



Santa Clara Valley Water District

File No.: 20-0192

Agenda Date: 2/25/2020

Item No.: *4.3.

BOARD AGENDA MEMORANDUM

SUBJECT:

Consider Water Storage Exploratory Committee's Recommendation and Associated Staff Analysis from the Committee's Meeting on January 15, 2020.

RECOMMENDATION:

- A. Receive and consider recommendation by the Water Storage Exploratory Committee to accelerate the partnerships discussion for the Pacheco Reservoir Expansion Project; and
- B. Give direction to CEO regarding acceleration of partnerships discussion for the Pacheco Reservoir Expansion Project.

SUMMARY:

At the Water Storage Exploratory Committee's meeting on Wednesday, January 15, 2020, the Committee took the following action:

Recommendation:

Voted unanimously that the Board consider the Committee's recommendation to the Board to:

- 1. Accelerate the partnerships discussion for the Pacheco Reservoir Expansion Project.

Staff Analysis:

Staff supports the Committee's recommendation to move forward with exploring Pacheco Reservoir Expansion Project partnership opportunities. Staff will inform the Board periodically on which partners are engaged in discussions on participation in the project. However, the timing of significant partnership discussions with prospective partners will depend on the progress of resolution with State and federal agencies as to the range of allowable operating rules for the reservoir. Partnership opportunities would be attractive only to the extent that reservoir operation has flexibility while still meeting Proposition 1 approved benefits. The majority of benefits to be funded by the State via the Proposition 1 grant are designated as benefits for steelhead in Pacheco Creek and for emergency water supply. The State agencies involved in the administration of public benefit are the Department of Fish and Wildlife, the Department of Water Resources and the California Water Commission. The federal agencies involved are National Marine Fisheries Service, United States Fish and Wildlife Service and the Bureau of Reclamation.

Depending on the scope of partnership opportunities based on agency determinations, staff

anticipates that the partnership-building effort may ramp up to 2,000 hours per year in staff time over the next five years. Also, the effort will likely require financial consultant assistance to develop optional partnership structures, pricing proposals, and term sheets and/or JPA draft agreement. For reference, partnership efforts for the Los Vaqueros Expansion (LVE) project will require over \$800,000 in consultant assistance over a span of approximately two years. Although Pacheco partnership efforts and costs may be less than for LVE if the number of partners is smaller, the potential timeline to finalize partnership discussions may exceed that of LVE.

FINANCIAL IMPACT:

There is no significant financial impact associated with this item at this time. As partnership negotiations proceed, a budget adjustment may be required for execution of agreements for financial consultation if insufficient funds exist within the Pacheco Reservoir Expansion Project budget. Alternatively, funds may be budgeted for future fiscal years to cover the partnership negotiations. Over a period of five years, financial consulting may cost up to \$800,000.

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:

None.

UNCLASSIFIED MANAGER:

Christopher Hakes, 408-630-3796
Garth Hall, 408-630-2750