councilmember McKay inquired about regular bulletins sent to their community. Chairperson Varela offered other Valley Water committees where information could be available; that our current message is simply, "*Let's Say Yes to Saving Water*," that water rights is now being traded on the stock exchange; that the cost of water is going through the roof; and that VW is currently holding back on passing the increased cost to water retailers and ratepayers. Director Santos suggested to reach out to Valley Water staff on rebate programs, house calls, and other educational communication available.

#### 4. Review 2022 Joint Water Resources Committee Work Plan.

The Committee noted the items contained in the 2022 work plan for future agendas and confirmed the next regular meeting on October 5, 2022, without taking a formal action.

Board member comments and suggestions can be forwarded to Eva Sans, Assistant Deputy Clerk II, by email to [eva.sans@valleywater.org](mailto:eva.sans@valleywater.org) phone at (408) 630-2306.

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