

**MEMORANDUM**

FC 14 (01-02-07)

TO: Board of Directors**FROM:** Santa Clara Valley Water Commission**SUBJECT:** Santa Clara Valley Water Commission Meeting
Summary for January 23, 2019**DATE:** February 12, 2019

This memorandum summarizes agenda items from the regular meeting of the Santa Clara Valley Water Commission held on January 23, 2019.

ACTION ITEMS**4. ELECTION OF 2019 CHAIR AND VICE CHAIR**

Newly elected Chair is Hon. Debi Davis Council Member of City of Santa Clara and Vice Chair is Hon. Rich Constantine Mayor of City of Morgan Hill.

5.1 REVIEW AND APPROVE 2018 ANNUAL ACCOMPLISHMENTS REPORT FOR PRESENTATION TO THE BOARD

Ms. Glenna Brambill Commission Liaison reviewed the following:

Summary:

The Accomplishments Report summarizes the commission's discussions and actions to prepare Board policy alternatives and implications for Board deliberation throughout 2018. The Commission Chair, or designee, presents the Accomplishments Report to the Board at a future Board meeting.

The Commission may provide feedback to the Commission Chair, at this time, to share with Board as part of the Accomplishments Report presentation pertaining to the purpose, structure, and function of the Commission.

Background:**Governance Process Policy-8:**

The District Act provides for the creation of advisory boards, committees, or commissions by resolution to serve at the pleasure of the Board.

Accordingly, the Board has established Advisory Committees, which bring respective expertise and community interest, to advise the Board, when requested, in a capacity as defined: prepare Board policy alternatives and provide comment on activities in the implementation of the District's mission for Board consideration. In keeping with the Board's broader focus, Advisory Committees will not direct the implementation of District programs and projects, other than to receive information and provide comment.

Further, in accordance with Governance Process Policy-3, when requested by the Board, the Advisory Committees may help the Board produce the link between the District and the public through information sharing to the communities they represent.

The Commission approved the 2018 Santa Clara Valley Water Commission's Accomplishments Report.

5.2 WATER SUPPLY MASTER PLAN.

Ms. Tracy Hemmeter reviewed the following:

Summary:

The Water Supply Master Plan (Master Plan) is the District's plan for providing a reliable and sustainable water supply in a cost-effective manner. It informs investment decisions by describing the type and level of water supply investments the District is planning to make through 2040, the anticipated schedule, the associated costs and benefits, and how Master Plan implementation will be monitored and adjusted. This memorandum summarizes prior analyses and outreach, describes the "Ensure Sustainability" strategy, discusses the water

supply reliability level of service goal, and describes how the Master Plan will be monitored and adapted to changing conditions.

Summary of Prior Analyses

Staff has analyzed anticipated water supply and demand conditions for 2040, without any new projects. The supply conditions assume existing infrastructure and local supplies are maintained, but that imported water supplies decline over time due to additional regulatory restrictions and climate change. The demands are based on 2020 water use targets in retailers' Urban Water Management Plans, extended through 2040 to account for updated regional growth projections and expected water conservation program savings. The analysis continues to indicate that extended droughts are our greatest challenge and the county could experience shortages of up to about 150,000 acre-feet (AF) in the most critical year. An acre-foot of water is equivalent to one foot of water depth spread across an acre of land. To put a 150,000 acre-feet shortage in perspective, it is roughly half of the total County's water demand in a normal year

A number of projects and combinations of projects have been evaluated for addressing these projected shortages. The analyses considered:

- Water supply yields under different scenarios,
- Other benefits such water quality or environmental benefits,
- Costs,
- Risks,
- Performance with different demand assumptions,
- Performance with different imported water supply assumptions,
- Performance under late century climate change,
- Input from the Expert Panel, and
- Stakeholder and Board interests.

A number of different approaches or strategies will meet the District's water supply reliability goal, but there are tradeoffs. Some projects perform better during droughts and a changed climate, but are expensive. Other projects may be relatively inexpensive, but do not contribute to drought reliability or are high risk. Some projects have significant benefits for the environment or other interests, but relatively little water supply benefit. Some projects types are preferred more than others by the community. Stakeholders all agree that 1) water supply reliability is important, 2) we should maximize water conservation, water reuse, and stormwater capture, and 3) we need to keep water rates affordable. Based on stakeholder input, technical analyses, and the climate of uncertainty, staff's recommendations are intended to provide a framework for balancing multiple needs and interests while making effective and efficient investment decisions.

Recommended Water Supply Strategy

The Board adopted the "Ensure Sustainability" strategy in 2012 as part of the Water Supply and Infrastructure Master Plan. The "Ensure Sustainability" strategy is comprised of three elements:

- 1) Secure existing supplies and infrastructure,
- 2) Expand the water conservation and reuse, and
- 3) Optimize the use of existing supplies and infrastructure.

Together these elements protect and build on past investments in water supply reliability, leverage those investments, and develop alternative supplies and demand management measures to manage risk and meet future needs, especially during extended droughts in a changing climate. Staff recommends that the Board consider continuing with the "Ensure Sustainability" strategy, combined with the District's Asset Management and Infrastructure Reliability programs, as it provides a pathway to a sustainable water supply system. The following discussion describes the three elements of the recommended strategy and the projects that support them.

1. Secure Existing Supplies and Infrastructure

Securing existing supplies and facilities for future generations is important because they are, and will continue to be, the foundation of the county's water supply system. These baseline supplies are conveyed, treated, and stored in a complex and integrated system of water supply infrastructure.

Key ongoing projects and programs that support this strategic element include the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE), dam retrofits, pipeline maintenance and other asset management

activities, and the Rinconada Water Treatment Plant Reliability Project. These and similar projects support securing our local supplies and infrastructure and are considered baseline projects.

The District Board decided to participate in California WaterFix on May 8, 2018, which would secure up to about 170,000 acre-feet per year of imported Central Valley Project and State Water Project water supplies.

2. Increase Water Conservation and Reuse

Master Plan analyses show that demand management, stormwater capture, and water reuse are critical elements of the water supply strategy. They perform well under current climate conditions and late century climate change. Water recycling and reuse provide local supplies that are not hydrologically dependent, so they are resilient to extended droughts when the District most needs additional supplies. They make efficient use of existing supplies, so they are sustainable and consistent with a “One Water” approach. In addition, these activities are broadly supported by stakeholders.

A more diverse portfolio of supplies will also be more resilient to risks and uncertainties, including climate change, than a portfolio with increased reliance on imported water supplies. Imported supplies are particularly vulnerable to climate change and regulatory actions like the Bay Delta Water Quality Control Plan.

Staff plans to include a “No Regrets” package of water conservation and stormwater projects in the Master Plan. The projects will increase the District’s water conservation target from 99,000 acre-feet per year of savings by 2030 to 109,000 acre-feet per year of savings by 2040.

Staff recommends that the Master Plan include at least 24,000 acre-feet per year of additional reuse by 2040. This could be potable reuse and/or non-potable recycled water (purple pipe). Staff believes that additional reuse, along with the “No Regrets” package, is vital to the long-term sustainability of water supply reliability in the county. As described above, water reuse and conservation are local drought resistant supplies that are resilient to climate change.

3. Optimize the Use of Existing Supplies and Infrastructure

This element of the strategy includes projects that increase the District’s ability to use existing supplies and infrastructure. The District’s existing supplies are more than sufficient to meet current and future needs in wet and above normal years. In some years, supplies exceed needs and additional facilities would increase flexibility and the ability to use or store those excess supplies. Additional infrastructure could increase the District’s ability to respond to outages and respond to challenges such as droughts and water quality problems.

Staff is planning to recommend a South County recharge project in the Master Plan, because groundwater modeling indicates the need for additional recharge capacity. Pacheco Reservoir is consistent with the Board’s priority to actively pursue efforts to increase water storage opportunities. Both the Transfer-Bethany Pipeline portion of the Los Vaqueros Reservoir Expansion and the Pacheco Reservoir Expansion increase the District’s water supply operations flexibility and increase emergency water storage. The State, in approving funding of at least half the Pacheco Reservoir Expansion and Los Vaqueros Reservoir Expansion projects’ construction costs (in 2015\$), recognized those projects also provide ecosystem improvements, recreation opportunities, and/or flood protection benefits.

The three projects – South County Recharge, Pacheco, and Transfer-Bethany Pipeline – would provide a combined average annual yield of about 5,000 acre-feet per year, increase system flexibility, and/or emergency supply.

The three elements of the recommended strategy work together to provide a framework for providing a sustainable and reliable water supply. Furthermore, they strike a balance between protecting what we have, investing for the future, and making the most of the water supply system.

Water Supply Reliability Level of Service Goal

The water supply reliability level of service goal is important because it guides long-term water supply planning efforts and informs Board decisions regarding the level of water supply reliability investments. Some of the considerations for the level of service goal are stakeholder input, other agencies’ goals, the frequency and magnitude of potential water supply shortages, uncertainty in future supply and demand conditions, and costs.

Modeling indicates that the projects proposed for the Master Plan will meet at least 90 percent of demands during an extended drought. Different subsets of the projects would meet at least 80 percent of demand during an extended drought.

Monitoring and Assessment Plan (MAP) Approach

A primary purpose of the Master Plan is to inform investment decisions. Therefore, a critical piece of the water supply plan is a process to monitor and report to the Board on the demands, supplies, and status of projects and programs in the Master Plan so the Board can use that information in its annual strategic planning sessions, which inform the annual water rate setting, Capital Improvement Program (CIP), and budget processes. Monitoring will identify where adjustments to the Master Plan might be needed to respond to changed conditions. Such adjustments could include accelerating and delaying projects due to changes in the demand trend, changing projects due to implementation challenges, adding projects due to lower than expected supply trends, etc.

Staff will report to the District Board on Master Plan implementation on at least an annual basis, usually during the summer. In addition, the Board will receive reports on specific projects and pertinent policy and regulatory developments as needed. If changes to or decisions about the Master Plan, Master Plan projects, or other projects appear needed, staff will develop recommendations for the Board based on how decisions would affect the level of service, costs and rate impacts, risk management, and relationships between projects. Staff will also describe how projects relate to each other and stakeholder input. The intent is for staff to provide as complete a picture as possible to inform the Board's strategic planning and investment decisions and to incorporate the Board's decisions into the CIP, budget, and water rate setting processes.

Next Steps

The next steps for the Master Plan are to prepare a draft Master Plan 2040 based on Board direction. Staff anticipates having a draft Master Plan ready for Board and stakeholder review in March 2019. The intent is to have at least two workshops – one with water retailers and one with other stakeholders. Additional presentations may be made at Board advisory committees. Staff plans to present a final Master Plan to the Board in June 2019.

The Commission took no action.

5.3 REVIEW AND COMMENT TO THE BOARD ON THE FISCAL YEAR 2019-20 PRELIMINARY GROUNDWATER PRODUCTION CHARGES.

Mr. Darin Taylor reviewed the following:

Summary:

Summary of Groundwater Production Charge Analysis:

Staff has prepared the preliminary FY 2019-20 groundwater production charge analysis, which includes a current water use projection and several scenarios for Board review. Staff has developed two basic scenarios that align with the 90% and 80% level of service goals according to the January 2019 Water Supply Master Plan update, along with several other scenarios for Board consideration.

The groundwater production charge recommendation will be detailed in the Annual Report on the Protection and Augmentation of Water Supplies that is planned to be filed with the Clerk of the Board on February 22, 2019. The public hearing on groundwater production charges is scheduled to open on April 9, 2019. It is anticipated that the Board would set the FY 2019–20 groundwater production charges by May 14, 2019, that would become effective on July 1, 2019.

The FY 2019–20 groundwater production charge and surface water charge setting process will be conducted consistent with the District Act, and Board resolutions 99-21 and 12-10. (Attachments 3-4).

Water Use Assumptions

District managed water use for FY 2017–18 is estimated to be approximately 226,000 acre-feet (AF), which is roughly 9,000 AF higher than budgeted that year and is roughly a 21% reduction versus calendar year 2013. (District-managed water use excludes Hetch Hetchy, and San Jose Water Company owned water supplies). For the current year, FY 2018-19, staff estimates that water usage will meet the budgeted water use of 226,000 AF, which is again roughly a 21% reduction versus calendar year 2013. For purposes of the preliminary analysis, staff is assuming a water usage of 239,000 AF for FY 2019-20, which is a 5.7% increase relative to the estimated FY 2018-19 water usage, and a 16% reduction versus calendar year 2013.

Staff will carefully monitor monthly water use actuals and work closely with the water retailers during the upcoming rate setting process to modify the water usage forecast as necessary.

Groundwater Production Charge Projections

Staff has prepared several preliminary groundwater production charge projection scenarios for Board review. The increase in the North County Municipal and Industrial (M&I) groundwater production charge ranges from 4.7% to 8.1% for FY 2019-20 depending on the scenario, and from 5.7% to 7.7% in the South County.

The overall impact of the preliminary analysis scenarios for FY 2019-20 to the average household would be an increase ranging from \$2.09 to \$3.60 per month in North County and from \$0.88 to \$1.19 per month in South County.

Staff anticipates no changes to the current contract treated water surcharge and the non-contract treated water surcharge for FY 2019-20.

Other Assumptions

All scenarios assume the continued practice of relying on the State Water Project (SWP) Tax to pay for 100% of the SWP contractual obligations. Pursuant to Water Code Section 11652, the District, whenever necessary, is required to levy on all property in its jurisdiction not exempt from taxation, a tax sufficient to provide for all payments under its SWP contract with the California Department of Water Resources (DWR). All scenarios assume no change in the SWP Tax for FY 2019-20, which would remain at \$18 M. The SWP Tax for the average household in Santa Clara would remain at about \$27 per year. Note that the SWP tax projection for FY 2019-20 under all scenarios does not include any costs for the CWF.

All scenarios also assume the continued practice to set the South County agricultural groundwater production charge at 6% of the M&I charge.

All scenarios assume Water Utility operations cost growth of 5% to \$186.4 M in FY 2019-20 versus the FY 2018-19 adopted budget.

A PowerPoint presentation will be provided at the meeting.

The Commission took no action.

5.4 OPEN SPACE CREDIT

Mr. Joseph Atmore reviewed the following:

Summary:

The purpose of this item is to obtain Water Commission comments and input on the Board's Open Space Credit Policy, specifically a staff proposal to implement an Agricultural Charge Adjustment for Williamson Act and Conservation Easement Properties.

Background

The District Board has historically recognized that agriculture brings value to Santa Clara County in the form of open space and local produce. In an effort to help preserve this value, the District Act limits the agricultural charge to be no more than 25% of the M&I charge. In 1999, to further its support for agricultural lands, a policy was put into place further limiting the agricultural groundwater production charge to no more than 10% of the M&I charge. The agricultural community currently benefits from low groundwater charges that are 2% of M&I charges in North County and 6% of M&I charges in South County. According to Section 26.1 of the District Act, agricultural water is "water primarily used in the commercial production of agricultural crops or livestock."

The credit to agricultural water users has become known as an "Open Space Credit." It is paid for by fungible, non-rate related revenue. To offset lost revenue that results from the difference between the adopted agricultural groundwater production charge and the agricultural charge that would have resulted at the full cost of service, the District redirects a portion of the 1% ad valorem property taxes generated in the Water Utility, General and Watershed Stream Stewardship Funds. The South County Open Space Credit is currently estimated to be \$8.0 million in FY 2018-19 and projected to continually increase in the years that follow.

Since 2013, the Board has continued the past practice of setting the agricultural charge at 6.0% of the South County M&I charge. On September 18, 2017, in response to the President's Day Flood event, the Board's Capital Improvement Program Committee analyzed scenarios to decrease the Open Space Credit and therefore provide more funding for flood protection projects. Accordingly, alternatives were prepared to reduce the Open Space Credit by increasing the agricultural charge to 10% or 25% of the M&I charge over a multi-year timeframe. For FY 2018-19, staff recommended increasing the agricultural charge to 6.8% of the M&I charge. On May 8, 2018, the Board chose to continue the past practice of setting the agricultural charge at 6.0% of the South County M&I charge for FY 2018-19.

Background on the Williamson Act and Conservation Easement Classification

The Williamson Act enables local governments to enter into contracts with private landowners for the purpose of restricting specific parcels of land to agricultural or related open space use. Under these voluntary contracts, landowners gain substantially reduced property tax assessments. A land owner whose property is devoted to agricultural use and is within an agricultural preserve may file an application for a Williamson Act contract with the County. Per the Santa Clara County of Ordinances section C13-12, to be eligible for a Williamson Act contract:

1. The property proposed for inclusion in the contract is at least ten acres in size in the case of prime agricultural land, and 40 acres in size in the case of nonprime agricultural land;
2. All parcels proposed for inclusion in the contract are devoted to agricultural use; and
3. There are no existing or permitted uses or development on the land that would significantly displace or interfere with the agricultural use of the land.

Even if all of the criteria are met, the Board of Supervisors may, in its discretion, choose not to approve the application.

Conservation easement is a power invested in a qualified organization or government to constrain, as to a specified land area, the exercise of rights otherwise held by a landowner so as to achieve certain conservation purposes. For example, a land owner whose property constitutes open-space land as defined in Government Code §§ 51075(a) and 65560 may file an application for an agreement with the County.

Per the Santa Clara County of Ordinances section C13-36, to be eligible for an Open Space Easement Agreement with the County:

1. The land proposed for inclusion in the agreement is at least 20 acres in size;
2. All parcels proposed for inclusion in the agreement are devoted to open-space;
3. There are no other existing or permitted uses or development on the land that would significantly impair the open-space value of the land; and
4. The Board of Supervisors makes the required findings in Government Code § 51084.

Even if all of the criteria in are met, the Board of Supervisors may, in its discretion, choose not to approve the application.

There are also three open space authorities that have jurisdiction to enter into conservation easements in Santa Clara County.

There are 174 Williamson Act parcels and 10 conservation easement parcels in the combined Zone W-2 and Zone W-5. The parcels comprise roughly 33% of total agricultural water use on average.

Consideration of an Agricultural Water Charge Adjustment

An agricultural water charge adjustment could be predicated on Williamson Act or conservation easement participation and paid for by the Open Space Credit. Staff recommends implementing an adjustment such that if the District were to increase the agricultural water charge to something greater than 6% of the M&I charge, then an adjustment would be applied to all Williamson Act and conservation easement properties, that would result in a net agricultural charge of 6% of M&I charges for those properties. The Williamson Act or Conservation Easement property classification would be determined by the authorities managing those programs, not the District. There would be no need for an application process, and as such the incremental costs associated with the adjustment would be negligible. The District currently receives from the County the list of Williamson Act properties and would use properties of record in February and August for the upcoming billing cycle. Staff would obtain the conservation easement property information direct from the open space organizations in parallel during the February and August timeframe. Property status changes occurring after staff data collection would be handled

on a case-by-case basis for the potential proration of rates, if applicable. Agricultural wells are predominately charged bi-annually in arears in January and June.

If the District were to increase the agricultural charge to 10% of the M&I charge over a 7-year timeframe, and adjust back to 6% of the M&I charge for Williamson Act and conservation easement properties, then staff anticipates a cumulative savings to the Open Space Credit of roughly \$2.1 million over that 7-year timeframe. Savings would be \$1.4M if the transition occurred over a 5-year timeframe, and would be \$3.4M if the transition occurred over a 10-year timeframe. The savings could be reduced if additional eligible properties were to change status to be classified as Williamson Act or Conservation Easement properties. Staff estimates that there are 245 agricultural properties that may qualify, but are not classified as Williamson Act or Conservation Easement properties.

The Commission took no action.

5.5 UPDATE ON THE STATE WATER RESOURCES CONTROL BOARD'S AMENDMENTS TO THE BAY-DELTA WATER QUALITY CONTROL PLAN AND AGENCY-PROPOSED VOLUNTARY AGREEMENTS.

Mr. Garth Hall reviewed the following:

Summary:

On December 12, 2018, the State Water Resources Control Board (SWRCB) approved Resolution No. 2018-0059, that included adopting its staff's proposed Phase 1 amendments to the Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta (Bay Delta Plan), which set flow and water quality objectives for the San Joaquin River and its major salmon bearing tributaries, including the Tuolumne, Stanislaus, and Merced Rivers. The Phase 1 amendments also revised the southern Delta salinity objective to protect agricultural supply beneficial use in the Delta.

The Phase 1 amendments could significantly reduce the supply of water to the San Francisco Public Utilities Commission (SFPUC), including deliveries to Hetch Hetchy customers in Santa Clara County, especially during droughts.

The SWRCB has welcomed voluntary agreements that include flow and non-flow measures, recognizing that they could expedite implementation of the water quality objectives and provide more durable solutions. Over the past two years, State departments, including the California Department of Water Resources (DWR) and Department of Fish and Wildlife (DFW), and the U.S. Bureau of Reclamation (USBR) engaged in negotiations with water users and other stakeholders to negotiate voluntary agreements for the anticipated update to the Bay Delta Plan. These efforts reached a significant milestone on December 12, 2018, with presentation by the State to the SWRCB of a framework for voluntary agreements.

Despite the significant progress made by the State on developing voluntary agreements, the SWRCB adopted the more extensive flow criteria recommended by its staff for the lower San Joaquin River tributaries, but directed its staff to support development of the voluntary agreements for future consideration.

The SWRCB decision and potential impacts to the District are described below.

SWRCB decision on Phase 1 amendments to the Bay Delta Plan

The Bay-Delta Plan sets water quality objectives for the Sacramento and San Joaquin Rivers, their tributaries, the Delta, and Suisun Bay to ensure the reasonable protection of all beneficial uses. This includes specific salinity levels as well as different flow requirements. The State Water Project (SWP) and Central Valley Project (CVP) are responsible for meeting most of the current objectives.

On December 12, 2018, the SWRCB approved a resolution adopting its staff's proposed Phase 1 amendments to the Bay Delta Plan, which set flow and water quality objectives for the San Joaquin River and its major salmon bearing tributaries, including the Tuolumne, Stanislaus, and Merced Rivers. The Phase 1 amendments also revised the southern Delta salinity objective to protect agricultural supply beneficial use in the Delta. The SWRCB amended the resolution to direct its staff to assist the California Natural Resources Agency in completing a Delta watershed-wide voluntary agreement by March 1, 2019, and to incorporate the agreement as an alternative for a future comprehensive Bay Delta Plan update that the Board would consider soon after December 1, 2019.

Should a voluntary agreement be completed by March 1, 2019, the SWRCB believes the 8-month period before it

considers that agreement, on or around December 1, 2019, should be sufficient time for completion of any necessary environmental reviews and public input.

Prior to the SWRCB decision, Chuck Bonham, Director of the DFW, and Karla Nemeth, Director of the DWR, presented the current status of the State's voluntary agreements. Their presentation covered the agreement framework as well as proposed term sheets for the Delta and the Sacramento, Feather, Yuba, American, Mokelumne, Tuolumne, and San Joaquin Rivers. Their framework includes a description of flow and non-flow measures, habitat restoration and other stressor reduction measures, adaptive management, and funding sources. Additional information on the proposed voluntary agreements can be found at the following website:

<http://resources.ca.gov/voluntary-agreements/>

Supporters of the voluntary agreements unsuccessfully requested that the SWRCB delay its decision to adopt SWRCB staff's recommended plan amendments in order to provide additional time to complete the voluntary agreements in 2019. Instead, the SWRCB's decision incorporates Phase 1 amendments that require 30 to 50 percent of unimpaired flow to be maintained in the Tuolumne River, the Merced River, and the Stanislaus River from February to June. This could significantly reduce the supply of water to the San Francisco Public Utilities Commission (SFPUC) and Santa Clara County, especially during droughts, unless voluntary agreements including negotiated terms for flows on the Tuolumne River are ultimately adopted by the SWRCB. Adoption of voluntary agreements as a Bay Delta Plan update would require additional review, analysis, and public process.

The unimpaired flow requirements adopted by the SWRCB will not be implemented until Phase 2, otherwise known as the Sacramento/Delta Update to the Bay Delta Plan, is completed and a program of implementation is developed. On July 6, 2018, the SWRCB released a framework for the Phase 2 Sacramento/Delta update that describes changes that will likely be proposed in 2019 through a formal proposal and supporting environmental document. The changes include unimpaired flow requirements for the Sacramento River and its salmon-bearing tributaries that range between 45 and 65 percent, with a starting point of 55 percent.

Implementation of the criteria adopted in Phase 1 and Phase 2 of the Bay Delta Plan update would be take place through Phase 3 in which the SWRCB will use its adjudicative authority to assign responsibility to water rights holders for meeting the updated plan requirements. The SWRCB will determine specific implementation procedures on a date yet to be announced.

Potential impacts to the District from adoption of Phase 1 amendments

The District described potential impacts from adoption of the Phase 1 amendments in a letter to the SWRCB dated July 27, 2018, which is included as Attachment 1. If the SWRCB ultimately does not move from its staff unimpaired flow recommendations for the Tuolumne River, SFPUC predicts a doubling of water-short years, with shortages increasing from between 10 and 20 percent to between 40 to 54 percent under a 40 percent unimpaired flow allocation; these shortages could increase under higher unimpaired flow conditions. This in turn could reduce the amount of SFPUC supplies available to cities within Santa Clara County by an additional 21 to 78 percent during a repeat of the 1987 to 1992 drought, depending upon the level of unimpaired flow imposed on the Tuolumne in any given year and depending on how SFPUC and its wholesale customers agree to share the limited yield¹. Such a reduction in SFPUC supplies could result in greater District supplies called for by these impacted cities to meet demands. Average annual impacts to Santa Clara County could be an increase in the frequency of shortage years of between 5 and 15 percent, with an average shortage magnitude increase of up to 14,000 acre-feet. In addition, recent staff analysis indicates that the reduction in SFPUC supplies may increase the magnitude of water shortage contingency plan actions during a long-term drought by 10 to 20 percent.

We received public comments on this agenda item regarding SCVWD's lawsuit with SWRCB, expending of district funds, the Delta Plan and environmental benefits; from the following people: Ms. Kit Gordon, Ms. Kathy Ushiba, Mr. Michael Warburton, Mr. Martin Gothberg, Ms. Meg Giberson and retired SCVWD Director Hon. Patrick Ferraro.

The Commission took no action.

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

¹ SFPUC and their Wholesale Customers currently have a Water Shortage Allocation Plan that specifies how available supplies would be split when the entire Regional Water System is experiencing a shortage of up to 20 percent. At this time, there is no agreed upon plan regarding shortages greater than 20 percent.

Thank you.

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