



SANTA CLARA VALLEY WATER DISTRICT (VALLEY WATER)
WATER STORAGE EXPLORATORY COMMITTEE

MINUTES

**TUESDAY, AUGUST 27, 2019
11.00 AM**

(Paragraph numbers coincide with agenda item numbers)

A regular meeting of the Water Storage Exploratory Committee (Committee) was held on August 27, 2019, in the Headquarters Building Boardroom at Valley Water, 5700 Almaden Expressway, San Jose, California.

1. CALL TO ORDER

The Water Storage Exploratory Committee was called to order by Chair Director Gary Kremen at 11:00 a.m.

1.1 ROLL CALL

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

Staff members in attendance were: Bradly Arnold, Aaron Baker, Glenna Brambill, Jerry De La Piedra, Christopher Hakes, Nina Hawk, Cindy Kao, Bill Magleby, Ryan McCarter, Katherine Oven, Steven Peters, Metra Richert, Jennifer Schmidt, Eli Serrano, Charlene Sun, Stan Yamamoto and Beckie Zisser.

San Benito County Water District Staff Members in attendance were: Jeff Cattaneo and Sara Singleton.

Guests in attendance were: John Galvan, Steve Jordan and Doug Muirhead.

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

There was no one present who wished to speak.

3. APPROVAL OF MINUTES

3.1 APPROVAL OF MINUTES

It was moved by Director Richard P. Santos seconded by Director John L. Varela, and unanimously carried to approve the minutes of the May 20, 2019, meeting of the Water Storage Exploratory Committee as presented.

Chair Director Gary Kremen moved to Agenda Item 4.3.

4. ACTION ITEMS

4.3 SEMITROPIC GROUNDWATER BANK UPDATE

Ms. Cindy Kao and Mr. Bradly Arnold reviewed the materials as outlined in the agenda item.

The Committee discussed the following: year-end we will have 350,000 AF in semitropic, Kern County Subbasin, Groundwater Sustainability Agencies (GSA's), SGMA's demands' potential impact on Valley Water, Senior Water Right concerns, Ag Water in the region receiving water from semitropic, does SGMA make getting water harder, contracts with CVP/State/allocation concerns, Delta Conveyance-guiding principles securing state or federal water, SGMA and groundwater pumping issues, P3 recycling plants, risks, do Ag users get first opportunities and have Valley Water review the 2020 Draft GSP submitted to DWR, Westlands – fallow grounds/reducing pumping (50%) governance issues, finding out about the Semitropic Water Storage District (SWSD) and Semitropic Groundwater Sustainability Agency (SGSA) Board meetings and their respective agendas to attend these meetings to stay apprised of what is going on, monitoring KGA/semitropic/current county landowners and other stakeholders (minutes of respective meetings), draft GSP basin description, seasonal irrigation and other constraints of getting water out.

Committee would like to see on the next agenda the Plans (GS and Diversification) and review of the contracts (Ag priorities/M&I) and the agendas/meetings of the two agencies (SWSD and SGSA).

Mr. Steve Jordan questioned should BAWSCA have an interest? San Francisco has an obligation to back-fill if 58% cut were to happen.

Mr. Doug Muirhead of Morgan Hill spoke on his interest in semitropic and to advise that he had addressed the Board of Directors in June 2015 and has reviewed several agreements. Here are the comments he made during the 2015 meeting:

[verbal comment to Board June 30]

Board Special Meeting - June 30 - 4.2 Overview of Imported Water Management + Semitropic Banking Since the Board decided to defer this item on June 9, my comments at that time had no context. So I am repeating them for consideration at the June 30 special meeting. I consider three topics of special interest:

- 1) Are the DWR Point of Delivery agreement and the arrangement with Semitropic still expected to terminate in 2035?
- 2) SCVWD and Metropolitan each have a 35% stake; do the other partners use the remaining 30%, since what they do claims operational capacity?
- 3) The staff report provides examples of recent activity and talks about refining the 2017 Water Supply Master Plan. I found the summary of trends for water marketing and the related practice of groundwater banking in the PPIC report "California's Water Market" to provide additional context.

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[written comment for June 9 meeting deferred to June 30] Meeting Date: 06/09/2015, Agenda Item: 4.2 Overview of Imported Water Management + Semitropic Groundwater Banking Program I want to comment on the Semitropic Water Bank and then suggest some additional reading.

Reacting to statements such as "Semitropic's operational limits have typically exceeded contractual limits", and thanks to an excessively responsive Public Records Unit, I was able to review the 1996, '97, and 2005 agreements with Semitropic and DWR as well as the associated Board memos.

I was hoping to come away with hard and fast rules for accessing our water in the Semitropic Bank. But it turns out that the rule is "it depends". Sometimes it is seasonal irrigation needs. Sometimes it is SWP allocations. Sometimes it is pre-existing contracts [1993 shafter-wasco] which have priority over banking partners. Sometimes it is what the other Banking Partners are doing which claims operational capacity. Partners, other than Metropolitan [Water District of Southern California, 35%], their percent participation and recent activity are not specified.

Unless there are amendments since 2005, both the DWR Point of Delivery agreement and the arrangement with Semitropic will terminate in 2035.

There are risks. Delivery capacity could be reduced due to hydrologic conditions or cropping patterns. Changes in water quality (e.g. arsenic) can prevent pumpback into the California Aqueduct. In 2012, several local parties were in discussions to resolve a legal dispute over whether bank pumping injured other users. I don't know the outcome of that.

The additional reading is a report from the Public Policy Institute of California titled California's Water Market, By the Numbers: Update 2012 which provides an overview of water marketing and the related practice of groundwater banking and summarizes recent trends in both areas.

Because the report was done in 2012, it does not address the recent state groundwater management legislation. So I don't know if the previous trend for county groundwater ordinances to restrict groundwater exports as well as restrict groundwater banking with non-local parties will still be seen as needed to avoid harm to other legal water users.

Another report theme was that development of the water market has been hindered by the fragmentation of water management, with different types of water rights and contracts subject to different types of approval, tending to limit market activity even when it would be economically and environmentally beneficial. That has tended to replace one-year, or "spot market", transfers and exchanges with multi-year and permanent transfers and exchanges.

Your Water Supply Management Division has a challenging job.
(The Committee asked that these comments be submitted into this meeting's minutes)

Mr. Jeff Cattaneo was available to answer questions.

The Committee took no action.

4.4 UPDATE ON LOS VAQUEROS RESERVOIR EXPANSION PROJECT (LVE PROJECT)

Ms. Metra Richert reviewed the materials as outlined in the agenda item.

The Committee discussed the following: Contra Costa Water District's (CCWD) involvement and contributions/JPA, future projects-Zone 7/Alameda/BAWSCA, SBA section is old/meeting with DWR, short/long term goals for Anderson Dam, Valley Water reaching out to DWR, SBCWD not involved in expansion project, Steve Jordan mentioned BAWSCA's priority and challenges/ACWD pipeline vs. storage.

Mr. Stan Yamamoto and Mr. Jerry De La Piedra were available to answer questions.

The Committee took no action.

Chair Director Gary Kremen moved to Agenda Item 4.1.

4.1 PACHECO RESERVOIR EXPANSION PROJECT – COST ALLOCATION

Ms. Charlene Sun reviewed the materials as outlined in the agenda item.

San Benito County Water District (SBCWD) staff introduced: Mr. Jeff Cattaneo and Ms. Sara Singleton.

The Committee discussed the following: partnerships being listed, Valley Water's share, SBCWD are special partners, grants having minority/disadvantaged qualifications, Valley Water pursuing all avenues for funding, critical timelines and finding partners, critical dry years preserve Valley Water's rights, looking at the benefits of this project, financing and thinking outside the box.

Mr. Christopher Hakes, Ms. Nina Hawk and Ms. Beckie Zisser were available to answer questions.

Mr. Steve Jordan had a question about where do the partners have to come from?

The Committee took the following action:

It was moved by Director Gary Kremen seconded by Director John L. Varela, and unanimously carried to approve that the Board consider the Committee's request to: Authorize the Chief Executive Officer to negotiate with San Benito County Water District (SBCWD) on partnership terms for participation in the Pacheco Reservoir Expansion Project.

The Committee would like to see a list of the potential partners for continued discussion on the project's future costs allocations.

4.2 PACHECO RESERVOIR EXPANSION PROJECT UPDATE

Mr. Christopher Hakes reviewed the materials as outlined in the agenda item.

New staff member Mr. Ryan McCarter was introduced in his new role and his field of expertise.

The Committee discussed the following: EIR

Mr. Doug Muirhead thanked Mr. Chris Hakes for answering questions at the USBR meeting in Gilroy.

The Committee took no action.

Chair Director Gary Kremen moved to Agenda Item 4.5.

4.5. UPDATE ON PROPOSED LAKE DEL VALLE MODIFICATIONS

Ms. Cindy Kao reviewed the materials as outlined in the agenda item.

The Committee discussed the following; providing the consultant report to the Committee, the lease's expiration date, storage higher than yield, agendaize the report for discussion with Zone 7 and ACWD after staff has their discussion.

Ms. Nina Hawk was available to answer questions.

The Committee took no action.

4.6 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 Committee would like to place the following items on the agenda: closed session on Pacheco legal issues, discussion on semitropic contracts/reports (GSP, Diversification Plan)/ partnerships, flood prevention pros and cons/disadvantaged communities, runoff and environmental impacts/grants.

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE ACTIONS

Ms. Glenna Brambill noted there was one action item for Board consideration.

Agenda Item 4.1

The Committee unanimously approved to have the Board consider the Committee's request to:

Authorize the Chief Executive Officer to negotiate with San Benito County Water District (SBCWD) on partnership terms for participation in the Pacheco Reservoir Expansion Project.

6. ADJOURNMENT

Chair Director Gary Kremen adjourned the meeting at 1:16 p.m.

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

Approved: 10-25-19