

BOARD MEETING  
MARCH 26, 2019

# Los Vaqueros Expansion Project

2019 Los Vaqueros Expansion Project Agreement



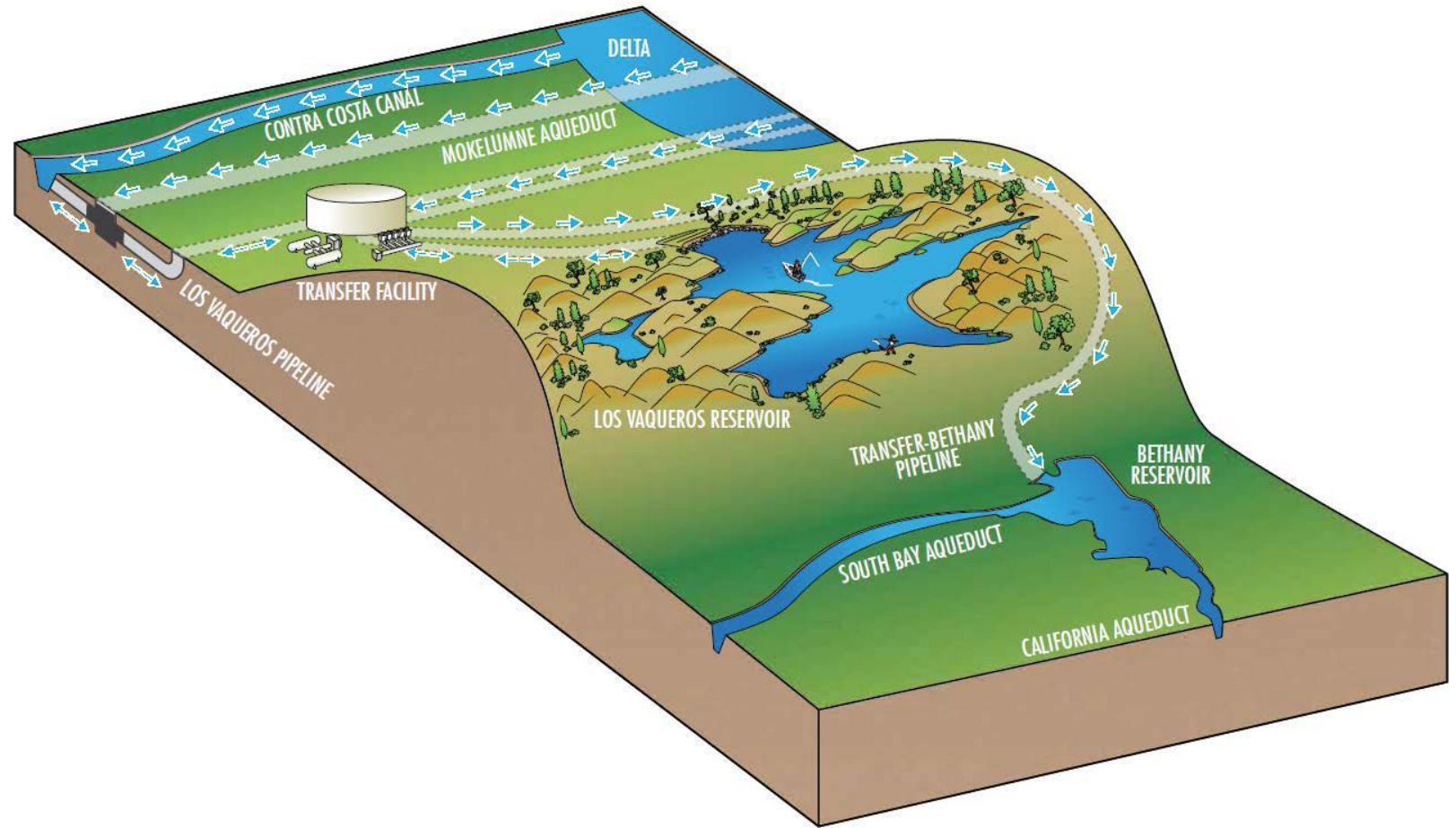
# Staff Recommendations

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- A. Receive and discuss information on the Los Vaqueros Reservoir Expansion Project (LVE Project).
- B. Authorize the CEO to execute the 2019 Contra Costa Water District Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning
- C. Authorize Valley Water to participate in funding the 2019 Cost Share Agreement for an amount not to exceed \$355,000; and
- D. Direct staff to continue engagement in the Los Vaqueros Expansion Project.

# Project Location and Description

- Water is pumped into the system from one of four existing intakes
- Water is sent to an upgraded Transfer Facility pump station
- From the Transfer Facility, water can be delivered directly to local agency partners and wildlife refuges or pumped into an expanded Los Vaqueros Reservoir for later delivery
- Water is delivered via the Transfer-Bethany Pipeline to the South Bay Aqueduct





# Local Agency Partners (LAPs)

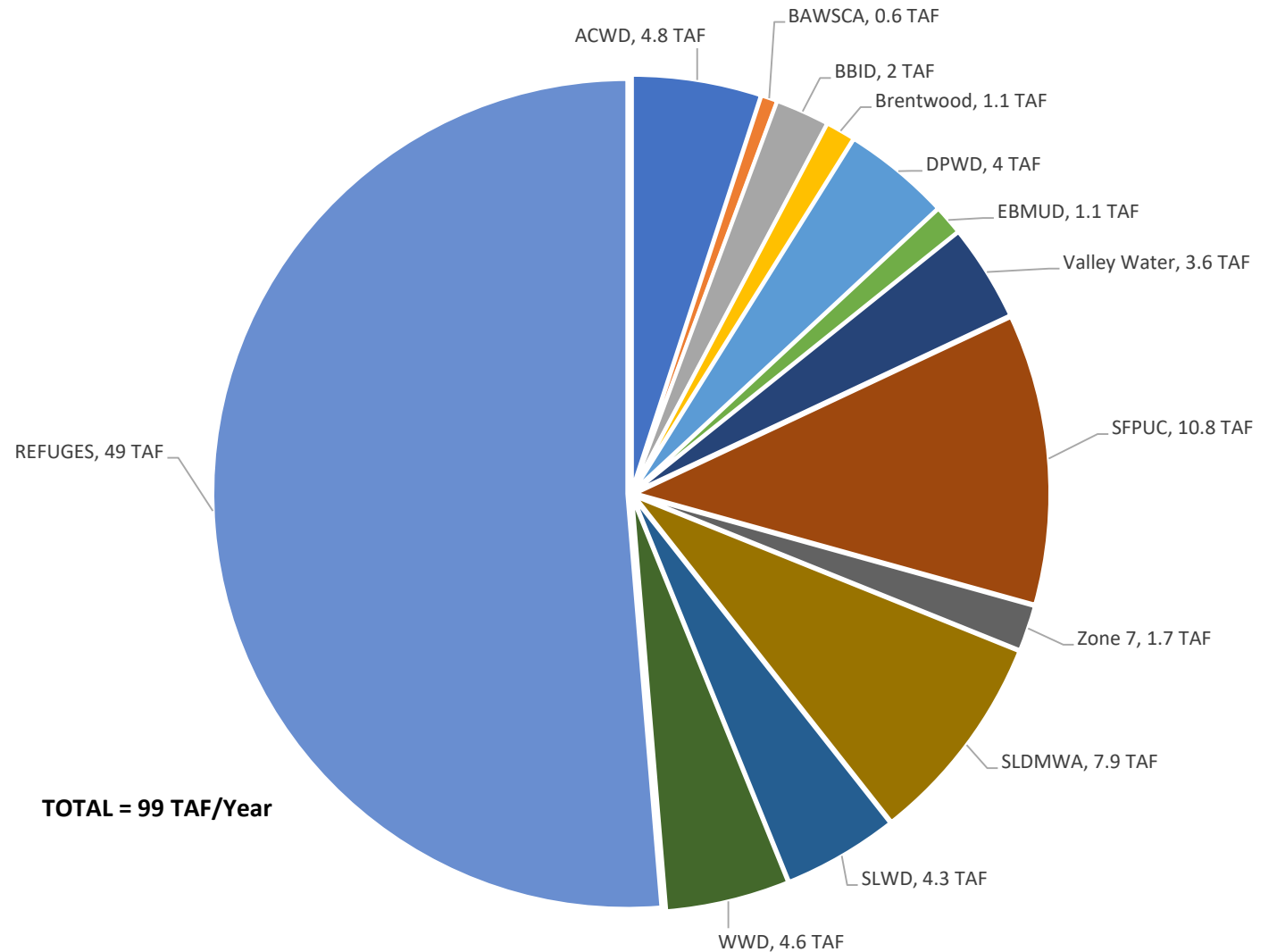
1. Alameda County Water District
2. Bay Area Water Supply & Conservation Agency
3. Byron Bethany Irrigation District
4. City of Brentwood
5. East Bay Municipal Utility District
6. Grassland Water District (Refuge)
7. Santa Clara Valley Water District
8. San Francisco Public Utilities Commission
9. Zone 7 Water Agency
10. San Luis & Delta-Mendota Water Authority
  - 10.1 Del Puerto Water District
  - 10.2 San Luis Water District
  - 10.3 Westlands Water District



# Valley Water Operations

- Store surplus water into Los Vaqueros System
  - Unused carryover
  - Delta surplus
  - Unused purified water capacity
- Storage for dry and critical dry years
  - 10,000 AFY in drought conditions
  - Average take is 3,600 AFY
- Provide surplus water to other LAPs
- Provides operational flexibility via Transfer-Bethany Pipeline (TBP)

PHASE 2 LOS VAQUEROS RESERVOIR EXPANSION PROJECT  
LONG-TERM AVERAGE ANNUAL WATER DELIVERIES TO PARTNERS



TOTAL = 99 TAF/Year

TAF = Thousand Acre-Feet

## Potential Valley Water Benefits

- An increase in water supply, primarily in dry years;
- The ability to bank State Water Project (SWP) and Central Valley Project (CVP) supplies;
- May provide alternate points of diversion during periods when SWP and CVP exports are restricted by regulatory requirements that do not apply to CCWD diversions;
- Imported water could be routed from CCWD to the California Aqueduct through a new Transfer-Bethany Pipeline (TBP); and
- TBP could support other regional projects (e.g., desalination, refinery recycled water exchange, Bay Area Regional Reliability water market).

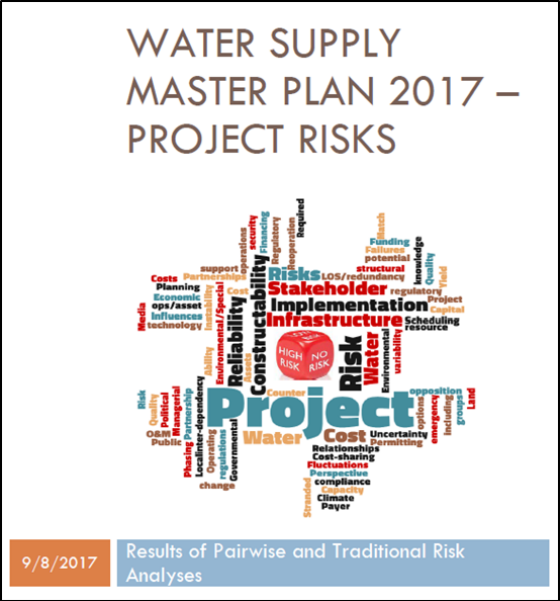
# Project Support and Risk

## Project Support

- Currently no vocal opposition
- Bipartisan support for Prop 1 funding, including 25 federal and stated elected representatives

## Risk

### 2017 Risk Ranking Report



### 2019 Revised Risk Ranking

Project	Risk Ranking Analysis	
	2017	2019
Los Vaqueros Reservoir	High	Medium

# Project Funding and Valley Water Participation

## Project Costs

- Estimated total project cost: \$980 million (2015\$ WISP Application)
- Awarded \$459 million in Prop. 1 funding
  - Early funding: \$13.65 million
- Awarded \$2.15 million in WIIN Act funding

	Scenario A (with storage & TBP*)	Scenario B (TBP* only)
Total Construction Cost <sup>§</sup> (2018\$)	\$864 million	\$359 million
Present Value Lifecycle Cost to District (2018\$)	\$131 million	\$78 million
Average Annual Yield (acre-feet/year)	3,600	3,500
Unit Cost Per Acre-Foot	\$1,200	\$700

\*Transfer Bethany Pipeline

§ January 2019 proforma version 2.0



# Project Costs Vary

Water Supply Option	Average Annual Project Yield (AFY)	PV Lifecycle Cost to the District (2018\$)	Unit Cost (per acre-foot)	Relative Risk
California Waterfix	41,000	\$630 million	\$600	High/Extreme
No Regrets Package	11,000	\$100 million	\$400	Medium
Potable Reuse	19,000	\$1.2 billion	\$2,000	Medium
Pacheco Reservoir <sup>1</sup>	6,000	\$340 million	\$2,000	Medium
South County Recharge	2,000	\$20 million	\$400	Low
Los Vaqueros Reservoir Project <sup>2</sup>	3,600	\$131 million	\$1,200	Medium
Transfer-Bethany Pipeline <sup>2</sup>	3,500	\$78 million	\$700	Medium

<sup>1</sup> Assumes Prop 1 and WIIN funding, WIFIA loan, and partner agencies pay 20% of the project

<sup>2</sup> Assumes Prop 1 Water Storage Investment Program funding.

Ultimately the amount of project yield and benefit that is usable by Valley Water depends on the portfolio of water supply projects that Valley Water ultimately implements and the outcome of ongoing regulatory processes.

# 2019 Project Agreement and Deliverables

## Project Agreement

- Project running out of funds
- Cost dependent on the number of participating Local Agency Partners (LAPs)
- Valley Water's portion ranges from \$280,000-\$355,000 out of \$3 million total cost

## Funding Deliverables

- "Bridge" funding through 2019 until formation of Joint Powers Authority (JPA)
- Continue with environmental, federal feasibility, financial evaluation, permitting, and design efforts; and
- Used as matching local funds required for WSIP and WIIN.

# Next Steps

- Winter 2018/2019 - LAPs execute multi-party cost share agreement
  - Majority of other LAPs have approved the agreement
- Spring/Summer 2019 - Third party consultant review of user fees
- Spring/Summer 2019 – Form committee to select outside counsel to form JPA
- Summer 2019 – Partners & CCWD negotiate key terms of cost and governance
- Winter 2019 – JPA Formation

# Staff Recommendations (recap)

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