



**MEMORANDUM**  
FC 14 (01-02-07)

**TO:** Board of Directors

**FRO** Agricultural Water  
Advisory Committee

**SUBJECT:** Agricultural Water Advisory Committee  
Meeting Summary for January 4, 2021

**DATE** January 12, 2021

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This memorandum summarizes agenda items from the regular meeting of the Agricultural Water Advisory Committee held on January 4, 2021.

**Attendees:**

Committee members in attendance were: Mitchell Mariani, James Provenzano, William Cilker, David Vanni, Sheila Barry, Brent Bonino, Jan Garrod, Tim Chiala, Robert Long, and Sandra Carrico.

Board members in attendance were: Director Nai Hsueh, Board Alternate, Director Richard P. Santos, and Director John L. Varela, Board Representatives.

Staff members in attendance were: Aaron Baker, Glenna Brambill, Chelsea Busick, Rick Callender, Keila Cisneros, Jerry De La Piedra, Vanessa De La Piedra, Vincent Gin, Samantha Greene, Andrew Gschwind, Karen Koppett, Devin Mody, Marta Lugo, Carmen Narayanan, Linda Nguyen, Ashley Shannon, Kirsten Struve, Darin Taylor, Elisabeth Wilkinson, Gregory Williams, and Bhavani Yerrapotu.

Guests in attendance were: Dr. Andrew Fisher (UC Santa Cruz).

Public in attendance were: Director Tony Estremera (Valley Water, District 6), Director Linda J. LeZotte (Valley Water, District 4).

**AGENDA ITEM:**

**4.1 ELECTION OF CHAIR AND VICE CHAIR**

The Agricultural Water Advisory Committee took the following action:

The Committee by roll call vote, unanimously elected Mr. David Vanni as Chair and Mr. Jan Garrod as Vice Chair.

**4.2 REVIEW AND APPROVE 2020 ANNUAL ACCOMPLISHMENTS REPORT FOR PRESENTATION TO THE BOARD (COMMITTEE CHAIR)**

Ms. Glenna Brambill gave an overview of the following.

**Summary from Meeting Agenda Memo:**

The Accomplishments Report summarizes the committee's discussions and actions to prepare Board policy alternatives and implications for Board deliberation throughout 2020. The Committee Chair, or designee, presents the Accomplishments Report to the Board at a future Board meeting.

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

**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 Agricultural Water Advisory Committee took the following action:

The Committee by roll call vote, unanimously approved the Agricultural Water Advisory Committee's 2020 Accomplishments Report. Due to COVID 19, the Committee was limited in fully engaging in 2020.

**4.3 REVIEW AND COMMENT TO THE BOARD ON THE FISCAL YEAR 2021-22  
PRELIMINARY GROUNDWATER PRODUCTION CHARGES**

Mr. Darin Taylor gave an overview of the following.

**Summary from Meeting Agenda Memo:****Summary of Groundwater Production Charge Analysis:**

Staff has prepared the preliminary FY 2021-22 groundwater production charge analysis, which includes two scenarios for Board review. Staff is seeking Board input on the preliminary analysis to incorporate into the development of the groundwater production charge recommendation.

The groundwater production charge reflects the benefit of District activities to protect and augment groundwater supplies and is applied to water extracted from the groundwater basin in Zones W-2, W-5, W-7, and W-8. Zone W-2 encompasses the Santa Clara groundwater subbasin north of Metcalf Road or the North County. Zone W-5 overlays the Llagas subbasin from northern Morgan Hill south to the Pajaro River. Zone W-7 overlays the Coyote Valley south of Metcalf Road to northern Morgan Hill, and W-8 encompasses the area below Uvas and Chesbro Reservoirs. The discussion in this memo will focus on the three South County zones given that the Agricultural groundwater charge projection is linked to the Municipal and Industrial (M&I) charges in South County.

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 26, 2021. The public hearing on groundwater production charges is scheduled to open on April 13, 2021. It is anticipated that the Board would set the FY 2021-22 groundwater production charges by May 11, 2021, that would become effective on July 1, 2021.

The FY 2021-22 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.

### **Groundwater Production Charge Projections**

Staff has prepared two preliminary groundwater production charge projection scenarios for Board review. In the South County, for FY2021-22 and depending on the scenario, increases in the M&I groundwater production charge ranges from 4.2% to 5.1% for Zone W-5; from 8.1% to 10.5% for Zone W-7; and, is projected at 5.1% for Zone W-8.

Staff has prepared the following scenarios for Board consideration:

#### **Scenario 1) Baseline:**

This scenario includes the following projects and assumptions:

- Delta Conveyance (participation at 2.73%);
- FY 2021-22 Agricultural Charge at 25% of the Zone W-8 M&I Charge; and,
- Pacheco Reservoir Expansion (assumes \$485M Proposition 1 grant, WIFIA loan for 49% of project cost and 20% Partnerships).

#### **Scenario 2) Baseline no Pacheco:**

Includes the same projects and assumptions as Scenario 1 except as follows:

- Excludes Pacheco Reservoir Expansion project; and,
- FY 2021-22 Agricultural Charge at 10% of the Zone W-8 M&I Charge

Staff can model additional scenarios for the Board as needed.

### **Open Space Credit**

The Valley Water 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, the Board put a policy in place to further limit 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 Zone W-2 and 6% of M&I charges in South County Zone W-7. The FY 2020-21 agricultural groundwater production charge is \$28.86/AF, or 6% of the Zone W-7 M&I charge of \$481.00/AF. 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, Valley Water redirects a portion of the 1% ad valorem property taxes generated in the Water Utility, General and Watershed Stream Stewardship Funds.

In April 2019, the Board directed staff to eliminate the discretionary portion of the Open Space Credit starting in FY 2021-22, after a two-year period in which a coalition of agricultural industry and other stakeholders would work to pursue an alternative revenue source to replace the discretionary portion of the Open Space Credit. As such the agricultural groundwater charge would increase to the maximum allowed by the District Act at 25% of the M&I charge for FY 2021-22, as reflected in Scenario 1. Doing so will require an update to the Board’s Pricing Policy which currently limits the agricultural groundwater production charge to 10% of the M&I Charge.

In addition, staff prepared Scenario 2, which assumes that the FY 2021-22 Agricultural Charge is set at 10% of the M&I charge in Zone W-8. Over the next 10 years, setting the agricultural charge at 10% of the Zone W-8 M&I charge instead of 25% would cost Valley Water roughly \$17.5 million in Open Space Credit funding that could otherwise be redirected to Valley Water activities like flood protection.

The Agricultural Water Advisory Committee (Mr. David Vanni, Mr. Jan Garrod, Ms. Sheila Barry, Mr. Mitchell Mariani and Mr. Tim Chiala) discussed the following: Zone W-8, M&I charges, Anderson Dam rebuild, North County scenario, rate(s) setting, underground water table, agricultural credit, savings/cost of M&I, 10%-25% cap of agricultural rates.

The Agricultural Water Advisory Committee took no action.

#### **4.4 AGRICULTURAL WATER USE BASELINE STUDY**

Ms. Ashley Shannon gave an overview of the following.

##### **Summary from Meeting Agenda Memo:**

At the April 26, 2019, Water Conservation and Demand Management Committee (WCDMC) meeting, the WCDMC discussed the need to better understand the conservation potential in the agriculture sector, including developing a baseline study of agricultural water use. Once staff developed a summary of proposed components of a Valley Water Agriculture Water Use Baseline Study (Study), staff presented the proposal at the June 18, 2019 WCDMC meeting and provided a verbal update to the Agricultural Water Advisory Committee (Committee) on July 1, 2019. Since these presentations, staff completed a competitive bidding process in which Valley Water contracted with Sherwood Design Engineers (Sherwood) to complete the Study and updated the WCDMC on September 29, 2020.

##### Background

The goal of the Study is to better understand current agricultural water use practices and identify opportunities for additional water conservation. While Sherwood will develop and complete the Study, staff will also coordinate with the local Farm Bureau and Santa Clara County staff.

Study components include:

- 1) Types of crops and associated acres of crops in the County
- 2) Types of irrigation systems used, by crop type
- 3) A survey of crop rotation and fallowing practices in the County that evaluates:
  - a. Trends by crop type
  - b. Geographical trends related to crop rotation and fallowing practices within the County (e.g., north vs. south, foothills vs. valley, position relative to a creek)
- 4) Water use by crop type and irrigation method, including comparing to crops' water budgets
- 5) Geographical trends/distribution of agricultural practices and crop types in the County (e.g., north vs. south, foothills vs. valley, position relative to a creek)
- 6) Agricultural producers' water use knowledge and mindsets regarding:
  - a. Concerns related to water supply
  - b. Water use and water conservation, including what motivates their irrigation method choices
  - c. Valley Water's water conservation programs
- 7) Factors that determine farmer crop choice
- 8) Recommendation of projects or programs to increase agricultural water use efficiency.

The contract was awarded to Sherwood in June 2020. Since then, staff has met with Sherwood to determine roles, stakeholders, and data requirements. Staff has supplied data and reports needed for Sherwood to complete the Study from internal and external stakeholders and will continue to supply more information as requested.

##### Next Steps

Sherwood and Valley Water staff will continue coordinating with the local Farm Bureau and Santa Clara County staff throughout the process to ensure we use the best approach and information for completing the Study. Once staff provides all the preliminary data to Sherwood, Sherwood will perform a preliminary analysis to help shape the questions and data needed from agricultural water users. Sherwood is developing a survey to send out to local growers and is determining the best mode of

distribution. Staff is working with Sherwood to refine a project timeline and approach given complications surrounding COVID-19 Social Distancing restrictions that could delay certain data collection efforts. Staff will update the Committee as the Study progresses.

The Agricultural Water Advisory Committee (Mr. Jan Garrod, Ms. Sheila Barry, and Ms. Sandra Carrico) discussed the following: sufficient water/rainfall, timeline for Study, consider the small farmers and having information translated, urban agriculture paying residential rates, indoor greenhouse/micro/vertical vegetables users, and existing rebates.

Director Joh L. Varela asked that the "Santa Clara Valley Agricultural Plan (2018)" be included as a reference document). Director Richard P. Santos encouraged Committee to re-visit discussion regarding retailers offering agricultural rates for the urban agricultural and small farmers.

The Agricultural Water Advisory Committee took no action.

#### **4.5 COLLABORATION WITH UC WATER ON FLOOD-MANAGED AQUIFER RECHARGE**

Ms. Samantha Greene and Dr. Andrew Fisher gave an overview of the following.

##### **Summary from Meeting Agenda Memo:**

In November 2020, Valley Water commenced a partnership with researchers from the UC Water Security and Sustainability Research Initiative (UC Water) to complete a Flood-Managed Aquifer Recharge (Flood-MAR) preliminary feasibility study in Santa Clara County. UC Water is in a unique position to support Valley Water efforts to explore Flood-MAR in Santa Clara County due to their expertise, research, and involvement on these issues as they develop at both the local and statewide level. Flood-MAR is a project within the Board-approved Water Supply Master Plan 2040 "No Regrets Package" of stormwater capture and water conservation projects.

The California Department of Water Resources generally considers Flood-MAR to be use of "...high flows from, or in anticipation of, rainfall or snowmelt, for managed aquifer recharge on agricultural lands, working landscapes, and natural managed lands." Flood-MAR is a decentralized approach to groundwater recharge that would recharge local stormwater at suitable sites in Santa Clara County. Unlike Valley Water's centralized managed aquifer recharge program, Flood-MAR sites may be located on private or public lands that would not be owned by Valley Water.

Urbanization makes the acquisition of suitably sized and located properties for managed recharge more expensive and difficult. In addition, non-traditional approaches to water capture, like Flood-MAR, are likely to improve resiliency to climate change and expected increases in storm intensity. The distributed nature of Flood-MAR, if successful, could help increase stormwater capture and recharge while minimizing floodwaters flowing to the Bay or creating nuisance flooding.

Valley Water staff worked with UC Water researchers to develop a Flood-MAR work plan that achieves mutual goals of furthering water security and sustainability. On November 27, 2020, Valley Water and UC Water completed an agreement to begin the preliminary feasibility study in January 2021. The Flood-MAR preliminary feasibility study aims to:

- 1) Evaluate options for implementing Flood-MAR projects in Santa Clara County, including assessing technical approaches, regulatory requirements, and incentive programs, and
- 2) Develop GIS-based tools to quantify Flood-MAR suitability for the Valley Water region, including allowing assessment of properties and processes that influence Flood-MAR performance.

Flood-MAR has the potential to support Valley Water's long-term water supply needs considering changing climates and potential future regulations. Collaborating with UC Water on Flood-MAR will support Valley Water's efforts to better understand the opportunities and challenges associated with

implementing a Flood-MAR program in Santa Clara County. Not all open space and agricultural lands will be suitable for recharging stormwater to the groundwater basin and not all water sources for recharge will qualify for Flood-MAR incentives. For example, incentives may focus on efforts to augment natural recharge, but would not be provided for over-irrigation. The preliminary feasibility study will help determine suitable areas and potential stormwater available to recharge the groundwater in Santa Clara County, as well as appropriate incentives. Staff will keep the Agricultural Water Advisory Committee informed as the Flood-MAR feasibility study progresses.

The Agricultural Water Advisory Committee (Mr. Jan Garrod, Ms. Sheila Barry, Mr. Tim Chiala) discussed the following: flood high flows, water events, landowners-stock ponds-regulators-permits-fees, collection of stormwater, National Resources Conservation Service (NRCS), processing wash water to utilize the re-use of agricultural water to recharge aquifer, single use water, suitability, crops and land use.

Mr. John L. Varela questioned whether the Central Coast and UC Santa Barbara are part of the study and it would be good to collaborate with them.

The Agricultural Water Advisory Committee took no action.

#### **4.6 UPDATE ON MEASURE S AND CONSIDERATION OF OPEN SPACE CREDIT**

Ms. Marta Lugo gave an overview of the following.

##### **Summary from Meeting Agenda Memo:**

In January, staff presented to the Agricultural Water Advisory Committee on exploratory efforts for a renewal of the Safe, Clean Water & Natural Flood Protection Program (Program) special parcel tax. Discussions during that meeting centered on how the renewal of the Program might offset financial pressure on the agricultural community from phasing out of the discretionary portion of Valley Water's Open Space Credit. In the months that followed, staff gathered public input on the Program's priorities from more than 21,000 community members, and garnered support for the final community-preferred Program from a broad cross section of organizations, partners and stakeholders, including the agricultural community and the Santa Clara County Farm Bureau,

Following this extensive community and stakeholder outreach, in the summer, the Board voted to place the proposed renewal of the Program on the November ballot as Measure S.

On December 1, the Santa Clara County Registrar of Voters published final election results, which showed that voters overwhelmingly approved Measure S by 75.06%, well above the 66.6% required to pass.

Consequently, the Program will continue to provide sustainable funding of \$45 million annually for local projects to provide safe, clean water, flood protection and environmental stewardship well into the future.

This renewed local funding source relieves some of the financial pressures that Valley Water faced previously, which had prompted the Valley Water Board of Directors in 2019 to seek to eventually phase out the discretionary portion of the Open Space Credit.

Given the successful passage of Measure S, and the accordant relief of some of the financial pressures on Valley Water due to this sustainable funding source, staff recommends that the Agriculture Water Advisory Committee recommend to the full Board to reconsider its position regarding the discretionary portion of the Open Space Credit, and continue to provide this important benefit to the agricultural community in Santa Clara County.

The Agricultural Water Advisory Committee (Mr. Jan Garrod) congratulated Valley Water for the passing of the Measure!

Director John L. Varela acknowledged the Santa Clara County Farm Bureau for their support and positive endorsement position via a letter to Valley Water in assisting with the passing of Measure S (through Mr. Tim Chiala as the spokesperson). The overwhelming support of the voters, Valley Water can continue to offer services that represents revenue received from the Measure!

Mr. Rick Callender, CEO, this Measure would take the pressure off the Agricultural Community. Thanked the farming community and South County for supporting the Board and with the campaign. Measure S passed with the largest percentage for a tax that passed in Santa Clara County/County-wide and shows that working collectively can make a difference.

The Agricultural Water Advisory Committee took the following action.  
The Committee by roll call vote unanimously approved Staff's recommendation to have the Board consider continuing the Open Space Credit.

## **INFORMATION ITEMS:**

### **5.1 STANDING ITEMS REPORT**

Ms. Glenna Brambill gave an overview of the following.

#### **Summary from Meeting Agenda Memo:**

The Agricultural Water Advisory Committee was established to assist the Board with policy review and development, provide comment on activities in the implementation of the District mission, and to identify Board-related issues.

On August 2020, the Board of Directors approved aligning the Board Advisory Committees' agendas and work plans with the Board's yearly work plan.

The new agenda format will allow regular reports on the Board's priorities from the Board's committees and/or Board committee representative and identify subjects where the committees could provide advice to the Board on pre-identified subjects in a timely manner to meet the Board's schedule and distribute information/reports that may be of interest to committee members.

The Agricultural Water Advisory Committee took no action.

### **5.2 UPDATE ON VALLEY WATER'S CREATION OF NEW OFFICE OF RACIAL EQUITY, DIVERSITY & INCLUSION AND BOARD ADOPTION OF A RESOLUTION ADDRESSING SYSTEMIC RACISM AND PROMOTING EQUITY**

Ms. Mara Lugo gave an overview of the following.

#### **Summary from Meeting Agenda Memo:**

In July, Chief Executive Officer Rick Callender announced the creation of a new Office of Racial Equity, Diversity, and Inclusion (REDI) under the External Affairs Division. The new office will encompass the existing Diversity and Inclusion Program, with an expanded charge to break down organizational barriers that enable systemic racism, and instead promote a culture of equity and environmental justice. This office will ensure that racial equity, diversity and inclusion practices are reflected both internally and externally to better serve all communities within Valley Water's service area.

On August 27, 2020, REDI staff presented a resolution “Addressing Systemic Racism and Promoting Equity” to the Board of Directors’ Diversity and Inclusion Ad Hoc Committee. The resolution was developed consistent with Valley Water’s core values and the principles used in accomplishing Valley Water’s mission. Specifically, the purpose and intent of the resolution is to establish Valley Water’s response to individual and systemic racism and its commitment to taking meaningful action, internally and externally, to address the impacts of acts of prejudice, abuse of power, racial bias, gender or gender identity bias, racism, and barriers to diversity, equity and inclusion. The Committee recommended the resolution go to the Board of Directors for adoption and recommended that staff present the resolution to other Board Advisory Committees.

During the September 22, 2020 Board Meeting, REDI staff presented the resolution to the Board of Directors for adoption. The Board voted to adopt the resolution and directed staff to present the resolution to all Board Advisory Committees. The resolution is included as Attachment 1.

The Agricultural Water Advisory Committee took no action.

The next regularly scheduled meeting is Monday, April 5, 2021, 1:30 p.m.

If you have any questions or concerns, you may contact me at, [gbrambill@valleywater.org](mailto:gbrambill@valleywater.org) or 1.408.630.2408.

Thank you.

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