

# Preliminary FY 21 Groundwater Production Charge Analysis Continued...

January 28, 2020

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# Board Member Comments on Jan 14, 2020

- Show scenario that incorporates investment in Los Vaqueros
- Assume success in achieving WIIN funds for Pacheco Reservoir Expansion or..
  - Replacement funding via partnerships or other grant monies
- Support for \$200/AF Treated Water Surcharge
- Discuss Purified Water Program with Recycled Water Committee

## Comments from Recycled Water Committee on Jan 21, 2020

- Suggested Scenarios
  - Full suite of potential Purified Water Program Investments (PA/MV, Sunnyvale, City of San Jose, South County)
  - Reduced Program (PA/MV only)
  - Reduced Program plus \$200M placeholder for potential additional investments
- Support for Direct Potable Reuse (DPR)
- Little support for building WTP & delaying conveyance system to beyond FY 30
- Little support for assuming State Resiliency Program Grant funding

# Board: Near-Term Water Supply Project Decisions

OPPORTUNITIES ↓ MILESTONES →



# Investment Scenarios

## 1) Baseline: WSMP 80% Level Of Service

- ▶ Baseline Projects\*
  - ▶ Almaden Valley Pipeline Replacement
  - ▶ Land Rights – South County RW Pipeline
  - ▶ SCADA, WTP, Distr. Sys. Implementation
- ▶ Delta Conveyance (State side)
  - ▶ Paid for by water charges, not SWP Tax
- ▶ ~~Delta Conveyance (CVP side)~~
- ▶ No Regrets Package
- ▶ Potable Reuse Phase 1 to produce 24KAF by FY 28
  - ▶ Based on \$690M capital project, District contributes 30% "pay as you go"
  - ▶ P3 reserve at \$10M in FY 21 growing to \$20M by FY 28
- ▶ Pacheco Reservoir
  - ▶ \$250M WIIN funding + WIFIA loan
  - ▶ Partner Agencies pay 20% of project
- ▶ Transfer-Bethany Pipeline
- ▶ South County Recharge
  - ▶ Timing = beyond FY 30
- ▶ \$200M warranty placeholder for dams & WTP's

## 3) Baseline, No WIIN + Revised Purified Wtr

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- ▶ **Potable Reuse Palo Alto Agreement to produce 13KAF by FY 30**
  - ▶ Based on \$614M IPR capital project, District builds, finances and operates (Not a P3)
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## 4) Baseline, No WIIN + Revised PW + CVP

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## 5) Baseline + Revised PW + CVP side

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Exceeds 80% LOS goal

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# Investment Scenarios

## 6) Baseline + Revised PW + CVP + LVE

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- ▶ South County Recharge
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## 7) Baseline, Revised PW + CVP + \$200M

- ▶ Baseline Projects\*
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  - ▶ Based on \$614M IPR capital project, District builds, finances and operates (Not a P3)
  - ▶ P3 reserve at \$10M in FY 21 growing to \$20M by FY 28
- ▶ **\$200M IPR Placeholder for North County for new water supply by FY 30**
- ▶ Pacheco Reservoir
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- ▶ Transfer-Bethany Pipeline + LVE
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- ▶ **\$200M warranty placeholder for dams & WTP's**

## 8) Baseline, Revised PW + CVP + \$650M

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- ▶ No Regrets Package
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  - ▶ Based on \$614M IPR capital project, District builds, finances and operates (Not a P3) P3 reserve at \$10M in FY 21 growing to \$20M by FY 28
- ▶ **\$600M IPR Placeholder for North & \$50M for South County for new water supply by FY 30**
- ▶ Pacheco Reservoir
  - ▶ \$250M WIIN funding + WIFIA loan
  - ▶ Partner Agencies pay 20% of project
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- ▶ **\$200M warranty placeholder for dams & WTP's**

# Preliminary Groundwater Charge Increase Scenarios

No. County M&I Groundwater Charge Y-Y Growth %	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
<b>May 2019</b>	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
<b>Baseline</b>	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
<b>1) Baseline - Wtr Use at 230KAF</b>	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%
<b>3) Baseline - Wtr Use at 230KAF, No WIIN, Rvsd PW, \$200 TW Srchrg</b>	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%
<b>4) Baseline - Wtr Use at 230KAF, No WIIN, Rvsd PW, \$200 TW, + CVP</b>	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%
<b>5) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP</b>	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
<b>6) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + LVE</b>	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%
<b>7) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + \$200M</b>	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
<b>8) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + \$650M</b>	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%

So. County M&I Groundwater Charge Y-Y Growth %	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
<b>May 2019</b>	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%
<b>Baseline</b>	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%
<b>1) Baseline - Wtr Use at 230KAF</b>	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%
<b>3) Baseline - Wtr Use at 230KAF, No WIIN, Rvsd PW, \$200 TW Srchrg</b>	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
<b>4) Baseline - Wtr Use at 230KAF, No WIIN, Rvsd PW, \$200 TW, + CVP</b>	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
<b>5) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP</b>	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>6) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + LVE</b>	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>7) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + \$200M</b>	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>8) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + \$650M</b>	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%

# Preliminary Monthly Impact to Average Household Scenarios

## No. County M&I Groundwater Charge Impact to Avg. Household

	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
<b>May 2019</b>	\$3.13	\$3.33	\$3.55	\$3.78	\$4.03	\$4.30	\$4.58	\$4.89	\$5.21	
<b>Baseline</b>	\$3.08	\$3.28	\$3.49	\$3.72	\$3.96	\$4.21	\$4.49	\$4.78	\$5.09	\$5.42
<b>1) Baseline - Wtr Use at 230KAF</b>	\$3.83	\$4.14	\$4.48	\$4.84	\$5.23	\$5.66	\$6.12	\$6.61	\$7.15	\$7.73
<b>3) Baseline - Wtr Use at 230KAF, No WIIN, Rvsd PW, \$200 TW Srchrg</b>	\$3.97	\$4.31	\$4.67	\$5.06	\$5.49	\$5.95	\$6.45	\$6.99	\$7.58	\$8.21
<b>4) Baseline - Wtr Use at 230KAF, No WIIN, Rvsd PW, \$200 TW, + CVP</b>	\$4.07	\$4.42	\$4.80	\$5.21	\$5.66	\$6.15	\$6.68	\$7.25	\$7.87	\$8.55
<b>5) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP</b>	\$3.79	\$4.09	\$4.42	\$4.77	\$5.15	\$5.56	\$6.01	\$6.49	\$7.01	\$7.57
<b>6) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + LVE</b>	\$3.83	\$4.14	\$4.48	\$4.84	\$5.23	\$5.66	\$6.12	\$6.61	\$7.15	\$7.73
<b>7) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + \$200M</b>	\$4.02	\$4.36	\$4.74	\$5.14	\$5.57	\$6.05	\$6.56	\$7.12	\$7.73	\$8.38
<b>8) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + \$650M</b>	\$4.54	\$4.98	\$5.46	\$5.98	\$6.55	\$7.18	\$7.87	\$8.63	\$9.46	\$10.37

## So. County M&I Groundwater Charge impact to Avg. Household

	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
<b>May 2019</b>	\$1.14	\$1.22	\$1.31	\$1.40	\$1.49	\$1.60	\$1.71	\$1.82	\$1.95	
<b>Baseline</b>	\$0.78	\$0.82	\$0.85	\$0.89	\$0.94	\$0.98	\$1.03	\$1.07	\$1.12	\$1.18
<b>1) Baseline - Wtr Use at 230KAF</b>	\$0.78	\$0.82	\$0.85	\$0.89	\$0.94	\$0.98	\$1.03	\$1.07	\$1.12	\$1.18
<b>3) Baseline - Wtr Use at 230KAF, No WIIN, Rvsd PW, \$200 TW Srchrg</b>	\$0.84	\$0.89	\$0.93	\$0.98	\$1.03	\$1.08	\$1.14	\$1.20	\$1.26	\$1.32
<b>4) Baseline - Wtr Use at 230KAF, No WIIN, Rvsd PW, \$200 TW, + CVP</b>	\$0.88	\$0.92	\$0.97	\$1.03	\$1.08	\$1.14	\$1.20	\$1.26	\$1.33	\$1.40
<b>5) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP</b>	\$0.83	\$0.87	\$0.91	\$0.96	\$1.01	\$1.06	\$1.11	\$1.17	\$1.22	\$1.28
<b>6) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + LVE</b>	\$0.83	\$0.87	\$0.91	\$0.96	\$1.01	\$1.06	\$1.11	\$1.17	\$1.22	\$1.28
<b>7) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + \$200M</b>	\$0.83	\$0.87	\$0.91	\$0.96	\$1.01	\$1.06	\$1.11	\$1.17	\$1.22	\$1.28
<b>8) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + \$650M</b>	\$0.93	\$0.98	\$1.03	\$1.09	\$1.15	\$1.22	\$1.29	\$1.36	\$1.43	\$1.51

# How does the preliminary analysis translate to New and Modified Zones?

	Existing	
	W-2	
	FY 20	FY 21*
M&I Groundwater	\$1,374.00/AF	\$1,484.61/AF
Ag Groundwater	\$28.86/AF	\$30.22/AF

\* FY 21 assumes Baseline Scenario with 230KAF water usage

	Modified	
	W-2	
	FY 21*	
	\$1,485.29/AF	
	\$30.22/AF	

5.0% decrease in FY21, then 4.7% projected average annual increases

8.9% increase in FY 21, then 8.9% projected average annual increases

30.0% decrease in FY 21, then 4.7% projected average annual increases

	Existing	
	W-5	
	FY 20	FY 21*
M&I Groundwater	\$481.00/AF	\$504.00/AF
Ag Groundwater	\$28.86/AF	\$30.22/AF

\* FY 21 assumes Baseline Scenario with 230KAF water usage

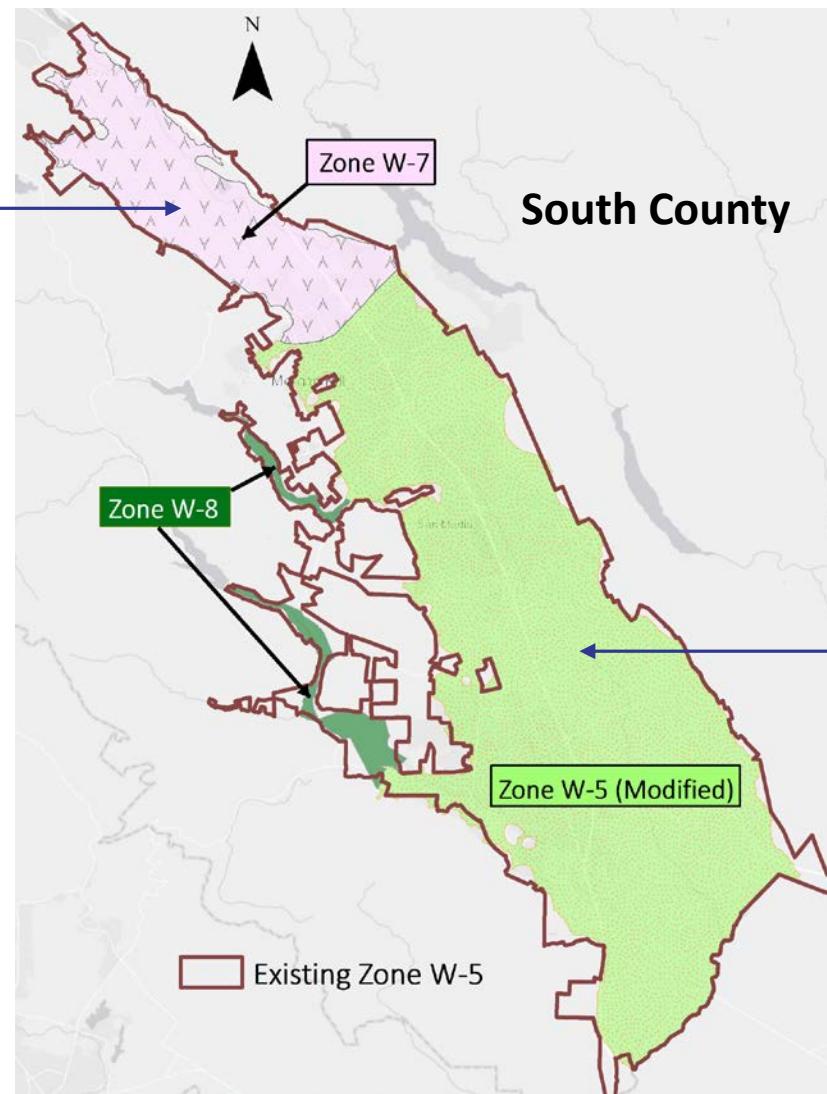
	Modified	New	New
	W-5	W-7	W-8
	FY 21*	FY 21*	FY 21*
	\$457.00/AF	\$524.00/AF	\$337.00/AF
	\$30.22/AF	\$30.22/AF	\$30.22/AF

- Ag groundwater charge remains consistent between Existing and Modified zones to align with Board direction to maintain Open Space Credit policy as is through FY 21

# What is driving cost allocations between New and Modified Zones?

## Zone W-7

- 22% of water use
- 56% of CVP, Anderson & Pacheco water distributed for groundwater recharge



## Zone W-5

- 76% of water use
- 44% of CVP, Anderson & Pacheco water distributed for groundwater recharge

# 2020 Schedule

Jan 14 Board Meeting: Preliminary Groundwater Charge Analysis  
Jan 15 Water Retailers Meeting: Preliminary Groundwater Charge Analysis  
Jan 22 Water Commission Meeting: Prelim Groundwater Charge Analysis  
Jan 28 Board Meeting: Preliminary Groundwater Charge Analysis Continued

Feb 11 Board Meeting: Budget development update & Set time & place of Public Hearing  
Feb 28 Mail notice of public hearing and file PAWS report

Mar 18 Water Retailers Meeting: FY 19 Groundwater Charge Recommendation  
Mar 24 Board Meeting: Budget development update  
Mar 31 Landscape Committee Meeting

Apr 6 Ag Water Advisory Committee  
Apr 8 Water Commission Meeting  
Apr 14 Open Public Hearing  
Apr TBD Continue Public Hearing in South County  
Apr 28 Conclude Public Hearing  
Apr 29-30 Board Meeting: Budget work study session

May 12 Adopt budget & groundwater production and other water charges

- Scenario 1 with reduced water usage plus additional scenarios range from 8.1% to 9.6% annual increases in North County M&I groundwater charge, & 4.7% to 5.6% in South County
- Potential FY 21 increase ranges from \$3.83 to \$4.54 per month for the average household in North County, and \$0.78 to \$0.93 per month in South County
- Board direction to be incorporated into Report on Protection and Augmentation of Water Supplies (PAWS) scheduled for February 28, 2020

# Back up

12

valleywater.org

# Investment Scenarios

As of Jan 14, 2020

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## 2) Baseline + No WIIN Funding

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Exceeds 80% LOS goal

## Status:

- Technical analysis is proceeding to refine project design
- Bureau of Reclamation has not indicated degree to which it will support Central Valley Project (CVP) participation
- Staff anticipates re-initiation of negotiations to amend State Water Project (SWP) contract to include Delta Conveyance project in late January 2020

## Cost Estimate:

\$M	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
Gap Funding	7.8	7.8	3.9							
SWP 2.4% (State Side)				1.1	2.4	3.3	4.5	6.4	8.4	10.3
SWP 3.2% (CVP side)				1.4	3.1	4.2	5.8	8.2	10.7	13.2
Total	7.8	7.8	3.9	2.5	5.5	7.5	10.3	14.7	19.1	23.6

Included in  
“Baseline” scenario

- No new project costs have been provided, cost estimates based on prior year information adjusted for timing
- Gap Funding based on 5.6% of \$350M spread over 2.5 years