



## 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 April 6, 2022  
Meeting Summary

**DATE:** May 24, 2022

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

1. Election of Officers.

The Committee elected Director Varela and Mayor Blankley as Chairperson, and Vice Chairperson, respectively.

2. South County Water Reuse Collaboration and Implementation.

Ms. Kirsten Struve, Assistant Officer, announced that copies of South County partnership agreements have been distributed to the Committee, and to Mr. Doug Muirhead, a Morgan Hill resident; and that requests for these agreements could be sent through the Clerk.

Mr. David Tucker, Associate Engineer-Civil, gave a recap of the Technical Working Group's (TWG) discussions and activities conducted between January through March 2022.

The January TWG discussions included a review of Agreement No. A2280-1 (Exhibit 1), the first Producer-Wholesaler agreement, and included a review of recitals and terms, renewal provisions, issues beyond our control, pressure and flow, metering and measurements, master planning, ownership, and operations; as well as details of a potential plan to build a data center in Gilroy that would use recycled water.

The February TWG discussions focused on Agreement No. A2280W-4 (Exhibit 4), a revised Producer-Wholesaler Agreement and currently in its 16<sup>th</sup>-year of a 20-year agreement; the differences between the 1999 and 2006 agreements and a discussion of more succinct legal and contract terms; service limitations on delivery, water quality, legal rights and commitments, metering and measurement changes, system parameters, possible salt control, facility and planning revisions for future capital improvement, ownership, and operations; and a review of our decision to update the current legal agreements as the first phase a process to develop a more comprehensive agreement, a hybrid with current and new terms, or no action.

The March TWG discussions were focused on in-depth reviews of our Wholesaler-Retailer Agreement Nos. A2280-2 (Exhibit 2) and A2280-3 (Exhibit 3); and discussion to update recitals and terms to reflect current actions and activities, updates needed on definition and terms, rights and commitments, delivery limitations, metering and measurement, administrative requirements, and Title 22 requirements for customers. Mr. Tucker added that staff will work with Valley Water's (VW) legal team to draft revisions to bring to a future TWG meeting.

In response to Committee inquiry, Mr. Tucker explained that water reuse pertains to non-potable water reuse that are for industrial and agricultural uses.

In response to Councilmember McKay's inquiry on possible expansion of VW pipeline to the City of Morgan Hill, Mr. Tucker mentioned SCRWA capital improvements that could result in additional wastewater availability and expansion of future water reuse in Morgan Hill.

Chairperson Varela and Director Santos reported on discussions at a recent Santa Clara County Farm Bureau monthly meeting including conversations for a more sustainable water supply; that in addition to pipelines running south to north, we could look at pipelines running north to south to provide recycled water to South County; that a new water purification facility would be built with a Public Private Partnership and in collaboration with the Cities of Palo Alto and Mountain View; that discussions for a recycled water pipeline from the northern part of the county to the regions of Morgan Hill, San Martin, and Gilroy continue, including a small or satellite recycling plant in Morgan Hill; and invited the Committee to participate in those discussions; that VW is optimistic and actively engaged with partnerships with federal and state officials to secure funding for infrastructure and storage facilities, and additional water.

Mayor Blankley reported that it was Amazon Web Services that purchased land over in Gilroy for a data center that would use recycled water to cool down their servers, and that she would ask for a status report from city staff and the involvement of VW in the planning requirements.

In response to Mayor Blankley's inquiry on what has been accomplished by the Committee, Ms. Struve responded that VW and South County staff have been working very collaboratively toward future water reuse expansion, and that the current take away is that discussions on the different agreements are ongoing.

The Committee requested a meeting with staff on additional information about the Amazon data center plan, indicated that they are looking forward to an updated Water Supply Master Plan (Master Plan), and to secure resiliency on water supply for the City of Morgan Hill. Subsequently, staff met with Chairperson Varela and Director Santos on the Amazon data center plan.

Mr. Doug Muirhead, a Morgan Hill resident, expressed frustration on receiving the information presented by Mr. Tucker at the meeting instead of including this material on an agenda report; taking too much time for the TWG to determine a direction to go; VW not doing enough with recycled water during the drought some years ago; and keeping the TWG out of sight to the public, which was different from Chairperson Varela's instruction at the January 5, 2022 meeting to provide monthly reports from TWG.

Chairperson Varela announced that he would have discussions with staff about future presentations and format. Director Santos requested that staff keep the Committee up-to-date, and that staff mail relevant information to Committee prior to these meetings. Subsequently, staff had setup regular meetings with Chairperson Varela and Director Santos ahead of Committee meetings.

### 3. Water Supply Master Plan and South County Opportunities.

The Committee was informed that the Water Supply Master Plan 2040 (Master Plan) is VW's guiding document for long-term water supply investments to protect existing investments and infrastructure, achieve level of service goals, and make the most of the existing water supply system for Santa Clara County through the year 2040. To address future uncertainties with demands, supplies and proposed projects, the Master Plan established an annual Monitoring and Assessment Program (MAP) to evaluate and report to the Board new information and project updates for the annual water rate-setting process. In support of South County, the Committee was informed that projects such as Pacheco expansion, reservoir seismic retrofit, and recycled and purified water support a sustainable water supply for the entire county, including South County even though South County will not get direct supply from them; that there are projects recommended in the Master Plan that would directly provide water supply to South County such as the Delta

Conveyance Project, a potential South County recharge facility project, and Flood-Managed Aquifer Recharge (Flood-MAR) projects.

In addition, Ms. Jing Wu, Senior Water Resources Specialist, added that VW staff has worked with the Planning Division staff from the Cities of Morgan Hill and Gilroy to understand their growth projection and impact to future South County water demand for MAP update; and that partnership with South County has continued on conservation efforts.

In response to Chairperson Varela's inquiry on the level of Committee awareness on projects such as the Delta Conveyance, Pacheco Reservoir Expansion, or South County Recharge listed on Ms. Wu's Slide 4, Attachment 1 of this item, Councilmember Spring expressed concern to waiting until Year 2040, and preference to plan within the immediate ten years for protection on water supply; and requested information on VW projects in other areas that would benefit their cities.

Chairperson Varela announced that in the future, VW would provide advance information to better prepare the Committee for meetings like this; would shorten future staff presentations; and would check with previous Chair how these meetings were programmed.

In response to Mr. Muirhead's question on where the new water would come from the *Delta Conveyance Project* as stated on Page 2, Paragraph 3 of the committee memo of this item that said, "... *additional water supply provided by the Delta Conveyance Project*," Ms. Wu clarified that the statement was referring to future State Water Project water delivery, which is expected to decrease because of climate change and Delta regulations. There would be no new water from existing State Water Project water delivery.

#### 4. Water Shortage Emergency Condition and Call for Conservation.

The Committee was informed about VW's declaration of water shortage in 2021; a call for 15% water use reduction countywide; and inclusion of Santa Clara County in the Governor's drought proclamation. Valley Water is impacted by the unavailability of Anderson Reservoir as a surface water storage facility. Furthermore, the Central Valley Project and State Water Project have reduced imported water allocations; and if dry conditions persist, and water use reduction target is not met, there remains a risk of resumed groundwater subsidence in North County and wells going dry, particularly in South County.

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

The Committee confirmed the next Regular Meeting on July 6, 2022.

In response to the Clerk's inquiry, Mayor Blankley announced that she would request information from her staff about the Amazon data center, and need not be included in the meeting to be set up for Chairperson Varela and VW technical staff.

In response to Councilmember McKay, Chairperson Varela requested to connect through email and discuss either a group or individual training on Valley Water's projects that could benefit the City of Morgan Hill. Subsequently, the Office of Government Relations had reached out to schedule these trainings.

#### 6. Committee Member Reports.

There was no discussion of Committee Member Reports.

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