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**File No.:** 17-0586

**Agenda Date:** 8/22/2017

**Item No.:** \*4.1.

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## SUPPLEMENTAL BOARD AGENDA MEMORANDUM

### **SUBJECT:**

Recommendation from the Pacheco Reservoir Exploratory Ad Hoc Committee and Budget Adjustment of \$2 Million to Initiate the Project's Planning Phase for the Pacheco Reservoir Expansion Project, Project No. 60954001 (Santa Clara County) (District 1).

### **REASON FOR SUPPLEMENTAL MEMORANDUM:**

This Supplemental Memorandum provides the Board with additional information regarding consultants' scopes of work and estimated fees.

### **RECOMMENDATION:**

Approve a budget adjustment of \$2 million from the PeopleSoft Systems Upgrade and Expansion Project (Project No. 73274002) to the Pacheco Reservoir Expansion Project (Project No. 60954001) to initiate planning phase work in Fiscal Year 2017-18.

### **SUMMARY:**

On August 14, 2017, District staff and its team of consultants submitted a Proposition 1 Funding application for the Pacheco Reservoir Expansion Project (Project) to the California Water Commission (CWC) for a Water Storage Investment Program (WSIP) grant. District staff has identified what Project deliverables must be completed by statutory deadlines imposed by the WSIP for funding recipients, and has determined that, to meet these deadlines, the Project planning phase work should begin even prior to the announcement of Proposition 1 funding recipients in May or June 2018. Staff is requesting this budget adjustment to immediately begin the consultant selection process for project delivery of this proposed Project.

### ***Project Background***

At the January 31, 2017 Board meeting, staff presented the merits of pursuing a State Water Storage Investment Program (WSIP) Proposition 1 funding application for an expansion of Pacheco Reservoir, which could provide 140,000 acre-feet (AF) of storage for emergency supply and supplemental supply to the District. It could also provide environmental flows and groundwater recharge in Pacheco Creek and Pajaro River. Staff recommended the Board authorize the Interim CEO to negotiate and execute a single source agreement with a consultant to prepare a Proposition 1 funding application for the proposed Project.

In response to staff's recommendation, the Board authorized its Pacheco Reservoir Exploratory Ad Hoc Committee (Committee) to meet with the boards of the Pacheco Pass Water District (PPWD) and the San Benito County Water District (SBCWD) to discuss opportunities for partnerships on the possible expansion of Pacheco Reservoir; authorized staff to continue with negotiations on the single-source consultant contract for the Proposition 1 application; and directed staff to return to the Board, when appropriate, after meetings with the PPWD and SBCWD Boards were held.

On February 23, 2017, the Pacheco Reservoir Exploratory Ad Hoc Committee met with board members of both the PPWD and the SBCWD.

At the February 28, 2017 Board meeting, staff recommended, and the Board authorized, that the Interim CEO execute a single-source consultant agreement with Stantec Consulting Services, Inc. (Consultant) to prepare a Proposition 1 funding application for Pacheco Reservoir Expansion.

### ***Initiating Project Planning and Environmental Assessment Work***

As reported to the Hoc Committee at its July 12, 2017 meeting, staff continued working expeditiously with the Consultant to complete the Proposition 1 Funding application for submittal to the California Water Commission (CWC) by August 14, 2017.

The Water Storage Investment Program (WSIP) requires that all WSIP funding recipients must complete their project's draft California Environmental Quality Act (CEQA)/National Environmental Policy Act (NEPA) documentation and release it for public review by January 2022.

Preparation of a defensible draft CEQA or NEPA document for the proposed Project will require:

- Detailed site assessments and geotechnical/geologic investigations to identify feasible alternative sites for a future dam site; as was the case for the Anderson Dam Seismic Retrofit Project, preparation of a CEQA document and acquisition of permits may be required before such investigations can proceed.
- Dam siting alternatives must be developed, evaluated, and a recommended project identified;
- At least a 30% level of design of the recommended project must be completed to allow preparation of a detailed project description for the CEQA assessments and documentation.

It will be a significant challenge to complete the above-described project milestones by the January 2022 WSIP deadline. Staff believes it would be prudent to begin this work effort immediately, even though the CWC's decision of funding recipients will not be announced until May or June 2018.

At its July 12, 2017 meeting, the Committee approved a recommendation that the Board approve staff's proposal to begin with CEQA and NEPA documentation as soon as possible, well before the CWC has announced its funding decisions for Proposition 1 WSIP applicants.

If the Board approves the Committee's recommendation, staff will undertake the process to hire a

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consultant team to conduct planning and design, and a program management consultant, as there are limited staff resources available to manage this effort or perform the technical work. The consultants would be tasked, at a minimum, with the following scope:

1. Project management activities: supporting the delivery of the capital Project by integrating scope, schedule, quality, risks, staffing, budgets, communication, procurement activities and resources consistent with the District's objectives for the Project.
2. Perform geologic mapping of the reservoir site based on existing information;
3. Based on the findings in #2, prepare a work plan for initial detailed geotechnical and geologic investigations to identify alternative locations for a new dam;
4. Prepare necessary environmental documentation and obtain permits to perform initial geotechnical/geologic investigations;
5. A second round of investigations may be necessary based on the findings from the initial investigations;
6. Develop and evaluate alternative dam locations/configurations and identify a recommended project;
7. In parallel with the technical investigations, develop a detailed biological baseline of the potential reservoir area and dam site to identify endangered or sensitive animal and plant species that may be impacted by the potential reservoir expansion.
8. Prepare design plans and construction documents, and perform engineering support services during construction.

#### **FINANCIAL IMPACT:**

The combined fees for the program management consultant and planning and design consultant agreements during multiple years are expected to range between \$80M and \$100M. The Committee's budget adjustment recommendation of \$2M would only cover staff labor and the consultants' fees through the end of this current fiscal year (FY18). If Project work will continue into FY19, the remaining fees for the consultant agreements would be included in the FY19 budget and subsequent fiscal years' budgets.

The recommended budget adjustment would not negatively impact the PeopleSoft Systems Upgrade and Expansion Project because, per Board direction at the July 25, 2017 Board meeting, staff will proceed with a new Request for Proposal (RFP) process for a software system. Selection of the preferred vendor for the PeopleSoft Systems Upgrade and Expansion and award of contract will occur late in FY18 or early in FY19. A budget transfer of \$2M from this project would leave adequate FY18 funding for staff labor to complete the RFP process; additional funds, if necessary, would be budgeted in the FY19 budget process.

Groundwater production charges will not be used to fund this proposed Project at this time.

#### **CEQA:**

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The recommended action does not constitute a project under CEQA because it does not have the potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

**ATTACHMENTS:**

None

**UNCLASSIFIED MANAGER:**

Katherine Oven, 408-630-3126