

California WaterFix

Special Board Meeting

May 2, 2018



Presentation Agenda



Developments since October 2017



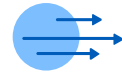
Benefits to Santa Clara County



Consequences of not participating



Strategies to **minimize risk**



Board **guiding principles**



Proposed **agreements**



Staff **recommendations**

Presentation Agenda

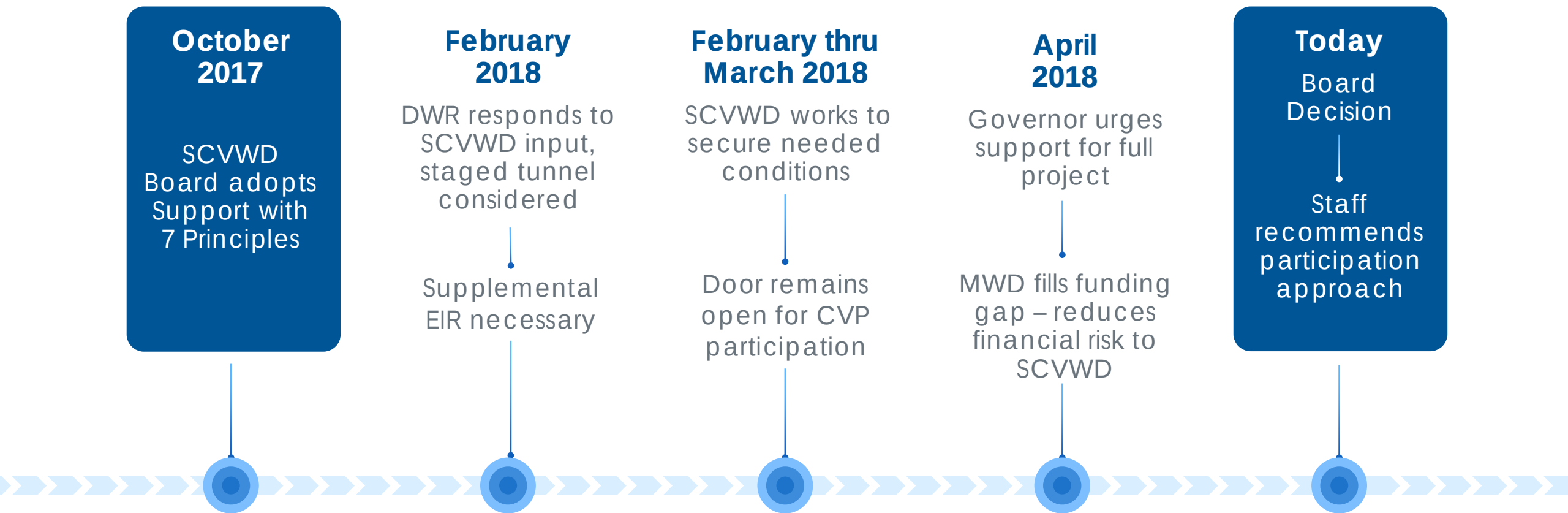


Developments since October 2017

- ★ **Benefits** to Santa Clara County
- ✕ **Consequences** of not participating
- ⚠ Strategies to **minimize risk**
- ➡ Board **guiding principles**
- 📄 Proposed **agreements**
- 💬 Staff **recommendations**

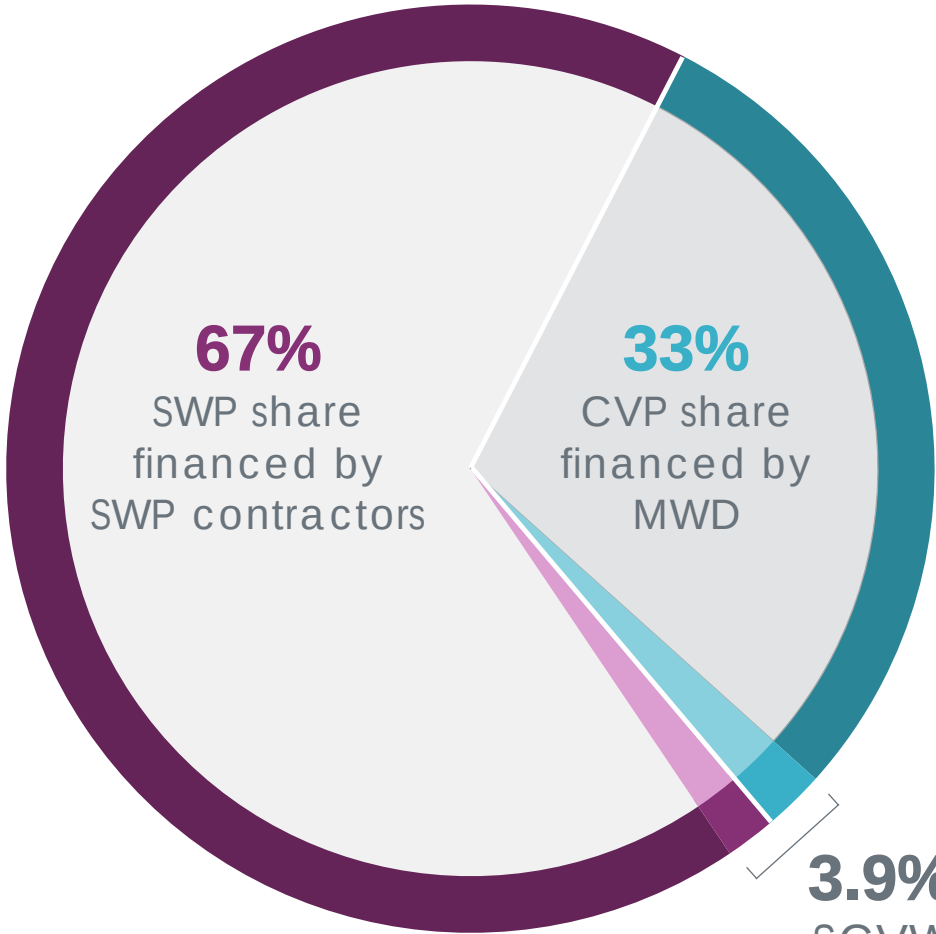


Developments to further define Project and protect Santa Clara County interests





Project Today:
Financial risk to
Santa Clara
County is reduced
by MWD decision
to finance
unfunded CVP
share of project



3.9% *
SCVWD Share
1.7% SWP Share
2.2% CVP Share (200 cfs)

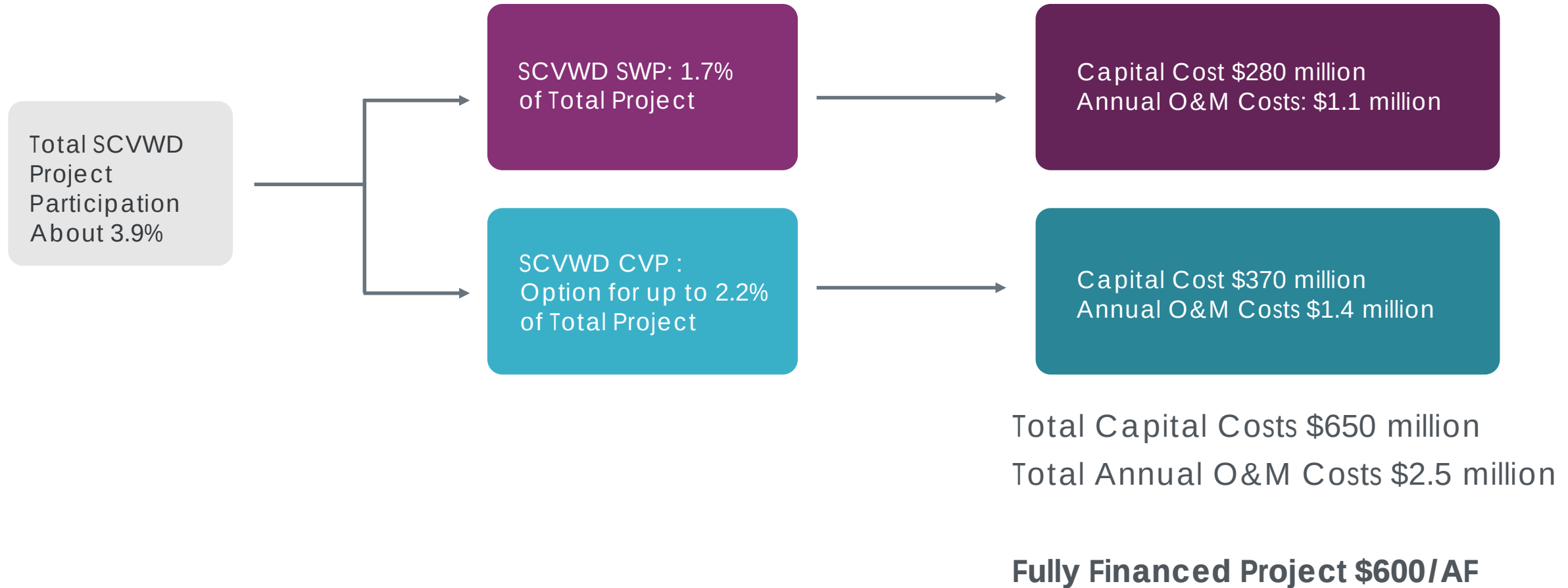
***2.5% of SWP's 67% share = 1.7% Total**
6.7% of CVP's 33% share = 2.2% Total

3.9% of Total Project



Cost to Santa Clara County Not Changed

Recommended project participation



Presentation Agenda



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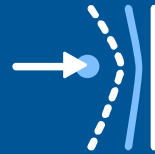
Benefits to Santa Clara County



Produces the
**most water for
lowest cost**



Keeps our **water
clean, safe, and
reliable**



Provides
**resiliency for
future** conditions



Improves
**environment
for fish**



SCVWD has
**prominent leadership
role** in WaterFix
governance
to ensure benefits
are achieved

Benefits to Santa Clara County



Produces the **most water for lowest cost**



Keeps our **water clean, safe, and reliable**



Provides **resiliency** for **future** conditions



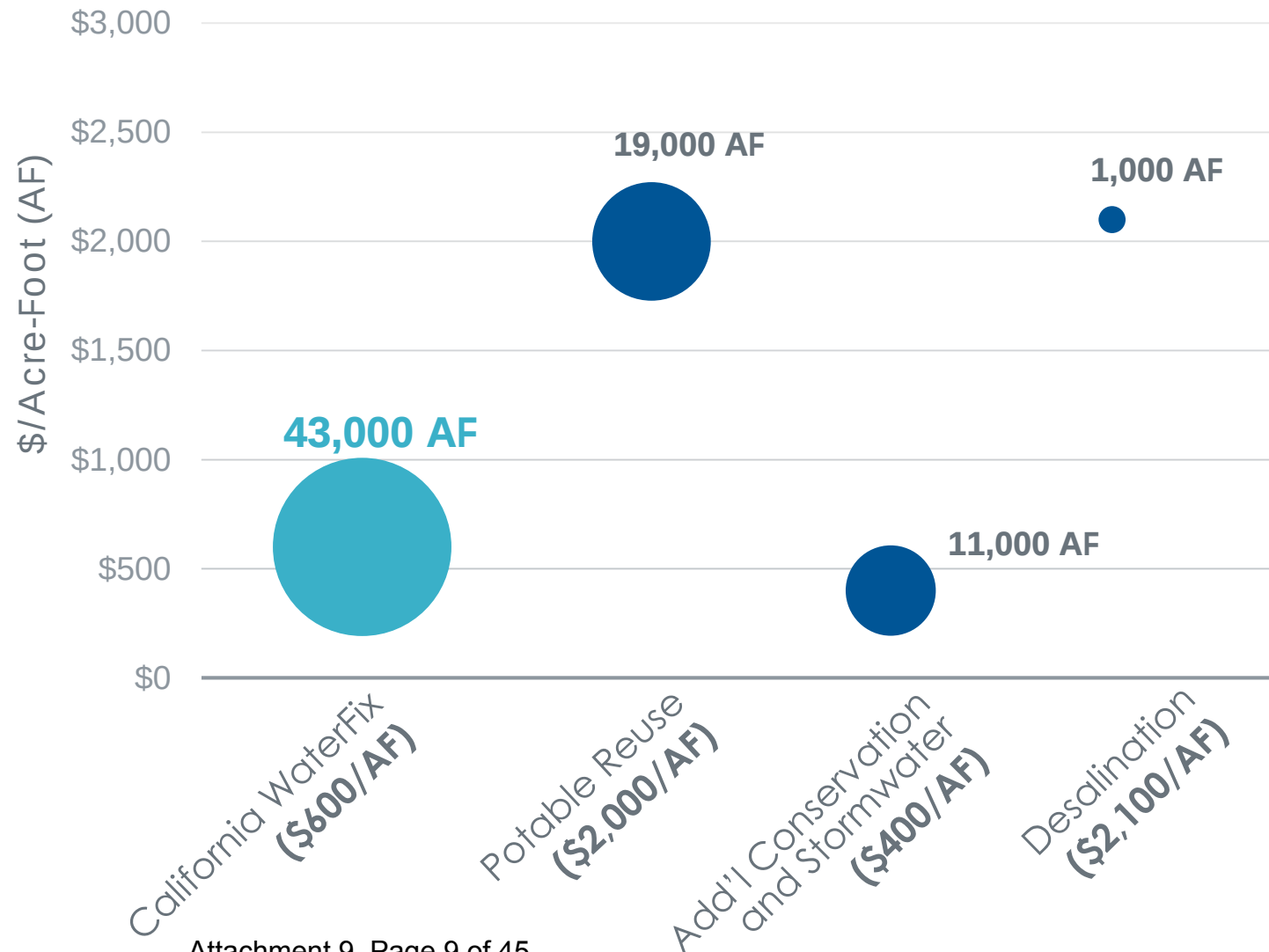
Improves **environment** for **fish**



SCVWD has **prominent leadership role** in WaterFix governance to ensure benefits are achieved



WaterFix has lowest cost for greatest amount





Benefits to Santa Clara County



Produces the **most** water for **lowest cost**



Keeps our **water clean, safe, and reliable**



Provides **resiliency** for **future** conditions

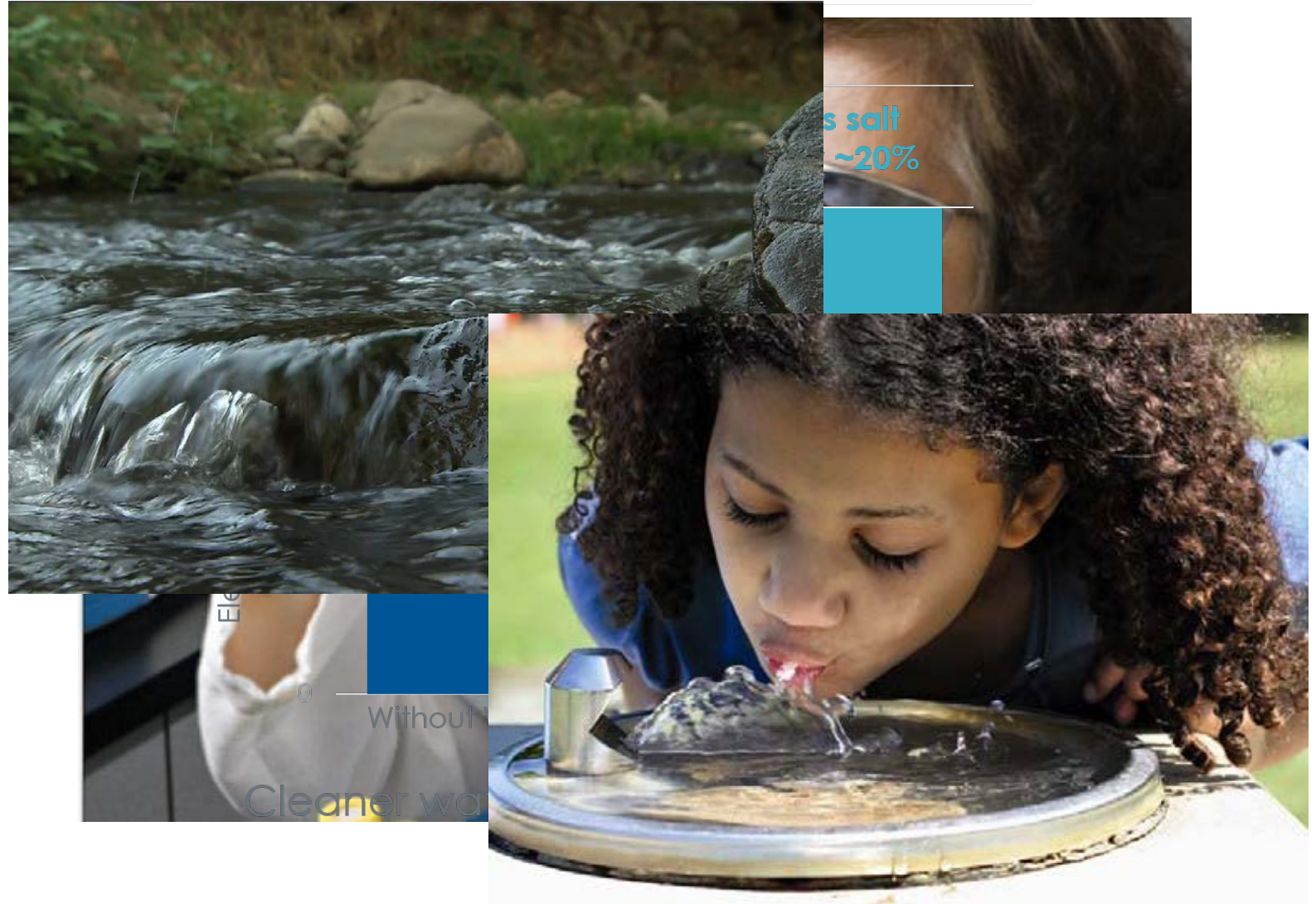


Improves **environment** for **fish**



SCVWD has **prominent leadership role** in WaterFix governance to ensure benefits are achieved

Reliable Water





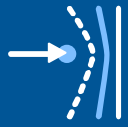
Benefits to Santa Clara County



Produces the **most**
water for lowest cost



Keeps our **water clean,**
safe, and reliable



Provides
resiliency for
future conditions



Improves **environment**
for fish



SCVWD has **prominent**
leadership role in WaterFix
governance to ensure
benefits are achieved

Resiliency to climate change





Benefits to Santa Clara County



Produces the **most water for lowest cost**



Keeps our **water clean, safe, and reliable**



Provides **resiliency for future** conditions

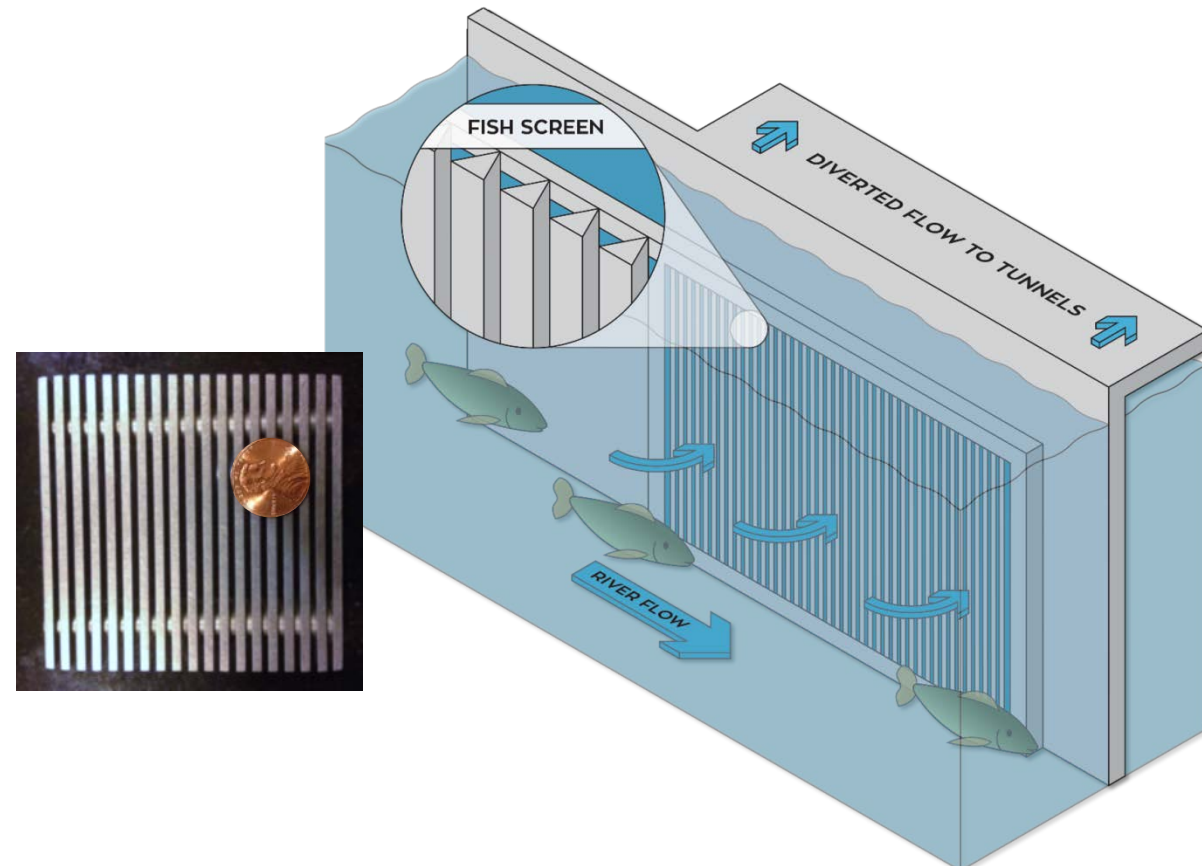


Improves **environment for fish**



SCVWD has **prominent leadership role** in WaterFix governance to ensure benefits are achieved

Improved conditions for fish means fewer restrictions on Santa Clara County's water supply



New state-of-the-art fish screens will lessen impacts on fish

Benefits to Santa Clara County



Produces the **most water for lowest cost**



Keeps our **water clean, safe, and reliable**



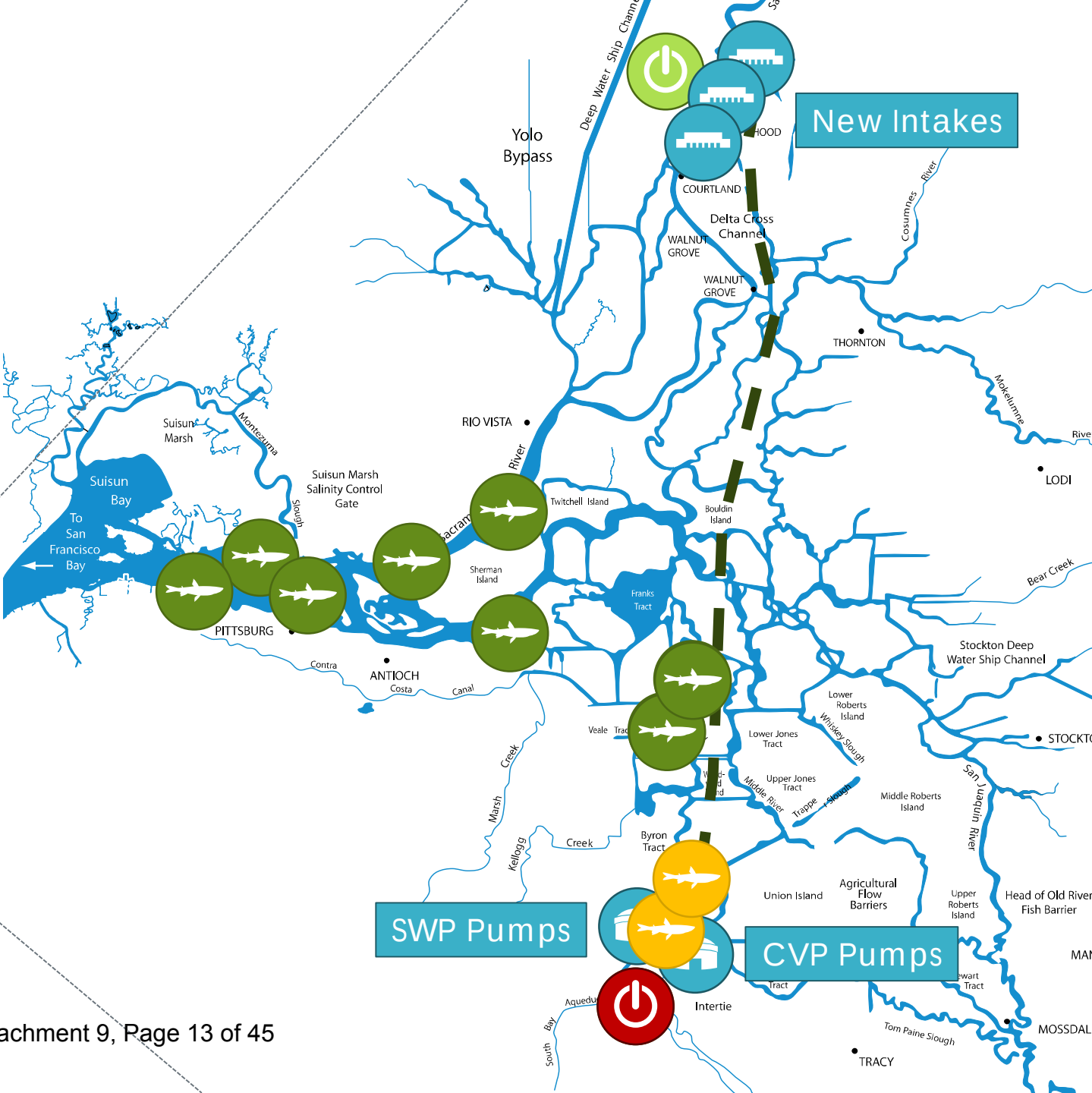
Provides **resiliency for future conditions**



Improves **environment for fish**



SCVWD has **prominent leadership role** in WaterFix governance to ensure benefits are achieved



Benefits to Santa Clara County



Produces the **most water for lowest cost**



Keeps our **water clean, safe, and reliable**



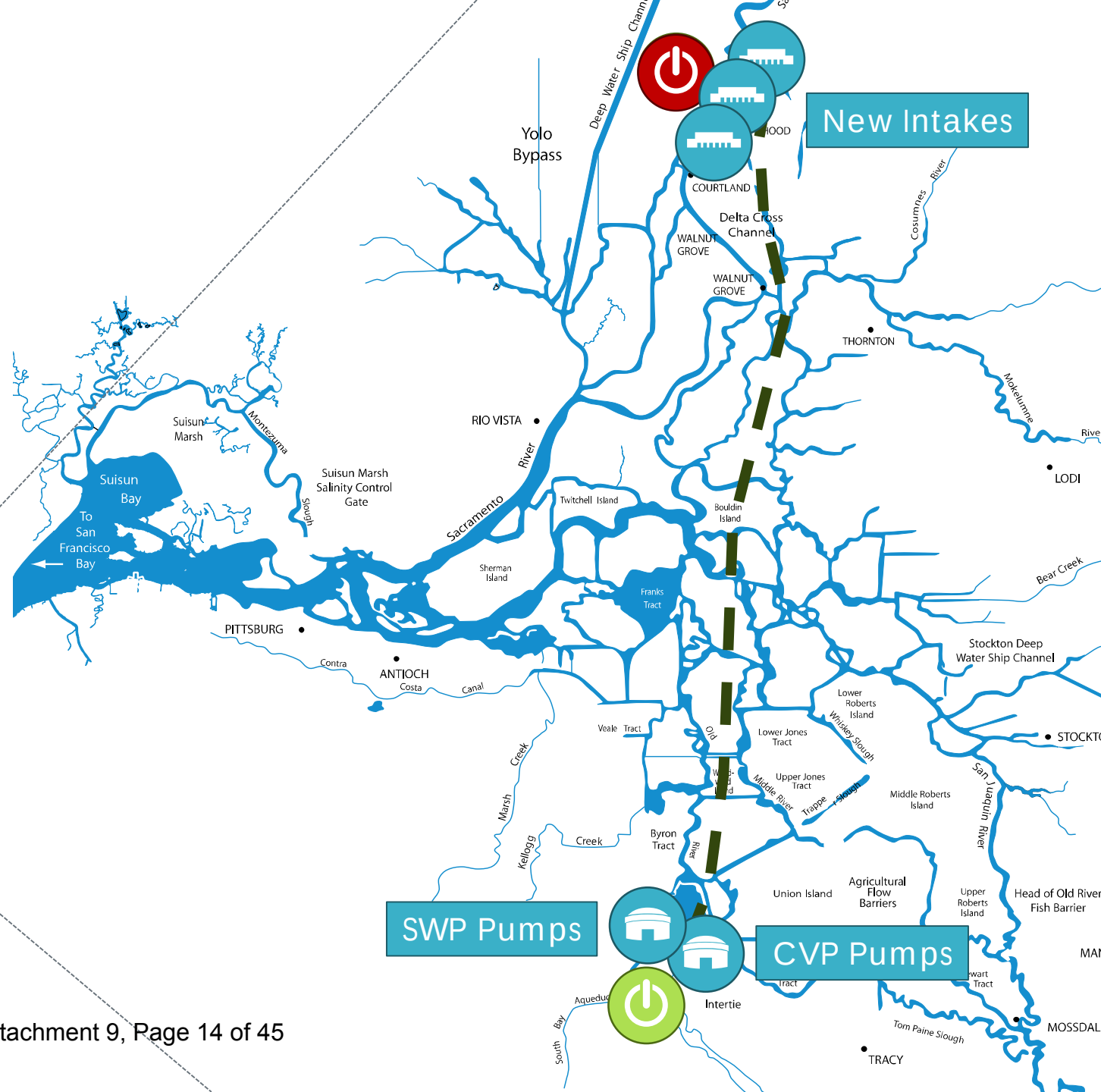
Provides **resiliency for future conditions**



Improves **environment for fish**



SCVWD has **prominent leadership role** in WaterFix governance to ensure benefits are achieved





Benefits to Santa Clara County



Produces the **most water for lowest cost**



Keeps our **water clean, safe, and reliable**



Provides **resiliency for future conditions**

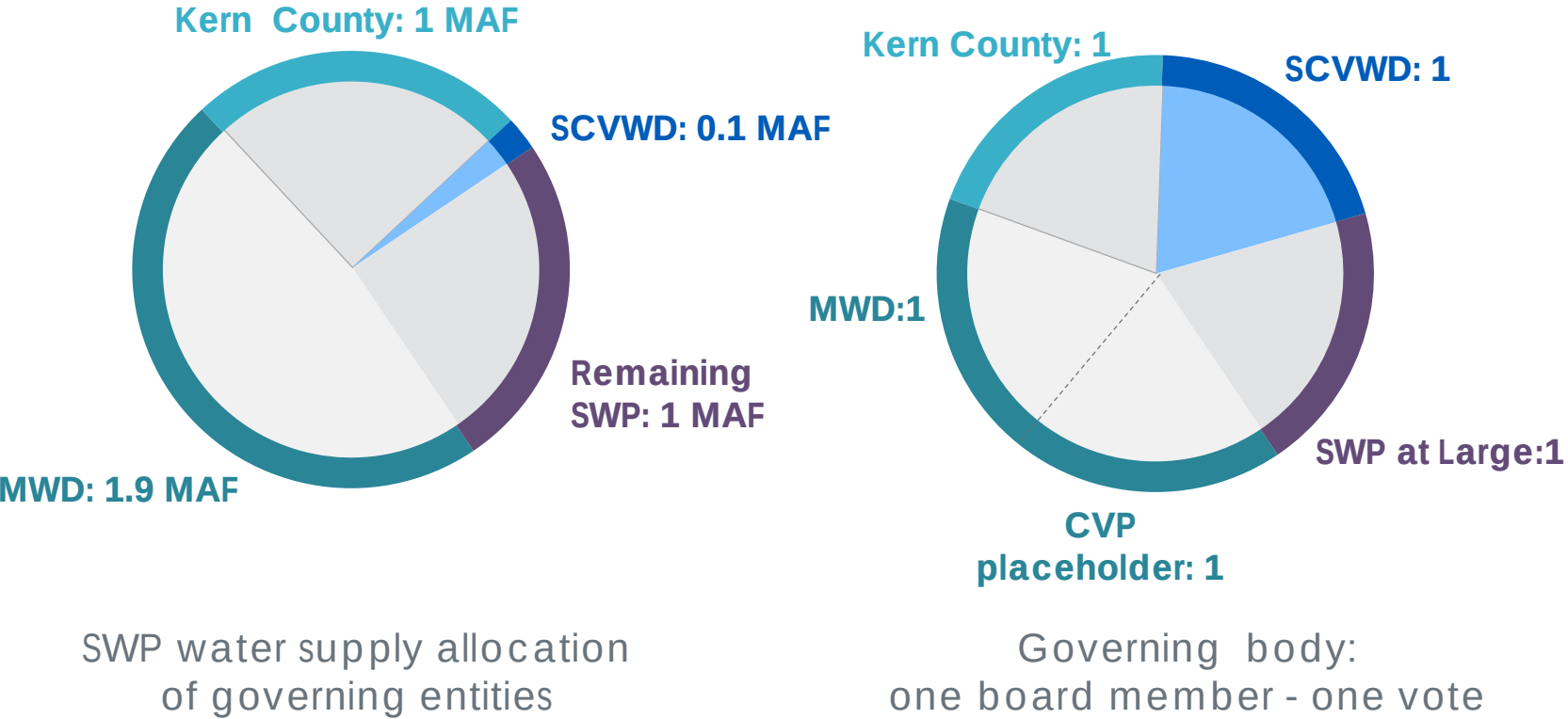


Improves **environment for fish**



SCVWD has **prominent leadership role** in WaterFix governance to ensure benefits are achieved

Prominent Northern California voice in governance



Presentation Agenda



Developments since October 2017



Benefits to Santa Clara County



Consequences of not participating



Strategies to **minimize risk**



Board **guiding principles**



Proposed **agreements**



Staff **recommendations**

The consequences of not participating

*Payments required
without adequate
representation*

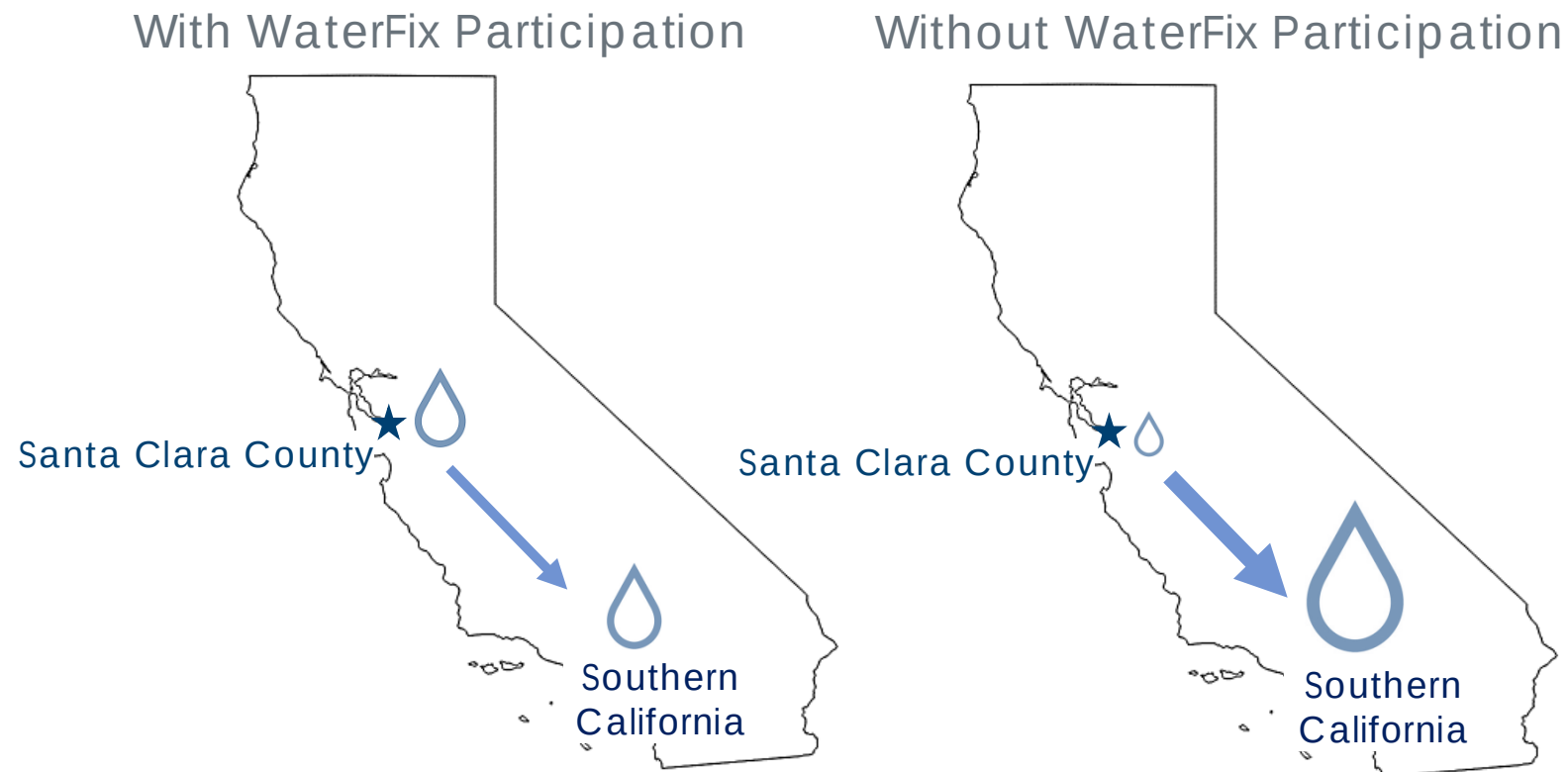
- District excluded from meaningful role in governance
- District may be required to pay for its SWP share, regardless
- WaterFix cost and supply may be transferable to a willing buyer
- Questionable reliability in the event of a major Delta outage



The consequences of not participating

Less water will go to Santa Clara County

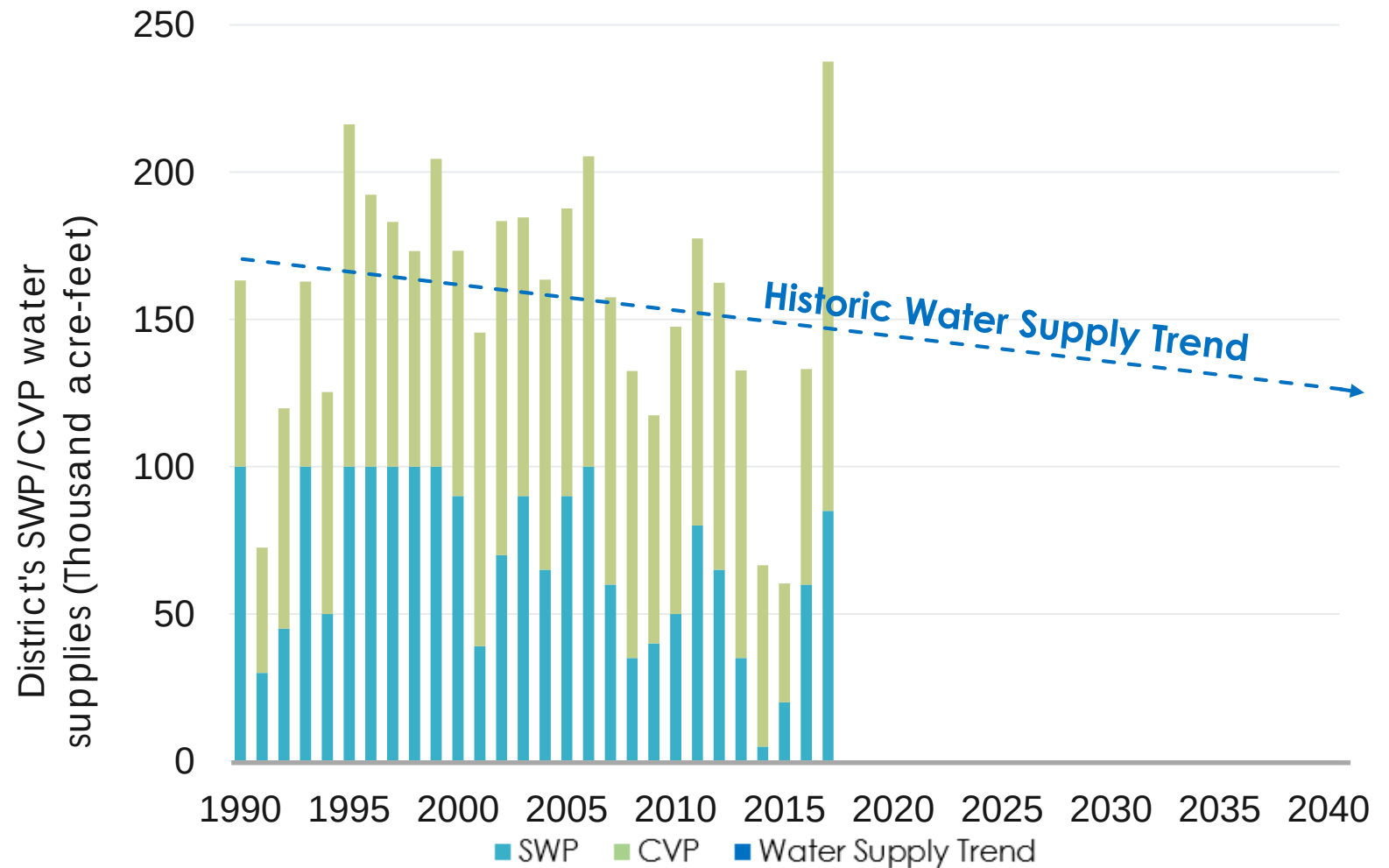
No prominent role in governance even if required to pay



The consequences of not participating

Costs would likely increase

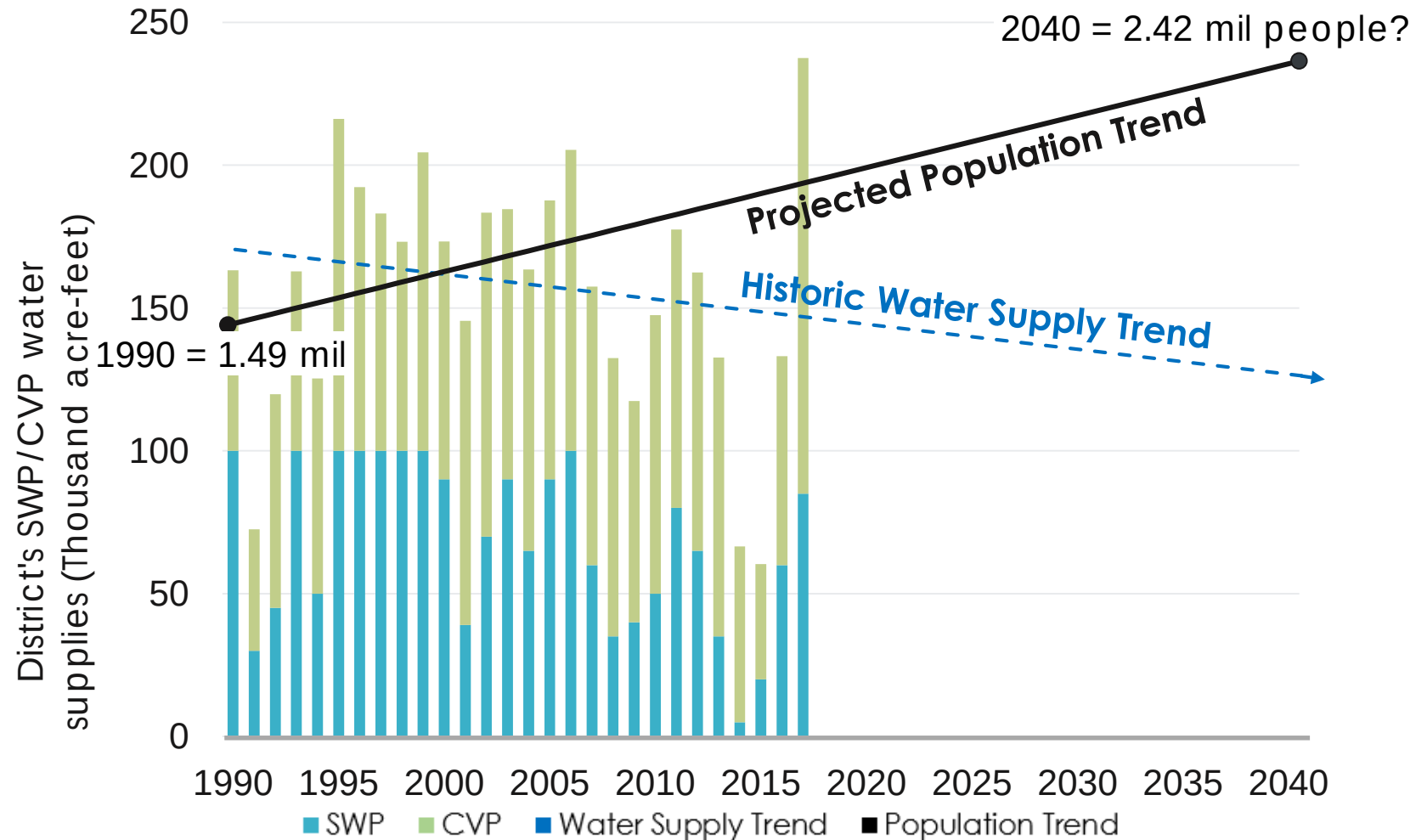
Water supply will decrease over time, costs will increase



The consequences of not participating

Costs would likely increase

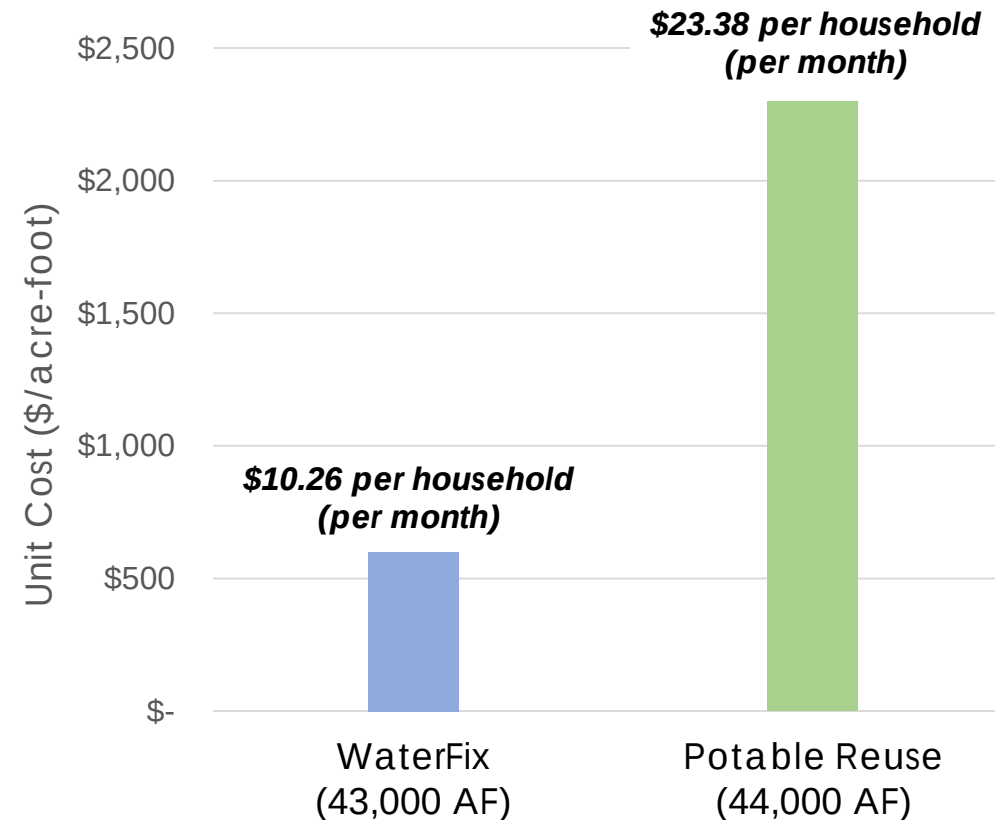
Water supply will decrease over time, costs will increase



The consequences of not participating

Costs would likely increase

More expensive alternatives add to rate increases (FY33)



Presentation Agenda



Developments since October 2017



Benefits to Santa Clara County



Consequences of not participating



Strategies to **minimize risk**



Board **guiding principles**



Proposed **agreements**



Staff **recommendations**





Risk minimization strategies

Area of Consideration

Management Strategy

Water supply uncertainty



Evaluate long-term transfers and additional groundwater storage opportunities

Validation action



Enter into agreements to offset risks

Permitting delays and/or regulatory constraints



Secure protections in key agreements

Federal support for CVP reliability



Secure necessary operating agreements and contracts from Reclamation

Other participants' decisions



Support participant efforts and negotiate SCVWD terms regarding long term transfers and groundwater storage programs

Cost control and project financing



Secure prominent SCVWD role in WaterFix governance

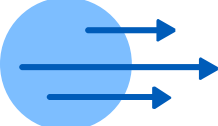
Presentation Agenda

 **Developments** since October 2017

 **Benefits** to Santa Clara County

 **Consequences** of not participating

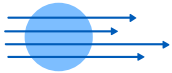
 Strategies to **minimize risk**

 Board **guiding principles**

 Proposed **agreements**

 Staff **recommendations**

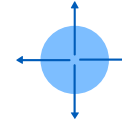
Board's Seven Guiding Principles



Santa Clara County **needs are primary**



Santa Clara County **not disadvantaged** by Central Valley agriculture or Southern California



Flexible approach that addresses Santa Clara County concerns



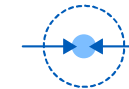
Cost is **affordable**



Equity and costs are important

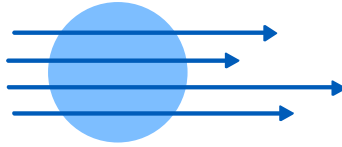


Avoid a deficit in supply, meet current and future needs, and protect SWP and CVP supplies



Keep negotiating for best deal

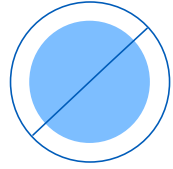
Guiding Principle #1



Santa Clara County **needs are primary**

- Safe Water
- Clean Water
- Affordable Water

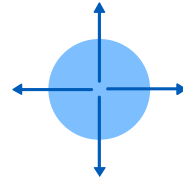
Guiding Principle #2



Santa Clara County **not disadvantaged** by Central Valley agriculture or Southern California

- Pay Fair Share
- No Subsidies
- Receive All Benefits “me too”

Guiding Principle #3



Flexible approach that addresses Santa Clara County concerns

- Smaller Project to Fit Budget
- SCVWD Strong Leadership in Governance
- Less Impacts to Fisheries and Environment

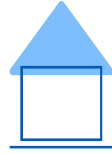
Guiding Principle #4



Keep water **affordable**

- Cost of Water is an Economic Justice Issue
- WaterFix Affordability is Key to Portfolio Approach
- “All-Of-The-Above Approach”
- Per Acre-Foot Costs Remain Similar to Current Estimates

Guiding Principle #5



Equity and costs are important

- Communities Receiving 85% of Water Supply from Sources other than SCVWD Eligible to Receive Funds Back

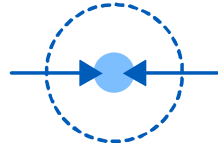
Guiding Principle #6



Avoid a deficit in supply, meet current and future needs, and protect SWP and CVP supplies

- Support Participation at 2.5% SWP
- Ensure SCVWD's CVP Reliability
- Purchase Enough Supplies

Guiding Principle #7



Keep negotiating for best deal

- Keep Engaging with State and Federal Agencies
- Keep Engaging with Prospective WaterFix Participants
- Develop Agreements to Secure SCVWD's Support

Presentation Agenda

-  **Developments** since October 2017
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-  Strategies to **minimize risk**
-  Board **guiding principles**



Proposed **agreements**

-  Staff **recommendations**



WaterFix Authorities and Key Agreements

TODAY

Design and Construction Authority (DCA)

CVP Option Agreement

Gap Funding Agreement

FUTURE

Financial Arrangements (including Financing JPA)

SWP Contract Amendment

CVP Contract Amendment

Long Term Transfer Agreements

Presentation Agenda

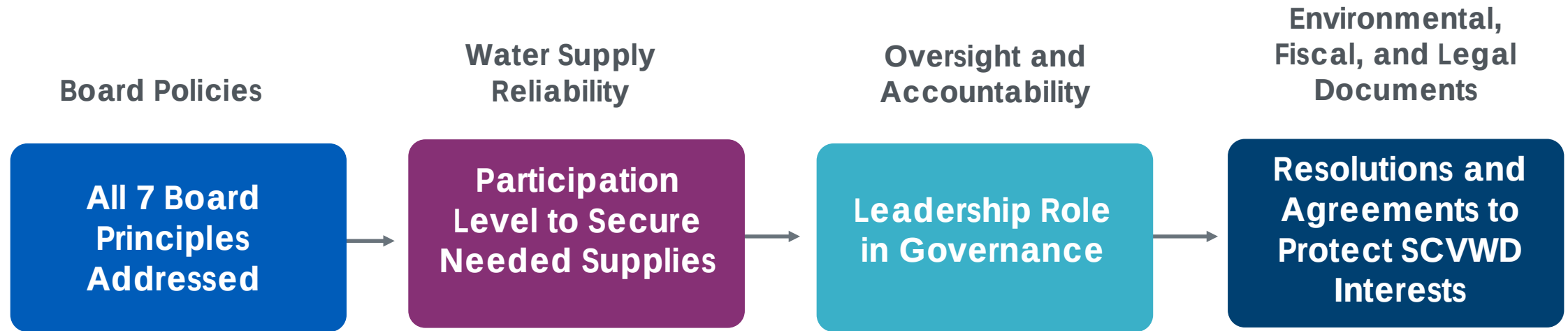
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Staff **recommendations**



Board Actions and Next Steps



Staff Recommendations

Summary of Staff recommendations:

- Make CEQA Findings
- Authorize District participation
- Authorize CEO to execute Option Agreement
- Execute DCA JPA agreement and designate SCVWD representatives
- CEO to negotiate Financial Arrangements for Board approval
- Delegate CEO to execute Gap Funding Agreement
- Continue participating in WaterFix discussions, and develop agreements
- Evaluate and negotiate long term water transfers, water supply and groundwater storage opportunities



Questions?



Public Comment



Staff Recommendations

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- Make CEQA Findings
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Supplemental Slides



Staff Recommendations

Full text of Staff recommendations:

- A. Receive an update on the California WaterFix (WaterFix);
- B. Consider the potential environmental effects of the project as discussed in the Lead Agency's Final Environmental Impact Report and adopt the Resolution, MAKING RESPONSIBLE AGENCY FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT TO AUTHORIZE EXECUTION OF AGREEMENTS RELATING TO DESIGN, CONSTRUCTION, AND FINANCING OF THE CALIFORNIA WATERFIX PROJECT;

Staff Recommendations



Full text of Staff recommendations:

- C. Consider the potential costs and benefits of the WaterFix to Santa Clara County and adopt the Resolution, AUTHORIZING SUPPORT OF, AND PARTICIPATION IN, CALIFORNIA WATERFIX;
- D. Approve and Authorize the Chief Executive Officer (CEO) to execute a Capacity Interest Option Agreement with Metropolitan Water District of Southern California that is in substantial conformance with the Capacity Interest Option Agreement provided in Attachment 1;

Staff Recommendations

Full text of Staff recommendations:

- E. Approve and authorize the Board to execute a Joint Powers Agreement Forming the Delta Conveyance Design and Construction Joint Powers Authority (Design and Construction JPA) that is in substantial conformance to the agreement provided in Attachment 2, and designate a District representative and alternate to serve on the Board of Directors of the Design and Construction JPA for the first two years following formation;
- F. Direct the CEO to negotiate terms and conditions for the District to participate in the WaterFix Financial Arrangements (See section 4.3), including a joint powers authority for financing construction of the WaterFix and bring the necessary agreements to the Board for approval;

Staff Recommendations



Full text of Staff recommendations:

- G. Direct the CEO to negotiate terms and conditions for the District to participate in the WaterFix Financial Arrangements (See section 4.3), including a joint powers authority for financing construction of the WaterFix and bring the necessary agreements to the Board for approval;
- H. Direct staff to evaluate and negotiate long term water transfers, water supply alternatives and storage opportunities related to WaterFix, and bring terms and conditions to Board for consideration

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