

August 9, 2018

MEETING NOTICE

WATER STORAGE EXPLORATORY COMMITTEE

Board Members of the Water Storage Exploratory Committee

Director Gary Kremen, Committee Chair
Director Richard P. Santos
Director John L. Varela

Staff Support of the Water Storage Exploratory Committee

Norma J. Camacho, Chief Executive Officer
Nina Hawk, Chief Operating Officer, Water Utility
Rick Callender, Chief of External Affairs
Stanly Yamamoto, District Counsel
Garth Hall, Deputy Operating Officer, Water Supply Division
Katherine Oven, Deputy Operating Officer, Water Utility Capital Division
Christopher Hakes, Acting Deputy Operating Officer
Jerry De La Piedra, Water Supply Planning & Conservation Manager
Cindy Kao, Imported Water Manager, Imported Water Unit
Melih Ozbilgin, Senior Water Resources Specialist, Imported Water Unit
Medi Sinaki, Senior Engineer – Water Quality

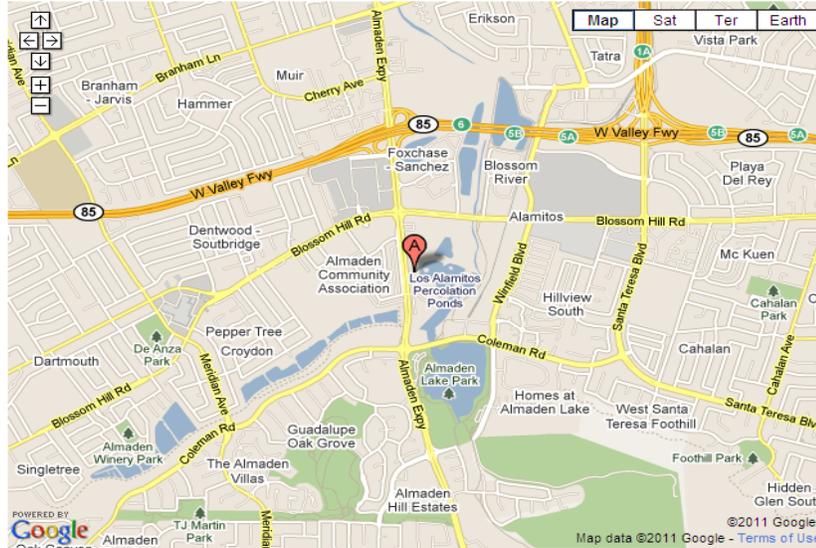
A meeting of the Santa Clara Valley Water District (SCVWD) Water Storage Exploratory Committee is to be held on **Wednesday, August 15, 2018, at 1:30 p.m.** in the Board Conference Room A124 located at the Santa Clara Valley Water District, 5700 Almaden Expressway, San Jose, California. Refreshments will be served.

Enclosed are the meeting agenda and corresponding materials. Please bring this packet with you to the meeting.

Enclosures



**Santa Clara Valley Water District - Headquarters Building,
5700 Almaden Expressway, San Jose, CA 95118**



From Oakland:

- Take 880 South to 85 South
- Take 85 South to Almaden Expressway exit
- Turn left on Almaden Plaza Way
- Turn right (south) on Almaden Expressway
- At Via Monte (third traffic light), make a U-turn
- Proceed north on Almaden Expressway approximately 1,000 feet
- Turn right (east) into the campus entrance

From Morgan Hill/Gilroy:

- Take 101 North to 85 North
- Take 85 North to Almaden Expressway exit
- Turn left on Almaden Expressway
- Cross Blossom Hill Road
- At Via Monte (third traffic light), make a U-turn
- Proceed north on Almaden Expressway approximately 1,000 feet
- Turn right (east) into the campus entrance

From Sunnyvale:

- Take Highway 87 South to 85 North
- Take Highway 85 North to Almaden Expressway exit
- Turn left on Almaden Expressway
- At Via Monte (third traffic light), make a U-turn
- Proceed north on Almaden Expressway approximately 1,000 feet
- Turn right (east) into the campus entrance

From San Francisco:

- Take 280 South to Highway 85 South
- Take Highway 85 South to Almaden Expressway exit
- Turn left on Almaden Plaza Way
- Turn right (south) on Almaden Expressway
- At Via Monte (third traffic light), make a U-turn
- Proceed north on Almaden Expressway approximately 1,000 feet
- Turn right (east) into the campus entrance

From Downtown San Jose:

- Take Highway 87 - Guadalupe Expressway South
- Exit on Santa Teresa Blvd.
- Turn right on Blossom Hill Road
- Turn left at Almaden Expressway
- At Via Monte (first traffic light), make a U-turn
- Proceed north on Almaden Expressway approximately 1,000 feet
- Turn right (east) into the campus entrance

From Walnut Creek, Concord and East Bay areas:

- Take 680 South to 280 North
- Exit Highway 87-Guadalupe Expressway South
- Exit on Santa Teresa Blvd.
- Turn right on Blossom Hill Road
- Turn left at Almaden Expressway
- At Via Monte (third traffic light), make a U-turn
- Proceed north on Almaden Expressway approximately 1,000 feet
- Turn right (east) into the campus entrance



Santa Clara Valley Water District Water Storage Exploratory Committee Meeting

Board Conference Room A-124
5700 Almaden Expressway
San Jose CA 95118

AGENDA

Wednesday, August 15, 2018
1:30 PM

District Mission: Provide Silicon Valley safe, clean water for a healthy life, environment and economy.

**WATER STORAGE EXPLORATORY
COMMITTEE**

Gary Kremen - District 7, Committee
Chair
Richard P. Santos - District 3
John L. Varela, - District 1

All public records relating to an item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the Office of the Clerk of the Board at the Santa Clara Valley Water District Headquarters Building, 5700 Almaden Expressway, San Jose, CA 95118, at the same time that the public records are distributed or made available to the legislative body. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to attend Board of Directors' meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 265-2600.

Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown Act.

Santa Clara Valley Water District Water Storage Exploratory Committee

AGENDA

Wednesday, August 15, 2018

1:30 PM

Board Conference Room A-124

1. CALL TO ORDER:

1.1. Roll Call.

2. Time Open for Public Comment on any Item not on the Agenda.

Notice to the public: This item is reserved for persons desiring to address the Committee on any matter not on this agenda. Members of the public who wish to address the Committee on any item not listed on the agenda should complete a Speaker Form and present it to the Committee Clerk. The Committee Chair will call individuals in turn. Speakers comments should be limited to two minutes or as set by the Chair. The law does not permit Committee action on, or extended discussion of, any item not on the agenda except under special circumstances. If Committee action is requested, the matter may be placed on a future agenda. All comments that require a response will be referred to staff for a reply in writing. The Committee may take action on any item of business appearing on the posted agenda.

3. APPROVAL OF MINUTES:

3.1 Approval of Minutes.

[18-0627](#)

Recommendation: Approve the May 17, 2018, Meeting Minutes.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 051718 Wtr Stor Expl Comm DRAFT Mins](#)

4. ACTION ITEMS:

4.1. Pacheco Reservoir Expansion Project Status

[18-0623](#)

Recommendation: Review, discuss, and provide input regarding the status of the Pacheco Reservoir Expansion Project

Manager: Christopher Hakes, 408-630-3796

Attachments: [Attachment 1: CWC Water Storage Investment Program \(WISP\) L](#)
[Attachment 2: Request Designation State-Led Storage Project](#)

- 4.2. Update on Proposed Sites Reservoir Project [18-0624](#)
Recommendation: Receive and discuss information on the Sites Reservoir Project. This is an information-only item and no action is required.
Manager: Garth Hall, 408-630-2750
Attachments: [Attachment 1: PowerPoint Presentation](#)
- 4.3. Update on Los Vaqueros Reservoir Expansion Project, in Preparation of Future Decisions regarding Project Funding and Participation Levels. [18-0625](#)
Recommendation: This is an information only item and no action is required.
Manager: Garth Hall, 408-630-2750
Attachments: [Attachment 1: PowerPoint](#)
[Attachment 2: Fact Sheet](#)
- 4.4. Investigation of Statewide Groundwater Storage and Banking Opportunities [18-0626](#)
Recommendation: Receive and discuss information on staff investigation of groundwater storage and banking opportunities.
Manager: Garth Hall, 408-630-2750
Attachments: [Attachment 1: Diagram](#)
- 4.5. Pacheco Project Resource Implementation Plan (information only). [18-0668](#)
Recommendation: Receive and discuss information on the Pacheco Project Resource Implementation Plan.
Manager: Nina Hawk, 408-630-2736
Attachments: [Attachment 1: Draft Organization Chart](#)
- 4.6. Review Water Storage Exploratory Committee Work Plan and the Committee's Next Meeting Agenda. [18-0667](#)
Recommendation: Review the Committee's Work Plan to guide the Committee's discussions regarding policy alternatives and implications for Board deliberation.
Manager: Michele King, 408-630-2711
Attachments: [Attachment 1: Water Storage Exploratory Work Plan](#)
Est. Staff Time: 5 Minutes
5. Clerk Review and Clarification of Committee Requests.
This is an opportunity for the Clerk to review and obtain clarification on any formally moved, seconded, and approved requests and recommendations made by the Committee during the meeting.

6. ADJOURN:

6.1. Adjourn

File No.: 18-0627

Agenda Date: 8/15/2018

Item No.: 3.1

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Approval of Minutes.

RECOMMENDATION:

Approve the May 17, 2018, Meeting Minutes.

SUMMARY:

A summary of Committee discussions, and details of all actions taken by the Committee, during all open and public Committee meetings, is transcribed and submitted for review and approval.

Upon Committee approval, minutes transcripts are finalized and entered into the District's historical records archives and serve as historical records of the Committee's meetings.

ATTACHMENTS:

Attachment 1: 051718 Water Storage Draft Minutes

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

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JOINT MEETING SANTA CLARA VALLEY WATER DISTRICT (SCVWD)
WATER STORAGE EXPLORATORY COMMITTEE
SAN BENITO COUNTY WATER DISTRICT (SBCWD)
PACHECO PASS WATER DISTRICT (PPWD)

DRAFT MINUTES

**THURSDAY, MAY 17, 2018
2:00 PM**

(Paragraph numbers coincide with agenda item numbers)

A joint meeting of the Water Storage Exploratory Committee (Committee) was held on May 17, 2018, in the Conference Room at the Casa de Fruta, 10031 Pacheco Pass Highway, Hollister, California.

1. CALL TO ORDER/ROLL CALL

A joint meeting of the Santa Clara Valley Water District Water Storage Exploratory Committee was called to order by Chair Gary Kremen at 2:06 p.m. on May 17, 2018.

SCVWD Board Members in attendance were: Director Gary Kremen-District 7, Director Richard P. Santos-District 3, and Director John L. Varela-District 1.

SCVWD Staff members in attendance were: Glenna Brambill, Garth Hall, Tracy Hemmeter, Cindy Kao, Eric Leitterman, Katherine Oven and Cheryl Togami.

Mr. Jeff Micko, Contractor.

SBCWD Board Members in attendance were: Director Sonny Flores and Director John Tobias.

SBCWD Staff members in attendance were: Jeff Cattaneo, Garrett Haertel, Barbara Mauro and Sara Singleton.

PPWD Board Members in attendance were: Director Stephen Lindsay and Director Frank O'Connell.

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON AGENDA

There was no one present who wished to speak.

3. **INTRODUCTIONS**

SCVWD, SBCWD and PPWD and other attendees introduced themselves.

4. **APPROVAL OF MINUTES**

4.1 APPROVAL OF MINUTES (APPROVAL BY THE SCVWD PACHECO RESERVOIR EXPLORATORY AD HOC COMMITTEE) – SEPTEMBER 14, 2017, MEETING

It was moved by Director John L. Varela, seconded by Director Sonny Flores, and carried by majority vote to approve the minutes of the September 14, 2017, SCVWD Pacheco Reservoir Exploratory Ad Hoc Committee meeting, as presented. Director Richard P. Santos abstained.

5. **ACTION ITEMS**

5.1 REVIEW OF THE WATER SUPPLY BENEFITS AND COSTS OF THE ANDERSON RESERVOIR SEISMIC RETROFIT PROJECT

Ms. Katherine Oven reviewed the materials as outlined in the agenda item. A corrected copy of pages 7 and 8 was handed out.

Mr. Garth Hall advised the Committee the role of Mr. Jeff Micko as the contractor and subject matter expert.

No action taken.

5.2 UPDATE ON THE PROPOSED PACHECO RESERVOIR EXPANSION PROJECT

a. UPDATE ON THE CALIFORNIA WATER COMMISSION REVIEW PROCESS

Mr. Garth Hall reviewed the materials as outlined in the agenda item.

Committee Members, Directors Santos, Kremen, Varela and Tobias asked about the funding process and parameters in getting sufficient funding for this project.

Ms. Tracy Hemmeter and Mr. Jeff Cattaneo were available to answer questions.

No action taken.

b. UPDATE ON COMMUNICATION WITH AGENCIES, STAKEHOLDERS AND INTERESTED PARTIES

Ms. Cheryl Togami reviewed the materials as outlined in the agenda item.

Committee Members, Directors Kremen, Santos and Varela suggested broadening agencies and politicians to contact and include for letters of support.

Mr. Jeff Cattaneo was available to answer questions.

No action taken.

Chair moved to agenda item 5.2d

d. UPDATE ON PROCUREMENT FOR ENGINEERING DESIGN AND ENVIRONMENTAL DOCUMENTATION, AS WELL AS PROJECT MANAGEMENT

Ms. Katherine Oven reviewed the materials as outlined in the agenda item.

Committee Members, Directors Kremen and Varela asked about impacts if the engineering documents are not completed on time. Also, if there are any road blocks anticipated to ensure those are incorporated in the time line.

Mr. Garth Hall and Mr. Jeff Cattaneo were available to answer questions.

No action taken.

Chair moved to agenda item 5.2c

c. CONSIDERATION OF PROPOSED TERM SHEET WITH THE DISTRICT, SAN BENITO COUNTY WATER DISTRICT AND THE PACHECO PASS WATER DISTRICT

Mr. Garth Hall reviewed the materials as outlined in the agenda item. The Draft MOU on Pacheco Reservoir Expansion was handed out.

Committee Members, Directors Lindsay, Santos, Varela, Tobias and Flores asked about acre footage, shared costs, concerns about the indigenous people, purchase of real property options of the agreement, a potential JPA and would there be additional partners.

Ms. Cindy Kao, Ms. Tracy Hemmeter and Mr. Jeff Cattaneo were available to answer questions.

The Committee discussed proceeding as soon as possible with the following suggestions; working independently without partners, each agency working separately. However, each agencies' Board of Directors would need to meet to discuss. PPWD meets on May 24, 2018, SBCWD meets on June 6, 2018, as a workshop and then the outcomes would be presented by SCVWD staff to their Board on June 26, 2018.

No action taken.

5.3 UPDATE ON THE PROPOSED SITES RESERVOIR PROJECT

Ms. Cindy Kao and Mr. Garth Hall reviewed the materials as outlined in the agenda item.

No action taken.

5.4 UPDATE ON THE LOS VAQUEROS EXPANSION PROJECT

Ms. Tracy Hemmeter reviewed the materials as outlined in the agenda item.

No action taken.

5.5 REVIEW OF OTHER POTENTIAL STORAGE PROJECTS INCLUDING TEMPERANCE FLAT PROPOSITION 1 APPLICATION

Ms. Cindy Kao was available to review the materials as outlined in the agenda item, however, due to time constraints the Chair tabled this agenda item.

No action taken.

5.6. REVIEW OF 2018 WATER STORAGE EXPLORATORY COMMITTEE WORK PLAN AND THE COMMITTEE'S NEXT MEETING AGENDA

Ms. Glenna Brambill reviewed the materials as outlined in the agenda item.

The next meeting was tentatively scheduled for July 12, 2018.

No action taken.

6. CLERK REVIEW AND CLARIFICATION OF COMMITTEE ACTIONS

Ms. Glenna Brambill noted there were no action items for Board consideration.

7. ADJOURNMENT

Chair Director Gary Kremen adjourned the meeting at 4:06 p.m.

Glenna Brambill
Board Committee Liaison
Office of the Clerk of the Board

Approved:

File No.: 18-0623

Agenda Date: 8/15/2018

Item No.: 4.1.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Pacheco Reservoir Expansion Project Status

RECOMMENDATION:

Review, discuss, and provide input regarding the status of the Pacheco Reservoir Expansion Project

SUMMARY:

The Santa Clara Valley Water District (District) continues to explore the possibility of developing a proposed 140,000 acre-foot surface reservoir project, the proposed Expanded Pacheco Reservoir Project (Project), on the North Fork Pacheco Creek in south-east Santa Clara County. The Project Partners in this exploration are the District, San Benito County Water District (SBCWD) and Pacheco Pass Water District (PPWD), of which the latter owns and operates an existing 6,000 acre-foot reservoir on the same creek.

FUNDING:

On March 14, 2017, the District executed the Principles of Agreement document with SBCWD and PPWD, which committed the parties to coordinate and support the District's preparation and submittal of an application for California Proposition 1 Water Storage Investment Program (WSIP) funding for the Project. This application was submitted by the District to the California Water Commission (CWC) on August 14, 2017, and requested funding for public benefits amounting to \$484.5 million, fifty percent of the estimated cost to implement the Project.

The CWC conditionally approved the District's full funding request of \$484.55 million on July 24, 2018, which included an Early Funding award of \$24.2 million. The Early Funding award was authorized by the CWC to reimburse the District for funds expended in the completion of the Environmental Documentation and Permitting for the Project (Attachment 1). Staff is currently in discussions with the CWC regarding the structure and requirements of the Agreement that must be executed to receive the Early Funding award. In addition, for the District to remain eligible to receive the full amount of WSIP funds that have been conditionally awarded (beyond the Early Funding award), a draft CEQA Environmental Impact Report must be issued for public review by December 2021.

The District is also pursuing additional project funding through the Federal Water Infrastructure Improvements for the Nation (WIIN) Act. Should the Project qualify, the WIIN Act has the potential to

fund up to 25 percent of the total project costs that are not covered by state investment through WSIP. The first step in the process to apply for WIIN Act funding is for the Governor of California to designate the Project as a “State-Led-Storage Project.” To this end, Chair Santos sent a letter (Attachment 2) to Governor Brown on July 2, 2018, officially requesting that the Project receive the required designation. Staff is following up with the Governor’s office on that request, and will keep the Committee apprised of progress on it.

CONSULTANT AGREEMENTS:

The District has issued requests for proposals and received proposals for (i) a planning, design, and environmental consulting (PDEC) firm to prepare the project design plans and the CEQA documents; and (ii) a consulting firm to provide program management and ancillary services. Staff is negotiating agreements with the selected firms and expects to bring the negotiated agreements to the Board for approval in fall 2018.

REAL ESTATE:

It is estimated that expansion of the existing Pacheco Reservoir will result in inundation of between 2,500 and 2,800 acres of land, belonging to seven unique property owners. As a result, in May 2018 staff began outreach to the property owners in an attempt to acquire the necessary rights to conduct site reconnaissance, geotechnical explorations, and preliminary environmental field investigations throughout the project site. To expedite this process, staff contracted with an external consultant in July 2018. To date, agreements have been reached with three of the seven property owners, which includes execution of an Option Agreement with the PPWD as authorized by the Board of Directors on June 26, 2018. This Option Agreement was officially executed by the CEO on August 2, 2018.

PUBLIC OUTREACH:

Since last summer, the District has engaged in substantial outreach efforts both to garner support for the proposed project and the Proposition 1 grant application, and to educate, engage with, and advocate for the project with elected officials and key advocacy stakeholders. This outreach has included securing almost 60 letters of support, presenting the proposed project to elected officials and groups including tribal representatives and environmental organizations, among others, and providing tours of the proposed project site.

In addition, the District has highlighted the benefits of the proposed Pacheco Reservoir Expansion Project through its website on a dedicated project webpage (<https://www.valleywater.org/project-updates/dam-reservoir-projects/pacheco-reservoir-expansion-project-proposed>). Along with a descriptive narrative and concise infographics about the details of the project, it includes a brief video explaining the purpose of the project and why it is considered a modern solution to the valley’s water reliability challenges. The website has a call to action for those wishing to sign up to become a project supporter. The proposed Pacheco Reservoir Expansion Project webpage is routinely updated with information that highlights the latest project news

regarding its funding progress and updated videos. The District website also directs community members to press releases and statements the District Board has made regarding the proposed Pacheco Reservoir Expansion Project. The news about the project has been positive and District staff continues to promote it with social media postings, blogs and other informational efforts, that focus on generating more public awareness.

Public outreach on the project will continue as the project moves forward. Staff is exploring the potential for future site tours for the public, including a virtual tour option, which will be necessary during the wet season when inclement weather makes touring onsite infeasible.

ATTACHMENTS:

Attachment 1: CWC Water Storage Investment Program (WISP) Letter

Attachment 2: Request for Designation as "State-Led-Storage Project"

UNCLASSIFIED MANAGER:

Christopher Hakes, 408-630-3796

CALIFORNIA WATER COMMISSION

901 P STREET, P.O. BOX 942836
SACRAMENTO, CA 94236-0001
(916) 651-7501



Armando Quintero
Chair

July 27, 2018

Carol Baker
Vice-Chair

Melih Ozbilgin, Senior Water Resources Specialist
Pacheco Reservoir Expansion Project

Andrew Ball
Member

mozbilgin@valleywater.org

Joseph Byrne
Member

Re: Water Storage Investment Program Maximum Conditional Eligibility
Determination – Pacheco Reservoir Expansion

Daniel Curtin
Member

Dear Mr. Ozbilgin:

Joe Del Bosque
Member

Maria Herrera
Member

As you know, the California Water Commission (Commission) has formally signaled its intent to invest up to \$484,550,000 in Proposition 1 Water Storage Investment Program (WSIP) funds in Santa Clara Valley Water District's Pacheco Reservoir Expansion Project, which includes an Early Funding award of \$24,200,000. The Commission voted on July 24, 2018, to conditionally commit the funding subject to completion of all remaining requirements outlined in regulations sections 6013(c) and 6013(f). Several of those requirements must be completed by January 1, 2022. Variances to the January 1, 2022 date are allowable under Water Code section 79757(b).

Catherine Keig
Member

Quarterly status reports will be used to keep the Commission informed on your project's progress toward the final award hearing and subsequent funding agreement. Staff will regularly update the Commission on the progress of all projects within the program, and applicants may be invited periodically to provide updates to Commission. Enclosure 1 at the end of this letter specifies the reporting due dates and guidance on report contents.

In addition to meeting the requirements outlined in the above-referenced enclosure, since your agency was authorized Completion of Environmental Documentation and Permitting funding (regulations section 6013(e), i.e. "Early Funding"), the following items must also be provided to the Commission:

- A revised project scope of work, budget, and schedule that will be incorporated into the funding agreement. The scope of work should be consistent with the Commission July 24, 2018, decision regarding Early Funding for this project. The scope of work, budget, and schedule must be consistent and at a level of detail that clearly conveys the major work tasks and sub-tasks. Staff will work with you to detail the format, level of detail, and timing for submittal of these items.
- Audited financial statements for the two most recent fiscal years.

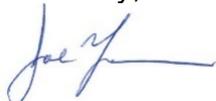
These items should be submitted as soon as possible to ensure the timely execution of an Early Funding agreement.

Commission staff look forward to our meeting which is currently scheduled for

August 1 at 1:00 p.m. At that meeting, we will discuss your project's status and schedule for completing the materials and the next steps in the WSIP process. We will also discuss any questions or concerns that you may have on the needed scope of work and Early Funding agreement template which can be found at the following link: <https://cwc.ca.gov/Documents/2017/WSIP/EarlyFundingTemplate.pdf>.

If you have any questions or concerns regarding this matter, please contact Amy Young, who will be your point of contact for this project, at (916) 651-9256 or amy.young@water.ca.gov.

Sincerely,



Joseph Yun, Executive Officer
California Water Commission

Enclosure

Cc: Karla Nemeth, Director, Department of Water Resources

Eileen Sobeck, Executive Director, State Water Resources Control Board

Chuck Bonham, Director, California Department of Fish and Wildlife

Chad Dibble, Deputy Director, Ecosystem and Conservation Division,
California Department of Fish and Wildlife

Enclosure 1: Reporting Requirements

This enclosure establishes a quarterly reporting schedule for submittal of Progress Reports that are to be submitted to the Commission from now until execution of a WSIP funding agreement, pursuant to regulations section 6013(d). The Quarterly Progress Reports document the progress the applicant is making toward complying with the items contained in regulations section 6013, including any changes in the magnitude of public benefits that could affect costs allocations.

Progress Reporting Schedule for Regulations Section 6013(c) Items

Reports shall be submitted on a quarterly basis. The reports will be due 30 days after the end of a quarter for the prior quarter, as follows:

- The Initial Report shall be due no later than October 30, 2018. This report shall provide an update on the project status since submittal of the application in August 2017 through September 30, 2018
- Quarterly Reports after the Initial Report will be submitted as follows:
 - October 1 through December 31 – Due on January 30
 - January 1 through March 31 – Due on April 30
 - April 1 through June 30 – Due on July 30
 - July 1 through September 30 – Due on October 30

Submit a PDF version of each Quarterly Report to the Commission at CWC@water.ca.gov. Please note, the Commission will post these reports within one week of receipt, consistent with regulations section 6013(d).

Initial Report

Provide a project schedule that outlines the estimated completion dates for the milestones as listed in Table 1.

Provide a summary level update of the project status for the requirements and milestones as explained in Table 2. Note any milestones or accomplishments that occurred since submittal of the application.

Submit a completed Financial Management Systems Questionnaire. As discussed below in Table 2, regulations section 6013(a) requires applicants to provide audited financial statements prior to execution of a funding agreement. As a precursor to that future submittal, submit a completed Financial Management Systems Questionnaire. An electronic version of the questionnaire is posted on the Commission website on the [program summary page](#). Because of the nature of the information contained in this questionnaire, the Commission will not post this document on its website. Therefore, please submit the questionnaire as a separate PDF file; not contained within the Initial Report.

Quarterly Reports

Provide a summary level update of the project status for the requirements and milestones as explained in Table 2. Table 2 can be used as the format for the Quarterly Report. A fillable form will be issued for applicant use. This format may be modified as necessary to effectively communicate information. If minimal activities occurred during a reporting period, the report format can be condensed. The Quarterly Report must note any issues or concerns that have, will, or could affect milestones or requirements. Identify key issues including legal issues such as lawsuits or injunctions related to the project that need to be resolved. Discuss how the actual schedule is progressing in comparison to the schedule provided in the Initial Report or the last reported schedule. Update the project schedule as needed. Note any milestones or accomplishments that occurred since submittal of the prior Quarterly Report.

Table 1. Project Schedule

Funding Agreement Milestone	Start Date	Finish Date	% Complete
Non-Public Benefit Cost Share Contracts <ul style="list-style-type: none"> List the estimated date for submittal of all executed non-public benefit cost share contracts (regulations section 6013(c)(1)) If your project will not complete 100% of the contracts for non-public benefit cost share prior to January 1, 2022, also list estimated date for submittal of funding commitments from not less than 75 percent of the non-WSIP cost share for the project 			
Contracts for Administration of Public Benefit <ul style="list-style-type: none"> List the estimated date(s) for submittal of executed contracts for administration of public benefit with each relevant state agency: <ul style="list-style-type: none"> Department of Fish and Wildlife State Water Board Department of Water Resources 			
Completed Feasibility Study <ul style="list-style-type: none"> List the estimated date for submittal of the Draft Final Completed Feasibility Study List the estimated date for submittal of the Final Completed Feasibility Study 			
Environmental Documentation <ul style="list-style-type: none"> List the estimated date for submittal of the Public Review Draft CEQA document. List the estimated date for submittal of the Final CEQA document List the estimated date(s) for any National Environmental Policy Act (NEPA) documents 			
Federal, State, Local Approvals <ul style="list-style-type: none"> List the estimated date for issuance of all necessary approvals 			
Funding Agreement Components <ul style="list-style-type: none"> List the estimated date for submittal of a draft workplan, schedule, and budget that will be used by the Commission to develop the WSIP funding agreement 			
Project Planning (Design)			
Construction			
Begin Operation			

Table 2: Quarterly Reporting Items

The following information is needed to execute a funding agreement with the Commission. We recommend that applicants submit documents to the Commission as they are completed. Items have been grouped according to their applicability to the final hearing or funding agreement. The instructions column includes requested timing of document delivery or specific due dates as applicable. Additional text sections may be added as needed.

The following items are needed to schedule a Commission Hearing for Final Awards (regulations section 6013(c))			
Description	Instructions	Estimated Completion Date	Percent Complete %
Contracts for non-public cost share	<ul style="list-style-type: none"> Executed contracts that demonstrate that 100 percent of the non-public benefit cost share to construct the project will be paid If executed contracts for 100% of the non-public benefit cost share cannot be submitted before January 1, 2022, the applicant, according to regulations section 6013(f)(2), must submit commitments of at least 75% of the non-public benefit cost share. CWC staff will work with applicants to coordinate delivery to the Department of Water Resources Director per the regulations. 		
Contracts for administration of public benefits	<ul style="list-style-type: none"> Agencies administering public benefits include California Fish and Wildlife, State Water Board, and Department of Water Resources 		

The following items are needed to schedule a Commission Hearing for Final Awards (regulations section 6013(c))			
Description	Instructions	Estimated Completion Date	Percent Complete %
Completed feasibility studies	<ul style="list-style-type: none"> Staff strongly encourages all applicants to submit the draft final version of the completed feasibility study for Commission staff review to ensure that any WSIP-related technical or eligibility concerns are addressed in the final version of the feasibility studies. A completed feasibility study is required by January 1, 2022 (Water Code section 79757 and regulations section 6013(f)). It is strongly encouraged that the completed feasibility study be submitted prior to that deadline, to accommodate scheduling the necessary Commission meeting regarding a feasibility determination prior to January 1, 2022. Section 3.5 of the Technical Reference can be used as guidance for developing the completed feasibility study. The completed feasibility study must thoroughly evaluate the projects feasibility, including, but not limited to, cost effectiveness and technical feasibility. 		
Final environmental documentation	<ul style="list-style-type: none"> Under California Environmental Quality Act (CEQA), the Commission is a Responsible Agency for this project. The Commission will engage with the applicant during the CEQA environmental review process to address issues and concerns regarding potential project impacts and the effects of required mitigation on public benefits. Therefore, in addition the required submittal of the final environmental documentation, staff strongly encourages all applicants to coordinate with the Commission by submitting draft CEQA documents. Submit all NEPA documents 		
All required federal, state, and local approvals, certifications, and agreements	Quarterly Reports should contain specific permit status.		
Funding Agreement			
The following documents are needed to execute a funding agreement for the project (regulations section 6013(a)(1)(G))			
Applicant's audited financial statements	Submit audited financial statements for the two most recent fiscal years to the Commission no earlier than six months prior to the estimated Commission hearing date, regulations section 6013(a).		
Final project costs, schedule, and scope of work	<p>The final project costs, schedule, and scope of work will be incorporated into the WSIP funding agreement. Staff will work with you to detail the format, level of detail, and timing for submittal of these items.</p> <ul style="list-style-type: none"> The final project costs will be used, in part, to develop the funding agreement budget which in turn governs aspects of cost reimbursement. The schedule should cover the period from the estimated time that the applicant is ready to enter into an agreement with the Commission through completion of all actions that will be included in the WSIP funding agreement (i.e., Project Construction and, if relevant, Project Start Up). The Scope of Work should be consistent with the final project costs and schedule and at a level of detail that clear conveys the major work tasks and sub-tasks. 		
Evidence of bilateral communications	Please provide documentation or a narrative description of efforts taken by the applicant to ensure bilateral communication with any owners and operators of potentially impacted facilities regarding the potential impacts of the proposed project to their facilities.		
Limited waiver of sovereign immunity (see regulations section 6013(f)(8))	<p>Provide documentation or a narrative description of whether the project will or will not be situated on tribal lands and the basis for such conclusions. The applicant may provide a map(s) that detail the following information:</p> <ul style="list-style-type: none"> The project area (i.e. the lands that will be used for construction and operation of the proposed project) The current landownership categorized as follows: <ul style="list-style-type: none"> Private Public Tribal 		

The following items are needed to schedule a Commission Hearing for Final Awards (regulations section 6013(c))			
Description	Instructions	Estimated Completion Date	Percent Complete %
Status Update			
The status of the following items is needed to execute a funding agreement (regulations section 6013(a)(1)(C))			
Labor Compliance	Funding Recipients are bound by all the provisions of the Labor Code regarding prevailing wages and shall monitor all contracts subject to reimbursement by WSIP to assure that the prevailing wage provisions of the Labor Code are being met. Current Department of Industrial Relations (DIR) requirements may be found at: https://www.dir.ca.gov/lcp.asp . For more information, please refer to DIR's <i>Public Works Manual</i> at: https://www.dir.ca.gov/dlse/PWManualCombined.pdf .		
Urban Water Management Plans	<ul style="list-style-type: none"> Compliance with the 2015 Urban Water Management Plan (UWMP) obligations was evaluated through the WSIP application process. On-going compliance, include meeting any 2020 UWMP update requirements, will be a continuing eligibility obligation. Timely submittal, and DWR review and acceptance, of your 2020 UWMP. If the WSIP funding agreement is anticipated to be executed before the 2020 UWMP, this will become a continuing eligibility obligation. If the WSIP funding agreement is executed after that due date, then this will be an execution requirement. 		
Agricultural Water Management Plans	Compliance with the 2015 Agricultural Water Management Plan (AWMP) obligations was evaluated through the WSIP application process. Your agency currently does not meet the definition of an Agricultural Water Supplier that would be required to submit an AWMP (Water Code sections 10800 <i>et seq.</i> and 10608). However, if your agency subsequently meets that definition, then meeting the AWMP obligations will become an execution requirement and continuing eligibility obligation.		
Groundwater Management or Groundwater Sustainability Plans	Use the required Initial Quarterly Report to bring the Commission up to date on the status of efforts to meet the relevant Groundwater Management or Groundwater Sustainability Plan requirements. Use subsequent Quarterly Reports to provide the on-going status of these efforts.		
Potential effect of other conditionally eligible projects on the applicant's public benefits	For each of the other projects that received an MCED by the Commission, describe the potential effects that each project may have on your agency's project or explain how there will not be any potential effects.		

BOARD OF DIRECTORS

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Norma J. Camacho

CLERK OF THE BOARD

Michele L. King, CMC

July 25, 2018

The Honorable Edmund G. Brown Jr.
Governor of California
State Capitol, Room 1173
Sacramento, CA 95814

Subject: Request to Designate the Santa Clara Valley Water District's Pacheco Reservoir Expansion Project as a "State-Led Storage Project" Pursuant to the Federal Water Infrastructure Improvements for the Nation Act (WIIN Act)

Dear Governor Brown:

Thank you for the June 25, 2018, meeting with a delegation of my colleagues serving on the Santa Clara Valley Water District (District) Board. Your time was very much appreciated. I am writing you on behalf of the District to request that you designate the Pacheco Reservoir Expansion Project (Pacheco Project) as a "State-Led Storage Project" as provided for in Public Law 114-322, the federal Water Infrastructure Improvements for the Nation Act of 2016 (WIIN Act), which allows the Secretary of the Interior to participate in the project, and makes it eligible for federal funding for up to 25 percent of the total project costs.

The WIIN Act defines a "State-Led Storage Project" in Section 4007 (a)(2)(A) as, any project in a Reclamation State that, "involves a groundwater or surface water storage facility constructed, operated, and maintained by any State, department of a State, subdivision of a State, or public agency organized pursuant to State law; and (B) provides a benefit in meeting any obligation under Federal Law (including regulations)." The mechanism to secure the designation of a State-Led Storage Project is through your request as Governor, per Section 4007 (c)(2)(A).

Projects in California that currently qualify for WIIN Act Storage Project funding include the Shasta Dam Enlargement Project, the Los Vaqueros Reservoir Expansion Project, Temperance Flat Reservoir Project, and the Sites Project. [WIIN Act Section 4007 (g) "water storage projects identified under section 103(d)(1) of the Water Supply, Reliability, and Environmental Improvement Act (Public Law 108-361; 118 Stat. 1688)].

To qualify for federal funding, Section 4007 (f) of the WIIN Act requires that the State-Led Storage Projects secure a determination by the California Water Commission that the project is consistent with Proposition 1, the California Water Quality, Supply, and Infrastructure Improvement Act of 2014. As you may be aware, the District has submitted a grant application for the Pacheco Reservoir Expansion Project to the California Water Commission (CWC) for a determination for funding under the Water Storage Investment Program (WSIP). The Pacheco Project has recently been awarded a Public Benefit Ratio of 2.02 and has scored the highest overall CWC score of 82. The Pacheco Reservoir Expansion Project is currently well



positioned to secure the full requested funding amount of \$485 million. Of the projects in California included in the WIIN Act, only the Shasta Dam Enlargement Project did not apply for Proposition 1 funding.

In addition to meeting the requirements of Section 4007 of the WIIN Act by being consistent with Proposition 1, the Pacheco Project provides other benefits needed to qualify for federal funding. Federal law approved in 1992 requires the Bureau of Reclamation (Reclamation) to work with the U.S. Fish and Wildlife Service to secure "Level 4" refuge water. The Pacheco Reservoir Expansion Project will transfer 2,000 acre-feet of the District's water supply during below normal water years to the Incremental Level 4 refuge water supply, managed by the U.S. Department of the Interior, Bureau of Reclamation and U.S. Fish and Wildlife Service, through the Refuge Water Supply Program. This water supply would be available to state, federal, and private refuges in the San Joaquin River Hydrologic Region (DWR Bulletin 160-05). The District has requested that Reclamation dedicate this supply to Grassland Resource Conservation District (GRCD), which provides water to the largest contiguous block of wetlands remaining in California's Central Valley. The transfer could allow GRCD to irrigate 1,000 acres of wetlands toward optimization of wetland habitat for migratory birds on the Pacific Flyway and terrestrial species as well.

In addition to ecosystem restoration benefits for wildlife refuges, the Pacheco Reservoir Expansion Project would also provide the following benefits:

- Increases suitable habitat in Pacheco Creek for federally threatened South-Central California Coast steelhead;
- Increases water supply reliability to help meet municipal and industrial water demands during drought periods and emergencies, or to address shortages due to regulatory and environmental restrictions;
- Reduces flood risks along Pacheco Creek and downstream areas, including disadvantaged communities; and
- Improves water quality and minimizes supply interruptions, when water is needed, for Central Valley Project San Felipe Division contractors, and increases operational flexibility for south-of-Delta water contractors dependent on San Luis Reservoir.

The Pacheco Reservoir Expansion Project would reduce operational challenges, and increase effective storage for other San Luis Reservoir users, through avoided conflict during low-point conditions and allowing the full reservoir capacity of San Luis Reservoir to be exercised, an increase in operational storage by more than 200,000 acre-feet. San Luis Reservoir is one of the largest reservoirs in California, and the largest "off-stream" water storage facility in the world. The reservoir was built by the federal government and is jointly used with the State of California to manage water delivered by the federal Central Valley Project (CVP) and State Water Project (SWP). The expanded Pacheco Reservoir could address the water quality concerns at San Luis Reservoir that occur when the water levels drop and toxic algae blooms in the summer.

With your "State-Led Storage Project" designation for the Pacheco Project pursuant to the WIIN Act, the District will be able to pursue federal funds for up to 25 percent of the total project costs that are not covered by state investment through WSIP. The Pacheco Project will deliver

The Honorable Edmund G. Brown Jr.

Page 3

July 25, 2018

numerous federal and state benefits, including operational improvements to CVP and SWP, emergency water to keep Silicon Valley supplied in times of drought or Delta conveyance disruption, and environmental benefits including water to support Delta refuges and expanded habitat for a threatened fish species.

The District urges you to designate the Pacheco Reservoir Expansion Project as a "State-Led Storage Project." Thank you for your consideration of our request and please contact Rick Callender, Chief of External Affairs, for more information or to assist your office with any questions that you may have.

Sincerely,



Richard P. Santos
Chair/Board of Directors

Attachment: Sample Letter to Secretary Zinke

cc: Mr. John Laird, California Secretary for Natural Resources
Ms. Karla Nemeth, Director, California Department of Water Resources
Mr. Armando Quintero, Chair, California Water Commission
Ms. Kim Craig, Chief Deputy Cabinet Secretary, Office of the Governor
Board of Directors (7), N. Camacho, R. Callender, N. Hawk, R. Gibson, B. Broome

hh:em

0717a-l

Sample Letter to Secretary Zinke

July XX, 2018

The Honorable Ryan K. Zinke
Secretary of the Interior
United States Department of the Interior
1849 C Street, N.W.
Room 6612
Washington, DC 20240

Dear Secretary Zinke:

I am writing to inform you of my decision to designate the Pacheco Reservoir Expansion Project (Pacheco Project), proposed by the Santa Clara Valley Water District (District) and other project partners, as a “State-Led Storage Project” as authorized in Public Law 114-322, the federal Water Infrastructure Improvements for the Nation Act of 2016 (WIIN Act). With this designation, the Pacheco Project will be eligible for potential Department of the Interior participation and for federal funding of up to 25 percent of the total project costs.

The WIIN Act defines a “State-Led Storage Project” in Section 4007 (a)(2)(A) as, any project in a Reclamation State that, “...involves a groundwater or surface water storage facility constructed, operated, and maintained by any State, department of a State, subdivision of a State, or public agency organized pursuant to State law; and (B) provides a benefit in meeting any obligation under Federal Law (including regulations).”

To qualify for federal funding, Section 4007 (f) of the WIIN Act requires that a State-Led Storage Project in California secure a determination by the California Water Commission (CWC) that the project is consistent with Proposition 1, the California Water Quality, Supply, and Infrastructure Improvement Act of 2014. The District has submitted a grant application for the Pacheco Project to the CWC for a determination of funding under the Water Storage Investment Program (WSIP). On June 28, 2018, the CWC determined the final project scores, and the Pacheco Project received the highest overall score among the competing projects, and therefore, is consistent with Proposition 1 as required by the WIIN Act.

In addition to the creation of approximately 4,300 jobs during construction, the Pacheco Project will deliver numerous federal and state benefits, including operational improvements to the Central Valley Project and State Water Project through resolution of the San Luis Reservoir low point problem, south-of-Delta water storage to keep Silicon Valley and agricultural lands to the south supplied in times of drought or Delta conveyance disruption. The Pacheco Project also provides significant environmental benefits including water to support federal wildlife refuges in the Delta and expanded habitat for a threatened fish species, the South-Central California Coast steelhead.

I urge you and the Department of the Interior to work with the Santa Clara Valley Water District to secure any federal funding available for the operational, economic, environmental, and water security benefits of the Pacheco Reservoir Expansion Project.

Respectfully,

Edmund G. Brown Jr
Governor of California

File No.: 18-0624

Agenda Date: 8/15/2018
Item No.: 4.2.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Update on Proposed Sites Reservoir Project.

RECOMMENDATION:

Receive and discuss information on the Sites Reservoir Project. This is an information-only item and no action is required.

SUMMARY:

Santa Clara Valley Water District (District) staff continues to review continued District involvement in the Sites Reservoir Project (Project): development of a proposed 1.8 million acre-feet Sacramento River 'off-stream' reservoir in the Coastal Range foothills near the Town of Maxwell in Colusa County. The total cost of the Project is \$5.5 billion (capital cost in 2015 dollars) according to estimates provided by the Sites Joint Powers Authority (Sites JPA). The proposed Project location relative to the District, along with summary details, is shown in Attachment 1.

District Involvement:

On March 14, 2017, the District Board approved participation in Phase 1 (initial phase) of the Project, which focused on the application for Proposition 1 funding. The District currently holds a 4.8 percent share of total Project yield via a Phase 1 commitment not to exceed \$1,440,000. To maintain a 4.8 percent share in the Project, the District will be asked to commit approximately \$23 million for Phase 2, which is set to begin January 2019 and will focus on additional planning, preliminary engineering and design, environmental review, and permitting. If the Project moves through construction, and the District continues to participate at 4.8 percent, the District's total cost would be about \$266 million (in 2015 dollars).

Benefits and Opportunities:

The primary benefit of the Project is that it would capture winter flood flows on the Sacramento River watershed, securing new water supplies that would otherwise freely flow out the Delta through San Francisco Bay. Participants in the project would be able to decide when their supplies are released. For example, the District could choose to maximize its use of the Project by withdrawing water to supplement all-year supplies. Or it could save water in the reservoir to provide just dry year supplies.

Project use flexibility would also apply to public investments by the state and the federal governments to achieve a variety of environmental and recreational benefits. These benefits include:

- Releases from the Project to allow Shasta Reservoir to reduce releases, protecting the cold-water pool.
- Releases to enhance the quality and quantity of fish habitat.
- Recreational opportunities from on-water activities and new local parks.

Both the state and federal governments have shown some interest in funding the public benefits of the Project. On July 24, 2018, the California Water Commission approved \$816 million in Proposition 1 funding for the Project, including \$41 million in early funding. Based on a Draft Federal Feasibility Report, the Project could also be eligible for \$766 million in Water Infrastructure Improvements for the Nation (WIIN) Act funding. Project staff have also been coordinating with US Department of Agriculture (USDA) Rural Development and are seeking a \$500 million low-interest loan through USDA's Community Facilities Program to support Sacramento Valley rural participants.

Remaining Questions

The project still has several significant challenges to overcome before the benefits can be realized. Permitting and other new environmental regulations could result in reduced project yield. Continued coordination with the Department of Water Resources and the U.S Bureau of Reclamation is necessary to integrate operations and ensure supplies can be conveyed across the Delta. The Sites JPA will hope to secure water rights from an existing state-filing, necessary to divert water into the reservoir. The Project will also need to be managed in such a way as to control costs and deliver the project by the end by 2030.

ATTACHMENTS:

Attachment 1: PowerPoint Presentation

UNCLASSIFIED MANAGER:

Garth Hall, 408-630-2750

Update on Proposed Sites Reservoir Project

8/15/2018

Santa Clara Valley
Water District



Project Summary



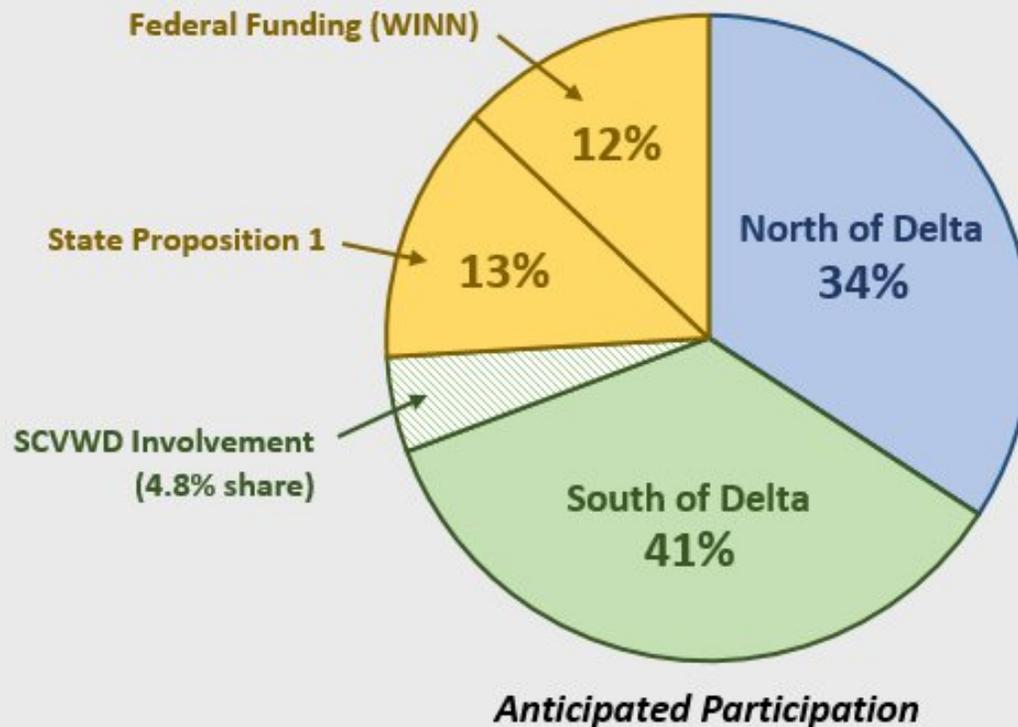
- ▶ 1.8 million acre-foot off-stream reservoir
- ▶ Capital cost \$5.5 billion (2015 dollars)
- ▶ Statewide participation: Sacramento Valley and South of Delta (SWP)
- ▶ Additional Sacramento River environmental benefits

District Involvement

- ▶ Initial Phase 1:
 - ▶ Participation following Board approval (March 2017).
 - ▶ Established 4.8% District share of yield/costs.
 - ▶ Focused on Proposition 1 application.
- ▶ Next: Phase 2, starts Jan. 2019.
 - ▶ Tasks: Additional planning, preliminary engineering/design, environmental review, permitting.
 - ▶ Board to consider District commitment of \$23 million.
 - ▶ Anticipate October 2018 Sites JPA request.

District Involvement

- ▶ Proportional share of water (yield) defines participation level
- ▶ Participation cost percentage follows the committed yield
 - ▶ Public benefits (state & fed) participation anticipated to be 41%
 - ▶ District share based on Phase 1 commitment could remain at 4.8%



Benefits and Opportunities

- ▶ New source of water:
 - ▶ Capture flood flows on Sacramento River.
 - ▶ District 4.8% share yields 8,000 to 12,000 acre-feet per year
 - ▶ Unit cost estimate \$800 to \$1,200 per AF
- ▶ “Public Benefit” state & anticipated federal funding:
 - ▶ Environmental: back up cold water pool, supplement flows to improve fish habitat.
 - ▶ Recreational: on-water activities and local parks.
 - ▶ WINN Act and USDA Rural Development funding?

Remaining Questions

- ▶ Permitting and environmental regulations.
- ▶ Can SWP and CVP integration be achieved?
 - ▶ Coordination of water use and conveyance.
 - ▶ Transfer window vs. SWP/CVP project supplies.
- ▶ Transfer of water rights to be confirmed.
- ▶ Control costs and deliver project by 2030.

File No.: 18-0625

Agenda Date: 8/15/2018

Item No.: 4.3.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Update on Los Vaqueros Reservoir Expansion Project, in Preparation of Future Decisions regarding Project Funding and Participation Levels.

RECOMMENDATION:

This is an information only item and no action is required.

SUMMARY:

The District is currently updating its Water Supply Master Plan (WSMP), which is the District's strategy for providing a reliable and sustainable water supply in a cost-effective manner into the future. One of the projects being considered is the expansion of Los Vaqueros Reservoir owned by the Contra Costa Water District (CCWD).

Preliminary studies assume that the reservoir would provide up to 40,000 acre-feet (AF) of additional storage capacity for the District and up to 10,000 AF per year of dry year deliveries. The District would bank State Water Project (SWP) and Central Valley Project (CVP) contract supplies in an expanded Los Vaqueros Reservoir and receive delivery of Delta surplus supplies. The project's expanded storage and conveyances may provide alternate points of diversion for the District during periods when SWP and CVP exports are restricted by regulatory requirements that do not apply to CCWD diversions. Delta water could be routed from CCWD to the California Aqueduct through a new Transfer-Bethany Pipeline. In addition, expanded storage could help the District leverage its planned investments in potable reuse and/or Cal WaterFix; in wetter years, the District could bank or exchange some of its CVP or SWP supplies and increase use of local and purified water. During drier years, the banked or exchanged water could be returned to the District using CCWD intakes and conveyance.

Staff is currently discussing a proposed interim cost-share agreement with CCWD and other project partners, with an estimated District commitment of about \$200,000 for pre-design work; this commitment, additive to our prior payment of \$100,000 to support CCWD's Proposition 1 application, would be followed in Spring 2019 with a much larger dollar commitment for design work. Project participation level decisions are also currently scheduled for Spring 2019.

Background

Los Vaqueros is an off-stream reservoir, located in the foothills west of the Delta in Contra Costa County. Originally constructed in 1998 with a capacity of 100,000 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 project would expand the reservoir to 275,000 AF and add a new pipeline connecting CCWD's system to the California Aqueduct. Water could be moved from CCWD's intakes in the Delta, with or without storage in Los Vaqueros Reservoir, to the District's system, without relying on South-of-Delta pumps. Moreover, the project could be built in phases, starting with the improvements to connect CCWD's system to the California Aqueduct via the Transfer-Bethany Pipeline.

Total construction cost of the expansion is estimated to be approximately \$980 million in 2015 dollars. The project has been approved for \$459 million in Proposition 1 Water Storage Investment Program (WSIP) funding. Remaining costs would be shared by project partners, except to the extent federal funding such as WIIN Act funding, can be secured. Likely partners include Alameda County Water District, Bay Area Water Supply and Conservation Agency, Byron Bethany Irrigation District, City of Brentwood, Del Puerto Water District, East Bay Municipal Utility District, East Contra Costa Irrigation District, Grassland Water District, San Francisco Public Utilities Commission, San Luis Water District, San Luis & Delta Mendota Water Authority, Westlands Water District, and Zone 7. The District committed \$100,000 to assist in preparing the WSIP funding application and the Supplement to the Final EIS/EIR. CCWD released a draft Supplement to the Final EIR/EIS for expanding the reservoir in June 2017, and the Bureau of Reclamation released a draft Feasibility Study in February 2018. The final Feasibility Study and final Supplement to the Final EIR/EIS are expected by the end of the year.

A consultant has been engaged by CCWD to start examining cost and benefit allocation and potential structure for a Joint Powers Authority (JPA) to manage design and construction in coordination with project partners. CCWD has been approved for early funding through the WSIP for additional planning and design and has requested \$10 million in WIIN Act funding for pre-construction activities.

The District's groundwater production charge forecast includes funding for the District's (estimated \$17 million) share of just the the Transfer-Bethany Pipeline; however, District staff does not anticipate recommending Board approval of contributed funding for design until after JPA formation is considered. Staff anticipates that the District will need to make decisions regarding project participation levels and JPA participation by April 2019. In the interim, staff is discussing a cost-share agreement with CCWD and other partners to provide for completing the environmental documentation, final feasibility study, financial evaluation of the project, and related project tasks, with an estimated not-to-exceed amount of about \$200,000.

ATTACHMENTS:

Attachment 1: PowerPoint Presentation

Attachment 2: Fact Sheet

UNCLASSIFIED MANAGER:

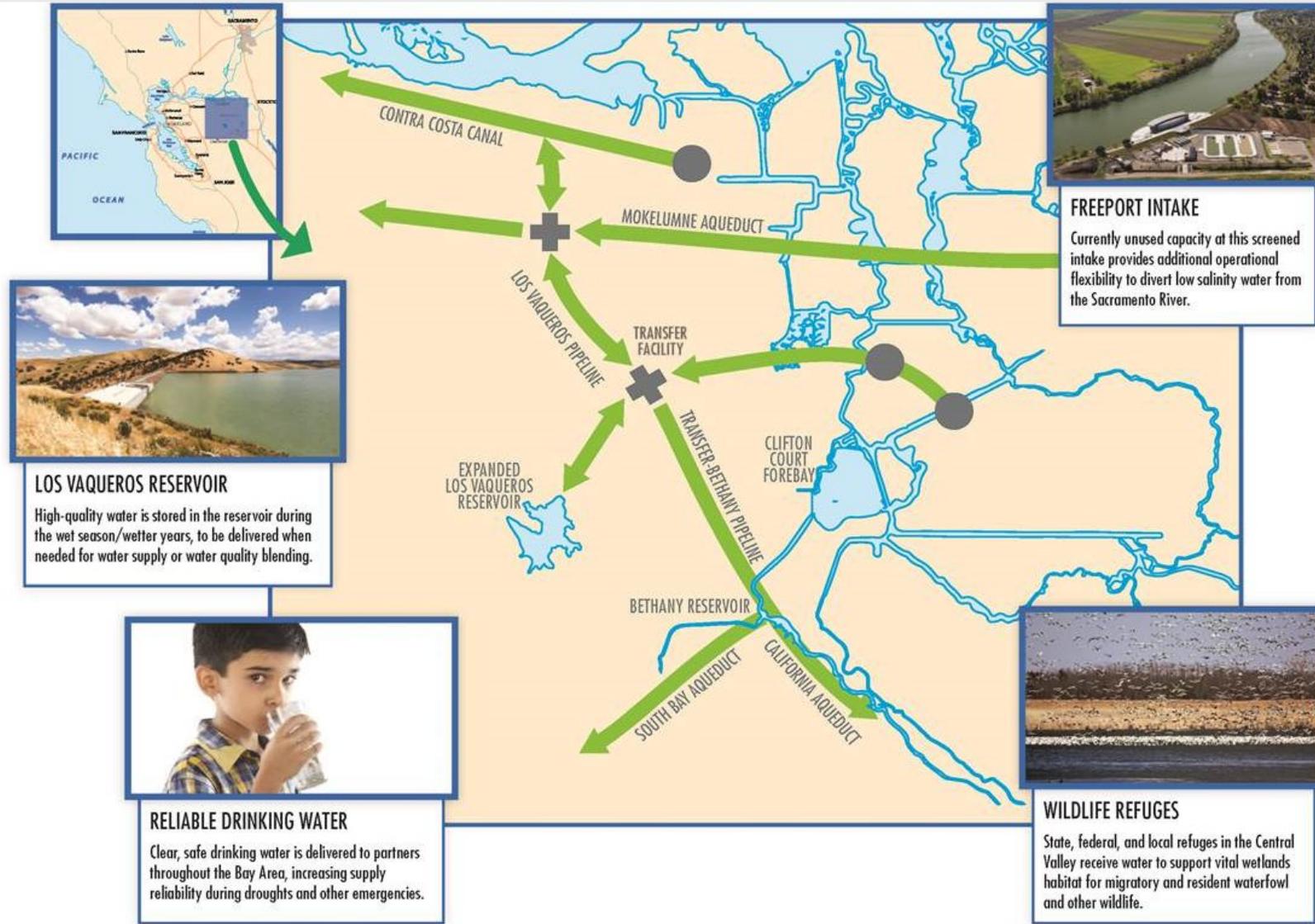
Garth Hall, 408-630-2750

Los Vaqueros Expansion Project

August 15, 2018



Los Vaqueros Expansion Facilities



Los Vaqueros Expansion Benefits

- ▶ Provides additional storage capacity
- ▶ Provides additional access to Delta surplus supplies
- ▶ Provides additional conveyance (Transfer-Bethany Pipeline) and point of diversion options
- ▶ Low total lifecycle (\$40 million) and unit cost (\$400/AF) to District based on current cost and benefit estimates and assuming Prop 1 funding
- ▶ Transfer-Bethany Pipeline (\$17 million share) included in groundwater production charge analysis

Current Schedule

- ▶ July 2018 – CWC funding decisions on WSIP projects
- ▶ November 2018 – Release of Final EIR/EIS and Feasibility Study
- ▶ Spring 2019 – District decision on participation in design phase and JPA
- ▶ Summer 2019 – Formation of JPA for design and construction
- ▶ 2020 – Begin construction

LOS VAQUEROS RESERVOIR EXPANSION PROJECT



RESERVOIR EXPANSION

275,000 acre-feet **PROPOSED PHASE 2**
 Proposed project builds upon the successful implementation of the Phase 1 expansion

160,000 acre-feet **PHASE 1 2012**
 The dam was increased in height by 34 feet to a new height of 218 feet

100,000 acre-feet **1998**
 Los Vaqueros Dam was completed

OBJECTIVES

- Develop water supplies for environmental water management
- Increase municipal and industrial water supply reliability
- Improve the quality of water deliveries

PURPOSE

WATER FOR REFUGES



Reliable water supply for South of Delta wildlife refuges

WATER FOR PARTNERS



Reliable water supply for local water agencies

REGIONAL INTEGRATION



High potential for regional water system integration

WATER QUALITY



Protection of delivered water quality

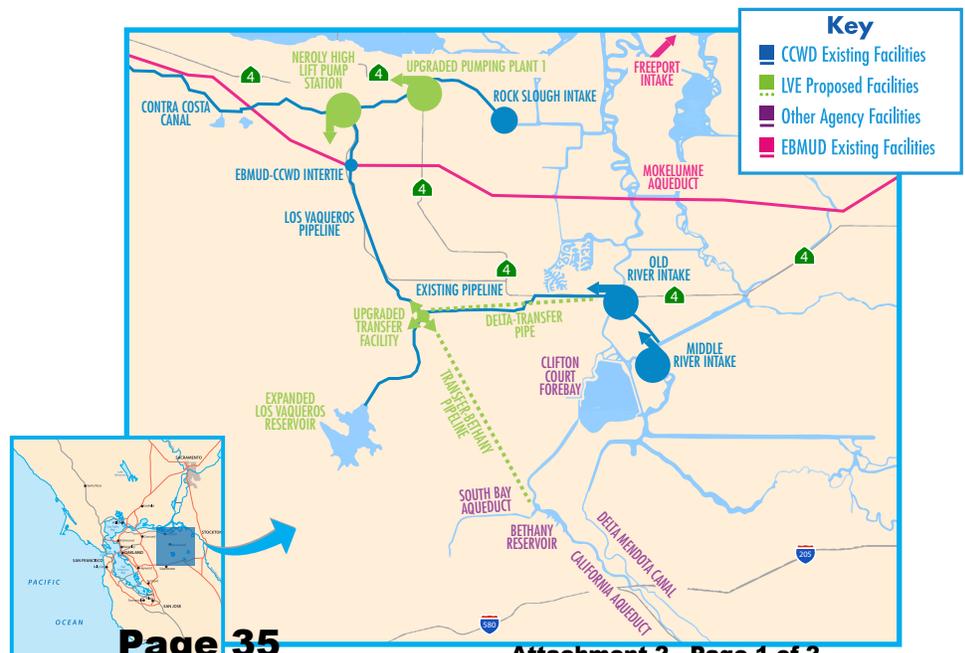
RECREATION



Recreation facility enhancement

HOW IT WORKS

- 1 Water is pumped into the system from one of four existing Delta Intakes.
- 2 Once in the system, water is sent to an upgraded Transfer Facility pump station.
- 3 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.



FUNDING

- Estimated project cost:

\$980 Million

(2015 dollars, updated per Feb. 2018 appeal)

- Prop. 1 funding could pay for the public benefits of Los Vaqueros Reservoir Expansion Project

PROP 1 PUBLIC BENEFIT CATEGORIES

- Ecosystem improvement
- Recreation
- Emergency response

- A portion of project cost may be paid for by California Proposition 1

\$459 Million

(Prop 1 funding request, updated per Feb. 2018 appeal)

- Remainder of project cost could be covered by local agency partners and federal funding (for wildlife refuge benefits)



POTENTIAL PARTNERS

These agencies have provided funding and in-kind services, and are evaluating potential participation in the project to diversify their water supply portfolios against drought, emergencies, climate change and regulatory challenges.

- Los Vaqueros Reservoir
- 1 Contra Costa Water District
- 2 City of Brentwood
- 3 East Contra Costa Irrigation District
- 4 Byron Bethany Irrigation District
- 5 East Bay Municipal Utility District
- 6 San Francisco Public Utilities Commission
- 7 Zone 7 Water Agency
- 8 Bay Area Water Supply & Conservation Agency
- 9 Alameda County Water District
- 10 Santa Clara Valley Water District
- 11 Del Puerto Water District
- 12 Grassland Water District
- 13 San Luis Water District
- 14 San Luis & Delta-Mendota Water Authority
- 15 Westlands Water District



NEXT STEPS

CCWD is currently working with Reclamation and the local potential partners and wildlife refuge managers to evaluate the proposed project.



File No.: 18-0626

Agenda Date: 8/15/2018

Item No.: 4.4.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Investigation of Statewide Groundwater Storage and Banking Opportunities

RECOMMENDATION:

Receive and discuss information on staff investigation of groundwater storage and banking opportunities.

SUMMARY:

Santa Clara Valley Water District (District) planning studies have identified a need for long-term supplemental supplies and additional water storage. Participation in out-of-county groundwater storage/banking projects may present the opportunity for additional supplies and/or storage, potentially without the requirement of new infrastructure or extensive permitting. District staff is currently evaluating several groundwater storage/banking opportunities in locations within the Central Valley that have existing access to State Water Project (SWP) and Central Valley Project (CVP) facilities.

Participation in groundwater banking opportunities could increase flexibility for District operations during local emergencies, planned and unexpected outages, or temporary shortages such as drought. It would diversify the District's long-term storage resources outside the county, given that the only current resource consists of up to 350,000 AF of storage capacity in Semitropic Groundwater Bank with useful but limited annual "put" and "take" capacity, in other words, the contractually allocated capacity to receive water into and deliver water out of the bank in any year.

Groundwater banking generally involves delivering surface water, such as District supplies not required to meet immediate demands, to an agency or landowner capable of carefully managing its groundwater resources. Water will typically either be (a) "recharged," pooled or ponded in areas where it percolates rapidly down through the soil into the underlying aquifer and is stored for later use, or (b) used for "in-lieu recharge." In the case of in-lieu recharge, the delivered surface water is used by the agency or landowner instead of pumping groundwater to meet immediate irrigation demands; the reduction in pumping is credited as a "savings" by the agency/landowner and the agency/landowner makes other supplies available to the District at a time of District need. When water is needed, it can be recovered from the aquifer using high-flow wells, as shown in Attachment 1 (a conceptual diagram of groundwater storage and banking adapted from a Kern Water Bank Authority presentation), and by taking delivery of a portion of project water that otherwise would have gone to the agency or landowner.

Paired with the District's planned participation in California WaterFix, additional groundwater banking could allow the District to receive and store additional surface water supplies since much of the water supply benefits of WaterFix will occur during the wetter years.

Even without the District's participation in the WaterFix, additional banking would be beneficial. In the past, the District has been unable to take advantage of available State Water Project (SWP) Article 21 water, which is typically wet weather water made available to contractors at a low cost when supplies are in excess of SWP regular "Table A" deliveries. (A SWP contractor's Table A amount is the maximum contractual amount the contractor may receive under normal, non-surplus, conditions.) The District's inability to take Article 21 water occurs due to limited storage availability in District facilities and disputed provisions for the District to put Article 21 water in Semitropic.

Reliability of recovery operations, either via direct recovery or exchange, is another important consideration in evaluating groundwater banking opportunities. The ability to move water using SWP and CVP or other facilities determines how banked water may ultimately be recovered by the District. For example, in the onset of the recent drought in 2014, SWP allocations were at an historic low of 5 percent; it was uncertain as to whether the District could recover its stored water from Semitropic given the "touch-and-go" real-time assessment as to whether there was enough southbound flow in the California Aqueduct to facilitate an exchange of SWP supplies. Given that any out-of-County groundwater storage is subject to some level of uncertainty in terms of delivery to the District at the time of need, these opportunities would be less valuable than in-County storage options, all other factors including cost being equal.

The quantity of water that can be recovered from a groundwater bank at any time is a criterion used in evaluating these projects. The District would be best served by projects with relatively large physical put and take capacities. Staff favors opportunities in which the District could place over 30,000 AF of water in a time span of two months and recover over 30,000 AF in each year of need.

In addition, District staff is evaluating these banking opportunities based on many other factors, including costs and benefits, legal and environmental considerations, water rights, county ordinances, CVP and SWP contractual rights and obligations, specific political issues, synergy with other potential projects of interest to the District, and the effects of implementing the Sustainable Groundwater Management Act (SGMA).

Staff is in active discussion currently with three agencies/landowners and continues to explore other opportunities. As staff's evaluation advances and specific proposals can be recommended, they will be brought to the Committee for consideration.

ATTACHMENTS:

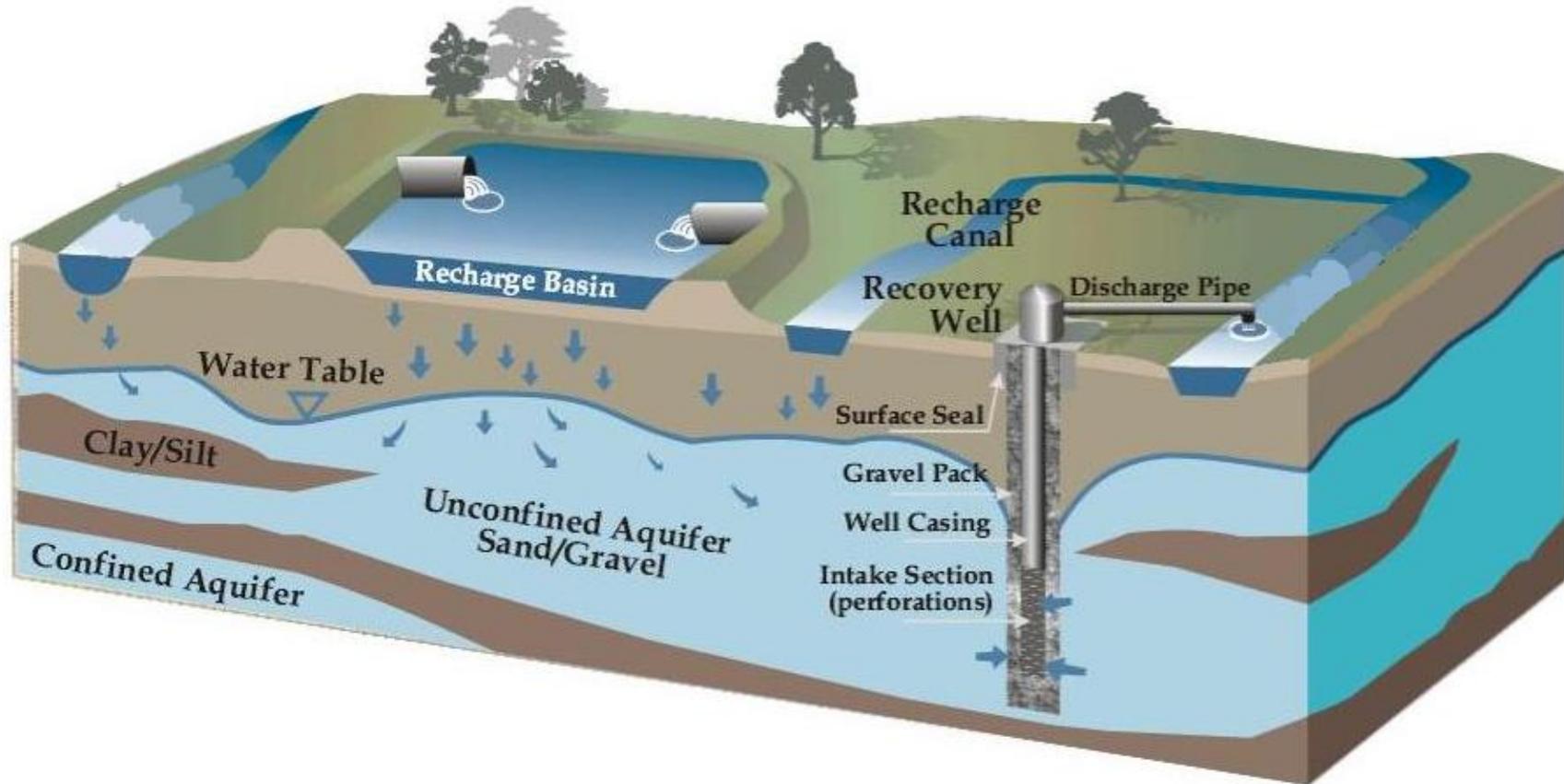
Attachment 1: Diagram

UNCLASSIFIED MANAGER:

Garth Hall, 408-630-2750

ATTACHMENT 1

Groundwater storage and banking conceptual figure adapted from Kern Water Bank Authority presentation.



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File No.: 18-0668

Agenda Date: 8/15/2018

Item No.: 4.5.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Pacheco Project Resource Implementation Plan (information only).

RECOMMENDATION:

Receive and discuss information on the Pacheco Project Resource Implementation Plan.

SUMMARY:

In November 2014, California voters approved Proposition 1, which provides \$2.7 billion for Water Storage Investment Program (WSIP). In 2016, the District decided to re-examine Pacheco as part of our Water Supply Master Plan. In February 2017, the Board authorized evaluation of Pacheco Reservoir Expansion Project, in partnership with the San Benito County Water District (SBCWD) and the Pacheco Pass Water District. This reservoir expansion would provide multiple benefits, including ecosystem benefits, emergency in-county water supply benefits and water quality improvements to our source water supply (mitigate San Luis Low Point).

In August 2017, staff applied to the California Water Commission (Commission) for WSIP Proposition 1 funding for \$484.55 million. On July 24, 2018, the Commission conditionally awarded the District the full \$484.55 million requested as well as \$24.2 million in early funding for planning and permitting purposes.

Staff will also continue to work on other funding opportunities, such as beginning the application process for up to \$250 million in federal funding for construction of the project under the Water Infrastructure for Improvements to the Nation (WIIN) Act. Alternative federal financing, such as a long-term supplemental loan of \$250 million from the Water Infrastructure Finance and Innovation Act (WIFIA), may also be contemplated.

Beyond the need to continue to seek alternative funding sources for this project, we must also meet aggressive project deadlines to retain the Proposition 1 award of \$484.55 million. The most time critical of these deadlines is to complete a draft CEQA EIR and release it for public review by the end of 2021. We will need to work expeditiously to deliver the largest capital project in our District's history.

To meet these near term timelines and continue to seek alternative funding, staff will recommend to the Board of Directors at the August 28, 2018, Board meeting, a request to add six additional full time positions within the Water Utility Enterprise to properly execute and deliver the Pacheco Reservoir

Expansion Project. In addition, one existing vacant position would be reallocated to bring the total project team up to seven full time employees (FTE)'s. The Pacheco Project Team would include a Deputy Operating Officer to oversee Pacheco Project and related work, one (1) Engineering Unit Manager, one (1) Senior Project Manager, one (1) Senior Water Resources Specialist, one (1) Senior Environmental Planner (reallocated position), one (1) Associate Engineer (Civil), and one (1) Staff Analyst. In addition to the request for six new FTE's (bringing the size of the project team to seven FTE's), staff will also be recommending an increase in the number of unclassified positions from thirty-two (32) to thirty-three (33) and will also ask the Board for authorization for CEO to make direct appointment for the Unclassified position of Deputy Operating Officer. These are initial staffing estimates based on specific project needs in the Water Utility Enterprise. Other district-wide resource needs to support this project are still being evaluated.

The cost of the six new positions and one reallocation is estimated at \$2.3 million per year including overhead. Assuming a 50 percent match from Prop 1 funds, the annual impact to the District is approximately \$1.15 million, which translates on a pay-as-you-go basis, to a water rate impact of approximately \$5.00 per acre foot or 0.17 cents per household per month. The impact to water rates would be further reduced by any additional outside funding sources secured.

The proposed Pacheco Project Resource Implementation Plan is to support the Pacheco Reservoir Expansion Project. This expansion project is a unique opportunity to provide emergency water supply, fisheries recovery, and flood risk reduction. It will provide up to 87,000 acre-feet of emergency water supply, increase local surface storage capacity by 90 percent, and mitigate the risk of Delta export outages and imported water conveyance outages.

ATTACHMENTS:

Attachment 1: Draft Organization Chart

UNCLASSIFIED MANAGER:

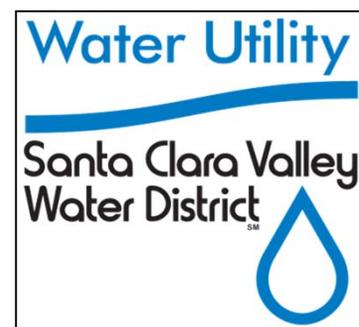
Nina Hawk, 408-630-2736

Water Utility Enterprise

Chief Operating Officer
Nina Hawk

Unit 313
(2 new FTE's)
**DAM SAFETY AND CAPITAL
DELIVERY DIVISION**
(new) Deputy Operating Officer
(new) Staff Analyst

Unit 377
(4 new FTE's, 1 reallocation)
PACHECO PROJECT DELIVERY
(new) Engineering Unit Manager
(new) Senior Project Manager
(new) Senior Water Resources Specialist
(reallocation) Senior Environmental Planner
(new) Associate Engineer (Civil)



File No.: 18-0667

Agenda Date: 8/15/2018

Item No.: 4.6.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Review Water Storage Exploratory Committee Work Plan and the Committee's Next Meeting Agenda.

RECOMMENDATION:

Review the Committee's Work Plan to guide the Committee's discussions regarding policy alternatives and implications for Board deliberation.

SUMMARY:

The Committee's Work Plan outlines the Board-approved topics for discussion to be able to prepare policy alternatives and implications for Board deliberation. The work plan is agendaized at each meeting as accomplishments are updated and to review additional work plan assignments by the Board.

BACKGROUND:

Governance Process Policy-8:

The District Act provides for the creation of advisory boards, committees, or committees 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.

ATTACHMENTS:

File No.: 18-0667

Agenda Date: 8/15/2018
Item No.: 4.6.

Attachment 1: Water Storage Exploratory Committee 2018 Work Plan

UNCLASSIFIED MANAGER:
Michele King, 408-630-2711

2018 Work Plan: Water Storage Exploratory Committee

Update: August 2018

The annual work plan establishes a framework for committee discussion and action during the annual meeting schedule. The committee work plan is a dynamic document, subject to change as external and internal issues impacting the District occur and are recommended for committee discussion. Subsequently, an annual committee accomplishments report is developed based on the work plan and presented to the District Board of Directors.

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
1	Review of the Water Supply Benefits and Costs of the Anderson Reservoir Seismic Retrofit Project	May 17	<ul style="list-style-type: none"> Review of the Water Supply benefits and costs of the Anderson Reservoir Seismic Retrofit Project. 	Accomplished May 17, 2018: The Committee reviewed the Water Supply benefits and costs of the Anderson Reservoir Seismic Retrofit Project and took no action.
2	<p>Update on the Proposed Pacheco Reservoir Expansion Project</p> <p>a. Update on the California Water Commission Review Process</p> <p>b. Update on Communication with Agencies, Stakeholders and Interested Parties</p> <p>c. Consideration of Proposed Term Sheet with the District, San Benito County Water District and the Pacheco Pass Water District</p> <p>d. Update on Procurement for Engineering Design and Environmental Documentation, as well as Project Management</p>	May 17	<ul style="list-style-type: none"> Receive an update on the Proposed Pacheco Reservoir Expansion Project a. Update on the California Water Commission Review Process, b. Update on Communication with Agencies, Stakeholders and Interested Parties, c. Consideration of Proposed Term Sheet with the District, San Benito County Water District and the Pacheco Pass Water District, d. Update on Procurement for Engineering Design and Environmental Documentation, as well as Project Management. 	Accomplished May 17, 2018: The Committee received an update on the Proposed Pacheco Reservoir Expansion Project; a. Update on the California Water Commission Review Process, b. Update on Communication with Agencies, Stakeholders and Interested Parties, c. Consideration of Proposed Term Sheet with the District, San Benito County Water District and the Pacheco Pass Water District, and d. Update on Procurement for Engineering Design and Environmental Documentation, as well as Project Management and took no action.
3	Update on the Proposed Sites Reservoir Project	May 17	<ul style="list-style-type: none"> Receive an update on the proposed sites reservoir project. 	Accomplished May 17, 2018: The Committee received an update on the proposed sites reservoir project and took no action.

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1

Page 1 of 3

2018 Work Plan: Water Storage Exploratory Committee

Update: August 2018

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
4	Update on the Los Vaqueros Expansion Project	May 17	<ul style="list-style-type: none"> Receive an update on the Los Vaqueros Expansion Project. 	<p>Accomplished May 17, 2018: The Committee received an update on the Los Vaqueros Expansion Project and took no action.</p>
5	Review of Other Potential Storage Projects including Temperance Flat Proposition 1 Application	May 17	<ul style="list-style-type: none"> Review other potential storage projects including Temperance Flat Proposition 1 Application. 	<p>Accomplished May 17, 2018: The Committee reviewed other potential storage projects including Temperance Flat Proposition 1 Application and took no action.</p>
6	Review of 2018 Water Storage Exploratory Committee Work Plan	May 17 August 15	<ul style="list-style-type: none"> Review the Committee's 2018 Work Plan. 	<p>Accomplished May 17, 2018: The Committee reviewed the Committee's 2018 Work Plan and took no action.</p>
7	Pacheco Reservoir Expansion Project Status	August 15	<ul style="list-style-type: none"> Review, discuss, and provide input regarding the status of the Pacheco Reservoir Expansion Project. 	
8	Update on Proposed Sites Reservoir Project	August 15	<ul style="list-style-type: none"> Receive and discuss information on the Sites Reservoir Project. 	

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1
Page 2 of 3

2018 Work Plan: Water Storage Exploratory Committee

Update: August 2018

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
9	Update on Los Vaqueros Reservoir Expansion Project, in Preparation of Future Decisions regarding Project Funding and Participation Levels	August 15	<ul style="list-style-type: none"> Receive an update on Los Vaqueros Reservoir Expansion Project, in Preparation of Future Decisions regarding Project Funding and Participation Levels. 	
10	Investigation of Statewide Groundwater Storage and Banking Opportunities	August 15	<ul style="list-style-type: none"> Receive and discuss information on staff investigation of groundwater storage and banking opportunities. 	

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1
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