



SOUTH COUNTY REGIONAL
WASTEWATER AUTHORITY

July 27, 2017

NOTICE OF MEETING – REQUEST FOR RSVPS

Members of the Joint Water Resources Committee (City of Gilroy, City of Morgan Hill, SCRWA and SCVWD)

Santa Clara Valley Water District (SCVWD):

Director Hon. Richard P. Santos, 2017 Board Vice Chair
Director Hon. John L. Varela, 2017 Board Chair

City of Gilroy:

Mayor Pro Tempore Hon. Dion Bracco *and Board Vice Chairman, SCRWA*
Council Member Hon. Cat Tucker

City of Morgan Hill:

Mayor Pro Tem Hon. Larry Carr *and Board Chairman, SCRWA*
Council Member Rene Spring *and Board Member, SCRWA*

SCRWA = *South County Regional Wastewater Authority*

A meeting of the Joint Water Resources Committee (City of Gilroy, City of Morgan Hill, SCRWA and SCVWD) will take place at 9:15 a.m. on Wednesday, August 2, 2017, at the South County Regional Wastewater Authority Conference Room, 1500 Southside Drive, Gilroy, CA 95020.

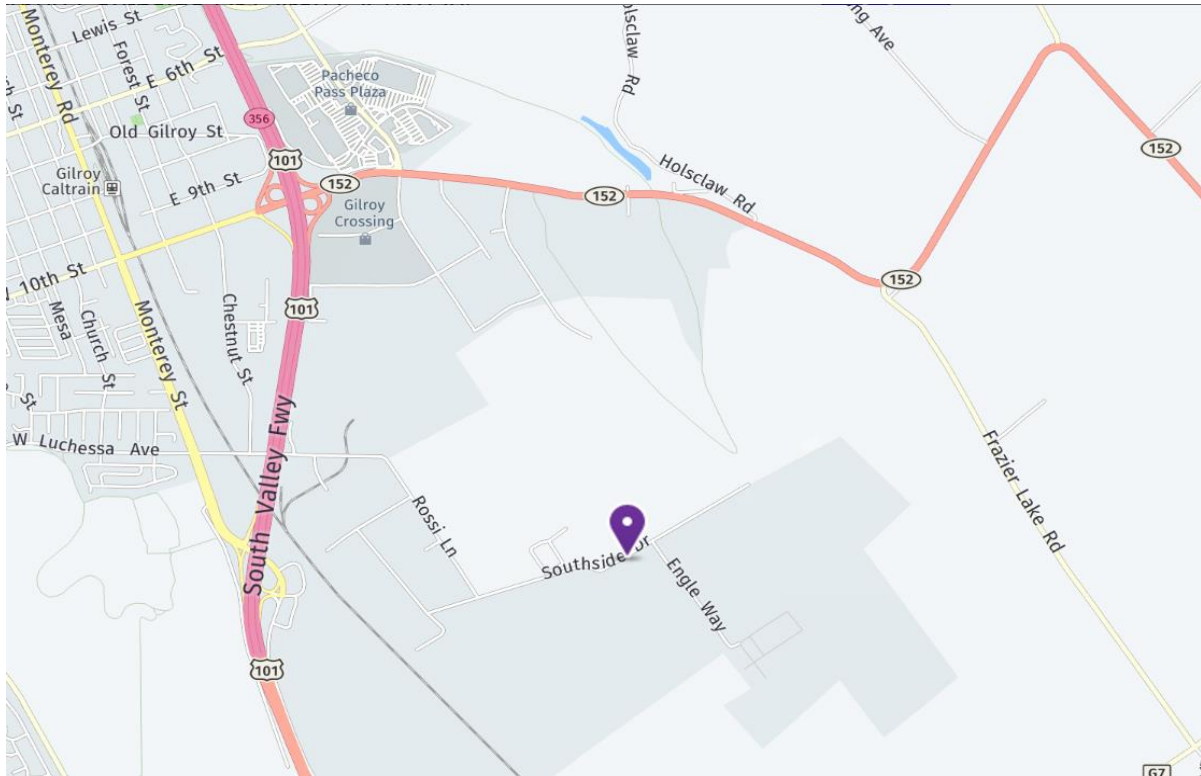
Enclosed for your convenience is a copy of the agenda and corresponding materials. Please bring these materials to the meeting with you.

Please RSVP at your earliest convenience by calling Glenna Brambill at 1-408-630-2408, or by email to gbrambill@valleywater.org

Santa Clara Valley Water District
Office of the Clerk of the Board

Enclosures

SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY MAP
1500 SOUTHSIDE DRIVE
GILROY CA 95020
(408) 848-0480



From District:

Go North on Almaden Expressway
Turn right onto Hwy 85 South
To Hwy 101 South to Gilroy
Take exit 356 toward CA 152 East/10th St.
Turn right onto East 10th St.
Turn left onto Chestnut St.
Turn left onto East Luchessa Ave
Continue on --name changes to Rossi Ln
Turn left onto Southside Dr.
SCRWA is on the right side (1500)
{cross street Engle Way}



SOUTH COUNTY REGIONAL
WASTEWATER AUTHORITY

JOINT WATER RESOURCES COMMITTEE

Dion Bracco, Mayor, City of Gilroy and Vice Chairman, SCRWA

Cat Tucker, Council Member, City of Gilroy

Larry Carr, Council Member, City of Morgan Hill and Chairman, SCRWA

Rene Spring, Council Member, City of Morgan Hill and Board Member, SCRWA

John I. Varela, Board Chairperson, Santa Clara Valley Water District (SCVWD)

Richard P. Santos, Board Vice Chairperson, Santa Clara Valley Water District (SCVWD)

SCRWA = South County Regional Wastewater Authority

AGENDA

WEDNESDAY, AUGUST 2, 2017

9:15 AM

**JOINT WATER RESOURCES COMMITTEE
(CITY OF GILROY, CITY OF MORGAN HILL, SCRWA AND SCVWD)
South County Regional Wastewater Authority
Conference Room
1500 Southside Drive, Gilroy CA 95020**

Time Certain:

9:15 a.m.

- 1. Call to Order/Roll Call.**
- 2. Time Open for Public Comment on Any Item Not on the Agenda.**
Comments should be limited to two minutes. If the Committee wishes to discuss a subject raised by the speaker, it can request placement on a future agenda.
- 3. Election of Chair and Vice Chair**
- 4. Approval of Minutes**
 - 4.1 Approval of Minutes –May 24, 2017, meeting.
- 5. Action Items:**
 - 5.1 Review and Discuss Committee Formation, Purpose, Roles and Responsibilities (Garth Hall)
Recommendation: Review and Discuss Committee Formation, Purpose, Roles and Responsibilities.
 - 5.2 Develop Committee Work Plan (Garth Hall)
Recommendation: Receive information and discuss next steps.
 - 5.3 Update on District's Water Supply Master Plan (Tracy Hemmeter)
Recommendation: This is an information only item and no action is required. However, the Committee may provide comments for Board consideration.
 - 5.4 Update on California Waterfix (Cindy Kao)
Recommendation: Receive and discuss information on the California WaterFix. This is an information only item and no action is required.
 - 5.5 Update on Progress of Pacheco Reservoir Expansion and Preparation for Proposition 1 Application (Garth Hall/Melih Ozbilgin)
Recommendation: Receive and discuss information presented on the Pacheco Reservoir expansion and the Proposition 1 Application. This is an information only item and no action is required.

5.6 Update on Recycled and Purified Water Projects (Hossein Ashktorab)
Recommendation: Receive and discuss updated information on recycled and purified water projects.

6. Clerk Review and Clarification of Committee Actions
This is a review of the Committee's Actions (from Item 5).

7. Adjourn

REASONABLE EFFORTS TO ACCOMMODATE PERSONS WITH DISABILITIES WISHING TO ATTEND COMMITTEE MEETINGS WILL BE MADE. PLEASE ADVISE THE CLERK OF THE BOARD'S OFFICE OF ANY SPECIAL NEEDS BY CALLING (408) 630-2277.

Meetings of this committee will be conducted in compliance with all Brown Act requirements. All public records relating to an open session 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 same time that the public records are distributed or made available to the legislative body, at the following locations:

Santa Clara Valley Water District
Clerk of the Board Unit
5700 Almaden Expressway
San Jose, CA 95118

City of Gilroy
City Clerk
735 Rosanna Street
Gilroy, CA 95020

City of Morgan Hill
City Clerk
17575 Peak Avenue
Morgan Hill, CA 95037

South County Regional Wastewater Authority
(SCRWA)
1500 Southside Drive
Gilroy, CA 95020

Joint Water Resources Committee Purpose: Advance common South County water interests and receive input from stakeholders and interested parties when undertaking the following: 1. Reviewing current practices and future needs for groundwater management in the Llagas groundwater sub-basin, 2. Facilitating policy discussion and sharing of technical information on water supply planning for South County, 3. Identifying the current and future demand for recycled water as well as jointly identifying funding sources for implementation of the South County Recycled Water Master Plan, 4. Facilitating policy discussion and sharing of technical information on furthering development and use of recycled water in South County, 5. Facilitating policy discussion and sharing of socio-economic homelessness in South County



Committee:	Joint Water Resources
Meeting Date:	08/02/17
Agenda Item No.:	3
Unclassified Manager:	Michele King
Email:	mking@valleywater.org
Est. Staff Time:	5 minutes

COMMITTEE AGENDA MEMO

SUBJECT: Election of 2017 Joint Water Resources Committee Chair and Vice Chair

RECOMMENDED ACTION:

Elect the 2017 Chair and Vice Chair

SUMMARY:

This is an Action item:

Per the Board Resolution, the duties of the Chair and Vice Chair are as follows:

The officers of each Committee shall be a Chairperson and Vice Chairperson, both of whom shall be members of that Committee. The Chairperson and Vice Chairperson shall be elected by the Committee, each for a term of one year commencing on January 1 and ending on December 31 and for no more than two consecutive terms. The Committee shall elect its officers at the first meeting of the calendar year. All officers shall hold over in their respective offices after their term of office has expired until their successors have been elected and have assumed office.

The Chairperson shall preside at all meetings of the Committee, and he or she shall perform other such duties as the Committee may prescribe consistent with the purpose of the Committee.

The Vice Chairperson shall perform the duties of the Chairperson in the absence or incapacity of the Chairperson. In case of the unexpected vacancy of the Chairperson, the Vice Chairperson shall perform such duties as are imposed upon the Chairperson until such time as a new Chairperson is elected by the Committee.

Should the office of Chairperson or Vice Chairperson become vacant during the term of such office, the Committee shall elect a successor from its membership at the earliest meeting at which such election would be practicable, and such election shall be for the unexpired term of such office.

Should the Chairperson and Vice Chairperson know in advance that they will both be absent from a meeting, the Chair may appoint a Chairperson Pro-tempore to preside over that meeting. In the event of an unanticipated absence of both the Chairperson and Vice Chairperson, the Committee may elect a Chairperson Pro-tempore to preside over the meeting in their absence.

BACKGROUND:

The District Act provides for the creation of advisory boards, committees, or commissions by resolution to serve at the pleasure of the Board.

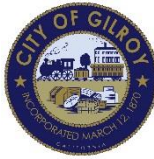
Accordingly, the Board has established Advisory Committees, which bring respective expertise and community interest, to advise the Board, when requested, in a capacity as defined: prepare Board policy alternatives and provide comment on activities in the implementation of the District's mission for Board 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.

The Board may also establish Ad-hoc Committees to serve in a capacity as defined by the Board and will be used sparingly.

ATTACHMENT(S):

None



**JOINT WATER RESOURCES COMMITTEE (CITY OF GILROY, CITY OF MORGAN HILL,
SCRWA AND SCVWD)**

DRAFT MINUTES

**WEDNESDAY, MAY 24, 2017
10:30 AM**

(Paragraph numbers coincide with agenda item numbers)

A meeting of the Joint Water Resources Committee (City of Gilroy, City of Morgan Hill, SCRWA and SCVWD) (Committee) was held on May 24, 2017, in the City of Morgan Hill Council Chamber Conference Room at the City of Morgan Hill, 17555 Peak Ave, Morgan Hill, California.

1. CALL TO ORDER/ROLL CALL

A meeting of the Joint Recycled Water Committee (City of Gilroy, City of Morgan Hill, SCRWA and SCVWD) was called to order by SCVWD's 2017 Board Chair Director John L. Varela at 10:30 a.m., no quorum was established, thus no action could be taken and the meeting was officially adjourned. The Committee proceeded with the presentations of the agenda items.

Committee Members in attendance were: City of Morgan Hill Council Member – Hon. Rene Spring; SCVWD Directors – Richard P. Santos, District 3, and John L. Varela, District 1.

Mr. Paul Kloecker was in attendance for the City of Gilroy (non-voting).

SCVWD Staff members in attendance were: Hossein Ashktorab, Glenna Brambill, Norma Camacho, Vanessa De La Piedra, Jim Fiedler, Rachael Gibson, Garth Hall, Elise Latedjou-Durand, Katrina Jessop, and Vicki Rolls-Elam.

City of Gilroy Staff Members in attendance were: Gabriel Gonzalez and Saeid Vaziry, City of Morgan Hill Staff Members in attendance were: Karl Bjarke, Anthony Eulo, and Steve Rymer.

Glenna Brambill
Office of the Clerk of the Board

Approved:



Committee:	Joint Water Resources
Meeting Date:	08/02/17
Agenda Item No.:	5.1
Unclassified Manager:	Garth Hall
Email:	ghall@valleywater.org
Est. Staff Time:	10 minutes

COMMITTEE AGENDA MEMO

SUBJECT: Review and Discuss Committee Formation, Purpose, Roles and Responsibilities.

RECOMMENDED ACTION:

Receive information and discuss next steps.

SUMMARY:

In a letter dated July 27, 2016, the District Board of Directors extended an invitation to the cities of Morgan Hill and Gilroy to form a joint committee related to recycled water (Attachment 1). On January 18, 2017, and February 6, 2017, respectively, the Cities of Morgan Hill and Gilroy approved the formation of a joint committee to discuss South County recycled water issues as well as other common water resources interests (Attachment 2 and 3). These actions led to the formation of the Joint Water Resources Committee (Committee).

The Committee is a six person committee comprised of District Board Chair John Varela and Vice Chair Richard Santos; the City of Gilroy Mayor Dion Bracco and Council Member Cat Tucker; and the City of Morgan Hill Council Members Larry Carr and Rene Spring. The Committee members Dion Bracco, Larry Carr, and Rene Spring also provide co-representation for the South County Regional Wastewater Authority (SCRWA).

Staff recommends that this first Committee meeting focus on discussing the purpose, roles and responsibilities of the Committee.

The purpose of the Committee, subject to adjustment and approval by the District Board, City Councils of Gilroy and Morgan Hill, and SCRWA, shall be to advance common water interests in the southern portion of Santa Clara County (South County) and receive input from stakeholders and interested parties when undertaking the following items as outlined in a letter dated January 4, 2017 (Attachment 4):

1. Review current practices and future needs for groundwater management in the Llagas groundwater subbasin;
2. Facilitate policy discussion and sharing of technical information on water supply planning for South County;
3. Identify the current and future demand for recycled water as well as jointly identifying funding sources for implementation of the South County Recycled Water Master Plan;
4. Facilitate policy discussion and sharing of technical information on furthering development and use of recycled water in South County; and,
5. Facilitate policy discussion and sharing of socio-economic information on the impact of homelessness in South County on water resources management, flood protection or stream stewardship.

Staff recommends the Committee discuss related roles and responsibilities including the Committee term, membership, officers, quorum, and meeting frequency. Potential roles and responsibilities for the Committee's consideration are below.

1. Committee Term: Committee shall serve a limited or single purpose, not perpetual, and is to be dissolved once the specific task is complete.
2. Committee Membership: Shall consist of two Directors appointed by the District Board Chairperson, two council members appointed by the City of Morgan Hill, and two council members appointed by the City of Gilroy. At least one appointee from the City of Morgan Hill shall also be a SCRWA Board member, and the same requirement would apply to the City of Gilroy.
3. Alternative Members: To be determined.
4. Committee Officers: A Chair and Vice Chair are to be elected by the Committee annually.
5. Quorum: A quorum consists of fifty percent (50%) of the membership, plus one and shall include at least one representative each from the District, City of Morgan Hill, and City of Gilroy.
6. Meeting Frequency and Durations: A Committee meeting shall be held as called by the Committee Chair and at a minimum once per calendar year.

ATTACHMENT(S):

- Attachment 1: Letter of Invitation, dated July 27, 2017.
- Attachment 2: City of Morgan Hill City Council Staff Report, Joint City Council-South County Regional Wastewater Authority (SCRWA)-Santa Clara Valley Water District (District) Board Committee to Advance Common South County Water Interests, dated January 18, 2017.
- Attachment 3: City of Gilroy Staff Report, Proposal to the City of Gilroy to Create a Joint City Council-SCRWA-Water District Board Committee on Recycled Water and Other Areas of common Interest, dated February 6, 2017.
- Attachment 4: Letter for Joint City Council-SCRWA-District Board Committee on Recycled Water and Other Areas of Common Interest, dated January 4, 2017.
- Attachment 5: PowerPoint Presentation

BOARD OF DIRECTORS

John L. Varela / Vice Chair (District 1)
Barbara F. Keegan / Chair (District 2)
Richard P. Santos (District 3)
Linda J. LeZotte (District 4)
Nai Hsueh (District 5)
Tony Estremera (District 6)
Gary Kremen (District 7)

INTERIM CHIEF EXECUTIVE OFFICER

Norma Camacho

CLERK OF THE BOARD

Michele L. King, CMC

July 27, 2016

Received
City of Morgan Hill
AUG - 1 2016

The Honorable Steve Tate
Mayor, City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

City Clerk

Subject: Letter of Invitation – Proposed Joint Recycled Water Advisory Committee – Santa Clara Valley Water District, City of Gilroy, City of Morgan Hill, and South County Regional Wastewater Authority

Dear Mayor Tate:

The Santa Clara Valley Water District (District) Board of Directors (Board) is seeking a process to facilitate policy-level discussions on the implementation of capital improvement recommendations from the 2015 South County Recycled Water Master Plan Update (Master Plan Update) and for other opportunities to advance the expansion of drought-proof recycled and purified water in the southern portion of Santa Clara County. The District is driven by a goal of meeting 10 percent of the County's water demands with recycled and purified water by the year 2025.

The Master Plan Update, which includes approximately \$98 million in capital improvement recommendations related to the treatment, distribution, and delivery of recycled water in South County, was accepted independently by the South County Regional Wastewater Authority (SCRWA) and District Boards in July 2016. Given the magnitude of this proposed investment, the need for a higher level of joint oversight is called for. The District invites the City of Morgan Hill to join in the creation of a Joint Recycled Water Advisory Committee (SCRWA/City of Gilroy/City of Morgan Hill/SCVWD) to facilitate coordination of implementation of the Master Plan Update recommended projects. The District suggests the committee be composed of three members from the District Board and one elected official from each of the following: the City of Morgan Hill Council, the City of Gilroy Council, and SCRWA Board.

The District currently has successful collaboration with other recycled water producer and retailers in similar joint recycled water advisory committees in each of the other three public recycled water systems in the County: the Joint Recycled Water Committee (City of Palo Alto/SCVWD), the Joint Recycled Water Committee (City of Sunnyvale/SCVWD), and the Recycled Water Policy Advisory Committee (City of San José/SCVWD/City of Santa Clara). The District looks forward to building upon our existing collaborative structure and partnership through the proposed Joint Recycled Water Advisory Committee.


Attachment 1

Page 1 of 2

The Honorable Steve Tate
Page 2
July 27, 2016

I am sending similar invitation letters to the City of Gilroy Mayor and SCRWA Board Chair who are copied on this letter. To discuss the City of Morgan Hill's interest in this invitation, and at your convenience, please feel free to contact me at (408) 813-2525.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Barbara Keegan', with a stylized flourish at the end.

Barbara Keegan
Chair/Board of Directors

cc: Board of Directors (7), N Camacho, J. Fiedler, G. Hall, H. Ashktorab
The Honorable Perry Woodward, Mayor, City of Gilroy, 7351 Rosanna Street, Gilroy, CA
95020
Dion Bracco, Board Chair, SCRWA, 1500 Southside Drive, Gilroy, CA 95020

kj:mf
0725i-l.docx

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Meeting Archives prior to June 2015

[Details](#)[Reports](#)

File #: 17-011 **Version:** 1 **Name:**
Type: Staff Report **Status:** Consent Calendar
File created: 1/6/2017 **In control:** [City Council](#)
On agenda: 1/18/2017 **Final action:**
Title: JOINT CITY COUNCIL-SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY (SCRWA)
 -SANTA CLARA VALLEY WATER DISTRICT (DISTRICT) BOARD COMMITTEE TO ADVANCE
 COMMON SOUTH COUNTY WATER INTERESTS
Attachments: 1. [7-27-2016 Ltr from SCVWD](#), 2. [01-04-17 Gilroy-Morgan Hill Joint City Council-SCRWA-District Board Committee](#)

[History \(1\)](#)[Staff Report Text](#)

CITY COUNCIL STAFF REPORT

MEETING DATE: January 18, 2017

PREPARED BY: Karl Bjarke, Public Works Director
APPROVED BY: City Manager

Title

JOINT CITY COUNCIL-SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY (SCRWA)-SANTA CLARA VALLEY WATER DISTRICT (DISTRICT) BOARD COMMITTEE TO ADVANCE COMMON SOUTH COUNTY WATER INTERESTS

END

RECOMMENDATION(S)

RECOMMENDATION

1. Approve City participation in the Joint Committee with City of Gilroy, South County Regional Wastewater Authority and Santa Clara Valley Water District; and
2. Appoint two City Council members to the Joint Committee as part of the Council's annual review of outside agency assignments.

BODY

COUNCIL PRIORITIES, GOALS & STRATEGIES:

Ongoing Priorities

Attachment 2

Page 1 of 4

Enhancing public safety
Protecting the environment
Maintaining fiscal responsibility
Preserving and cultivating public trust

2016 Focus Areas

Planning Our Community
Developing Our Community
Enhancing Our Services
Improving Our Communication
Participating in Regional Initiatives

REPORT NARRATIVE:

The City's water supply needs have always been dependent on cooperation and collaboration with the Santa Clara Valley Water District (SCVWD) because the City's only current source of municipal potable water is from the groundwater basins and SCVWD is responsible for the management of those basins. This partnership will continue to be vital long into the future as the City strives to maintain a sustainable water supply. However, recent events have created an opportunity for expanding the water supply planning effort in a more formal manner with the City of Gilroy and the South County Regional Wastewater Authority (SCRWA).

The current 5 year drought that has affected all water retailers in California has emphasized the reality that water can become a scarce resource and that drought conditions are likely to become more common in the future. Having a collaborative plan to ensure water is available for Morgan Hill residents into the foreseeable future is essential. In May 2016, the SCVWD completed the 2015 South County Recycled Water Master Plan Update. This document explored the options for expanding the recycled wastewater program at the SCRWA treatment plant. Currently, approximately 2,000 acre-feet of water are recycled at the SCRWA plant servicing agriculture, park, and golf course users in the Gilroy area with non-potable water. Morgan Hill receives none of the recycled water at this time but the 2015 Master Plan Update provides for potential opportunities in the future. The Master Plan Update lays out a \$98M capital improvements plan for expanding recycled water to the entire South County.

Lastly, because of the drought, the State of California adopted the Sustainable Groundwater Management Act (SGMA) in 2014 which requires that critical groundwater basins be governed by a Groundwater Sustainability Agency to formally manage such basins. The SCVWD is the Groundwater Sustainability Agency for the Santa Clara and Llagas sub-basins. This designation provides for new authorities for SCVWD meant to help sustain the groundwater basins. Among those new authorities is the ability to restrict new well locations and pumping. With this new designation, SCVWD staff have committed to working with retailers such as the City of Morgan Hill towards long term water sustainability.

The SCVWD Board of Directors has reached out to the cities of Morgan Hill and Gilroy (and indirectly to the SCRWA whose own Board is made up of Morgan Hill and Gilroy appointed council members) to create a joint recycled water advisory committee. The July 27, 2016 letter from the Chair of the SCVWD Board of Directors to Mayor Tate extending this invitation is attached.

Upon receipt of the letter, the Gilroy City Administrator and Morgan Hill City Manager requested to meet and discuss the purpose of the proposed committee and other opportunities that could be considered for the committee. As a result of the meeting between the three agencies, attached is a January 4, 2017 letter from SCVWD Interim CEO, Norma Camacho, with a

Attachment 2

Page 2 of 4

proposal for the makeup and purpose of such a committee. The purpose of the Committee is generally to advance common South County water interests (of which recycled water is one component) and to receive input from stakeholders. As proposed, the committee would be comprised of two City Council members each from Gilroy and Morgan Hill and two SCVWD Board members. To ensure SCRWA is represented, at least one council member from each city must also sit on the SCRWA Board.

Staff recommends the formation of the proposed committee and participation by the City Council as suggested by the SCVWD. If the Council chooses to endorse the creation of the committee and to participate, two Council members are to be appointed to the committee. As stated above, one Council Member must also be a City designated representative on the SCRWA Board of Directors. Staff recommends that the two Council Members be selected during the Council's annual review of its outside agency assignments.

COMMUNITY ENGAGEMENT: Inform

No formal community engagement has occurred prior to this report. If the advisory committee is formed as recommended, residents and other stakeholders in the South County will have a new venue to discuss water management and planning activities.

ALTERNATIVE ACTIONS:

The Council could decide not to participate in a South County advisory committee.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

No previous actions related to this recommendation.

FISCAL AND RESOURCE IMPACT:

The creation of and participation in the proposed advisory committee will have no direct fiscal impact. If created, some staff time will be required to assist with preparation of information and materials needed for meetings.

CEQA (California Environmental Quality Act):

Not a Project

LINKS/ATTACHMENTS:

1. July 27, 2016 Letter from SCVWD Board Chair
2. January 4, 2017 Letter from SCVWD Interim CEO

Details

File #: [17-011](#) Version: 1
Type: Staff Report
Title: JOINT CITY COUNCIL-SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY (SCRWA)-SANTA CLARA VALLEY WATER DISTRICT (DISTRICT) BOARD COMMITTEE TO ADVANCE COMMON SOUTH COUNTY WATER INTERESTS
Mover: [Larry Carr](#) Second: [Rene A. Spring](#)
Result: Pass
Agenda note:
Minutes note:
Action: approved
Action text:

Consent Votes (4:0)

4 records	Group	Export
Person Name		Vote
Larry Carr		Ayes
Rich Constantine		Ayes
Steve Tate		Ayes
Rene A. Spring		Ayes



City of Gilroy

STAFF REPORT

Agenda Item Title: Proposal to the City of Gilroy to Create a Joint City Council-SCRWA-Water District Board Committee on Recycled Water and Other Areas of Common Interest

Meeting Date: February 6, 2017

From: Gabriel Gonzalez, City Administrator

Department: Administration

Submitted By: Gabriel Gonzalez

Prepared By: Bryce Atkins

Strategic Goals:



☐ Upgrade City Infrastructure and Facilities



☒ Financially Sustainable High Performing City



☒ Create a More Livable Gilroy Community for All



☐ Grow the Economy

RECOMMENDATION

Council consider being a member of the proposed Joint City Council-SCRWA-District Board Committee on Recycled Water and Other Areas of Common Interest.

EXECUTIVE SUMMARY

The City has received an invitation from the Santa Clara Valley Water District ("District") to Gilroy City Council to join the city of Morgan Hill and District to create a Joint Committee on Recycled Water and Other Areas of Common Interest ("Committee").

BACKGROUND

On December 16, 2016, the Gilroy City Administrator and the Morgan Hill City Manager participated in a meeting with the Interim Chief Executive Officer and Director Varela of the District to discuss the potential of forming such a joint committee. The two city representatives suggested that the Committee may also be beneficial in discussing other common concerns.

ANALYSIS

The Committee would have the established purpose outlined below, subject to modification by the Committee members. The purpose of the Committee shall be to advance common South County water interests and receive input from stakeholders and interested parties when undertaking the following:

1. Reviewing current practices and future needs for groundwater management in the Llagas groundwater sub-basin;
2. Facilitating policy discussion and sharing of technical information on water supply planning for South County;
3. Identifying the current and future demand for recycled water as well as jointly identifying funding sources for implementation of the South County Recycled Water Master Plan;
4. Facilitating policy discussion and sharing of technical information on furthering development and use of recycled water in South County; and
5. Facilitating policy discussion and sharing of socio-economic information on homelessness in South County.

At the time of drafting this staff report the city of Morgan Hill had approved joining the partnership but not yet appoint its council members to the committee. Once known if the City of Gilroy will join the Committee, then the formation process will continue.

The Committee is proposed to consist of six representatives, two each being selected from the Gilroy and Morgan Hill City Councils, and the District's Board of Directors. In order to engage SCRWA, one of each of Gilroy and Morgan Hill's appointments to the Committee must also be SCRWA Board Members. Members of the Gilroy City Council that are currently SCRWA Board Members include Mayor Pro Tempore Dion Bracco (also the SCRWA Chair at the time of drafting this staff report), and Councilmembers Paul Kloecker and Fred Tovar.

ALTERNATIVES

1. Council may direct staff to proceed with the proposed Committee. Should Council direct staff to proceed, the two representatives should be selected by Council, and staff will coordinate with the District and other partners to develop the framework for the Committee. **RECOMMENDED**
2. Council may alternatively reject proceeding with the proposed Committee. While a valid option, there is an unquantifiable opportunity cost in not participating and losing potential synergy in addressing recycled water issues regionally, as opposed to only addressing them individually by each agency. **NOT RECOMMENDED**

3. Council may alternatively recommend modification of the scope or structure of the proposed Committee to the other proposed participants. The request and interest for the Committee by the other prospective participants is focused on recycled water and other common issues surrounding such water resources and elements that may impact them. While there may be opportunities to expand such partnerships in the future under other committee formations, the agencies common shared function is the recycled water service industry. Staff is of the opinion that the representation is fairly distributed and representative of all the partnering agencies. **NOT RECOMMENDED**

FISCAL IMPACT/FUNDING SOURCE

There are no anticipated fiscal impacts from issuing direction to proceed in forming the proposed Committee, aside from nominal incidental costs associated with travel for the Committee. Should the formation or operation of the Committee result in costs impacting the City, then such actions will be brought before Council for consideration.

CONCLUSION

Staff is recommending that the Council accept the invitation by the District and approve joining the other prospective Committee member organizations to partner and discuss recycled water and other common issues.

NEXT STEPS

Should Council determine to proceed, Council will need to select two of its members to represent the City on the proposed Committee, with at least one of the representatives also serving on the SCRWA Board of Directors. Staff will then reach out to the District to advise them on the selection of the representatives, as well as assist in formulating the framework for the Committee.

Attachments:

1. Invitation Letter

City of Gilroy
City Council Meeting Minutes
February 6, 2017

I. OPENING

A. Call to Order

Mayor Velasco called the meeting to order at 6:03 p.m.

The pledge of allegiance was led by Council Member Tucker.

The invocation was given by Carolos Perez of the Church of Latter Day Saints.

City Clerk Freels reported that the agenda had been posted on February 1, 2017 at 2:30 p.m.

Roll Call

Present: Mayor Pro Tempore Dion Bracco; Council Member Daniel Harney; Council Member Paul Kloecker; Council Member Peter Leroe-Muñoz; Council Member Fred Tovar; Council Member Cat Tucker; Mayor Roland Velasco

B. Orders of the Day

There were no agenda changes.

C. Employee Introductions

Recreation Manager De Leon introduced newly hired Recreation Specialist Margarita Villarreal, Management Analyst Carina Baksa and Recreation Manager Adam Henig.

Captain Deras introduced newly hired Police Records Technician Vien Myles, Detention Services Officer Candice Wilson and Police Officer David Ludden.

II. CEREMONIAL ITEMS

A. Proclamations, Awards, and Presentations

Mayor Velasco presented a proclamation recognizing service dog Gusto for his service to the citizens of Gilroy.

Mayor Velasco read a proclamation providing support and assistance to the residents of the City of Gilroy.

City Council Meeting Minutes
2/6/2017

Attachment 3
Page 4 of 12

Public comment was opened.

Lorena Guzman was called to speak sharing her thoughts on the need for Gilroy to protect the immigrants in the City and suggested the proclamation be enhanced with stronger language.

Lizette Ortiz was called to speak and requested that the City protect the immigrants of the community.

Pat Reinhart was called to speak sharing the statistics of the undocumented immigrants in the city asking if immigrants would be protected, and not sent to immigration services.

Emmanuel DeLaTorre was called to speak sharing his thoughts on the support needed for the immigrants of the community.

Edwin was called to speak describing his experience growing up as a Hispanic; he then asked the Council to approve the proclamation.

Reymundo Armendariz was called to speak and thanked the Council for considering the adoption of the proclamation. He then asked for stronger language in the proclamation to support the undocumented families of Gilroy.

Arcelia O'Connor was called to speak and expressed her concerns with the hatred against immigrants at the Federal level.

Marlene Magana was called to speak in support of immigrants sharing the contributions they made to the community and economy, and the need for a stronger resolution to protect immigrants.

Sandra Cruz was called to speak in support of immigrants sharing the fear many immigrants felt with the new administration. She stated that the city needed to support the undocumented population more than symbolically.

Bob Sigala was called to speak sharing the need for support of the immigrants of the community and the fear felt throughout the area with the recent Federal order. He then asked the Council to make Gilroy a sanctuary city.

Susan Mister was called to speak describing that she believed that the City Council should not be spending time on something the city had no jurisdiction over, and asked that the proclamation be adopted as written.

Ron Kirkish was called to speak explaining that the Council Members themselves

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could be fined and held in contempt of a Federal order if the city was deemed a sanctuary city.

Public comment was then closed.

The Council Members shared their support of the proclamation and unanimously agreed to the presentation of the proclamation.

III. PRESENTATIONS TO THE COUNCIL

A. PUBLIC COMMENT BY MEMBERS OF THE PUBLIC ON ITEMS NOT ON THE AGENDA BUT WITHIN THE SUBJECT MATTER JURISDICTION OF THE CITY COUNCIL

Kim Moyano presented the Council with a petition asking the Council to consider the removal of the traffic calming measures on Welburn Avenue and Mantelli, explaining that noticing and impact studies had not been done prior to installation.

Jill Vanni was called to speak sharing traffic safety concerns and issues drivers were having with the new traffic calming measures on Mantelli and Welburn and spoke on the change in the traffic circulation plan and need for a traffic study.

Melanie Troini was called to speak sharing her concerns with the new traffic calming measures on Welburn and Mantelli.

IV. REPORTS OF COUNCIL MEMBERS

Council Member Kloecker spoke on the recent SCRWA meeting.

Council Member Harney explained that he had recently attended the Gilroy Gardens annual goal setting-strategic planning session.

Council Member Tovar spoke on the recent SCRWA meeting and a downtown mixer he had attended.

Council Member Leroe-Muñoz spoke on the recent Water District meeting explaining that the city was down 26% in total use in 2016. He then shared new businesses opening in Gilroy.

Mayor Velasco announced that the EDC and URM Task Force were both meeting later in the week.

V. FUTURE COUNCIL INITIATED AGENDA ITEMS

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Council Member Harney asked that a future report be presented to Council on planned road repair and associated plans for public information of the repairs.

Mayor Velasco explained that the City Administrator had described during the recent strategic plan session that he would be bringing such a report to Council.

Mayor Pro Tempore Bracco suggested that direction be provided to the City Administrator on the amount of monies to budget for road repairs in the next budget cycle.

City Administrator explained that a report on street repairs along with planned budgeted funds would be presented.

Council Member Harney asked that Council consider holding a one hour workshop to review the Gilroy Gardens master plan.

The Council agreed to agendize the item.

VI. CONSENT CALENDAR

A. Minutes of the January 23, 2017 Regular Meeting

B. Certificates of Recognition for Chamber of Commerce Awardees

C. Proposed Amendment to Contract with EPC IT Solutions

D. California Assembly Bill (AB) 1600 Development Impact Fee Report for Fiscal Year 2015-16

E. Appointment of Gilroy City Attorney Resolution 2017-06

Motion on the Consent Calendar

Motion: to approve Consent Calendar items A, B, C, D and E

Moved by Council Member Peter Leroe-Muñoz, seconded by Mayor Pro Tempore Dion Bracco.

Vote: Motion carried 7-0.

Yes: Mayor Pro Tempore Dion Bracco; Council Member Daniel Harney; Council Member Paul Kloecker; Council Member Peter Leroe-Muñoz; Council Member Fred Tovar; Council Member Cat Tucker; Mayor Roland Velasco

VII. BIDS AND PROPOSALS

There were none.

City Council Meeting Minutes
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VIII. PUBLIC HEARINGS

A. Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing Request For Approval of Tax-Exempt Revenue Bonds By California Municipal Finance Authority (CMFA) on behalf of MRW, L.P

The staff report was presented by Community Development Director Abrams.

The public hearing was opened; there being no comments, it was then closed.

Motion on Item VIII.A.

Motion: Adoption of Resolution 2017-03 of the City Council of the City of Gilroy Approving the Issuance of Revenue Bonds by the California Municipal Finance Authority (CMFA) in an Aggregate Principal Amount Not to Exceed \$8,000,000 for MRW, L.P. ("Borrower")

Moved by Council Member Peter Leroe-Muñoz, seconded by Council Member Daniel Harney.

Vote: Motion carried 6-0.

Yes: Mayor Pro Tempore Dion Bracco; Council Member Daniel Harney; Council Member Paul Kloecker; Council Member Peter Leroe-Muñoz; Council Member Fred Tovar; Council Member Cat Tucker; Mayor Roland Velasco

B. Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing Request For Approval of Tax-Exempt Revenue Bonds By California Municipal Finance Authority (CMFA) on behalf of Redwoods Wheeler, L.P.

The staff report was presented by Community Development Director Abrams.

The public hearing was opened; there being no comments, it was then closed.

Motion on Item VIII.B.

Motion: Adoption of Resolution 2017-04 of the City Council of the City of Gilroy Approving the Issuance of Revenue Bonds by the California Municipal Finance Authority (CMFA) in an Aggregate Principal Amount Not to Exceed \$40,000,000 for the Benefit of Redwoodws Wheeler, L.P. ("Borrower")

Moved by Council Member Cat Tucker, seconded by Council Member Daniel Harney

Vote: Motion carried 7-0.

Yes: Mayor Pro Tempore Dion Bracco; Council Member Daniel Harney; Council Member Paul Kloecker; Council Member Peter Leroe-Muñoz; Council Member Fred Tovar; Council Member Cat Tucker; Mayor Roland Velasco

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- C. Tentative Map approval to subdivide a 29.85-acre site located within the Glen Loma Ranch Specific Plan area to create the McCutchin Creek neighborhood (26 duet, or single-family attached, lots) and the Palomino neighborhood (33 single-family detached lots) on a property located Northeast of Santa Teresa Boulevard South of Club Drive, APN 808-43-002, 003 and 005 (TM 16-01)**

The staff report was presented by Planner II Durkin.

The public hearing was opened; there being no comments it was then closed.

Motion on Item VIII.C.

Motion: Adoption of Resolution 2017-05 of the City Council of the City of Gilroy Approving Tentative map application TM 16-01 creating 59 single-family residential lots, one lot for future development, one remainder lot, nine private open space lots, one public open space lot and associated public and private streets located within the Glen Loma Ranch Specific Plan area, northeast of Santa Teresa Boulevard, south of Club Drive, APN's 808-43-002, 003 and 005. with additional modifications to the conditions

Moved by Council Member Peter Leroe-Muñoz, seconded by Council Member Fred Tovar.

Vote: Motion carried 7-0.

Yes: Mayor Pro Tempore Dion Bracco; Council Member Daniel Harney; Council Member Paul Kloecker; Council Member Peter Leroe-Muñoz; Council Member Fred Tovar; Council Member Cat Tucker; Mayor Roland Velasco

IX. UNFINISHED BUSINESS

There were none.

X. INTRODUCTION OF NEW BUSINESS

The Council took a break at 8:00 p.m.

A. City of Gilroy Community Development Department Organizational Review Report

The staff report was introduced by Community Development Director Abrams.

Gary Walton was called to speak sharing his thoughts on supplementing the knowledge base of staff and described the importance of investing in technology and reducing regulations.

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Bill O'Connor was called to speak sharing his thoughts on the need for sufficient staffing.

The Council received the report.

B. Police Department 9-1-1 Communication Center Proposed Reorganization

The staff report was presented by Police Captain Deras.

There were no public comments.

Motion on Item X.B.

Motion: Approve a budget re-appropriation of four part time Public Safety Communicator (dispatcher) positions to one full time Public Safety Communicator position; and,

Authorize addition of one (1) full time equivalent (FTE) Public Safety Communicator in the 9-1-1 Communication Center from 12 to 13

Moved by Council Member Cat Tucker, seconded by Mayor Pro Tempore Dion Bracco.

Vote: Motion carried 7-0.

Yes: Mayor Pro Tempore Dion Bracco; Council Member Daniel Harney; Council Member Paul Kloecker; Council Member Peter Leroe-Muñoz; Council Member Fred Tovar; Council Member Cat Tucker; Mayor Roland Velasco

C. City of Gilroy Annual Financial Audit and Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016

The staff report was presented by Finance Director Forbis.

There were no public comments.

Motion on Item X.C.

Motion: to Receive and accept: the City's Annual Financial Audit and Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016; the Federal Single Audit; the Transportation Development Act Fund Audit; and the Gann Report

Moved by Council Member Peter Leroe-Muñoz, seconded by Council Member Fred Tovar.

Vote: Motion carried 7-0.

Yes: Mayor Pro Tempore Dion Bracco; Council Member Daniel Harney; Council Member Paul Kloecker; Council Member Peter Leroe-Muñoz; Council Member Fred Tovar; Council Member Cat Tucker; Mayor Roland Velasco

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D. Ordinance Amendment to Gilroy City Code Chapter 17A, Section 17A.20, entitled "Process for Gaining Access to Public Records - Administrative Appeals"
The staff report was presented by City Attorney Faber.

There were no public comments.

Motion on Item X.D.

Motion: to Direct the City Attorney to prepare an ordinance amending Gilroy City Code Section 17A.20 (d) and (e) regarding the timing of petitions (appeals) made to the City Administrator and the Open Government Commission.

Moved by Council Member Daniel Harney, seconded by Council Member Fred Tovar.

Vote: Motion carried 7-0.

Yes: Mayor Pro Tempore Dion Bracco; Council Member Daniel Harney; Council Member Paul Kloecker; Council Member Peter Leroe-Muñoz; Council Member Fred Tovar; Council Member Cat Tucker; Mayor Roland Velasco

E. Proposal to the City of Gilroy to Create a Joint City Council-SCRWA-Water District Board Committee on Recycled Water and Other Areas of Common Interest

The staff report was presented by City Administrator Gonzalez.

There were no public comments.

Motion on Item X.E.

Motion: to Approve becoming a member of the proposed Joint City Council-SCRWA-District Board Committee on Recycled Water and Other Areas of Common Interest.

Moved by Council Member Fred Tovar, seconded by Council Member Daniel Harney.

Vote: Motion carried 7-0.

Yes: Mayor Pro Tempore Dion Bracco; Council Member Daniel Harney; Council Member Paul Kloecker; Council Member Peter Leroe-Muñoz; Council Member Fred Tovar; Council Member Cat Tucker; Mayor Roland Velasco

X. INTRODUCTION OF NEW BUSINESS

There was none.

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XI. CITY ADMINISTRATOR'S REPORTS

There were none.

XII. CITY ATTORNEY'S REPORTS

There were none.

The Council adjourned the meeting at 9:55 p.m.

/s/ SHAWNA FREELS, MMC
City Clerk

January 4, 2017

Gabriel Gonzalez
City Administrator
City of Gilroy
7351 Rosanna St.
Gilroy, CA 95020

Steve Rymer
City Manager
City of Morgan Hill
17575 Peak Ave.
Morgan Hill, CA 95037

Re: Joint City Council-SCRWA-District Board Committee on Recycled Water and
Other Areas of Common Interest

Dear Mr. Gonzalez and Mr. Rymer:

Thank you for meeting with me and Director John Varela on December 16, 2016, to discuss the concept of forming a joint committee comprising members of the Santa Clara Valley Water District Board and the City Councils of Gilroy and Morgan Hill. As you will recall, on July 27, 2016 the District Board Chair wrote to the Mayors of Gilroy and Morgan Hill, and to the Chair of South County Regional Wastewater Authority (SCRWA), inviting all three agencies to nominate members to serve on a joint recycled water advisory committee with members of the District's Board. A copy of that letter is attached for your easy reference. The Water District understands that both of you have been very open to the Board's July request and suggested that we all meet before formally moving forward in a collaborative manner.

At our meeting on December 16, you both agreed that a joint committee would be beneficial for South County. The two of you suggested, and we concurred, that a joint committee of our elected officials should also address other matters of common interest, including groundwater management and water supply planning. This committee may also be beneficial to discuss other common concerns such as homelessness as it affects water resources in the South County.

We discussed the membership of this six person committee being comprised of two City Council members each from Gilroy and Morgan Hill and two District Board members. To involve SCRWA directly, at least one of the Gilroy City Council members of this committee should also be SCRWA Board members, and the same requirement would apply to Morgan Hill. Subject to adjustment and approval by the District Board as well as SCRWA and the City Councils of Gilroy and Morgan Hill, the purpose of the joint committee would be established as follows:

The purpose of the Committee shall be to advance common South County water interests and receive input from stakeholders and interested parties when undertaking the following: (1) review current practices and future needs for groundwater management in the Llagas groundwater sub-basin, (2) facilitate policy discussion and sharing of technical information on water supply planning for South County, (3) identify the current and future demand for recycled water as well as jointly identifying funding sources for implementation of the

Mr. Gonzalez and Mr. Rymer
January 4, 2017
Page 2

South County Recycled Water Master Plan (4) facilitate policy discussion and sharing of technical information on furthering development and use of recycled water in South County, (5) and facilitate policy discussion and sharing of socio-economic information on homelessness in South County.

Thank you for working together to develop a framework that can be presented to my Board of Directors and your city councils. Please let me know what the approval process and the timing may look like for City Council action so our four agencies (with SCRWA included) can form this committee at earliest convenience.

Thank you for your consideration.

Sincerely,



Norma J. Camacho
Interim Chief Executive Officer

Attachment

cc: District Board of Directors (7), N. Camacho, J. Fiedler, R. Callender, C. Elias, G. Hall

BOARD OF DIRECTORS

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[Barbara F. Keegan](#) / Chair (District 2)
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[Tony Estremera](#) (District 6)
[Gary Kremen](#) (District 7)

July 27, 2016

INTERIM CHIEF EXECUTIVE OFFICER

[Norma Camacho](#)

Mr. Dion Bracco
Board Chair
South County Regional Wastewater Authority
1500 Southside Drive
Gilroy, CA 95020

CLERK OF THE BOARD

[Michele L. King, CMC](#)

Subject: Letter of Invitation – Proposed Joint Recycled Water Advisory Committee – Santa Clara Valley Water District, City of Gilroy, City of Morgan Hill, and South County Regional Wastewater Authority

Dear Mr. Bracco:

In May of 2015, the Santa Clara Valley Water District (District) Board of Directors (Board) sent a letter to the South County Regional Wastewater Authority (SCRWA) presenting two options to facilitate policy-level discussions to advance the expansion of drought-proof recycled and purified water in the southern portion of Santa Clara County (South County). The District received a response from SCRWA, dated June 5, 2015, extending an interest in continuing with the existing collaborative structure or an ad-hoc committee to support delivery of recycled water in the South County. During this time, the District and SCRWA were working in partnership to develop the 2015 South County Recycled Water Master Plan Update (Master Plan Update).

The Master Plan Update, which includes approximately \$98 million in capital improvement recommendations related to the treatment, distribution, and delivery of recycled water in South County, was accepted independently by the SCRWA and District Boards in July 2016. Given the magnitude of this proposed investment, the need for a higher level of joint oversight is called for. The District invites SCRWA to join in the creation of a Joint Recycled Water Advisory Committee (SCRWA/City of Gilroy/City of Morgan Hill/SCVWD) to facilitate coordination of implementation of the Master Plan Update recommended projects. The District suggests the committee be composed of three members from the District Board and one elected official from each of the following: SCRWA Board, the City of Morgan Hill Council, and the City of Gilroy Council.

The District currently has successful collaboration with certain Cities in similar joint recycled water advisory committees: the Joint Recycled Water Committee (City of Palo Alto/SCVWD), the Joint Recycled Water Committee (City of Sunnyvale/SCVWD), and the Recycled Water Policy Advisory Committee (City of San José/SCVWD/City of Santa Clara). The District looks forward to building upon our existing collaborative structure and partnership through the proposed Joint Recycled Water Advisory Committee.

Mr. Dion Bracco
Page 2
July 27, 2016

I am sending similar invitation letters to the City of Gilroy Mayor and the City of Morgan Hill Mayor who are copied on this letter. To discuss SCRWA's interest in this invitation, and at your convenience, please feel free to contact me at (408) 813-2525.

Sincerely,



Barbara Keegan
Chair/Board of Directors

cc: Board of Directors (7), N Camacho, J. Fiedler, G. Hall, H. Ashktorab
The Honorable Perry Woodward, Mayor, City of Gilroy, 7351 Rosanna Street,
Gilroy, CA 95020
The Honorable Steve Tate, Mayor, City of Morgan Hill, 17575 Peak Avenue,
Morgan Hill, CA 95037

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[Gary Kremen](#) (District 7)

INTERIM CHIEF EXECUTIVE OFFICER

[Norma Camacho](#)

CLERK OF THE BOARD

[Michele L. King, CMC](#)

July 27, 2016

The Honorable Perry Woodward
Mayor of the City of Gilroy
7351 Rosanna Street
Gilroy, CA 95020

Subject: Letter of Invitation – Proposed Joint Recycled Water Advisory Committee – Santa Clara Valley Water District, City of Gilroy, City of Morgan Hill, and South County Regional Wastewater Authority

Dear Mayor Woodward:

The Santa Clara Valley Water District (District) Board of Directors (Board) is seeking a process to facilitate policy-level discussions on the implementation of capital improvement recommendations from the 2015 South County Recycled Water Master Plan Update (Master Plan Update) and for other opportunities to advance the expansion of drought-proof recycled and purified water in the southern portion of Santa Clara County. The District is driven by a goal of meeting 10 percent of the County's water demands with recycled and purified water by the year 2025.

The Master Plan Update, which includes approximately \$98 million in capital improvement recommendations related to the treatment, distribution, and delivery of recycled water in South County, was accepted independently by the South County Regional Wastewater Authority (SCRWA) and District Boards in July 2016. Given the magnitude of this proposed investment, the need for a higher level of joint oversight is called for. The District invites the City of Gilroy to join in the creation of a Joint Recycled Water Advisory Committee (SCRWA/City of Gilroy/City of Morgan Hill/SCVWD) to facilitate coordination of implementation of the Master Plan Update recommended projects. The District suggests the committee be composed of three members from the District Board and one elected official from each of the following: the City of Gilroy Council, the City of Morgan Hill Council, and SCRWA Board.

The District currently has successful collaboration with certain Cities in similar joint recycled water advisory committees: the Joint Recycled Water Committee (City of Palo Alto/SCVWD), the Joint Recycled Water Committee (City of Sunnyvale/SCVWD), and the Recycled Water Policy Advisory Committee (City of San José/SCVWD/City of Santa Clara). The District looks forward to building upon our existing collaborative structure and partnership through the proposed Joint Recycled Water Advisory Committee.

The Honorable Perry Woodward
Page 2
July 27, 2016

I am sending similar invitation letters to the City of Morgan Hill Mayor and SCRWA Board Chair who are copied on this letter. To discuss the City of Gilroy's interest in this invitation, and at your convenience, please feel free to contact me at (408) 813-2525.

Sincerely,



Barbara Keegan
Chair/Board of Directors

cc: Board of Directors (7), N Camacho, J. Fiedler, G. Hall, H. Ashktorab
The Honorable Steve Tate, Mayor, City of Morgan Hill, 17575 Peak Avenue, Morgan Hill,
CA 95037
Mr. Dion Bracco, Board Chair, SCRWA, 1500 Southside Drive, Gilroy, CA 95020

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BOARD OF DIRECTORS

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[Richard P. Santos](#) (District 3)
[Linda J. LeZotte](#) (District 4)
[Nai Hsueh](#) (District 5)
[Tony Estremera](#) (District 6)
[Gary Kremen](#) (District 7)

July 27, 2016

INTERIM CHIEF EXECUTIVE OFFICER

[Norma Camacho](#)

The Honorable Steve Tate
Mayor, City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

CLERK OF THE BOARD

[Michele L. King, CMC](#)

Subject: Letter of Invitation – Proposed Joint Recycled Water Advisory Committee – Santa Clara Valley Water District, City of Gilroy, City of Morgan Hill, and South County Regional Wastewater Authority

Dear Mayor Tate:

The Santa Clara Valley Water District (District) Board of Directors (Board) is seeking a process to facilitate policy-level discussions on the implementation of capital improvement recommendations from the 2015 South County Recycled Water Master Plan Update (Master Plan Update) and for other opportunities to advance the expansion of drought-proof recycled and purified water in the southern portion of Santa Clara County. The District is driven by a goal of meeting 10 percent of the County's water demands with recycled and purified water by the year 2025.

The Master Plan Update, which includes approximately \$98 million in capital improvement recommendations related to the treatment, distribution, and delivery of recycled water in South County, was accepted independently by the South County Regional Wastewater Authority (SCRWA) and District Boards in July 2016. Given the magnitude of this proposed investment, the need for a higher level of joint oversight is called for. The District invites the City of Morgan Hill to join in the creation of a Joint Recycled Water Advisory Committee (SCRWA/City of Gilroy/City of Morgan Hill/SCVWD) to facilitate coordination of implementation of the Master Plan Update recommended projects. The District suggests the committee be composed of three members from the District Board and one elected official from each of the following: the City of Morgan Hill Council, the City of Gilroy Council, and SCRWA Board.

The District currently has successful collaboration with other recycled water producer and retailers in similar joint recycled water advisory committees in each of the other three public recycled water systems in the County: the Joint Recycled Water Committee (City of Palo Alto/SCVWD), the Joint Recycled Water Committee (City of Sunnyvale/SCVWD), and the Recycled Water Policy Advisory Committee (City of San José/SCVWD/City of Santa Clara). The District looks forward to building upon our existing collaborative structure and partnership through the proposed Joint Recycled Water Advisory Committee.

The Honorable Steve Tate
Page 2
July 27, 2016

I am sending similar invitation letters to the City of Gilroy Mayor and SCRWA Board Chair who are copied on this letter. To discuss the City of Morgan Hill's interest in this invitation, and at your convenience, please feel free to contact me at (408) 813-2525.

Sincerely,



Barbara Keegan
Chair/Board of Directors

cc: Board of Directors (7), N Camacho, J. Fiedler, G. Hall, H. Ashktorab
The Honorable Perry Woodward, Mayor, City of Gilroy, 7351 Rosanna Street, Gilroy, CA
95020
Dion Bracco, Board Chair, SCRWA, 1500 Southside Drive, Gilroy, CA 95020

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JOINT WATER RESOURCES COMMITTEE

*Dion Bracco, Mayor Pro Tempore, City of Gilroy and Board Vice Chairman, SCRWA**

Cat Tucker, Council Member, City of Gilroy

*Larry Carr, Mayor Pro Tem, City of Morgan Hill and Board Chairman, SCRWA**

*Rene Spring, Council Member, City of Morgan Hill and Board Member, SCRWA**

John L. Varela, Board Chair, Santa Clara Valley Water District (SCVWD)

Richard P. Santos, Board Vice Chair, Santa Clara Valley Water District (SCVWD)

**SCRWA = South County Regional Wastewater Authority*

JOINT WATER RESOURCES COMMITTEE

Wednesday, August 2, 2017



**SOUTH COUNTY REGIONAL
WASTEWATER AUTHORITY**

Item 5.1

Review and Discuss Committee Formation, Purpose, Roles and Responsibilities

5.1 - Committee Formation and Purpose

Advise respective governing bodies on:

1. Review of current practices and future needs for groundwater management in the Llagas groundwater subbasin
2. Facilitating policy discussion and sharing of technical information on water supply planning for South County
3. Identifying the current and future demand for recycled water as well as jointly identifying funding sources for implementation of the South County Recycled Water Master Plan
4. Facilitating policy discussion and sharing of technical information on furthering development and use of recycled water in South County
5. Facilitating policy discussion and sharing of socio-economic information on homelessness in South County

5.1 - Committee Roles and Responsibilities

For Committee discussion:

1. Committee Term:

- ✓ Limited purpose, dissolve once committee purpose has been achieved

2. Committee Membership:

- ✓ Two representatives per agency
- ✓ At least one of the representatives from each City must be a member of the SCRWA Board

3. Alternative Members:

- ✓ To be determined

4. Committee Officers:

- ✓ Elect Chair and Vice Chair annually

5.1 - Committee Roles and Responsibilities

For Committee discussion: (continued)

5. Quorum:

- ✓ Minimum = 50% plus 1 Committee Members
- ✓ At least one representative from each agency (District, City of Gilroy, City of Morgan Hill)

6. Meeting Frequency and Durations:

- ✓ Frequency: As called by Committee Chair, at a minimum once per calendar year
- ✓ Location: Rotate amongst participating agencies

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Committee:	Joint Water Resources
Meeting Date:	08/02/17
Agenda Item No.:	5.2
Unclassified Manager:	Garth Hall
Email:	ghall@valleywater.org
Est. Staff Time:	10 minutes

COMMITTEE AGENDA MEMO

SUBJECT: Develop Committee Work Plan

RECOMMENDED ACTION:

Receive information and discuss next steps.

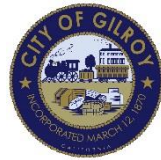
SUMMARY:

Staff recommends that this committee meeting focus on development of a committee work plan. A blank committee work plan outline is provided as Attachment 1.

An annual work plan establishes a framework for committee discussion and action during meetings. The committee work plan is a dynamic document, subject to change as external and internal issues are discussed with respect to the committee purpose to advance common water interests in the southern portion of Santa Clara County.

ATTACHMENT(S):

Attachment 1: Committee Work Plan Outline



2017 Joint Water Resources Committee – DRAFT Work Plan

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 DATE	ACTION ITEMS AND OUTCOME

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Committee:	Joint Water Resources
Meeting Date:	08/02/17
Agenda Item No.:	5.3
Unclassified Manager:	Jerry De La Piedra
Email:	gdelapiedra@valleywater.org
Est. Staff Time:	15 minutes

COMMITTEE AGENDA MEMO

SUBJECT: Update on the District's Water Supply Master Plan

RECOMMENDED ACTION:

This is an information only item and no action is required. However, the Committee may provide comments for Board consideration.

SUMMARY:

The District is in the process of updating its Water Supply Master Plan. To date, staff have developed planning objectives, updated the water supply system model, conducted a risk assessment of the baseline water supply system, completed a baseline water supply outlook, identified potential water supply projects and programs, and developed and evaluated alternative water supply portfolios. This item provides information on the baseline water supply outlook, four water supply investment portfolios, and the next steps in the Water Supply Master Plan update process.

BACKGROUND:

The Water Supply Master Plan is the District's strategy for providing a reliable and sustainable future water supply for Santa Clara County and ensuring that water supply investments are effective and efficient. The District's 2012 Water Supply Master Plan's Ensure Sustainability Strategy includes three elements – 1) securing existing supplies and infrastructure, 2) optimize the use of existing supplies and infrastructure, and 3) increase water conservation savings and water reuse. The projects and programs included in the 2012 Water Supply Master Plan are being implemented and will provide a critical foundation for future supply reliability. However, additional investments in supply reliability will be necessary if current trends in water supply availability continue and demands for water increase.

Baseline Water Supply Outlook

The baseline water supply outlook is based on a number of assumptions about future supplies and demands and project implementation. Key assumptions are:

- The projects from the 2012 Water Supply Master Plan are implemented, including:
 - dam seismic retrofits that restore about 7,000 acre-feet per year (AFY) of local supply by 2025,
 - water conservation programs that achieve 99,000 AFY of savings by 2030, and
 - development of 24,000 AFY of potable reuse capacity by 2025.

- Additional regulatory restrictions on State Water Project (SWP) and Central Valley Project (CVP) operations will reduce Delta-conveyed imported water supplies by about 40,000 acre-feet per year (AFY).
- The Fisheries and Aquatic Habitat Collaborative Effort Settlement Agreement flow and reservoir release requirements will reduce recharge with local water by about 8,000 AFY.
- Countywide demands will increase from about 360,000 AFY (pre-drought average and 2020 projection) to about 400,000 AFY in 2040, after accounting for the nearly 99,000 AFY of conservation savings.

Modeling indicates that additional investments in water supply reliability, on top of those associated with the 2012 Water Supply Master Plan, will be needed before 2040. There would be a gap between average supplies and demands of about 12,000 AFY, with gaps as high as 129,000 AF in drought years. Shortages are anticipated in one in four years and those shortages could be as high as 30 percent.

Water Supply Portfolios

Staff has evaluated several water supply investment portfolios for filling the gap between project supplies and demand and improving water supply reliability. All of the portfolios build on a “no regrets” package of water conservation and demand management measures, which includes stormwater capture, leak repair and gray water program incentives, a new development model ordinance, and advanced metering infrastructure. By itself, the “no regrets” package reduces the gap between supplies and demands by about 10,000 AFY. Some of the other projects that are being included in one or portfolios are California WaterFix, Los Vaqueros Reservoir Expansion, Pacheco Reservoir Expansion, Sites Reservoir, additional potable reuse capacity, additional water contract purchases, and additional recharge using the City of Morgan Hill’s Butterfield Channel. These projects are summarized in Attachment 1. The portfolios are summarized in the table below.

Project	Portfolio 1: Low Cost	Portfolio 2: Local Flexibility	Portfolio 3: Secure Imported Water Supplies	Portfolio 4: Local Storage
“No Regrets” Package	•	•	•	•
Butterfield Recharge	•	•		
Additional Groundwater Banking	•	•		
Sites Reservoir	•			
Los Vaqueros Reservoir Expansion		•		
Additional Water Contract Purchase	•			•
Additional Potable Reuse		•		
Pacheco Reservoir Expansion				•
California WaterFix			•	
Percent of Years with Shortage	<5%	5%	<5%	5%

Next Steps

Staff plans to present additional information to the Board on the water supply outlook, including reliability in a no action scenario, on August 22, 2017, and recommendations related to the portfolio alternatives on September 19, 2017.

ATTACHMENT(S):

Attachment 1: Project List
Attachment 2: PowerPoint Presentation

**Projects and Programs Currently Being Considered for Inclusion in the
2017 Water Supply Master Plan¹
(as of July 20, 2017)**

Project	Description	Annual Yield (AFY)	District's Lifecycle Cost (2016\$)	Cost/AF²
Butterfield Recharge	Extends the Madrone Pipeline from Madrone Channel to Morgan Hill's Butterfield Channel near Main Street. Source of supply would be Anderson and CVP. Capacity for extension included Madrone Pipeline Repair project. Average yield is about 2,600 AFY.	500 – 4,000	\$31 million	\$500
Groundwater Banking	Provides 120,000 AF of banking capacity for excess the Central Valley Project and State Water Project contract water. Sends excess water to a groundwater bank south of the Delta during wet years and times of surplus for use during dry years and times of need. Annual put and take capacities of 30,000 AFY. Project only effective in portfolios that include new supplies. Average yield is about 2,200 AFY.	0 – 30,000	\$220 million	\$4,100
Sites Reservoir	Establishes an agreement with the Sites JPA to build an off-stream reservoir (up to 1.8 MAF) north of the Delta that would collect flood flows from the Sacramento River and release them to meet water supply and environmental objectives. Assumes District's share is 24,000 AF of storage, which is used to prorate yields from the project. The project would be operated in conjunction with the SWP and CVP. In some years, we would receive less Delta-conveyed supply with the project than without the project. Average yield is about 7,800 AFY.	-40,000 – 30,000	\$240 million	\$2,100

¹ All the portfolios include a "no regrets" package of water conservation and stormwater projects. The estimated annual benefits of these projects are about 11,000 AFY and the District lifecycle cost is about \$90 million.

² Present value cost/present value yield

Project	Description	Annual Yield (AFY)	District's Lifecycle Cost (2016\$)	Cost/AF ²
Los Vaqueros Reservoir	Secures an agreement with Contra Costa Water District to expand the off-stream reservoir by 110,000 AF and construct a new pipeline (Transfer-Bethany) connecting the reservoir to the South Bay Aqueduct. Assumes District's share is 35,000 AF of storage. Emergency storage pool of 20,000 AF for use during droughts. District also receive Delta surplus supplies when we have capacity to take. Average yield for District about 3,100 AFY (lower with tunnels). Assumes sales of excess supplies to others. Transfer-Bethany Pipeline provides about ¾ of the project benefits at ¼ of the cost.	0 – 14,000	\$250 million	\$5,200
Water Rights Purchase	Purchase 20,000 AF of SWP Table A contract supply from other SWP agencies. Average allocation is about 8,300 AFY.	2,000 – 17,000	\$765 million	\$1,550
Potable Reuse – 15K	Expands potable reuse facilities including 11,000 AFY of groundwater injection capacity and 4,200 AFY of groundwater recharge capacity at/near Ford Ponds. Average yield is about 12,000 AFY.	12,000 – 15,000	\$1.2 billion	\$2,800
Pacheco Reservoir Expansion	Enlarges Pacheco Reservoir from about 6,000 AF to 140,000 AF. Assumes local inflows and ability to store Central Valley Project supplies in the reservoir. Construction in collaboration with Pacheco Pass Water District and San Benito County Water District. Potential other partners. Average yield is about 6,000 AFY.	0 – 40,000	\$1.5 billion	\$11,000
California WaterFix	Constructs two 40-foot diameter tunnels at least 100 feet below ground surface capable of diverting up to 9,000 cubic feet-per-second from the Sacramento River and delivering it to the federal and state pumps. Alternative to conveying water through the Delta. Would require environmental flow and water quality criteria be met. Average annual yield is 40,000 AFY.	10,000 – 60,000	\$2 billion	\$1,100



Water Supply Master Plan

August 2, 2017



Santa Clara Valley
Water District



Baseline Water Supply Outlook

Parameter	2040 Outlook
Demands	402,000 Acre-Feet (AF)
Average Annual Supply	390,000 AF*** 147,000 AF (38%) 53,000 AF (14%) 190,000 AF (48%)
Local Surface Water and Groundwater	
Water Reuse	
Imported Water	
Annual Water Conservation Savings	99,000 AF
Percent of Years with Shortage	25%
Maximum Shortage	30%

***Annual supplies ranges from about 273,000 AF to 562,000 AF

Water Supply Master Plan “No Regrets” Projects

- ▶ New development model ordinance
- ▶ Graywater program expansion
- ▶ Leak repair incentives
- ▶ Advanced metering infrastructure
- ▶ Stormwater recharge
- ▶ Agricultural land recharge
- ▶ Rain gardens
- ▶ Rain barrels

Water Supply Portfolios

Project	Baseline	Portfolio 1: Low Cost	Portfolio 2: Local Flexibility	Portfolio 3: Secure Imported Water Supplies	Portfolio 4: Local Storage
"No Regrets" Package		•	•	•	•
Butterfield Recharge		•	•		
Additional Groundwater Banking		•	•		
Sites Reservoir		•			
Los Vaqueros Reservoir Expansion			•		
Additional Water Contract Purchase		•			•
Additional Potable Reuse			•		
Pacheco Reservoir Expansion					•
California WaterFix				•	
Percent of Years with Shortage	25%	3%	3%	3%	4%



Committee:	Joint Water Resources
Meeting Date:	08/02/17
Agenda Item No.:	5.4
Unclassified Manager:	Jerry De La Piedra
Email:	gdelapiedra@valleywater.org
Est. Staff Time:	15 minutes

COMMITTEE AGENDA MEMO

SUBJECT: Update on California WaterFix

RECOMMENDED ACTION:

Receive and discuss information on the California WaterFix. This is an information only item and no action is required.

SUMMARY:

Imported water supplies are critical for sustaining the communities and businesses of Santa Clara County and protecting the region from irreversible land subsidence. On average, 40% of the County's water needs are met by importing water through the Sacramento-San Joaquin Delta. Another 15% of supply needs are satisfied by diversions upstream of the Delta by the San Francisco Public Utilities Commission's Regional Water System.

The District's Delta supplies are conveyed by the State Water Project (SWP) and Central Valley Project (CVP), which together are a critical component of the District's water supply portfolio, providing the majority of water supply to the District's three drinking water treatment plants, recharging the county's local groundwater basins to ensure sustainable supplies, and protecting local surface water and groundwater reserves. During critically dry years and long-term droughts, the County's dependence on Delta supplies increases as local reserves diminish.

The District's imported water supplies are at risk from several factors including increased salinity intrusion due to climate change and sea level rise, and seismic threats to the fragile Delta levee system. In addition, the Delta ecosystem no longer supports healthy populations of several native fish species which has resulted in increasing regulatory restrictions on SWP and CVP operations to protect fish and water quality. To reduce these risks, the District joined other public water agencies since 2006 to support the State's planning efforts for the Bay Delta Conservation Plan, and is now evaluating the potential benefits and costs of the California WaterFix (CWF) consistent with Board Policy and CEO direction.

The WaterFix includes dual tunnels under the Delta that would provide an alternative conveyance pathway for moving water from the north Delta to the existing pumping plants in the south Delta. The location of the proposed WaterFix intakes in the north Delta would reduce risks to water supplies from increasing salinity due to projected sea level rise and other climate change effects, and allow improved flow patterns in the south Delta to protect fish. The intakes would be equipped with state-of-the-art fish screens to minimize entrainment, and the proposed WaterFix tunnels would be designed to withstand seismic events. Having an alternative conveyance pathway is expected to increase the operational flexibility of the SWP/CVP to address future risks and reduce impacts on protected fish species.

BACKGROUND:

Significant progress has been made in the development of the planning documents for the California WaterFix (WaterFix) project; however, key issues need to be resolved before the District can fully assess the costs and benefits of the WaterFix to Santa Clara County and determine whether it is an effective and efficient investment compared to other potential alternatives to secure a reliable and sustainable future water supply for Santa Clara County.

To help prepare the District Board for future decisions on involvement with and participation in WaterFix, staff has planned a series of agenda items describing major elements of the project. At the May 25, 2017 Special Board Meeting a panel of experts presented detailed information describing the physical aspects of the project, estimated costs, methods for cost control, and construction risk management. The July 11, 2017 Board meeting provided an update on the status of several key regulatory processes and ongoing negotiations amongst State and federal agencies and public water agencies. The agenda memos from these two meetings can be found here: <https://scvwd.legistar.com/Calendar.aspx>.

The planned schedule of communication with the Board regarding the WaterFix is shown in the table below. The next meeting will focus on two things, the first of which are the consequences of not taking any action on the Delta ecosystem and the County's imported supplies. The second will focus on the proposed design and construction management and anticipated governance for the WaterFix, as well as proposed operations and adaptive management of the project. Subsequent agenda items will provide information related to project financing and cost and water allocations, including staff recommendations regarding key participation decisions. This schedule may be adjusted in response to ongoing discussions.

Date	Topic
May 25 2017	Cost estimation, risk assessment and management, and cost control for the WaterFix.
July 11, 2017	Update on WaterFix.
August 22, 2017	(1) Consequences of no action on imported water supplies and the Delta ecosystem. (2) WaterFix update including proposed design and construction management and governance, operations, and adaptive management.
September 12, 2017	WaterFix update, including water supply analysis, cost and water allocation, and financing.
TBD (target end of September)	Staff recommendation and request for Board decisions on involvement with and/or participation in the WaterFix.

Numerous agreements are being negotiated between state and federal agencies and potential participating water agencies that will address the following issues:

1. Allocation of water supplies between the State Water Project (SWP) and Central Valley Project (CVP) and amongst participating water agencies
2. Allocation of WaterFix project costs
3. Project funding and financing
4. Adaptive management structure and funding
5. Coordinated operations between DWR and Reclamation

The District has not yet decided on whether to participate in the WaterFix. The terms and conditions of participation and consequences of non-participation will influence whether the costs, benefits, and assurances support a Board decision to participate, and at what level.

ATTACHMENT(S):

Attachment 1: Staff PowerPoint

California WaterFix Update

Joint Water Resources Committee Meeting
August 2, 2017



Page 55

Santa Clara Valley
Water District



Attachment 1
Page 1 of 6

Reduced reliability of imported supplies

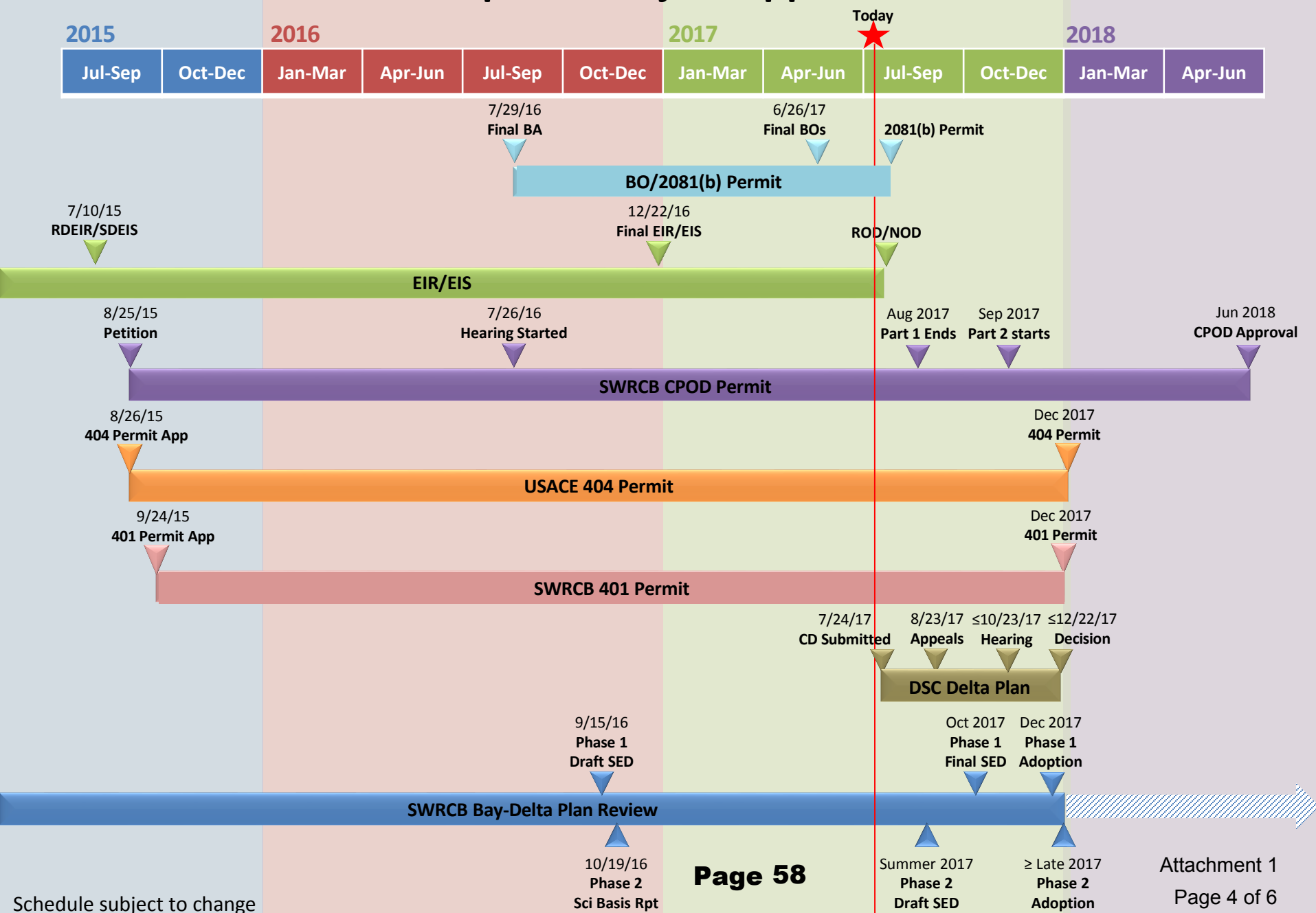
Risk factors:

- ❖ Levee stability
- ❖ Sea level rise
- ❖ Salinity intrusion
- ❖ Ecosystem decline

WaterFix facilities



State's Anticipated Project Approval Schedule



Ongoing discussions and negotiations

- ❖ Allocation of water supplies
- ❖ Allocation of costs
- ❖ Design and construction oversight and management
- ❖ Funding and financing
- ❖ Adaptive management structure and funding

Board communication & decision schedule

Date	Topic
May 25	Cost estimation, risk assessment and management, and cost control for the WaterFix
Jul. 11	Update on California WaterFix
Aug. 22	(1) Consequences of no action on imported water supplies and the Delta ecosystem (2) WaterFix update including proposed design and construction management and governance, operations, and adaptive management
Sep. 12	WaterFix update, including water supply analysis, cost and water allocation, and financing
TBD	Staff recommendation and request for Board decisions on involvement with and/or participation in the WaterFix

Schedule subject to change



Committee:	Joint Water Resources
Meeting Date:	08/02/17
Agenda Item No.:	5.5
Unclassified Manager:	Jerry De La Piedra
Email:	gdelapiedra@valleywater.org
Est. Staff Time:	15 minutes

COMMITTEE AGENDA MEMO

SUBJECT: Update on Progress of Pacheco Reservoir Expansion and Preparation for Proposition 1 Application

RECOMMENDED ACTION:

Receive and discuss information presented on the Pacheco Reservoir expansion and the Proposition 1 Application. This is an information only item and no action is required.

SUMMARY:

At its January 31, 2017 meeting, the Santa Clara Valley Water District Board of Directors (Board) received information from District staff on the potential merits of a Pacheco Reservoir expansion project. Staff's presentation included the opportunity to prepare an application for funding under the State's Proposition 1 Water Storage Investment Program administered by the California Water Commission. The Board directed staff to move forward with the funding application, and to oversee its progress, the Board established a Pacheco Reservoir Exploratory Ad Hoc Committee.

The current status of the funding application is as follows:

- The project team has completed the modeling to finalize operational criteria for the expanded reservoir.
- Additional modeling is being done for the required uncertainty analysis.
- The new dam site would be located just upstream of the existing dam site. This site could result in a somewhat higher total cost expectation than what was originally considered (\$980M vs \$800M). This site would provide a larger quantity of storage and would still avoid Henry Coe State Park during periods of full reservoir capacity.
- Various technical analyses as well as drafts of the funding application sections have been completed. The project team believes they are on track to submit a quality funding application by the due date of August 14, 2017.
- The Communications Plan is continuously updated with progress, and outreach to various external stakeholders and interested parties. The project team has reached out to all landowners potentially affected by the project, as well as several State and federal agencies, satisfying all of the requirements of the funding application. Additionally, presentations are being made to city councils and other entities, as part of our efforts to obtain letters and/or resolutions of support for the project, which will be submitted with the funding application. This outreach effort will continue even beyond the funding application deadline, as we expect to be able to provide additional declarations of support during the Commission's funding application review period.

BACKGROUND:

An expanded Pacheco Reservoir (proximate to the pipeline that conveys Central Valley Project water from San Luis Reservoir to Santa Clara and San Benito counties) could potentially improve the District's water supply reliability by increasing operational flexibility and augmenting dry and critical year supplies. The project could also provide emergency supply, improve drinking water quality, enhance the run of South Central Coast steelhead on Pacheco Creek, and provide some downstream flood reduction benefits. The District is in the process of updating its Water Supply Master Plan, which is the District's strategy for providing a reliable water and sustainable future water supply. Portfolios that include projects such as the Pacheco Reservoir expansion are being evaluated to determine their overall effectiveness in meeting our planning objectives.

The capital cost for expanding the reservoir from about 6 TAF to 140 TAF is tentatively estimated at \$800 million, while the updated configuration has an estimated cost of \$980M. Proposition 1 provides a potential opportunity for the District, along with partners such as Pacheco Pass Water District (PPWD) and San Benito Water District (SBCWD), to receive up to 50% funding towards project costs.

The Board's Pacheco Reservoir Exploratory Ad Hoc Committee met with board members of both PPWD and SBCWD on February 23, 2017 and created the principles of agreement among the three districts. These principles provide for commitments among the parties for coordination, communication, and support to prepare and submit an application for Proposition 1 funding. Representatives of PPWD and SBCWD executed this document on February 27, 2017. On March 14, the District's Board authorized the Interim CEO to execute the principles of agreement.

ATTACHMENT(S):

Attachment 1: PowerPoint Presentation



Pacheco Reservoir Expansion: Opportunity for Water Resources and Fisheries Enhancement and Flood Reduction

Presentation to the Joint Water Resources Committee

August 2, 2017



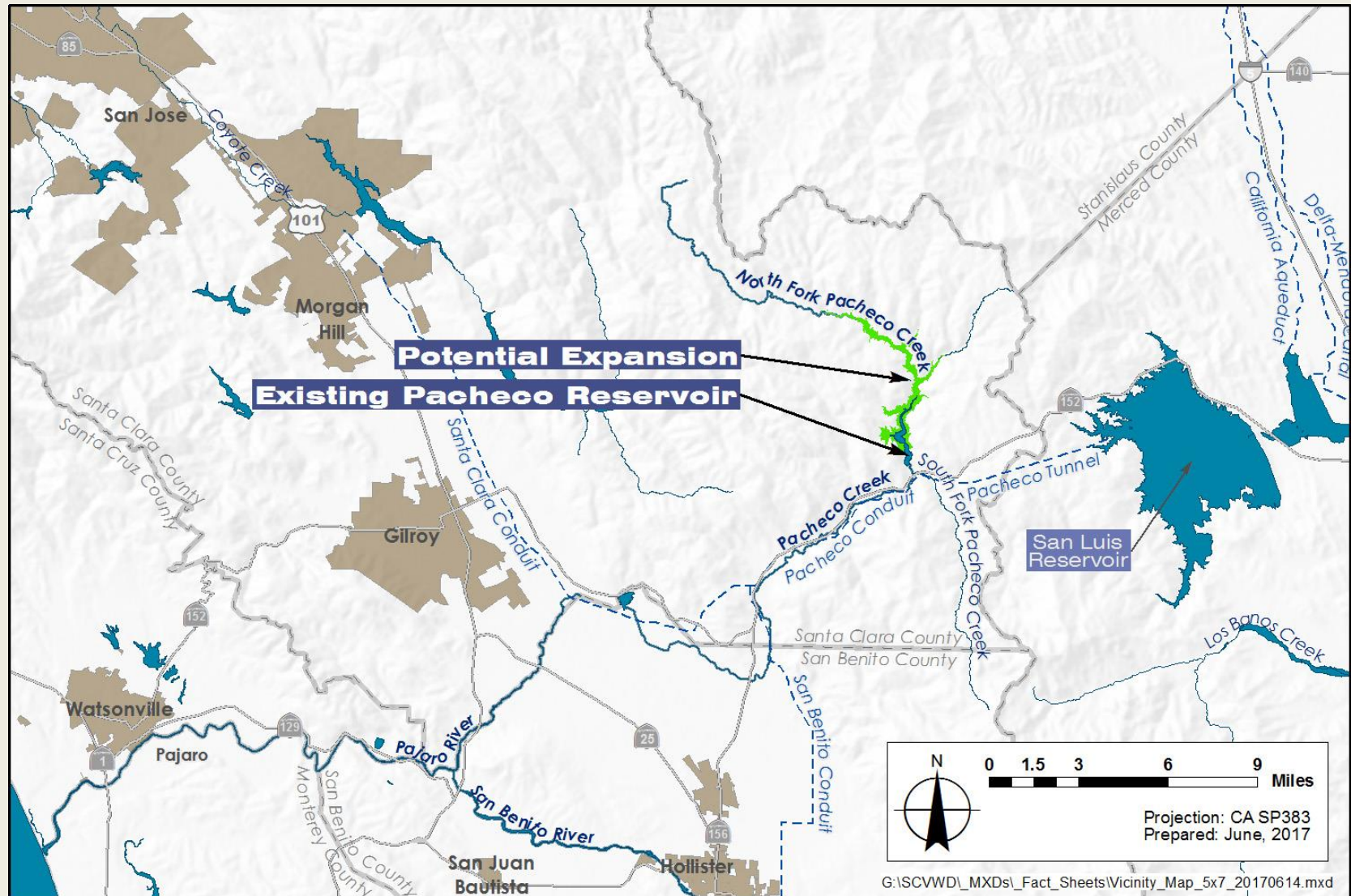
Pacheco Reservoir Expansion

- ❖ An opportunity to enhance steelhead habitat extending up to the dam in Pacheco Creek
- ❖ Emergency storage for regional reliability
- ❖ Reduce flood flows in North Fork Pacheco Creek and therefore help reduce flood flows on the Lower Pajaro River



Existing Pacheco Reservoir (6,000 AF)
would be expanded to 140,000 AF

Pacheco Reservoir and Related Facilities

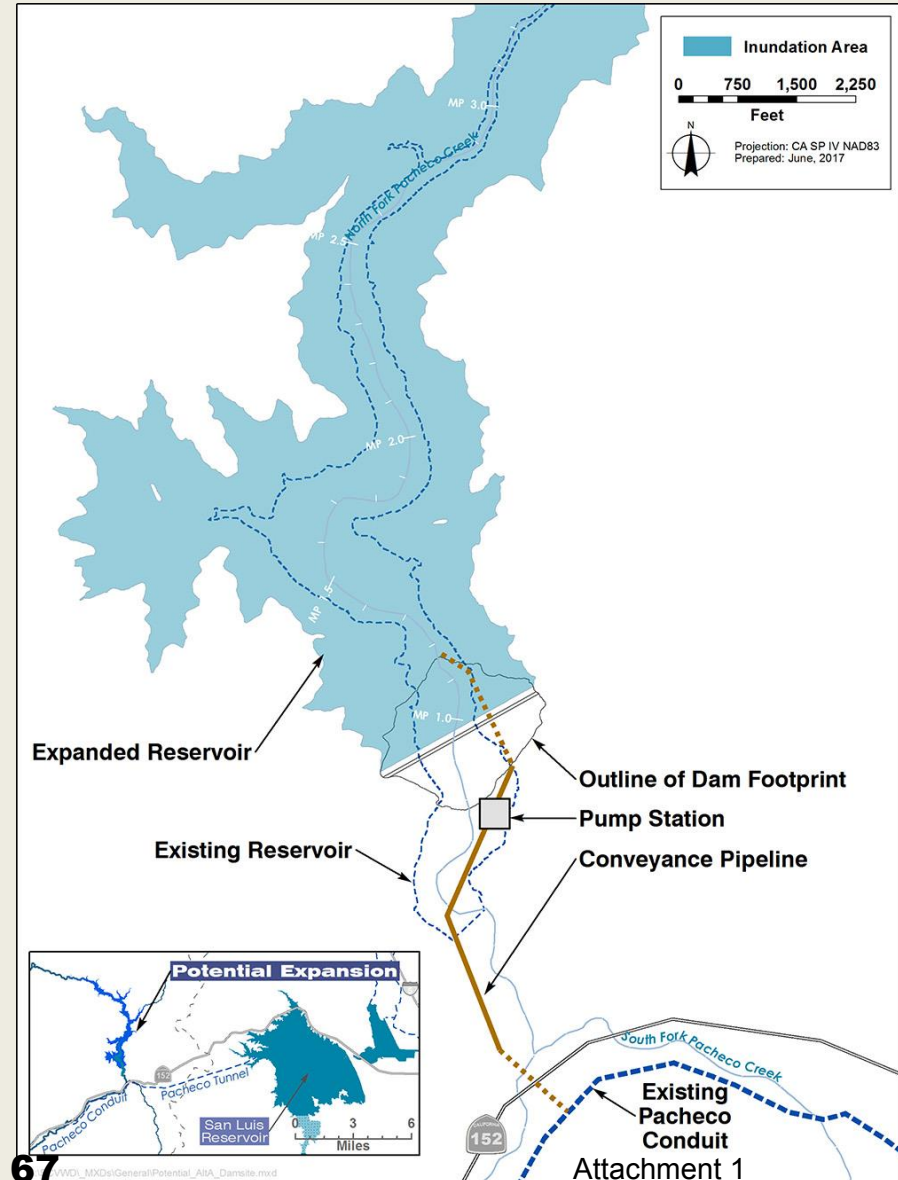


Potential Benefits of Pacheco Reservoir Expansion

- ❖ Larger cold water pool and managed water releases to Pacheco Creek will facilitate long-term recovery of the South-Central Coast Steelhead population
- ❖ Added supply yield
- ❖ Local storage would help with San Luis Reservoir low-point problems
- ❖ Emergency storage to address imported water delivery risks
- ❖ Increased operational flexibility with other local reservoirs
- ❖ Potentially reduced downstream flood risk

Reservoir Enlargement Plans

- ❖ New earth embankment dam, outlet, and concrete spillway
- ❖ Conveyance from Pacheco Conduit to new reservoir
 - ❖ Tunnel/Pipeline
 - ❖ Pump Station
 - ❖ Inlet/Outlet structure within reservoir



Proposition 1 Funding Application Progress

Significant progress made in application preparation and outreach activities:

- ❖ 40% of the tasks are complete 60 % made significant progress
 - ❖ Operations criteria finalized with completed model runs
 - ❖ Dam site selected to be larger but still away from Henry Coe Park
 - ❖ Larger reservoir will have somewhat higher cost
- ❖ Reached out to over 70 stakeholders
 - ❖ Receiving support letters and resolutions from NGOs and municipalities
 - ❖ Reached out to all land owners who might potentially be impacted by the expanded reservoir, and
 - ❖ Communicated with State and federal agencies satisfying all requirements of the funding application
- ❖ On target for August 14 submittal



Committee:	Joint Water Resources
Meeting Date:	08/02/17
Agenda Item No.:	5.6
Unclassified Manager:	Jerry De La Piedra
Email:	gdelapiedra@valleywater.org
Est. Staff Time:	10 minutes

COMMITTEE AGENDA MEMO

SUBJECT: Update on Recycled and Purified Water Projects

RECOMMENDED ACTION:

Receive and discuss updated information on recycled and purified water projects.

SUMMARY:

This agenda memo presents an update on recycled and purified water projects associated with the South County Recycled Water System (RW System). During calendar year 2016, the total demand for non-potable recycled water served by the RW System was approximately 2,000 acre-feet.

BACKGROUND:

The partnership between the District and the South County Regional Wastewater Authority (SCRWA) on the RW System dates back to 1977, when the Gilroy Reclamation and Irrigation Project pipeline was constructed. In 1999, the District entered into partnership agreements (“Producer-Wholesaler-Retailer agreements”), with SCRWA and the cities of Gilroy and Morgan Hill to develop a marketable recycled water program, which included expansion of the Wastewater Treatment and Reclamation Plant (WWTP), located in Gilroy, and the recycled water SCRWA distribution system. Under the Producer-Wholesaler-Retailer agreements, SCRWA is the recycled water producer, the District is the wholesaler, and the cities of Morgan Hill and Gilroy are the retailers.

The District, in partnership with SCRWA and in collaboration with the cities of Gilroy and Morgan Hill, prepared an update of the South County Recycled Water Master Plan, dated May 2016 (Master Plan). This master planning update evaluates opportunities to provide reliability, redundancy, and expansion of the recycled water system within Gilroy and, further, evaluates alternatives to provide service to Morgan Hill. The Master Plan recommends an estimated \$98 million capital improvement program for expansion of the treatment and distribution of non-potable recycled water to the southern portion of Santa Clara County.

Implementation of the Master Plan recommendations affecting Gilroy would support an estimated average daily demand of 3,700 acre feet per year of recycled water. In addition, implementation of the Master Plan would provide a net benefit to Gilroy (reduction in groundwater usage) and Morgan Hill (improvement of groundwater levels) by offsetting groundwater pumping demands in the Llagas Subbasin. The proposed recommendations for capital improvements are presented in Table 1. A map of the existing recycled water system and recommended improvements is included in Attachment 1.

Table 1: Master Plan Capital Improvement Recommendations

Phases	Capital Improvement Projects	Estimated Cost (Million)	Status
Immediate-Term	<ul style="list-style-type: none"> 26,600 feet of 8-inch to 30-inch pipe <u>Planned Wastewater Treatment Plant (WWTP) Improvements</u> <ul style="list-style-type: none"> 9 Million Gallon per Day (MGD) Ultraviolet (UV) Treatment Facility 3-MGD upgrade to Area 94 WWTP pump station 	\$14.3 <u>WWTP</u> \$4.5	In Progress
Short-Term	<ul style="list-style-type: none"> 21,860 feet of 8-inch to 30-inch pipe <u>Planned WWTP Improvements</u> <ul style="list-style-type: none"> Chlorine contact basin and Area 98 pump station upgrade 4.6-MGD upgrade to Area 93 WWTP pump station 6 Million Gallon (MG) Reservoir and pump station expansion at WWTP Automated flow measurement and smart meter conversion 	\$10 <u>WWTP</u> \$8.4	Under Development
Long-Term	<ul style="list-style-type: none"> 7,010 feet of 18-inch pipe New 1.5 MG Storage Tank New 2.1-MGD pump station <u>Planned WWTP Improvements</u> <ul style="list-style-type: none"> 2.5 MGD WWTP Phase 2 expansion (secondary treatment – Membrane Bioreactor) Recycled water fill station (commercial & residential) 	\$10 <u>WWTP</u> \$50.9	Future Action
	Total Estimated Costs	\$98.1	

Footnote: 1. The cost estimates for the “Planned WWTP Improvements” UV Treatment Facility and Area 94 pump station projects are derived from construction bids. The remaining cost estimates for the “Planned WWTP Improvements” are planning level estimates prepared by SCRWA.

Funding Opportunities:

On September 19, 2016, the District received award of a \$4 million federal grant for the design and construction of approximately 14,500 linear feet recycled water pipeline expansion in the RW System. The grant was issued through the US Bureau of Reclamation (Reclamation) WaterSMART, Title XVI Program. The District received award of an additional \$1.7 million in Title XVI Program federal grant funding for the same project in March 2017.

The District and City of Gilroy continue on-going collaborations on cost-saving opportunities for the design and construction of approximately 18,100 linear feet and 4,500 linear feet of recycled water pipelines and service connections, respectively within with Glen Loma Ranch and Meritage Homes land developments. The proposed recycled water pipelines are included in the Master Plan capital improvement recommendations.

Next Steps:

District staff looks forward to discussing with the cities of Gilroy and Morgan Hill collaboration opportunities for the continued implementation of the Master Plan, including selection of projects, pursuit of funding opportunities, and cost sharing. In addition, discussing considerations for other water reuse opportunities for the city of Morgan Hill and south Santa Clara County in the District's Countywide Recycled and Purified Water Master Plan.

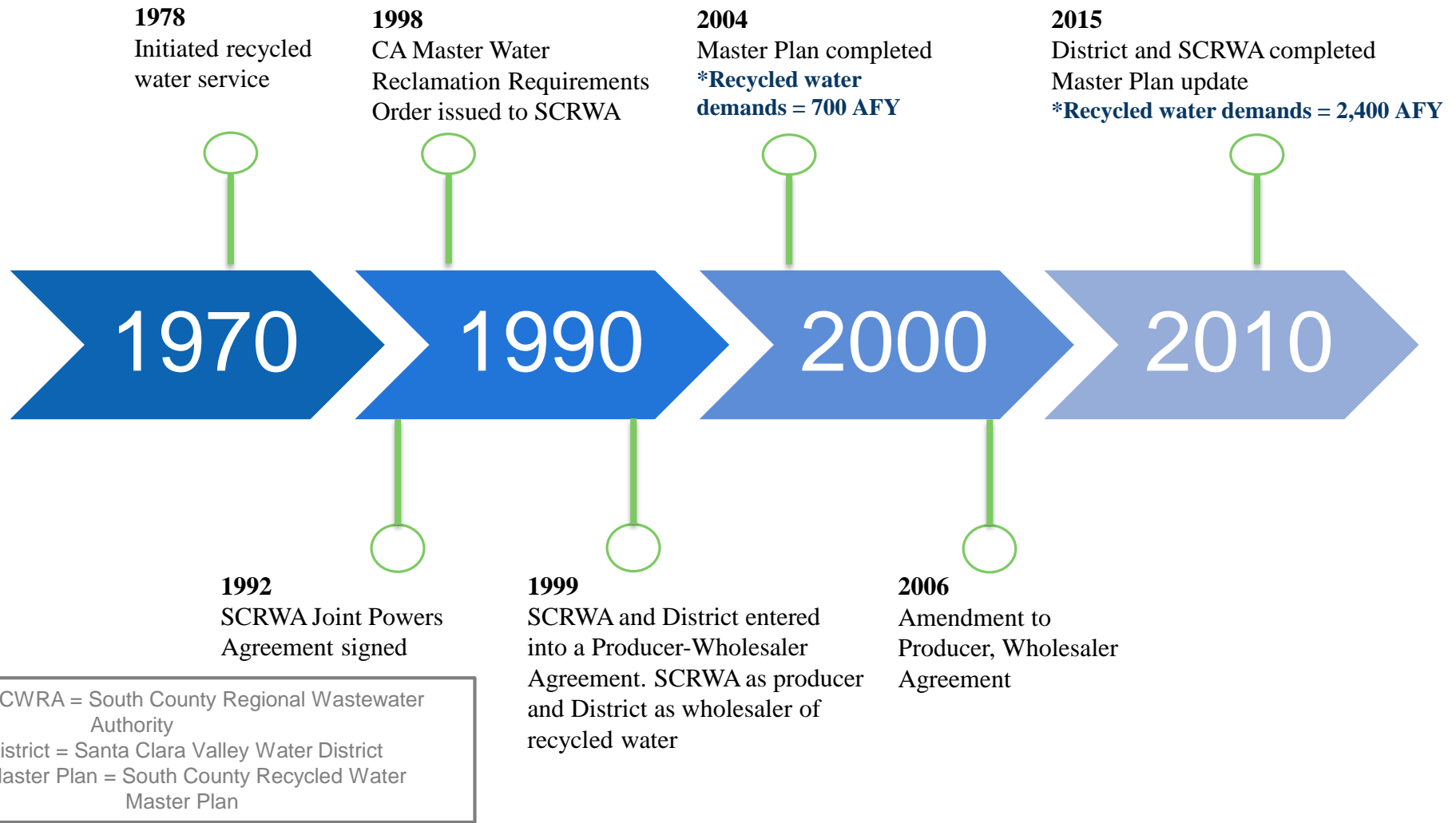
ATTACHMENT(S):

Attachment 1: PowerPoint Presentation

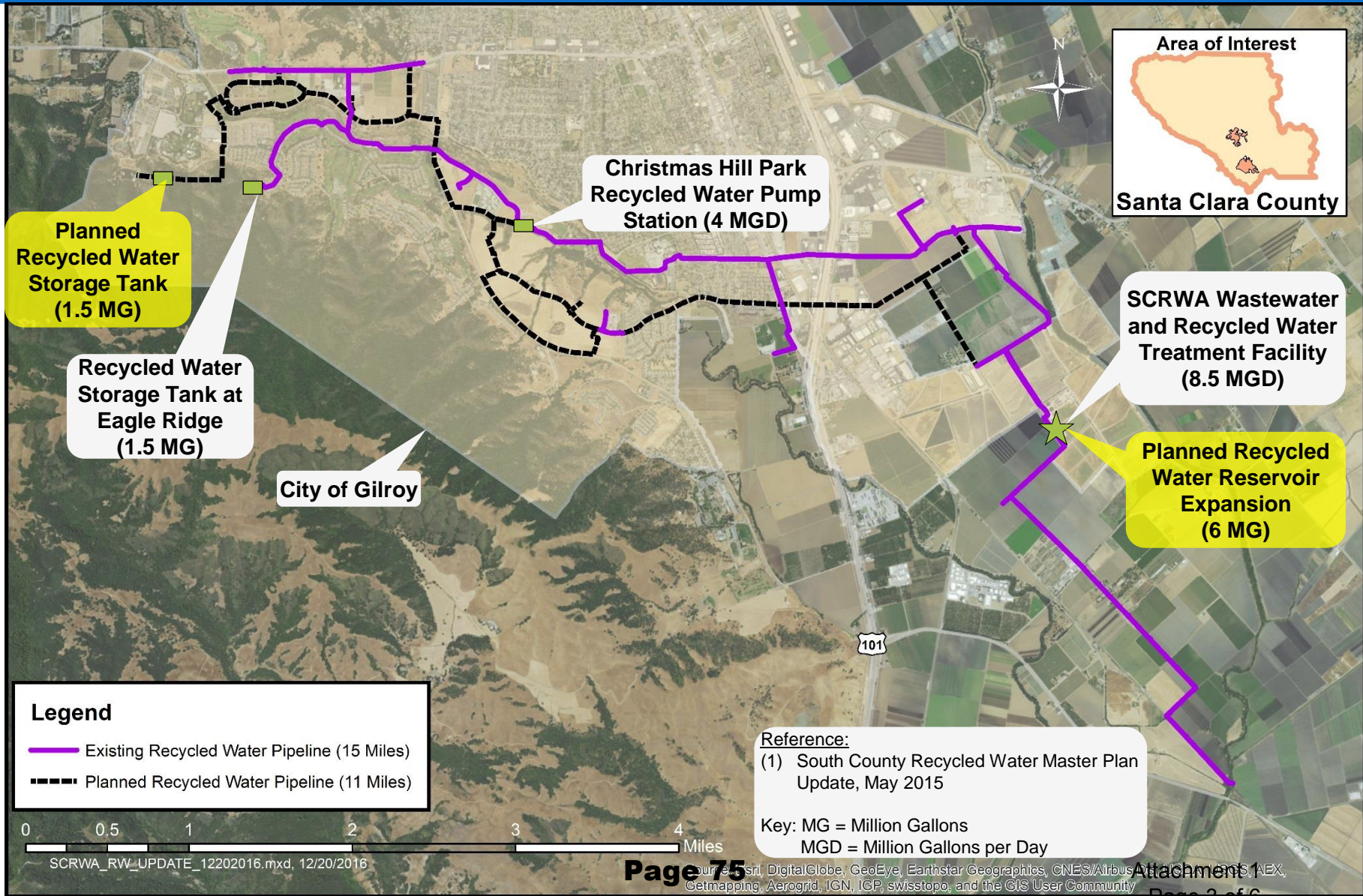
Item 5.6

Update on Recycled and Purified Water Projects

5.6 – History and Timeline



5.6 – Map of South County Recycled Water System



5.6 – Master Plan Capital Improvement Recommendations

Segments	Capital Improvement Projects (2015 Master Plan update)	Est. Cost (Million)	Status
Immediate-Term	<ul style="list-style-type: none"> • Distribution: 26,600 foot pipeline extension • Wastewater Treatment Plant (WWTP): UV Treatment, pump station upgrade 	\$ 14.3 <u>WWTP</u> \$ 4.5	In Progress
Short-Term	<ul style="list-style-type: none"> • Distribution: 21,860 foot pipeline extension • WWTP: Chlorine contact basin upgrade, pump station upgrades, meter conversion (Gilroy/District), 6 million gallon reservoir expansion (District) 	\$ 10.0 <u>WWTP</u> \$ 8.4	Under Development
Long-Term	<ul style="list-style-type: none"> • Distribution: 7,010 foot pipeline extension, 1.5 million gallon storage tank, and booster pump station • WWTP: 2.5 mgd secondary treatment expansion (SCRWA) and recycled water fill station (commercial / residential) (City of Gilroy/District) 	\$ 10.0 <u>WWTP</u> \$ 50.9	Future Action
	Total Cost Estimate	\$ 98.1	

mgd = million gallons per day

5.6 – Grant and Other Funding Opportunities

Federal: Title XVI

- ✓ Awarded: \$4 Million grant – 15,000 feet pipeline expansion (September 2016)
- ✓ Awarded: An additional \$1.7 Million grant (March 2017)

State: Proposition 1/Clean Water State Revolving Fund

- ✓ Applied: \$6.7 Million grant (August 2016)

Cost share (City of Gilroy/Land Development)

- ✓ Glen Loma Ranch (GLR): \$0.2 Million cost savings – 1,900 feet pipeline expansion (February 2015),
- ✓ Meritage Homes (MH): \$0.9 Million cost savings – 9,200 feet pipeline expansion (February 2015)
- ✓ Future phases of development for GLR and MH: *Under Development*
 - \$0.8 cost savings, 8,520 feet pipeline expansion (August 2017)
 - Additional cost savings, 14,080 feet pipeline expansion (Future, 2018-2020)

5.6 – Next Steps

	Action	Schedule
1	Discuss opportunities for collaboration on implementation of the Master Plan <ul style="list-style-type: none"> Pursue funding opportunities Review and amend partnership and/or cost share agreements 	On-going
2	Continue negotiations on cost saving opportunities within areas of development: <ul style="list-style-type: none"> Glen Loma Ranch: 18,100 feet pipeline expansion Meritage Homes: 4,500 feet pipeline expansion 	2017 - 2020
3	District – Solicit construction proposals (pipeline expansion) <ul style="list-style-type: none"> 3,500 feet pipeline expansion – Complete 11,000 feet pipeline expansion – <i>Solicit construction proposal</i> 	2019 - 2020
4	Initiate additional CEQA documentation for master plan	As-Needed
5	Consider other water reuse opportunities for Morgan Hill and south Santa Clara County in Countywide Recycled and Purified Water Master Plan	2017 - 2019