



Santa Clara Valley Water District

File No.: 17-0110

Agenda Date: 2/28/2017

Item No.: *5.3.

BOARD AGENDA MEMORANDUM

SUBJECT:

Consultant Contract to Stantec Consulting Services, Inc. for Pacheco Reservoir Proposition 1 Application Study.

RECOMMENDATION:

- A. Discuss the outcomes of the February 23, 2017 meeting of the Pacheco Reservoir Exploratory Ad Hoc Committee with board members of San Benito County Water District and Pacheco Pass Water District; and
- B. Authorize the Interim CEO to execute a single source agreement for up to \$900,000 with Stantec Consulting Services, Inc. to prepare a Proposition 1 funding application for Pacheco Reservoir expansion.

SUMMARY:

At its January 31, 2017 meeting, the Board received information from District staff on the potential merits of a Pacheco Reservoir expansion project and the opportunity to prepare an application for grant funding under the State's Proposition 1 Water Storage Investment Program administered by the California Water Commission.

An expanded Pacheco Reservoir (proximate to the San Felipe Pipeline that conveys Central Valley Project water from San Luis Reservoir to Santa Clara and San Benito counties) could provide up to 100,000 acre-feet of dry and critical year supply and could enhance the run of South Central Coast steelhead on Pacheco Creek. Project capital costs are tentatively estimated at \$800 million. Proposition 1 provides a potential opportunity for the District, along with partners such as San Benito County Water District, to receive up to 50% funding towards project costs. However, staff estimates that a more realistic funding level would be closer to 20%, or \$160 million.

At the January 31 meeting, the Board directed as follows:

- (1) The Board's Pacheco Reservoir Exploratory Ad Hoc Committee should meet with board members of San Benito County Water District and Pacheco Pass Water District to discuss their

interests in supporting the project should the Board decide to proceed with development.

- (2) In preparation for its further consideration and potential action on preparation of a Proposition 1 application, staff should negotiate a scope of work and cost proposal with a consultant selected from a short list, among which MWH Global was identified as the most qualified. MWH Global is now part Stantec Consulting Services, Inc. (Stantec).

The Board requested that staff schedule an agenda item for its February 28, 2017 meeting to provide the outcomes of these two actions and a recommendation on what further action, if any, to take regarding the project.

In response to the Board's January 31 directives, a February 23, 2017 meeting of the Pacheco Reservoir Exploratory Ad Hoc Committee and board members of the other two districts was scheduled. Secondly, staff moved forward in negotiations with Stantec. The scope of work has been discussed with Stantec and will be provided to the Board along with a cost proposal in a supplemental agenda memorandum.

Should the Board authorize the Interim CEO to execute a single source agreement with Stantec Consulting Services, Inc. staff proposes to proceed with the Stantec contract in two phases. In the first phase, a preliminary estimate of monetary benefits will be prepared to determine whether the benefits are sufficient to create a viable Proposition 1 funding application. If the result is negative the contract will be terminated at that point. If the result is positive, benefit quantifications and other project data will be refined in the second phase, which will include development of application documents. If fatal flaws are discovered at any time the contract may be terminated for convenience.

Schedule Considerations

Should the Board wish to proceed with a Proposition 1 application, time is of the essence in execution and implementation of the consultant contract. The regulations developed by the California Water Commission (CWC) for the Proposition 1 Water Storage Investment Program stipulate a five-month application period, which CWC has not initiated yet. CWC plans to open the application period as soon as the Office of Administrative Law (OAL) approves the regulations. The deadline for OAL approval is March 7, which sets the anticipated Proposition 1 application date to be around August 7, 2017.

FINANCIAL IMPACT:

Financial information will be provided in a supplemental agenda item for the February 28, 2017 Board meeting.

CEQA:

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:

- *Supplemental Board Agenda Memo
- *Supplemental Attachment 1: Draft Scope of Services
- *Supplemental Attachment 2: Draft Principles of Agreement
- *Supplemental Attachment 3: PowerPoint

UNCLASSIFIED MANAGER:

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