



MEMORANDUM

FC 14 (01-02-07)

TO: Board of Directors
FROM: Water Storage Exploratory Committee
SUBJECT: Water Storage Exploratory Committee Meeting
Summary for October 13, 2022
DATE: November 8, 2022

This memorandum summarizes agenda items from the special meeting of the Water Storage Exploratory Committee held on October 13, 2022.

Attendees:

Valley Water Board Members in attendance were: Director Richard P. Santos (District 3), and Director John L. Varela (District 1).

Valley Water Staff in attendance were: Aaron Baker, Glenna Brambill, Andrew Garcia, Samantha Greene, Andy Gschwind, Michael Haggerty, Christopher Hakes, Brian Hopper, Dana Jacobson, Cindy Kao, Candice Kwok-Smith, Jessica Lovering, Michael Martin, Ryan McCarter, Carlos Orellana, Angus Parton, Steve Peters, Don Rocha, Kirsten Struve, Charlene Sun, Darin Taylor, and Jing Wu.

Guests in attendance were: Melanie Carrido (MWH Constructors), Katja Irvin (Sierra Club-Loma Prieta Chapter), Hon. Steve Jordan (BAWSCA and Purissima Hills Water District), Marguerite Patil, Ph.D. (Contra Costa Water District {CCWD}), Taryn Ravazzini (LVE Project Joint Powers Authority (JPA), Gavin Tasker-Barnard Construction), Bill Tuttle (San Jose Water Company-SJWC), and Hon. John Weed (Alameda County Water District-ACWD).

Public in attendance were: Lisa Avestedt, Hon. Jim Beall, Ryan Castillo, Bob Green, Arthur Keller, Ph.D., Kaho Khong, Manny JID/RD1606, and Director Linda J. LeZotte (Valley Water District 4).

ACTION ITEMS:

4.1 LOS VAQUEROS RESERVOIR EXPANSION PROJECT MULTI-PARTY AGREEMENT AMENDMENT

Michael Martin reviewed the following:

Summary from Agenda Memo:

The Santa Clara Valley Water District (Valley Water) continues to evaluate participating in the Los Vaqueros Reservoir Expansion Project (LVE Project) led by Contra Costa Water District (CCWD). CCWD has proposed amendment #4 to the 2019 Multi-party Agreement (MPA) to fund project activities through the end of fiscal year (FY) 2023. The cost to Valley Water to continue participating in the project would be \$1,094,000. This memo summarizes the project status, including an update on the cost estimate and current timelines for the LVE Project, to support the Water Storage Exploratory Committee in making a recommendation to the full Board of Directors regarding the MPA Amendment #4.

Background

The LVE Project Joint Powers Authority (JPA) was formed in October 2021 and is responsible for project planning, construction, and post-construction activities including operating the facilities, ensuring adequate funding, facility maintenance and repair, and delivering project water. The JPA Board has been meeting since November 2021 and has been working to take over administration of the Project. The JPA recently selected

T. Ravazzini Consulting and its principal, Taryn Ravazzini, as its Executive Director. Ms. Ravazzini will be working with CCWD to approve a Program Management Services Contract to assist with the administration of the JPA.

Project Cost Sharing Agreement

Since project planning started in 2016, project funding has been provided by cost share agreements funded equally by all project partners in addition to state and federal funding. Starting in 2019, cost sharing continued via a Multi-Party Agreement, which has been amended three times to extend the cost share value, time period, and scope of work. In addition to in-kind work, Valley Water has approved \$2.2 million in cost sharing since 2016 to fund LVE Project planning and design. Proposed Amendment #4 will extend the MPA from December 31, 2022, to June 30, 2023 (end of FY 2023). The cost of MPA Amendment #4 is \$1,094,000 for each of the JPA members (Attachment 1).

The JPA Board will need to approve Facilities Usage Agreements and a Service Agreement to meet the requirements for final Water Storage Investment Program (WSIP) funding and to start construction on elements of the LVE Project next year. The Service Agreement will define each agency's share in storage and conveyance and establish associated cost allocations for construction and operations.

Project Costs

On August 23, 2022, the Board directed staff to seek up to 50,000 acre-feet of storage in the Service Agreement negotiations. CCWD recently updated the construction estimate for the LVE Project, which increased from \$950M to \$1.25B, a 30% increase. Staff previously estimated Valley Water's share of the capital cost to be \$110M to \$120M. A 30% increase would raise the estimate to \$140M to \$155M. However, CCWD also updated the financial model to assume a WIFIA loan from the Environmental Protection Agency and greater financial contributions from the federal government. With these assumptions, although they are uncertain, the overall cost to Valley Water could decrease.

Off Ramps

The MPA Amendment #4 is the first of two decisions the Valley Water Board will be making over the next year regarding participation in the LVE Project. The Service Agreement will be brought for consideration sometime next year. The Board can still decide against participation in the LVE Project at either of these points and withdraw from the JPA without incurring future obligations. If Valley Water approves the MPA Amendment and Service Agreement, the JPA Agreement also allows a partner to withdraw in the following circumstances:

- if the Engineer's estimate is too high,
- if other partners withdraw,
- if state or federal funding is withdrawn or comes with unacceptable conditions,
- if unacceptable permit conditions are attached to the project, or
- if a LAP cannot obtain a long-term water supply.

Once financing is issued for the construction of any specific component, withdraw from the LVE Project must be approved by the JPA Board.

Next Steps

CCWD continues with negotiations on water rights and environmental permits with state and federal agencies necessary to complete the project. Agencies have been supportive of the LVE Project. Staff will continue to provide regular updates to the WSEC on the Service Agreement negotiations and project progress. The timeline for major Project milestones is below:

- Mid to late 2023: WSEC and Board consideration of Service Agreement
- Late 2023: Final Funding Agreement with CWC

- Late 2023: Start of construction on the initial LVE Project elements
- 2023-2025: Construction of Transfer-Bethany Pipeline
- 2027-2029: Construction of dam raise, pumping facilities, and conveyance improvements
- 2030: LVE Project in full operation

Dr, Marguerite Patil introduced Taryn Ravazzini (LVE Project Joint Powers Authority (JPA) Executive Director.

The Water Storage Exploratory Committee took the following action:

The Water Storage Exploratory Committee unanimously approved staff's recommendation that the Board consider approving the Multi-Party Agreement Amendment #4 for the Los Vaqueros Reservoir Expansion Project.

4.2 Standing Items

Cindy Kao reported on the following:

Summary from Agenda Memo:

Standing Items will allow regular reports from staff on subjects that may be of interest to the committee members.

Staff may provide a verbal update at the 10-13--2022, meeting if there is reportable/updated information.

1. Update on Los Vaqueros Reservoir Expansion Project (LVE) Transfer Bethany Pipeline (TBP) and Update on Management of South Bay Aqueduct (SBA) Facilities (*separate agenda item*)
2. Del Puerto (*Verbal Update*)
3. Water Banking Opportunities including but not limited to Pleasant Valley Water District (*Verbal Update*)
4. Pacheco/San Luis Reservoir Low Point (*No Update*)
5. Semitropic (*Verbal Update*)
6. Sites (*Verbal Update*)
7. B.F. Sisk Dam Raise Project (*Verbal Update*)
8. Shasta (*Verbal Update*)

Water Banking Opportunities

Pleasant Valley:

- Continuing to discuss long-term exchange opportunities with Pleasant Valley Water District

Aquaterra:

- Revised Feasibility Study has been completed and VW has finished reviewing. There are some data gaps and VW will be checking to see if this is a feasible and sound financial investment

AVEK:

- Working with Metropolitan Water District (MWD) on Phase 1
- Valley Water (VW) is interested in the second phase of the project and are interested in doing a pilot program with them (banking water then testing to see if it works and will review criteria and other concerns)
- VW staff will be visiting site on October 18th to see Phase 1 construction
- Working with interested parties to develop a MOU regarding plant activities

Sites:

- VW staff reviewing the draft guiding principles on concepts relating to allocation and project benefit
- Additional discussions on governance and finance along with addressing VW's comments and concerns

- Release of the EIR/EIS expected January 2023
- Final draft of the benefits and obligations agreement targeted for mid-2023
- Final funding commitment expected to occur mid-2024 after securing the water right permit and WIFIA loan

B. F. Sisk Dam Raise and Reservoir Expansion:

- Coordinating and participating with San Luis and Delta-Mendota Water Authority (SLDMWA-Authority) cost and benefit allocation
- Reclamation and Authority have revised the addendum to the feasibility report VW took issue on the cost allocation

Director John L. Varela reported on the ACWA Region 5 Program and Tour:

- Potential new opportunities, theme surrounding: recycled water, water purification, sustainable groundwater supply, and agriculture
- Toured one water facilities and defunct desalination plant
- Start possible discussion around conveyance and storage with Monterey Peninsula

The Water Storage Exploratory Committee took no action.

If you have any questions or concerns, you may contact me at, gbrambill@valleywater.org or 1.408.630.2408.

Thank you.

Glenna Brambill, Management Analyst II,
Board Committee Liaison
Office of the Clerk of the Board