

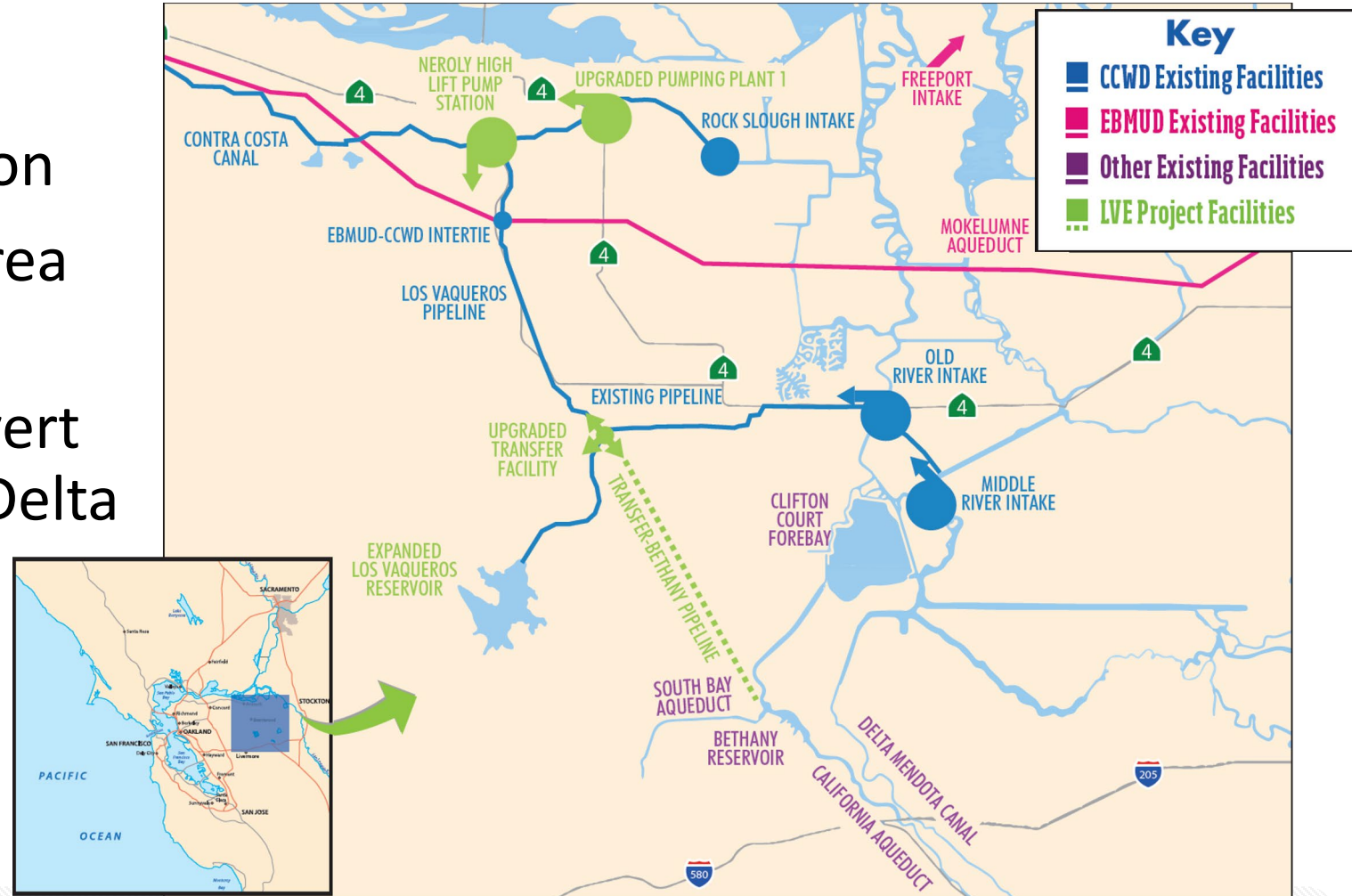


Los Vaqueros Reservoir Expansion Project Update

September 10, 2024

Project Overview

- 115 TAF new storage
- Estimated Cost: \$1.56 Billion
- Regional project for Bay Area water supply reliability
- Uses CCWD facilities to divert and store water from the Delta
- Deliveries through Transfer-Bethany pipeline



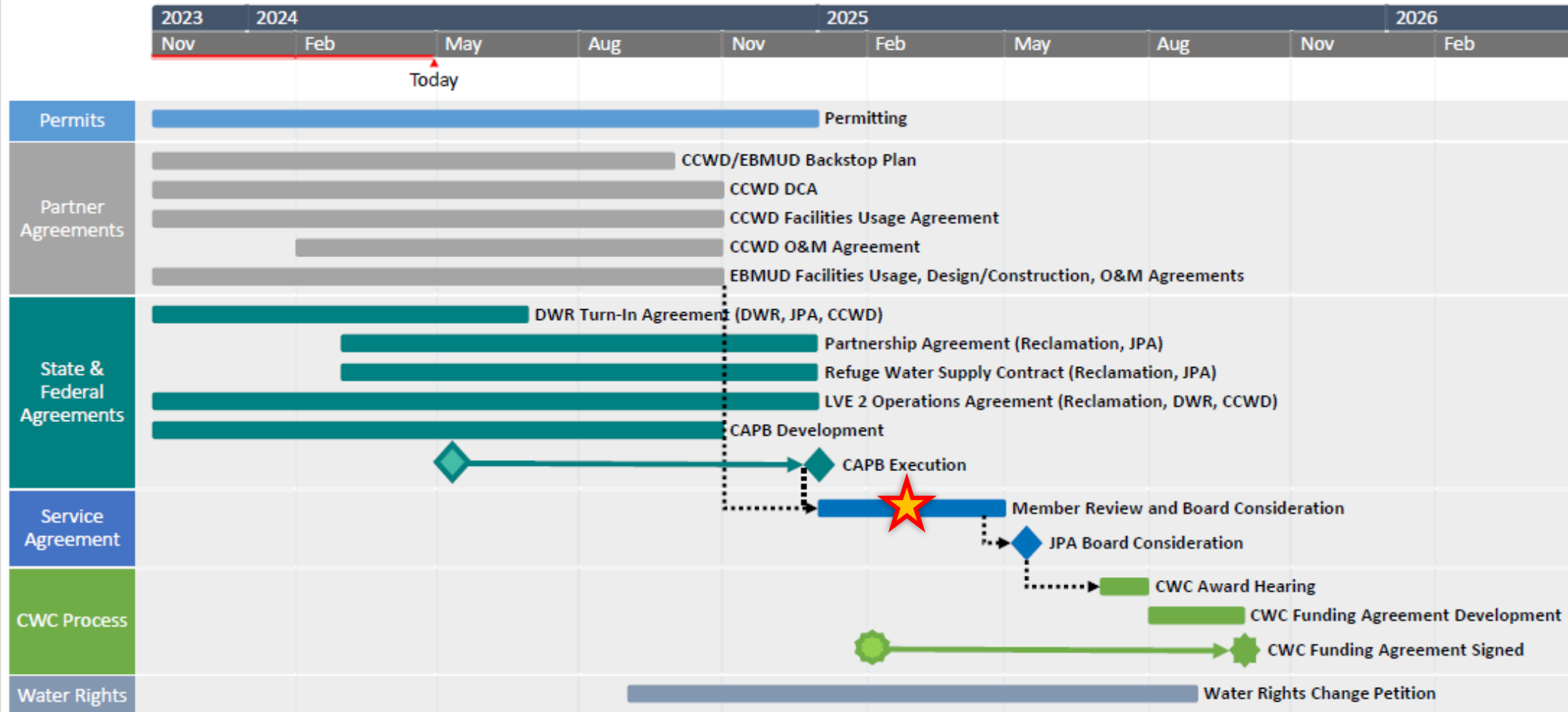
Project Schedule

LVR JPA Summary Schedule

May 2024



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Draft Project Agreement Terms

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- CCWD owns all project facilities except for Transfer-Bethany Pipeline (TBPL).
- JPA has capacity interest in the expanded portion of LVR (115,000 AF).
- CCWD retains control over all decisions affecting design and construction on CCWD-owned facilities, use of contingencies, and change orders.
- Participants pay for design and construction costs for new facilities and modifications to existing facilities, including cost overruns.
- Participants pay for CCWD's use of EBMUD facilities and supplemental water supplies that CCWD determines are needed during construction.

Draft Project Agreement Terms

- Access to CCWD facilities is not guaranteed. Participants have secondary access to excess capacity in CCWD facilities after CCWD usage.
- When surplus water is available, Grasslands Water District has priority access to 85% of diversion and conveyance capacity for refuge water, after CCWD.
- Participants pay fixed annual fee to reimburse CCWD for past construction and land purchases for the existing LVR, and facility usage fees.
- CCWD maintains full control over all decisions on operations, maintenance, repair, and replacement of CCWD-owned facilities.

Project Risks & Uncertainties

Schedule: Construction on Dam and TBPL scheduled 5 years after final participation decision

Cost:

- Separation of control and financial risk may increase financial risk for participants
- Potential costs to purchase supplemental water supplies and backstop CCWD's water supply during construction are unknown
- Uncertainty around costs and ability to acquire land for the Transfer-Bethany Pipeline

Operations:

- Valley Water may not be able to put water in LVR when needed
- Future availability of excess conveyance capacity is uncertain
- Ability to store CVP water is uncertain

Staff Recommendation for Board Policy Positions

- 1. Beneficiary Pays Principle:** While participants receiving more benefits should pay more costs and take on more of the risk, they should also have a larger voice in decisions affecting benefits, costs and risks. The flow of costs, risks, and decision-making ability amongst JPA members should reflect the flow of benefits to JPA members.
- 2. Facility Usage Agreement:** Facility usage fees should reflect the lower priority access to Project facilities and uncertainty around Participants' ability to realize project benefits. Participants should have reasonable assurance that they will receive the expected Project benefits over the life of the Project. Participants should have a share in decisions affecting their investment and CCWD facility usage fees should reflect the uncertainty around participant's level of access to CCWD facilities.

Staff Recommendation for Board Policy Positions

- 3. Backstop Plan and Agreement:** Valley Water recognizes the need for CCWD to have a reliable water supply. during construction. However, Staff does not have sufficient information to evaluate the potential costs associated with backstopping CCWD's water supply. The role of Participants in ensuring the plan is cost-effective is also uncertain. Participants should have a share in decisions which affect the backstop costs that Participants are funding. If long-term benefit beyond the Project accrues to CCWD as part of the backstop plan, CCWD should share in the costs.
- 4. JPA Agreement Amendment:** The existing agreement was developed collaboratively and staff do not recommend that Valley Water support amending the JPA Agreement as proposed by CCWD. The JPA Agreement currently provides CCWD veto power over decisions which CCWD determines would negatively affect CCWD's operations, costs, or ability to meet their water supply needs. The amendments proposed by CCWD would expand that veto power to allow CCWD to veto any JPA decision which they determine contradicts with their Board Principles.

Project Participation Levels

- Project oversubscribed at June WSDMC meeting
- SFPUC decreased storage to 20 TAF
- EBMUD decreased storage to 0 TAF
- Staff still recommend reducing Valley Water storage request
- Transfer-Bethany Pipeline:
 - Capacity requests not submitted yet
 - Refuge has 85% capacity during Delta excess

Members	Storage Requests (TAF)	Transfer-Bethany Pipeline Capacity Requests (%)
ACWD	10	TBD
Zone 7	10	TBD
Valley Water	50	TBD
EBMUD	0	0%
SFPUC	20	TBD
Grasslands	10	TBD
SLDMWA	15	TBD
<i>BBID</i>	<i>10</i>	<i>TBD</i>
<i>City of Tracy</i>	<i>5</i>	<i>TBD</i>
<i>DPWD</i>	<i>-</i>	<i>TBD</i>
<i>PWD</i>	<i>-</i>	<i>TBD</i>
<i>WWD</i>	<i>-</i>	<i>TBD</i>
Total Requests	115	-
Available Capacity	115	300 cfs

Project Costs

- Project Cost Estimate: \$1.56 Billion (2023 Dollars)
- Valley Water Estimated Cost Share:

LVE Storage Level:	10 TAF	20 TAF	30 TAF	40 TAF	50 TAF
Capital Costs (\$M)	\$126	\$195	\$264	\$333	\$402
Estimated Average Annual Variable Costs (\$M/Year)	\$1.0	\$1.9	\$3.2	\$3.7	\$4.6

Recommendations

- A. Receive an Update on the Los Vaqueros Reservoir Expansion Project and Provide policy direction for continued negotiation of Project agreement.
- B. Conder the WSDMC June 24, 20224 recommendation to reduce Valley Water's storage participation request from 50,000 acre-feet to 20,000 acre-feet.
- C. Provide Policy Direction for Continued Negotiation of Project Agreements; and
- D. Inform Contra Costa Water District and Los Vaqueros Joint Powers Authority of action taken and Board feedback, as appropriate.



Valley Water

Clean Water • Healthy Environment • Flood Protection

Valley Water PPT Template
Version Release v.2.02