

September 28, 2018

SPECIAL 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
Bradly Arnold, Senior Engineer – Imported Water Unit
Tracy Hemmeter, Senior Water Resources Specialist, Water Supply Planning & Conservation Unit
Metra Richert, Senior Water Resources Specialist, Water Supply Planning & Conservation Unit

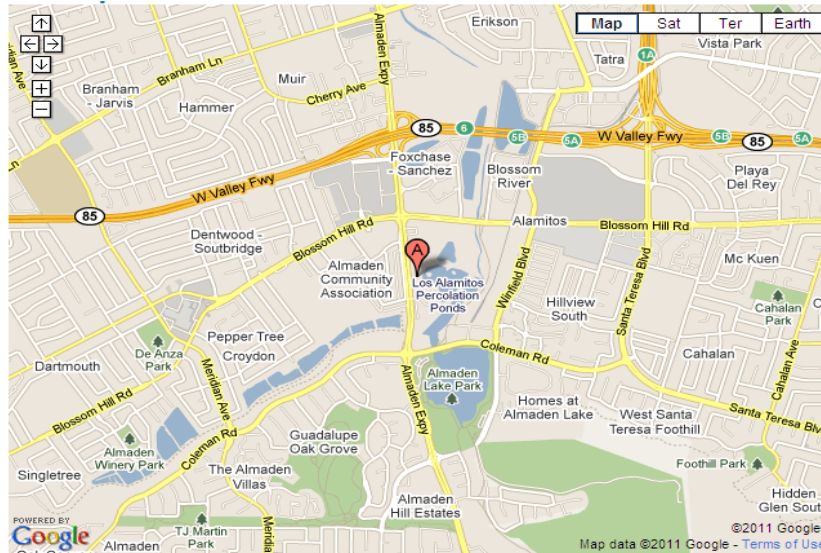
A special meeting of the Santa Clara Valley Water District (SCVWD) Water Storage Exploratory Committee is to be held on Monday, **October 1, 2018, at 9:30 a.m.** in the Headquarters Building Boardroom located at the Santa Clara Valley Water District, 5700 Almaden Expressway, San Jose, California. Refreshments 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

**Headquarters Building Boardroom
5700 Almaden Expressway
San Jose CA 95118**

SPECIAL MEETING AGENDA

**Monday, October 1, 2018
9:30 AM**

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

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
SPECIAL MEETING
AGENDA**

Monday, October 1, 2018

9:30 AM

Headquarters Building Boardroom

1. CALL TO ORDER:

1.1. Roll Call.

2. CLOSED SESSION:

Anticipation of Litigation – Initiation of Litigation Pursuant to Government Code Section 54956.9(d)(4) - Four Potential Cases (Pacheco Reservoir Expansion Study)

2.1. District Counsel's Report

3. 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.

4. APPROVAL OF MINUTES:

4.1. Approval of Minutes.

18-0857

Recommendation: Approve the August 15, 2018, Meeting Minutes.

Manager: Michele King, 408-630-2711

Attachments: Attachment 1: 081518 WSEC DRAFT Mins

Est. Staff Time: 5 Minutes

5. AGENDA ITEMS:

- 5.1. Pacheco Reservoir Expansion Project Timeline Overview [18-0830](#)
Recommendation: This is an information only item and no action is required.
Manager: Christopher Hakes, 408-630-3796
Attachments: [Attachment 1: Memo from Nina Hawk](#)
Est. Staff Time: 15 Minutes
- 5.2. California Water Commission - Proposition 1 Water Storage Investment Program Funding Process Update [18-0831](#)
Recommendation: This is an information only item and no action is required.
Manager: Christopher Hakes, 408-630-3796
Est. Staff Time: 15 Minutes
- 5.3. Governance Representation for both Sites Reservoir and Los Vaqueros Reservoir [18-0832](#)
Recommendation: Receive and discuss information on Sites Reservoir Project (Sites Project) and Los Vaqueros Reservoir Expansion Project (LVE Project).
Manager: Garth Hall, 408-630-2750
Attachments: [Attachment 1: Sites JPA and Reservoir Committee structure](#)
[Attachment 2: Sites Project participation breakdown](#)
[Attachment 3: LVE Phase 2 Project Schedule summary](#)
Est. Staff Time: 15 Minutes
- 5.4. Calero Reservoir Expansion Analysis [18-0833](#)
Recommendation: Receive information on analyses performed to date for a potential expansion of Calero Reservoir.
Manager: Katherine Oven, 408-630-3126
Est. Staff Time: 15 Minutes
- 5.5. Review Water Storage Exploratory Committee Work Plan and the Committee's Next Meeting Agenda. [18-0861](#)
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

6. 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.

7. ADJOURN:

7.1. Adjourn.

File No.: 18-0857

Agenda Date: 10/1/2018
Item No.: 4.1.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Approval of Minutes.

RECOMMENDATION:

Approve the August 15, 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: 081518 Water Storage Draft Minutes

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

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

DRAFT MINUTES

**WEDNESDAY, AUGUST 15, 2018
1:30 PM**

(Paragraph numbers coincide with agenda item numbers)

A regular meeting of the Water Storage Exploratory Committee (Committee) was held on August 15, 2018, in the Headquarters Building Board Conference Room A124 at the Santa Clara Valley Water District, 5700 Almaden Expressway, San Jose, California.

1. CALL TO ORDER/ROLL CALL

A regular meeting of the Santa Clara Valley Water District Water Storage Exploratory Committee was called to order by Chair Gary Kremen at 1:39 p.m. on August 15, 2018.

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, Glenna Brambill, Norma Camacho, Jacqui Carrasco, Jerry De La Piedra, Christopher Hakes, Cindy Kao, Michael Martin, Melih Ozbilgin, Eli Serrano, Sue Turner and Stan Yamamoto.

Guest in attendance: Doug Muirhead, Resident of Morgan Hill.

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 John L. Varela, seconded by Director Richard P. Santos, and unanimously carried to approve the minutes of the May 17, 2018, Joint Meeting Santa Clara Valley Water District (SCVWD) Water Storage Exploratory Committee, San Benito County Water District (SBCWD), Pacheco Pass Water District (PPWD), as presented.

4. **ACTION ITEMS**

4.1 PACHECO RESERVOIR EXPANSION PROJECT STATUS

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

Chair moved to agenda item 4.5

4.5 PACHECO PROJECT RESOURCE IMPLEMENTATION PLAN (INFORMATION ONLY)

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

Director John L. Varela, Ms. Norma Camacho, Director Richard P. Santos had questions and concerns about the WIIN Act, temporary assignments, CEQA, property and owners, doing outreach to the Pacheco owners; calls, letters, having partnerships with Pajaro Valley.

Mr. Doug Muirhead, Resident of Morgan Hill, spoke about giving people opportunities to see the project. Having recreation being part of the project design. The answer; it was purposely left off because of CEQA and Proposition 1 funding requirements.

Director John L. Varela, Ms. Norma Camacho, Director Richard P. Santos had questions about having new agreements that will incorporate the recreational component.

No action taken.

Chair returned to agenda item 4.1

4.1 PACHECO RESERVOIR EXPANSION PROJECT STATUS

The Committee took the following action:

It was moved by Director Richard P. Santos, seconded by Director Gary Kremen and unanimously carried to recommend that the Board approve staff's recommendation at the August 28, 2018, Board meeting, 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.

4.2 UPDATE ON PROPOSED SITES RESERVOIR PROJECT

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

No action taken.

4.3 UPDATE ON LOS VAQUEROS RESERVOIR EXPANSION PROJECT, IN PREPARATION OF FUTURE DECISIONS REGARDING PROJECT FUNDING AND PARTICIPATION LEVELS.

Mr. Michael Martin reviewed the materials as outlined in the agenda item.

Director Gary Kremen questioned about having a JPA and other potential associated costs.

Ms. Norma Camacho and Mr. Jerry De La Piedra were available to answer questions.

No action taken.

4.4 INVESTIGATION OF STATEWIDE GROUNDWATER STORAGE AND BANKING OPPORTUNITIES

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

Mr. Doug Muirhead, Resident of Morgan Hill, spoke about reliability of recovering semi tropic water and possibly more emphasis needed on water storage.

No action taken.

Chair moved to agenda item 4.6

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 next meeting should be scheduled after the Board meets on September 25, 2018, and try for the first week of October 2018.

No action taken.

6. CLERK REVIEW AND CLARIFICATION OF COMMITTEE ACTIONS

Ms. Glenna Brambill noted there was one action item for Board consideration under Agenda Item 4.1 (in conjunction with Agenda Item 4.5).

Committee Action:

The Water Storage Exploratory Committee unanimously recommended that the Board approve staff's recommendation at the August 28, 2018, Board meeting, 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.

7. ADJOURNMENT

Chair Director Gary Kremen adjourned the meeting at 2:53 p.m.

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

Approved:

File No.: 18-0830

Agenda Date: 10/1/2018
Item No.: 5.1.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Pacheco Reservoir Expansion Project Timeline Overview

RECOMMENDATION:

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

SUMMARY:

This is a status update for the Pacheco Reservoir Expansion Project Timeline.

BACKGROUND:

Staff will provide an overview of the current project timeline as detailed in the Memorandum (Attachment 1) from Water Utility Enterprise Chief Operating Officer Nina Hawk, to the Board of Directors.

ATTACHMENTS:

Attachment 1: Memo from Nina Hawk

UNCLASSIFIED MANAGER:

Christopher Hakes, 408-630-3796

TO: Board of Directors

FROM: Nina Hawk

SUBJECT: Update on Pacheco Reservoir Expansion
Project timelines

DATE: September 18, 2018

On July 24, 2018 - The California Water Commission (CWC) conditionally approved the District's California Proposition 1 Water Storage Investment Program (WSIP) funding request of \$484.55 million on, which included an Early Funding award of \$24.2 million. As a result, on August 28, 2018, staff requested, and the Board approved, a budget adjustment in the amount of \$2.6 million to provide resources for a Deputy level position and six (6) staff positions to properly execute and deliver the Pacheco Reservoir Expansion Project (Project). This memo provides an update on the administrative milestones and dates on which Board Action is currently anticipated on the Project.

- October 23, 2018 – The following items will be brought to the Board for review and approval:
 - Consultant Services Agreement for Planning, Design, Environmental Documentation and Permitting Support for the Project
 - A budget adjustment reallocating previously approved funding from the General Fund (Fund 11) to the Water Utility Fund (Fund 61).
- November 13, 2018 – The following item will be brought to the Board for review and approval:
 - Consultant Services Agreement for Program Management Services for the Project
- December 11, 2018 – The following item will be brought to the Board for review and approval:
 - Early Funding Agreement with the California Water Commission
- January 1, 2019¹ - Site Reconnaissance will begin for the Project
- November 21, 2019 – Basis of Design Report – Technical Memoranda
- January 1, 2020 – Biological, Cultural and Other Resource Investigations in support of NEPA generation complete.
- December 31, 2020 – U.S. Secretary of the Interior determination regarding feasibility of project (WIIN Act Funding eligibility)
- November 23, 2021 – Draft Environmental Impact Report (EIR) released for public Review and comment
- January 1, 2022 – Deadline for CWC determination regarding release of full funding conditionally awarded under Proposition 1 WSIP grant.

¹The current schedule reflects the understanding that legal action may be necessary to procure Right of Entry Agreements with one or more property owners. Legal proceedings may take up to 90 calendar days after the initial court filing(s). If negotiated agreements for property access are reached with the property owners, site reconnaissance may begin as early as November 1, 2018.

- November 22, 2022 – The following items will be brought to the Board for review and approval:
 - Conduct a public hearing on the Engineer's Report for the Project
 - Adoption of a resolution certifying the final EIR
 - Project approval request
- December 2022 through March 2023 – Permit and right of way acquisition
- April 9, 2024 – The following item will be brought to the Board for review and approval:
 - Adoption of the plans and specifications and authorization for bid solicitation
- June 11, 2024 – Anticipated date that staff will bring the Construction Contract to the Board for approval and award.

The dates presented above are estimates based on the current project schedule and may be subject to change based on real estate acquisitions, regulatory agency input, permitting, site condition analysis and findings, and other as yet unknown factors.



Nina Hawk
Chief Operating Officer
Water Utility Enterprise

File No.: 18-0831

Agenda Date: 10/1/2018

Item No.: 5.2.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

California Water Commission - Proposition 1 Water Storage Investment Program Funding Process Update

RECOMMENDATION:

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

SUMMARY:

On August 14, 2017, the District submitted an application to the California Water Commission (CWC) for California Proposition 1 Water Storage Investment Program (WSIP) funding for the Pacheco Reservoir Expansion Project (Project). The District's application requested funding for public benefits amounting to \$484.55 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 starting August 14, 2017 for efforts related to the completion of the Environmental Documentation and Permitting for the Project. Staff is currently in negotiations with the CWC regarding the requirements of the Early Funding Agreement (Agreement) that must be executed to receive the Early Funding award. It is anticipated that the final Agreement will be brought to the Board for review, approval, and execution in December 2018.

ATTACHMENTS:

None

UNCLASSIFIED MANAGER:

Christopher Hakes, 408-630-3796

File No.: 18-0832

Agenda Date: 10/1/2018

Item No.: 5.3.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Governance Representation for both Sites Reservoir and Los Vaqueros Reservoir

RECOMMENDATION:

Receive and discuss information on Sites Reservoir Project (Sites Project) and Los Vaqueros Reservoir Expansion Project (LVE Project).

SUMMARY:

Santa Clara Valley Water District (District) staff has continued to review both the Sites and LVE Projects. Per request of the District Water Storage Exploratory Committee (Committee), this memo provides a status update of each project's governance and outstanding issues.

1. Sites Reservoir Project

On July 26, 2016 the Board approved participation in Phase 1 (initial phase) of the Sites Project, which committed the District to support an application for California Proposition 1 funding under the Water Storage Investment Program (WSIP). The District currently holds a 4.8 percent share of anticipated Sites Project yields via a Phase 1 commitment not to exceed \$1,440,000. On July 24, 2018, the California Water Commission announced that the Sites Project is eligible to receive up to \$816.3 million in WSIP funding, with around \$40.8 million in early funding. Project managers are expecting to move forward with additional planning, preliminary engineering and design, and environmental review as part of Phase 2 of the Project. Once additional critical information becomes available, staff will update the Board's Committee and provide a timeline for a recommendation on whether and how to participate in Phase 2. Staff anticipates having this information for the Committee in November.

Project Governance

The Sites Project Authority (Sites JPA), comprised of Sacramento Valley water agency and landowner interests, was formed on August 26, 2010 to pursue the development and construction of the Sites Project. The Sites JPA delegates authority to the Sites Project Reservoir Committee (Reservoir Committee) which has effectively become responsible for design and analysis of Sites Reservoir facilities and financing. The District, as well as other State Water Contractor Participants (SWC Participants) and some Sites JPA participants, form the Reservoir Committee which holds regular monthly meetings. This governance structure with a list of current participants is shown in Attachment 1. District staff have been advised by the Project's General Manager that JPA

membership is limited to agencies located within the Sacramento River Hydrologic Region. Changes to the current governance structure are not being proposed under Phase 2. The District will only be asked to consider continued participation in the Reservoir Committee, but staff anticipates that if the Sites Project continues into future phases the governance structure will be evaluated and potentially adjusted.

Decision Issues

Key issues which must be resolved for the Sites Project to be successful include the following:

1. Sites Project integration with the State Water Project (SWP) and Central Valley Project (CVP). Several SWC Participants are working with the California Department of Water Resources (DWR) to discuss options for financial and (general) operational integration of the Sites Project into the SWP. Water rights used to divert from Sacramento River and possible impacts or coordination with SWP and CVP must also be addressed.
2. Possible impacts of unsettled environmental regulations and permitting restrictions. Ongoing discussions surrounding potential environmental regulations or permitting restrictions must be reviewed for substantial impacts to the Sites Project.
3. Sites Project participation level. A current breakdown of Sites Project participation is shown in Attachment 2. There is uncertainty surrounding the intentions of other participants to retain, adjust, or dissolve Sites Project shares moving forward into Phase 2.

Timing for Decision on Phase 2 Participation

The Sites JPA has set a deadline of January 11, 2019 for Phase 1 participants to make participation decisions for Phase 2, including funding commitments. It is not clear from other Phase 1 participants that this deadline will be met - since for most if not all participants the funding level for Phase 2 is significant and will likely require agency board-level approvals. District staff anticipates that the District's share of Phase 2 costs would be in excess of \$30 million. However, Phase 2 has been divided into two phases with a potential off-ramp at the end of Phase 2a when the Board could decide to withdraw from the project. The District's actual costs will depend on availability of grant funds and/or other participant commitments going forward. The total cost of the project is estimated to be about \$5.5 billion (2015 dollars). Staff is preparing an updated analysis for consideration of District participation in Phase 2 and will seek a November date for a Committee meeting for review of staff's analysis and to consider staff's perspectives on next steps.

2. Los Vaqueros Reservoir Expansion Project

Los Vaqueros is an off-stream reservoir, located in Contra Costa County and operated by Contra Costa Water District (CCWD). 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 proposed LVE 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 the South-of-Delta pumps. Moreover, the LVE Project could be built in phases, starting with 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). CCWD received the maximum eligibility award of \$459 million from the California Water Commission (CWC) as part of WSIP funding. CWC authorized \$13.65 million in early funding for planning and design. CCWD has also requested \$10 million in federal funding for planning and design through the FY19 Water Infrastructure for Improvements to the Nation (WIIN) Act. CCWD has \$130,000 remaining for its partner funded consultant and will need more money from partners to continue with environmental, federal feasibility, financial evaluation, governance, permitting and design efforts and to be used as matching local funds required for WSIP and WIIN. The total near term cost to local partners is estimated at \$3 million as part of a Multi-Party Cost-Share Agreement. CCWD is seeking input from the partners on the terms and allocation of costs. Costs could be divided evenly or based on requested benefits which would require the District to contribute between \$200,000 to \$260,000 in addition to our prior payment of \$100,000 to support CCWD's Proposition 1 application and would carry the LVE Project through the end of 2019 and the formation of a Joint Powers Authority (JPA).

CCWD hosted a webinar in early August to update local partners on the status of the Los Vaqueros Expansion. CCWD is currently developing budget projections, permitting strategy, water rights strategy, and completing environmental documentation. See Attachment 3 for a summary of the LVE Phase 2 Project schedule. CCWD has hired a consultant, Clean Energy Capital (CEC), to work on a financial model to evaluate the allocation of capital and operating costs based on facility usage. CCWD has scheduled meetings, that District staff will participate in, for late September to review the water resources model (CalSim) information that is an input into the financial model, which will be available for partner review in October.

Project Governance

CEC will work with the LVE Project partners to develop a JPA agreement, anticipated to be established in 2019. The partners are still discussing whether to hire independent counsel to represent them individually during JPA negotiations. Once the JPA is in place, design and construction responsibilities will transition from CCWD to the JPA.

Potential LVE Project partners include:

- Contra Costa Water District
- Santa Clara Valley Water District
- City of Brentwood
- East Contra Costa Irrigation District
- Byron Bethany Irrigation District
- San Francisco Public Utilities Commission
- Zone 7 Water Agency
- Bay Area Water Supply & Conservation Agency
- Alameda County Water District

- Del Puerto Water District
- Grassland Water District
- San Luis Water District
- San Luis & Delta-Mendota Water Authority
- Westlands Water District

Schedule for Partnership Negotiations

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

- September 25th and 27th - CalSim model review webinar
- October 11th - Financial model review webinar
- November 27th - LVE Project briefing for partner agencies' General Managers
- Fall 2018 - Execute Multi-party Cost-Share Agreement
- Fall 2018 - CCWD executes early funding agreement with CWC
- Winter 2018/2019 - Partners & CCWD negotiate key terms of cost and governance
- Spring 2019 - Decision to form JPA
- Summer 2019 - Finalize JPA

ATTACHMENTS:

Attachment 1: Sites JPA and Reservoir Committee structure

Attachment 2: Sites Project participation breakdown

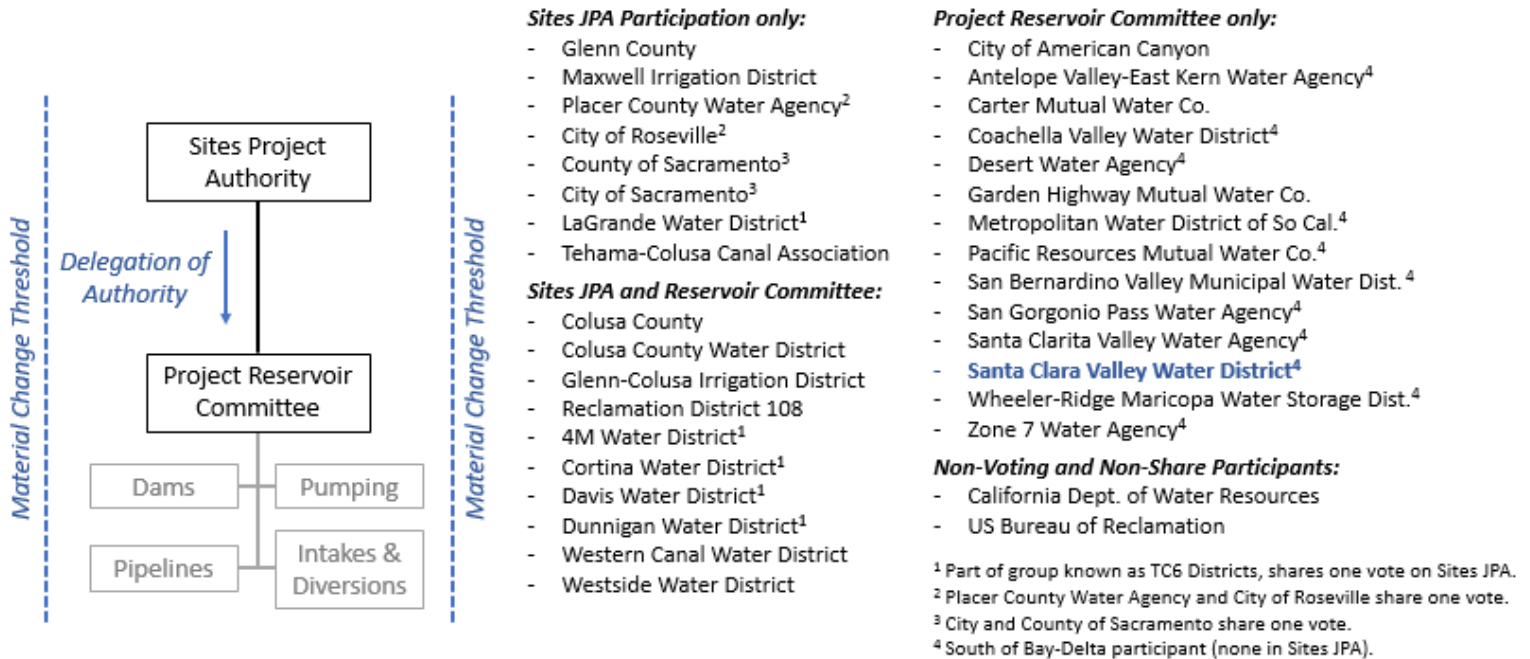
Attachment 3: LVE Phase 2 Project Schedule summary

UNCLASSIFIED MANAGER:

Garth Hall, 408-630-2750

SITES JPA AND RESERVOIR COMMITTEE STRUCTURE

Below is a general diagram showing the roles of the Sites Project Authority (Sites JPA) and the Project Reservoir Committee (Reservoir Committee), adapted from Sites Project documentation.



Sites JPA roles and responsibilities:

- Applicant for Proposition 1 Water Storage Investment Program (WSIP) application.
- CEQA lead agency, and work with USBR as NEPA lead agency.
- Hold title to any water rights issued by State Water Resources Control Board (SWRCB).
- Obtain permits and acquire property, easements and rights-of-way.
- Be owner of record for dam safety requirements and regulatory obligations.
- Work with DWR and USBR for Project operations and coordination with SWP and CVP.
- May delegate (or rescind) responsibilities of Project Reservoir Committee.

Reservoir Committee roles and responsibilities:

- Comply with terms and conditions established by Sites JPA in Reservoir Project Agreement.
- Maintain sufficient reserves to ensure positive cash flow.
- For Phase 1, manage the studies and related materials that will be required in the WSIP application.
- For Phase 2, studies and materials required for additional planning, preliminary engineering and design, and environmental review.

Decision Making:

Each decision-making body has discretion to make decisions within limits of their authorities. Limits are defined as thresholds that may result in a Material Change from baseline conditions approved by Sites JPA.

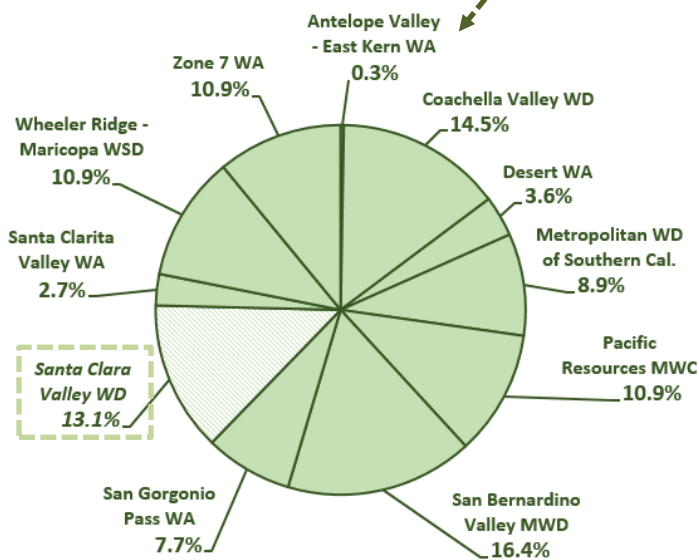
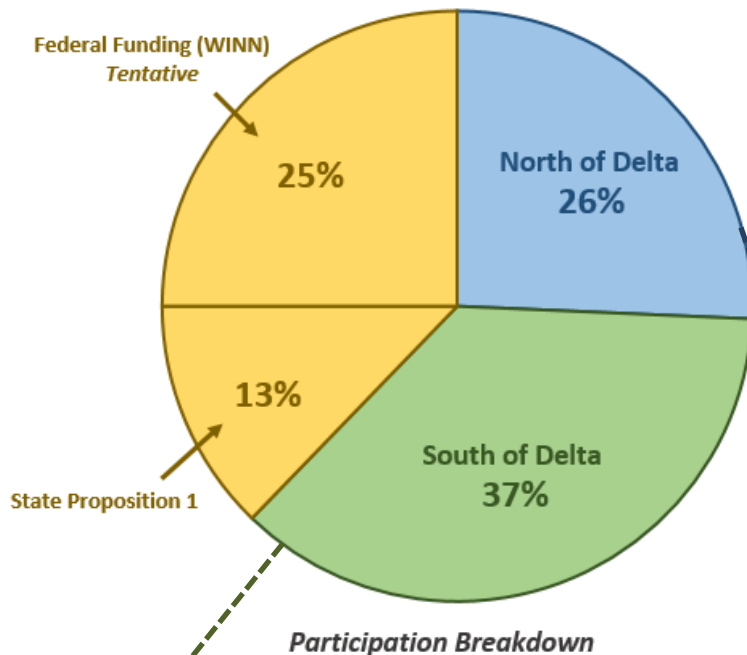
- **Sites JPA:** Chartering documents and bylaws.
- **Reservoir Committee:** Bylaws and compliance with terms and conditions delegated by Sites JPA in the Reservoir Project Agreement.

Material Change provisions:

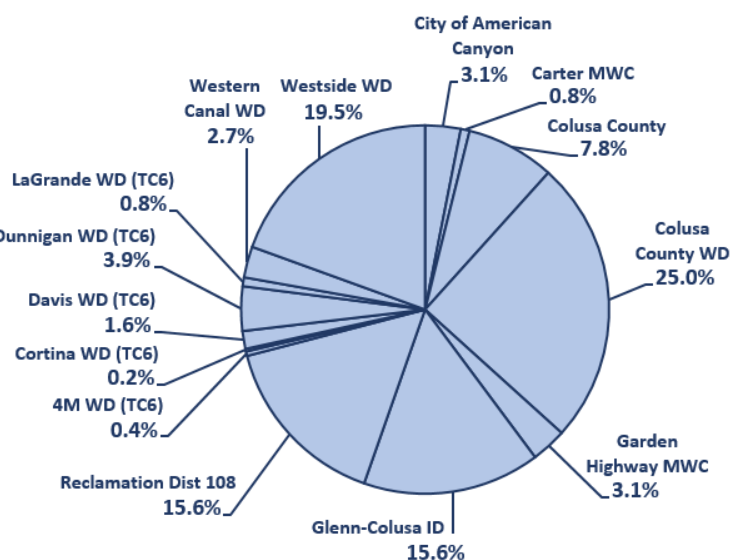
- Budgets: operating and target, including line-item transfers or adjustments.
- Eligibility to receive funds from WSIP.
- Impact to water rights and/or annualized yield.
- Changes in Participants' levels of funding commitment that may shift additional costs to other participants.
- Dam safety permits and compliance.
- Changes in scope, schedule, or cost – both up-front and O&M.
- Change in pumping power (or renewable generation).
- Comply or require extreme measures to comply with OSHA requirements.
- Shifting or significant risk.
- Changes in environmental mitigation or compliance obligations.
- Changes in facility performance or reliability.

PROJECT PARTICIPATION BREAKDOWN

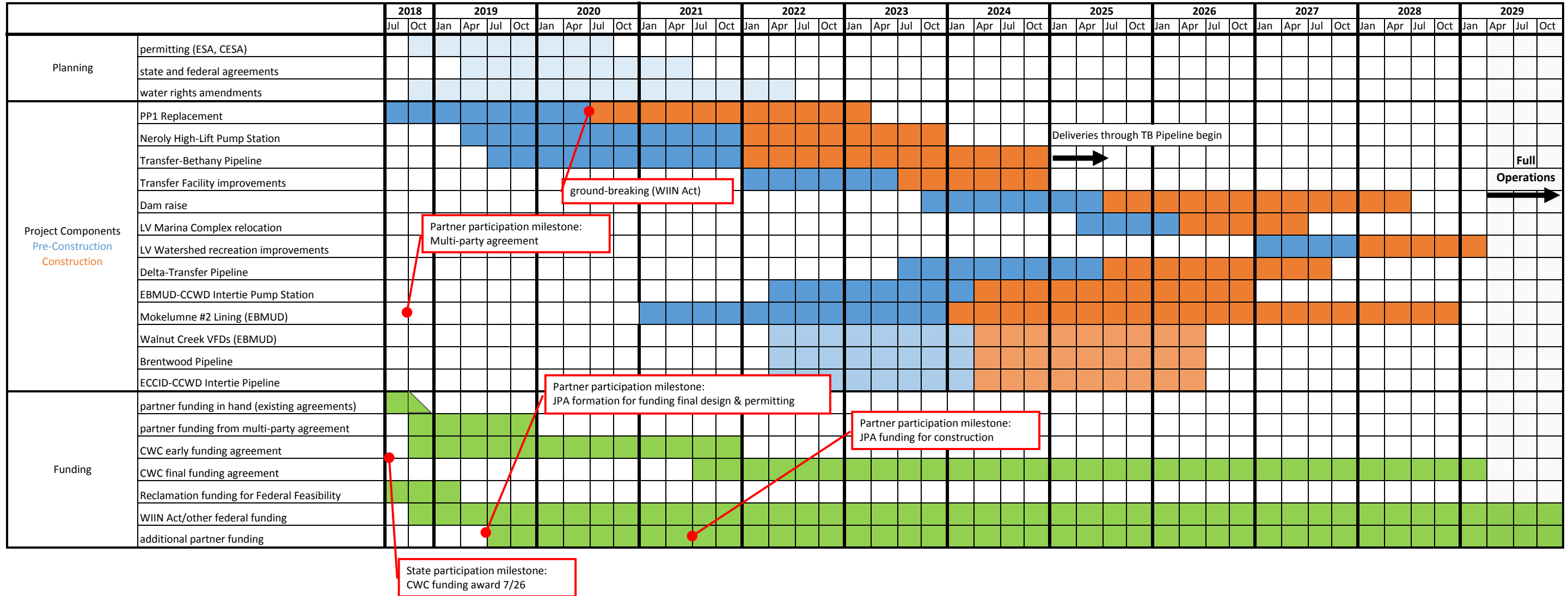
Below are charts showing the current breakdown of Sites Project participants as of September 19, 2018. Groupings are broken down between 'North of Delta' (Sacramento Valley) and 'South of Delta' participants, which includes SWC Participants. The District currently holds a 4.8 percent share of total Project yields. This follows the understood 'beneficiary pays' model where percentage funding share is proportional to Project yields and benefits (i.e., WSIP and WINN grant funding entitles them to proportional share of reservoir used for environmental and recreational purposes, separate from the District's 4.8 percent of Project costs and yields).



Anticipated Participation (South of Delta)
Relative portions of 37 percent of total Project, shown above.



Anticipated Participation (North of Delta)
Relative portions of 26 percent of total Project, shown above.



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File No.: 18-0833

Agenda Date: 10/1/2018

Item No.: 5.4.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Calero Reservoir Expansion Analysis

RECOMMENDATION:

Receive information on analyses performed to date for a potential expansion of Calero Reservoir.

SUMMARY:

A recent informal Board member request (IBMR) requested staff to evaluate the possibility of raising the height of Calero Dam to expand Calero Reservoir's storage capacity.

Background

Completed in 1935 and constructed with compacted earthen materials, Calero Dam is 840 feet-long and 90 feet high. Calero Dam creates a reservoir that stores 9,934 acre-feet of water with a surface area of approximately 347 acres at full capacity. The dam is located on Calero Creek in unincorporated Santa Clara County, approximately 12 miles southwest of downtown San Jose. The dam and reservoir are bounded by McKean Road to the north and Calero County Park to the south.

In 2012, a seismic evaluation of the dam determined the need to modify the facility to provide seismic stability from earthquake events. Accordingly, the California Department of Water Resources Division of Safety of Dams (DSOD) mandated operational restrictions, limiting reservoir storage to 46 percent of its normal capacity. A retrofit of the 80-year-old dam and associated facilities is necessary to address seismic safety concerns, satisfy District operational requirements, remove the interim storage restriction, and restore normal water supply capacity.

Calero Dam Seismic Retrofit Project Status

The Calero Dam Seismic Retrofit Project (Project) was initiated in Fiscal Year 2013. The Project is currently at the 60% design stage. A Notice of Preparation was published in June 2018 to comply with the California Environmental Quality Act (CEQA) requirements, and a scoping meeting for the Project's EIR was held on July 18, 2018. Project construction is anticipated to begin in 2020 or 2021, and the current estimated construction cost is \$90 million - \$100 million, with a total Project cost estimate of \$125M.

Analysis of Reservoir Expansion

In 2016, at the request of the District, the Program Management Consultant, Black & Veatch, performed a conceptual analysis of increasing the height of Calero Dam to expand the reservoir's storage capacity. The analysis was based on a 30-foot increase of the reservoir's water surface

elevation, which would add approximately 14,000 acre-feet (AF) of storage capacity, yielding a total reservoir storage capacity of about 24,000 AF.

Raising the dam to accommodate a 30-foot increase in the reservoir's water surface elevation (WSEL) would require the following:

1. A new levee constructed along the southeast edge of the reservoir to protect the Cinnabar Hill Golf Club;
2. Modification to the dam's emergency spillway;
3. The relocation of almost 3 miles of McKean Road, including the construction of a 300-foot long bridge along the east rim of the expanded reservoir.

The 2016 conceptual analysis included the following assumptions:

1. All elements of the seismic retrofit work would be completed;
2. A reservoir expansion would not require replacement or significant re-work of existing infrastructure; for example, the outlet works replaced as part of the seismic retrofit would have sufficient capacity to meet (DSOD) emergency drawdown requirements.
3. The raising of the main dam embankment and the auxiliary dam embankment would not require a full replacement of either embankment;
4. The District's water system pumps would have adequate capacity to pump imported or local water into a raised Calero Reservoir.

Preliminary Cost of Calero Reservoir Expansion

Black & Veatch prepared an opinion of probable project cost (OPPC) for a Calero Reservoir expansion based on necessary embankment and associated infrastructure improvements. The OPPC for the expansion was \$200 million (2016 dollars), with earthwork for the dam raises, two new levees to contain the larger reservoir, necessary property acquisition, and the relocation of McKean Road as the primary cost drivers. A \$200M expansion project to gain 14,000 additional acre-feet of storage would represent an expansion cost of \$14,300 per acre-foot of storage capacity. This estimated unit price is for project construction only and does not include any project life-cycle costs.

Estimated Schedule Impacts: Calero Retrofit vs. Calero Expansion

Table 1 presents estimated schedules for including some aspect of a potential Calero Reservoir expansion into the current Project effort, or undertaking a separate and parallel effort to plan and design for reservoir expansion. These are described in greater detail below:

1. For baseline purposes, Option A presents the anticipated schedule for proceeding with only the current seismic retrofit work on Calero. The CEQA process is anticipated to be completed in 2020, and construction would begin in 2021.
2. For Option B, only the seismic retrofit work would be constructed in the near term. However, the Project's CEQA document would be expanded to include programmatic-level analysis of future reservoir expansion impacts. Additional staff resources will be required to initiate and manage another consultant to undertake the additional engineering and CEQA effort. The

hiring of additional staff, the development of a Request for Proposal (RFP), the selection of a new consultant, and negotiation of the consultant services agreement will take approximately 2 years. This would be followed by 2 years of project development and pre-design to perform a programmatic-level impact analysis. The expanded CEQA document would be completed around 2024 and construction of the retrofit work would be anticipated to begin in 2026.

Preparing a programmatic-level analysis of environmental impacts for the proposed reservoir expansion now would still require preparation of a subsequent or supplemental CEQA document in the future if the District proceeded with an expansion project. Additional permits specific to the expansion project would also have to be negotiated and secured before the expansion could be constructed.

Option B would provide the District the opportunity to disclose its intent to expand Calero Reservoir well in advance of the actual project. This could generate a significant volume of comments from the public, which could extend the timeline for preparing the Final EIR, and thus could delay the seismic retrofit work. Delays to the start of construction would increase construction costs by about 3% per year of delay.

3. For Option C, the Project's CEQA document would be expanded to include a detailed, project-level analysis of future reservoir expansion impacts, and all necessary permits for both seismic retrofit and reservoir expansion would be secured. However, only the seismic retrofit work would be constructed initially, and the reservoir expansion would be undertaken at a later time.

A project-level CEQA document for reservoir expansion would result in a significant delay to addressing the dam's existing seismic deficiencies as mandated by DSOD. The District would have to obtain approval of this delay from DSOD before proceeding with this option.

Compared to the baseline (Option A), it is estimated that an additional 6-7 years of detailed project development and up to 60% design completion of reservoir expansion elements would be necessary to prepare a defensible project-level CEQA document. This would include 2 years to secure approval for the schedule change from DSOD; the hiring of additional staff; preparation of an RFP; and the subsequent effort to select consultants and negotiate services agreements. As with Option B, Option C would provide the District an opportunity to disclose its intent to expand Calero Reservoir well in advance of the actual project. As described above in Item 2, this could trigger significant reactions from the public and could extend the timeframe for completing the CEQA process. It's estimated that the expanded CEQA document would be completed in 2026-2027. Another 3 to 4 years of permit negotiation would likely follow to secure all the permits for both seismic retrofit and reservoir expansion work. For this option, construction of the retrofit work would be anticipated to begin in 2031 or 2032.

Permits that are secured for project construction are valid for a limited period of time (usually 5 years). If the District were to construct only the seismic retrofit work first (a 3-year estimated timeline), it would have to begin the reservoir expansion construction soon thereafter to avoid having to re-negotiate the permits for that work.

4. In Option D, the reservoir expansion would be combined with the seismic retrofit work. As with Option C, such an approach would first require DSOD approval because it would significantly delay the repair of seismic deficiencies in the existing dam. If DSOD approval was granted, and the District proceeded down this path, the design work on the seismic retrofit elements would be temporarily halted to allow for full development and analysis of dam modifications to expand the Calero Reservoir capacity. The design effort would then be restructured to combine all elements of seismic retrofit and reservoir expansion.

The likely schedule for completion of Option D would mirror that of Option C, with an estimated start date for construction in the early 2030s.

Based on a 3% annual increase in construction costs, and using a cost of \$300M (2018 dollars) for the combined seismic retrofit and reservoir expansion construction, a construction start date in 2029 would inflate the construction cost estimate to approximately \$420M.

5. In Option E, the seismic retrofit Project work would continue as planned, and a separate effort would be undertaken to further the concept of Calero Reservoir expansion. As with Options C and D, additional staff resources would be required and consultant services would have to be secured to undertake this work. If this separate effort was budgeted to begin in FY2020, the timeframe of key milestones would be similar to Options C and D. Under this scenario, construction of the reservoir expansion would begin in the early 2030s.

Table 1. Preliminary Schedule Impacts for Various Calero Dam Project Options

Calero Dam Project Options	Certified CEQA Document	Completion of Design and Permitting	Estimated Start of Construction
A	Seism 2020	2021	2021
B	Seism to include future	2025	2026

C	Expansion analysis security reserve work	2026-2027	2029-2031	2031-2032
D	Change seismic	2026-2027	2029-2031	2031-2032
E	Under reserve	2026-2027	2029-2031	2031-2032

ATTACHMENTS:

None

UNCLASSIFIED MANAGER:

Katherine Oven, 408-630-3126

File No.: 18-0861

Agenda Date: 10/1/2018

Item No.: 5.5.

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.: 18-0861

Agenda Date: 10/1/2018
Item No.: 5.5.

Attachment 1: Water Storage Exploratory Committee 2018 Work Plan

UNCLASSIFIED MANAGER:
Michele King, 408-630-2711

2018 Work Plan: Water Storage Exploratory Committee

Update: September 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. 	<p>Accomplished May 17, 2018: The Committee reviewed the Water Supply benefits and costs of the Anderson Reservoir Seismic Retrofit Project and took no action.</p>
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. 	<p>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.</p>
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. 	<p>Accomplished May 17, 2018: The Committee received an update on the proposed sites reservoir project and took no action.</p>

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1

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2018 Work Plan: Water Storage Exploratory Committee

Update: September 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 October 1 Special Meeting	<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> <p>Accomplished August 15, 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. 	<p>Accomplished August 15, 2018: The Committee discussed the status of the Pacheco Reservoir Expansion Project and took no action.</p>
8	Update on Proposed Sites Reservoir Project	August 15	<ul style="list-style-type: none"> Receive and discuss information on the Sites Reservoir Project. 	<p>Accomplished August 15, 2018: The Committee received an update on the proposed Sites Reservoir Project and took no action.</p>

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1
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2018 Work Plan: Water Storage Exploratory Committee

Update: September 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. 	<p>Accomplished August 15, 2018: The Committee received an update on the Los Vaqueros Reservoir Expansion Project, in Preparation of Future Decisions regarding Project Funding and Participation Levels and took no action.</p>
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. 	<p>Accomplished August 15, 2018: The Committee discussed staff investigation of groundwater storage and banking opportunities and took no action.</p>
11	Closed Session Anticipation of Litigation – Initiation of Litigation Pursuant to Government Code Section 54956.9(d)(4) – Four Potential Cases (Pacheco Reservoir Expansion Study	October 1 Special Meeting	<ul style="list-style-type: none"> Discuss Closed Session Anticipation of Litigation – Initiation of Litigation Pursuant to Government Code Section 54956.9(d)(4) – Four Potential Cases (Pacheco Reservoir Expansion Study. 	
12	Pacheco Reservoir Expansion Project Timeline Overview	October 1 Special Meeting	<ul style="list-style-type: none"> Receive and discuss Pacheco Reservoir Expansion Project Timeline Overview. 	
13	California Water Commission - Proposition 1 Water Storage Investment Program Funding Process Update	October 1 Special Meeting	<ul style="list-style-type: none"> Receive update on the California Water Commission - Proposition 1 Water Storage Investment Program Funding Process. 	

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1
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ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
14	Governance Representation for both Sites Reservoir and Los Vaqueros Reservoir	October 1 Special Meeting	<ul style="list-style-type: none"> Review and discuss Governance Representation for both Sites Reservoir and Los Vaqueros Reservoir. 	
15	Calero Reservoir Expansion Analysis	October 1 Special Meeting	<ul style="list-style-type: none"> Discuss Calero Reservoir Expansion Analysis. 	

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors