



Santa Clara Valley Water District

File No.: 19-0344

Agenda Date: 5/3/2019

Item No.: 1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Los Vaqueros Reservoir Expansion Project Update.

RECOMMENDATION:

That the Santa Clara Valley Water District (Valley Water), and Contra Costa Water District (CCWD) Boards of Directors receive an update from CCWD staff, on the Phase 2 Los Vaqueros Reservoir Expansion Project.

SUMMARY:

Background

Los Vaqueros is an off-stream reservoir, located in the foothills west of the Delta in Contra Costa County. Initially constructed in 1998 with a capacity of 100,000 acre-feet (AF), it was expanded to 160,000 AF in 2012. The original reservoir and first expansion were completed on time and within budget, without opposition. The Los Vaqueros Expansion (LVE) Project would increase the reservoir to 275,000 AF and add a new pipeline, the Transfer-Bethany Pipeline, connecting CCWD's system to the California Aqueduct at Bethany Reservoir. Regardless of whether the Santa Clara Valley Water District (Valley Water) stores water in the expanded Los Vaqueros Reservoir, imported water could be moved from CCWD's intakes in the Delta to Valley Water's system without relying on the South-of-Delta pumps.

Project Participants

The LVE Project started with 14 Local Agency Partners (LAP); since then Eastern Contra Costa Irrigation District has dropped out, and some members have consolidated under the San Luis & Delta-Mendota Water Authority, including Byron Bethany Irrigation District, Del Puerto Water District, Panoche Water District, and Westlands Water District. Therefore, there are currently nine (9) LAPs not including CCWD.

The current LAP participants are:

1. Alameda County Water District
2. Bay Area Water Supply & Conservation Agency
3. City of Brentwood
4. East Bay Municipal Utility District
5. Grassland Water District

6. Santa Clara Valley Water District
7. San Francisco Public Utilities Commission
8. Zone 7 Water Agency
9. San Luis & Delta Mendota Water Authority
 - 9.1. Byron Bethany Irrigation District
 - 9.2. Del Puerto Water District
 - 9.3. Panoche Water District
 - 9.4. Westlands Water District

Total Project Cost

The total project implementation cost of the LVE Project in constant 2015 dollars is roughly \$980 million based on assumptions made in the Proposition 1 Water Storage Investment Program (WSIP) application. LVE Project costs have come down due to the elimination of project elements no longer needed (such as the East Contra Costa Irrigation District interconnection pipeline) and a more cost-efficient alignment for the Transfer-Bethany Pipeline. CCWD received the maximum eligibility award of \$459 million from the California Water Commission (CWC) as part of the WSIP funding. CWC authorized \$13.65 million in early funding for planning and design. CCWD received an eligibility award of \$2.15 million in federal funding for planning and design through the Water Infrastructure Improvement for the Nation Act (WIIN Act).

In 2016, Valley Water Board authorized the CEO to execute an agreement to participate in the LVE Project and contributed \$100,000 to support CCWD's Proposition 1 WSIP application. In 2019, the Board authorized the CEO to execute an agreement to continue its participation in the LVE Project and contributed \$315,000 to continue various planning, permitting and design efforts. Additionally, some of these funds will be used as matching local funds required by WSIP and the WIIN Act.

Project Governance

The LVE Project currently is being led by CCWD. CCWD's financial consultant will work with the LAPs to develop a JPA agreement, anticipated to be established in 2020. The LAPs are planning to hire independent counsel to represent them during JPA formation. Once the JPA is in place, responsibilities such as project financing and executing agreements will transition from CCWD to the JPA.

Potential Valley Water Benefits

The LVE Project water supply and operational benefits could be realized by diverting State Water Project (SWP), Central Valley Project (CVP), and/or surplus water without relying on the South-of-Delta pumps for direct delivery or pumped into an expanded Los Vaqueros Reservoir for later delivery. Staff anticipates the LVE Project could provide the following benefits to Valley Water:

- An increase in water supply, primarily in dry years;
- The ability to bank SWP and CVP contract supplies in an expanded Los Vaqueros Reservoir;
- The LVE Project's expanded storage and conveyances may provide alternate points of diversion for Valley Water 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; and

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- Transfer-Bethany Pipeline could support other regional projects (e.g., desalination, refinery recycled water exchange, Bay Area Regional Reliability water market).

The extent to which these benefits can be realized depends on several issues that have yet to be resolved, including the level of participation (i.e., with or without storage), permit requirements, regulatory conditions, adequate conveyance capacity in the South Bay Aqueduct, and integration of operations with the SWP and CVP projects.

Next Steps

Key near-term meetings and decision points on the LVE Project include:

- Summer 2019 - Third party consultant review of user fees
- Spring 2019 - Form committee to select outside counsel to form JPA
- Spring 2019 - GM briefing at ACWA conference
- 2019/2020 - Conduct and review various financial model scenarios
- 2020 - Formation of JPA

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

Attachment 1: Project Map

UNCLASSIFIED MANAGER:

Marguerite Patil, CCWD Special Assistant to the General Manager
Gerald De La Piedra, Valley Water Assistant Officer