

June 16, 2022

SPECIAL MEETING NOTICE

WATER STORAGE EXPLORATORY COMMITTEE

Board Members of the Water Storage Exploratory Committee

Director Gary Kremen, Committee Chair

Director Richard P. Santos

Director John L. Varela

Staff Support of the Water Storage Exploratory Committee

Rick L. Callender, Esq., Chief Executive Officer

Melanie Richardson, Assistant Chief Executive Officer

Aaron Baker, Chief Operating Officer, Water Utility

Rachael Gibson, Chief of External Affairs

J. Carlos Orellana, District Counsel

Brian Hopper, Senior Assistant District Counsel

Vincent Gin, Deputy Operating Officer, Water Supply Division

Christopher Hakes, Deputy Operating Officer, Dam Safety & Capital Delivery Division

Emmanuel Aryee, Acting Deputy Operating Officer, Water Utility Capital Division

Marta Lugo, Assistant Officer, Office of Government Relations

Gregory Williams, Deputy Operating Officer, Raw Water Division

Ryan McCarter, Acting Assistant Officer, Dam Safety & Capital Delivery Division

Kirsten Struve, Assistant Officer, Water Supply Division

Cindy Kao, Imported Water Manager, Imported Water Unit

Victor Gutierrez, Acting Pacheco Project Manager, Pacheco Project Delivery Unit

Metra Richert, Unit Manager, Water Supply Planning & Conservation Unit

Charlene Sun, Treasury and Debt Manager

Andrew Garcia, Senior Water Resources Specialist, Imported Water Unit

Samantha Greene, Senior Water Resources Specialist, Water Supply Planning & Conservation Unit

A special meeting of the Santa Clara Valley Water District (SCVWD) Water Storage Exploratory Committee is to be held on **Friday, June 17, 2022, at 2:00 p.m.** **at Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose CA 95118.** **The Public and non-presenting staff may** [Join Zoom Meeting https://valleywater.zoom.us/j/98246045660](https://valleywater.zoom.us/j/98246045660).

The meeting agenda and corresponding materials can be found on our website for your convenience. <https://www.valleywater.org/how-we-operate/committees/board-committees>

WATER STORAGE EXPLORATORY COMMITTEE MEETING

Public Join Zoom Meeting

<https://valleywater.zoom.us/j/98246045660>

Meeting ID: 982 4604 5660

One tap mobile

+16699009128,,98246045660# US (San Jose)

Dial by your location

+1 669 900 9128 US (San Jose)

Meeting ID: 982 4604 5660



Santa Clara Valley Water District Water Storage Exploratory Committee Meeting

**HQ Boardroom
5700 Almaden Expressway
San Jose CA 95118**

Alternate Address: 15685 La Bella Ct, Morgan Hill CA 95037

SPECIAL MEETING AGENDA

**Friday, June 17, 2022
2:00 PM**

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

**WATER STORAGE EXPLORATORY
COMMITTEE**

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

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

Mr. Vincent Gin
Mr. Christopher Hakes
(Staff Liaisons)

Glenna Brambill (Committee
Liaison)
Management Analyst II
(408) 630-2408,
gbrambill@valleywater.org

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

Santa Clara Valley Water District
Water Storage Exploratory Committee
SPECIAL MEETING
AGENDA

Friday, June 17, 2022

2:00 PM

HQ Boardroom

*****IMPORTANT NOTICES AND PARTICIPATION INSTRUCTIONS*****

Santa Clara Valley Water District (Valley Water) Board of Directors/Board Committee meetings are held as a “hybrid” meetings, conducted in-person as well as by telecommunication, and is compliant with the provisions of the Ralph M. Brown Act.

To maximize public safety while still maintaining transparency and public access, members of the public have an option to participate by teleconference/video conference or attend in-person. To observe and participate in the meeting by teleconference/video conference, please see the meeting link located at the top of the agenda. If attending in-person, you are required to wear a mask.

In accordance with the requirements of Gov. Code Section 54954.3(a), members of the public wishing to address the Board/Committee at a video conferenced meeting, during public comment or on any item listed on the agenda, should use the “Raise Hand” tool located in the Zoom meeting link listed on the agenda, at the time the item is called. Speakers will be acknowledged by the Board Chair in the order requests are received and granted speaking access to address the Board.

Valley Water, in complying with the Americans with Disabilities Act (ADA), requests individuals who require special accommodations to access and/or participate in Valley Water Board of Directors/Board Committee meetings to please contact the Clerk of the Board’s office at (408) 630-2711, at least 3 business days before the scheduled meeting to ensure that Valley Water may assist you.

This agenda has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Sections 54950 et. seq. and has not been prepared with a view to informing an investment decision in any of Valley Water’s bonds, notes or other obligations. Any projections, plans or other forward-looking statements included in the information in this agenda are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of Valley Water’s bonds, notes or other obligations and investors and potential investors should rely only on information filed by Valley Water on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures and Valley Water’s Investor Relations website, maintained on the World Wide Web at <https://emma.msrb.org/> and <https://www.valleywater.org/how-we-operate/financebudget/investor-relations>, respectively.

Under the Brown Act, members of the public are not required to provide identifying information in order to attend public meetings. Through the link below, the Zoom webinar program requests entry of a name and email address, and Valley Water is unable to modify this requirement. Members of the public not wishing to provide such identifying information are encouraged to enter "Anonymous" or some other reference under name and to enter a fictional email address (e.g., attendee@valleywater.org) in lieu of their actual address. Inputting such values will not impact your ability to access the meeting through Zoom.

Join Zoom Meeting:

<https://valleywater.zoom.us/j/98246045660>

Meeting ID: 982 4604 5660

Join by Phone:

1 (669) 900-9128, 98246045660#

1. CALL TO ORDER:

1.1. Roll Call.

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

Notice to the Public: Members of the public who wish to address the Committee on any item not listed on the agenda should access the "Raise Hand" tool located in Zoom meeting link listed on the agenda. Speakers will be acknowledged by the Committee Chair in order requests are received and granted speaking access to address the Committee. Speakers comments should be limited to two minutes or as set by the Chair. The law does not permit Committee action on, or extended discussion of, any item not on the agenda except under special circumstances. If Committee action is requested, the matter may be placed on a future agenda. All comments that require a response will be referred to staff for a reply in writing. The Committee may take action on any item of business appearing on the posted agenda.

3. APPROVAL OF MINUTES:

3.1. Approval of Minutes.

[22-0749](#)

Recommendation: Approve the March 7, 2022, Meeting Minutes.

Manager: Candice Kwok-Smith, 408-630-3193

Attachments: [Attachment 1: 03072022 WSEC Draft Mins](#)

4. REGULAR AGENDA:

- 4.1. Sites Reservoir Project: Letter to Request Opportunity to Increase Valley Water's Participation Level. [22-0750](#)

Recommendation: A. Receive and Discuss Update on the Sites Reservoir Project, and
B. Recommend to Board to authorize the Chief Executive Officer to send a letter expressing Valley Water's potential interest in increasing our participation level in the Sites Reservoir Project if space in the project becomes available and is supported by future analysis.

Manager: Vincent Gin, 408-630-2633

Attachments: [Attachment 1: Sites Project Participant Table](#)
[Attachment 2: Draft Sites VW Participation Letter](#)
[Attachment 3: PowerPoint Presentation](#)

Est. Staff Time: 30 Minutes

- 4.2. Valley Water Participation Recommendation for the Los Vaqueros Reservoir Expansion Project. [22-0751](#)

Recommendation: The Water Storage Exploratory Committee make a Recommendation to the Board to begin negotiations in the Los Vaqueros Reservoir Expansion Project for use of the Transfer Bethany Pipeline and 30 thousand acre feet of storage.

Manager: Vincent Gin, 408-630-2633

Attachments: [Attachment 1: JPA Members](#)
[Attachment 2: Rate Impact](#)
[Attachment 3: PowerPoint Presentation](#)

Est. Staff Time: 15 Minutes

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.

This is an opportunity for the Clerk to review and obtain clarification on any formally moved, seconded, and approved requests and recommendations made by the Committee during the meeting.

6. CLOSED SESSION:

6.1. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL

Conference with Real Property Negotiators Pursuant to Government Code Section 54956.8

Setting Negotiation Parameters for Price and Terms of Payment for Purchase, Sale, or Exchange of Property Interest in APNs: 865-10-004, 865-10-010, 865-10-019, 865-11-007, 865-11-008, 865-11-019, 865-11-020, 865-11-021, 865-11-024, 865-11-029, 865-15-005, 865-15-006, 865-11-023, 865-11-022, 865-11-031, 865-11-030, 865-11-026, 865-11-027, 865-10-019, 865-11-025, 865-11-028, and 865-16-002.

Agency Negotiators: Rick Callender, Melanie Richardson, Aaron Baker, Chris Hakes, and Bill Magleby

Negotiating Parties: Pacheco Land & Cattle Co., LLC

6.2. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL

Conference with Real Property Negotiators Pursuant to Government Code Section 54956.8

Setting Negotiation Parameters for Price and Terms of Payment for Purchase, Sale, or Exchange of Property Interest in APNs: 078-010-001, 078-010-004 (Merced County), 865-10-023, 865-10-022, 898-10-024, 898-10-020, 898-11-003, 898-11-004, 898-11-008, 898-11-016, 898-11-020, 898-11-021, 898-11-022, 898-11-023, 898-11-025, 898-11-030, 898-11-032, 898-13-001, 898-13-002, 898-13-003, 898-13-004 (Santa Clara County)

Agency Negotiators: Rick Callender, Melanie Richardson, Aaron Baker, Chris Hakes, R. McCarter, and Bill Magleby

Negotiating Parties: Edmund Jin, Eval Lu

6.3. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL

PENDING LITIGATION Pursuant to Government Code Section 54956.9(d)(1) Santa Clara Valley Water District v. Edmund Jin, et al. (Santa Clara County Superior Court, Nos. 22CV397577 and 19CV352227)

6.4. District Counsel Report on Closed Session.

7. **ADJOURN:**

7.1. Adjourn.



Santa Clara Valley Water District

File No.: 22-0749

Agenda Date: 6/17/2022

Item No.: 3.1.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Approval of Minutes.

RECOMMENDATION:

Approve the March 7, 2022, Meeting Minutes.

SUMMARY:

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

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

ATTACHMENTS:

Attachment 1: 03072022 WSEC Draft Mins

UNCLASSIFIED MANAGER:

Candice Kwok-Smith, 408-630-3193



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

DRAFT MINUTES

MONDAY, MARCH 7, 2022

(Paragraph numbers coincide with agenda item numbers)

A regular meeting of the Water Storage Exploratory Committee (Committee) was held on March 7, 2022, via Zoom.

1. CALL TO ORDER

The Water Storage Exploratory Committee was called to order by Committee Acting Chair Director Richard P. Santos at 2:01 p.m.

1.1 ROLL CALL

Valley Water Board Members in attendance were: Committee Chair, Director Gary Kremen (District 7), and Director Richard P. Santos (District 3).

Valley Water Staff in attendance were: Emmanuel Aryee, Aaron Baker, Neeta Bijoor, Glenna Brambill, Melissa Fels, Alexander Gordon, Samantha Greene, Andy Gschwind, Christopher Hakes, Brian Hopper, Dana Jacobson, Cindy Kao, Candice Kwok-Smith, Jessica Lovering, Katherine Maher, Michael Martin, Ryan McCarter, Heath McMahon, Carmen Narayanan, Carlos Orellana, Don Rocha, and Charlene Sun.

Guests in attendance were: David Cramer (Walsh), Dwight Good (Cal Fire), Danielle McPherson (BAWSCA), Katja Irvin (Sierra Club-Loma Prieta Chapter), Chuck Hammerstead (Fly Casters of San Jose), Hon. Steve Jordan (BAWSCA and Purissima Hills Water District), Marguerite Patil (Contra Costa Water District {CCWD}), Bill Tuttle (San Jose Water Company-SJWC), Hon. John Weed (Alameda County Water District {ACWD}), and Matt Williams (Sukut).

Public in attendance were: Arthur Keller, Ph.D., and Senobar Lanigan.

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

There was no one present who wished to speak.

3. APPROVAL OF MINUTES

3.1 APPROVAL OF MINUTES

It was moved by Director Gary Kremen, second by Director Richard P. Santos and by roll call and unanimous vote carried to approve the minutes of the January 27, 2022, meeting of the Water Storage Exploratory Committee as presented.

4. ACTION ITEMS

4.1 SITES RESERVOIR UPDATE:

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

The Water Storage Exploratory Committee took the following action:

It was moved by Director Gary Kremen, second by Director Richard P. Santos and by roll call and unanimous vote approved staff's recommendation that the Board consider authorizing the Chief Executive Officer to execute the Third Amendment to 2019 Reservoir Project Agreement for a participation level of 0.2 percent of the total project and a funding commitment of \$200,000 covering calendar years 2022 through 2024 and appoint the Valley Water Project Agreement Member Primary and Alternative Representatives.

4.2 STANDING ITEMS

The Committee received verbal reports on the following projects:

**UPDATE ON LOS VAQUEROS RESERVOIR EXPANSION PROJECT (LVE)
TRANSFER BETHANY PIPELINE (TBP) AND UPDATE ON MANAGEMENT OF
SOUTH BAY AQUEDUCT (SBA) FACILITIES** reported on by Mr. Michael Martin

- JPA will be meeting on Wednesday, March 8, 2022, the agenda includes actions on a Diversity policy and Board Meeting Decorum Policy, and discussions on hiring an Executive Director, the FY23 budget, a Claims Policy, and CEQA Policy. provided a briefing to Chair Kremen and Director LeZotte as the representatives to the JPA Board.
- An overview of the FY23 budget will be discussed at this Wednesday's JPA meeting and be going through a staff workgroup, discussions, the financial committee, and to the JPA Board this spring.
- Once a FY23 budget is in place, that will lead to an interim funding agreement between the JPA members in the fall to keep the project funded through the end of 2023 or until the JPA fully takes over financial administration.
- During the February JPA Board meeting, The JPA decided to go with a more rapid approach in bringing on an Executive Director and recruitment will likely start in April/May with assistance from a Board ad-hoc committee.
- Staff is still planning on bringing a discussion for VW participation in the coming months. Negotiations are upcoming that will influence the staff recommendation on participation. project schedule indicates VW will need a participation decision at the end of CY 22 or early CY 23.

DEL PUERTO CANYON RESERVOIR reported on by Ms. Cindy Kao:

- December 15, 2021, CA Water Commission approved the feasibility of the project which makes it eligible to apply for funds if Prop 1 is opened for more applications
- VW Staff just learned about a group of 10 Friant Users filed a lawsuit in November 2020 alleging that the Exchange Contractors do not have the right to store their water in the reservoir, the lawsuit reflects their concern that there could be some indirect impact if those Exchange Contractors store water instead of taking direct delivery of that water

*please place the lawsuit information in the Board's Non-Agenda Packet

GROUNDWATER BANK UPDATE reported on by Ms. Cindy Kao

McMullin:

- Imported Water Unit Staff reviewed DWR's comments on the King's subbasin which includes the GSP's 1 of which is the McMullin area Groundwater Sustainability Agency's (GSA) GSP and DWR sent an incomplete determination letter to state the GSP is inadequate and must be fixed 180 days
- Local GSA's have until July 27, 2022, to revise and re-submit their plans
- VW is participating in the McMullin board meetings and tracking the proposed revisions to the GSPs

Antelope Valley East Kern (AVEK) partnership:

- Draft pilot banking agreement was developed, and the term sheet was sent to AVEK to review, and they are evaluating and seeking board approval before it is approved

PACHECO RESERVOIR EXPANSION PROJECT UPDATE: reported on by

Mr. Ryan McCarter

- The Public comment period for the draft EIR closed February 15, 2022, and comments from nearly 200 different sources were received. Many of the comments were from members of the public opposing the project. Also had several regulatory agencies and NGOs also submitted comments on many different topics, as usual. The team will be compiling all the comments and working to address them and incorporate them into the Final EIR.
- The team had a very productive meeting with DSOD with regards to the dam type we are proposing on February 16, 2022. We shared our intentions to submit 30% design plans for an earthfill dam at the upstream site next month. DSOD was pleased that Valley Water decided to discontinue pursuing the hardfill dam concept. It was agreed that it could be a long process to vet the concept with DSOD.
- The critical activities over the next few months will be processing the Draft EIR comments and working on the 30% level design that will include plans and a new construction cost estimate
 - *public comment letters can be made available to the Board in the Non-Agenda Packet when available.

SEMITROPIC: reported on by Ms. Cindy Kao

- January 2022 VW recovered 3,736 acre feet water from semitropic, we're continuing to receive water from bank and VW has roughly 293,000 acre feet in storage and is about 84% full
- DWR sent an incomplete determination letter to Kern Subbasin GSP to state the GSP is inadequate and must be fixed 180 days (issue=land subsidence, water quality, reduced storage levels)
- Local GSA's have until July 27, 2022, to revise and re-submit their plans
- VW is participating in the Semitropic, Kern Groundwater Authority, and Kern County Agency board meetings and tracking the development of the GSPs
- 123 PCP is being worked on by VW staff and the committee will receive an update when completed

B.F. SISK DAM RAISE PROJECT: reported on by Ms. Cindy Kao

- February 23, 2022, the San Luis and Delta-Mendota Water Authority (SLDMWA/Authority) re-released RFP to solicit bids for full time Project Manager for the Sisk Dam Raise project, and proposals are due by March 29, 2022,
- The Authority is planning on soliciting participation of the project through an activity agreement executed among the interested members of SLDMWA with an option for participation by non SLDMWA members as well. The activity agreement was to be considered for approval at the March 10, 2022, SLDMWA board meeting.
- VVW currently developing principles of agreement in advance of negotiations with Reclamation to nail down and clarify for all the potential participants of what the benefits and the costs and cost allocation approach to be agreed upon, also working with the Authority to identify what those principles are

The Water Storage Exploratory Committee took no action

4.3 REVIEW WATER STORAGE EXPLORATORY COMMITTEE WORK PLAN AND THE COMMITTEE'S NEXT MEETING AGENDA

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

The Water Storage Exploratory Committee took no action.

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE ACTIONS

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

Agenda Item 4.1.

The Water Storage Exploratory Committee by roll call and unanimous vote approved staff's recommendation that the Board consider authorizing the Chief Executive Officer to execute the Third Amendment to 2019 Reservoir Project Agreement for a participation level of 0.2 percent of the total project and a funding commitment of \$200,000 covering calendar years 2022 through 2024 and appoint the Valley Water Project Agreement Member Primary and Alternative Representatives.

6. CLOSED SESSION

6.4 DISTRICT COUNSEL REPORT ON CLOSED SESSION

Mr. Brian Hopper noted there was no reportable action.

7. ADJOURNMENT

Committee Acting Chair Director Richard P. Santos adjourned the meeting at 2:48 p.m.

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

Approved:



Santa Clara Valley Water District

File No.: 22-0750

Agenda Date: 6/17/2022

Item No.: 4.1.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Sites Reservoir Project: Letter to Request Opportunity to Increase Valley Water's Participation Level.

RECOMMENDATION:

- A. Receive and Discuss Update on the Sites Reservoir Project, and
- B. Recommend to Board to authorize the Chief Executive Officer to send a letter expressing Valley Water's potential interest in increasing our participation level in the Sites Reservoir Project if space in the project becomes available and is supported by future analysis.

SUMMARY:

During the March 7, 2022, Water Storage Exploratory Committee (Committee) meeting, staff informed the Committee that the Sites Reservoir Project (Project) is fully subscribed, even as the U.S. Bureau of Reclamation is requesting greater participation, and several non-participating agencies expressed interest in joining the Project. Since that time, several participants have indicated willingness to reduce their participation level, making space for Reclamation and other agencies to increase participation. The Sites Joint Project Authority (Sites JPA) will begin rebalancing participation levels and potentially invite new participants into the Project during the Fall of 2022. The Project is also evaluating the feasibility of reducing the reservoir dead pool to create additional usable reservoir storage space which could be allocated during the rebalancing efforts.

Sites JPA has requested that Participants interested in increasing their Participation level, as well as non-participants that are interested in joining the project, provide a letter requesting to be placed on the waiting list and committing to recommend an increase to their Boards if space becomes available in the future. Staff recommends that the Board authorize the CEO to provide such a letter (see Attachment 2) to the Sites JPA targeting an average annual yield of 6,000 acre-feet (AF) and storage space of 37,400 AF. The letter would include a caveat that a recommended increase would only be brought to the Board if future analyses still supported the increase. The Sites JPA has indicated that such a letter may secure our position on the waiting list ahead of new participants.

If space does become available and Valley Water chooses to increase participation, the recommended level of participation would require a \$2.4 million funding commitment for Valley Water's share of project planning costs in calendar years 2022, 2023, and 2024. This amount would be covered by the projected Imported Water budget and would not require a water rate increase in FY23-FY25.

If Valley Water does not provide a letter requesting to be placed on the waiting list, there may still be

opportunities to increase our participation in the future if other agencies drop out or reduce participation prior to the final Project funding decision in 2024. However, future requests would likely be placed at a lower priority than participants that have submitted a letter request.

Overview of Recent Project Activity

The Sites Reservoir Project is a proposed 1.5 million acre-foot, off-stream reservoir that would be located north-of-Delta, approximately 10 miles west of the town of Maxwell in Colusa County. The Project has been identified in Valley Water's Water Supply Master Plan (WSMP) as a potential alternative to help ensure reliability of its Delta-conveyed supplies. The project is currently fully subscribed and there is strong support from the Department of Water Resources (DWR), Reclamation, Zone 7 Water Agency, Glenn-Colusa Irrigation District, and Metropolitan Water District of Southern California, among others. The project has secured funding from state and federal sources (Table 2), and in March 2022, the Sites Project was invited to apply for a \$2.2 billion Water Infrastructure Finance and Innovation Act (WIFIA) loan, which would provide a flexible, low interest financing option, potentially reducing the financial burden of the project. The Sites JPA has also recently submitted the water rights application for the Project to the State Water Resources Control Board (SWRCB) in May 2022.

Reclamation has stated an interest in increasing its participation from its current 7% participation level up to potentially a 25% participation level. The Project has also received new participant requests from seven agencies totaling approximately 32,000 AF of annual yield. The agencies requesting to join the project are:

Westlands Water Districts
Madera County GSA
Woodland-David CWA
Pacific Resources MWC

City of Napa
Glenn County
LA Cumbria MWC

Several participants have indicated they may reduce their participation level, making space available for new participants and for existing participants to increase their participation level. A list of participants and current participation level is shown in Attachment 1. In addition, the Sites Project is currently studying the feasibility of reducing the dead pool to potentially create up to 60,000 AF of usable reservoir storage. Final results are expected in the Fall.

Participation Options

A summary of anticipated project costs, modeled delivered yield, and project storage provided by current participation level and two options to increase participation is shown in Table 1. Staff recommends Option 1, which would provide approximately 6,000 AF of requested annual yield and 37,400 AF of storage, while Option 2 would provide approximately 8,000 AF of requested annual yield and 49,900 AF of storage space. The Option 1 project planning costs in calendar years 2022, 2023, and 2024 are covered by the projected Imported Water budget and would not require a water rate increase in FY23-FY25; this option represents the largest participation level without increasing water rates in FY 2022 through FY 2024. The larger participation increase shown in Option 2 would

require a budget adjustment for FY23 and a small water rate increase for FY23-25.

Submitting the letter to secure Valley Water's position on the waiting list to increase participation level from its existing participation level to Option 1 provides the following benefits:

- Better positions Valley Water for increasing its participation level in Sites if the Board decides this would be advantageous;
- Better preserves options should other investments in Valley Water's Water Supply Master Plan not materialize;
- Staff's analysis of the long-term impacts from climate change continue to evolve and could potentially show a need for benefits provided by a higher level of participation in the Project.

Sites Project Support and Funding

The Sites Project has secured a maximum conditional eligibility of \$836 million in funding through the state's Prop 1 Water Storage Investment Program (WSIP) as well as \$104.1 million in Water Infrastructure Improvements for the Nation (WIIN) Act appropriations. In addition, the Project has been invited to apply for a \$2.2 billion WIFIA loan which would provide a low-interest, flexible financing option to participating agencies and could reduce the unit cost of water by as much as 10%. A summary of the Project funding sources that have been secured to date are showed in Table 2.

Table 1: Anticipated Project Yield, Storage, and Costs by Participation Level

	Existing Participation Level	Option 1: Moderate Increase in Participation (Recommended)	Option 2: Large Increase in Participation
VALLEY WATER PARTICIPATION LEVEL			
Share of Total Project Cost	0.2%	2.7%	3.5%
Requested Annual Yield (AF) ¹	500	6,000	8,000
Storage Allocation (AF)	3,117	37,400	49,900
ESTIMATED WATER SUPPLY BENEFITS FOR VALLEY WATER			
Average Delivered Yield (AF) ²	380	4,590	6,110
Average Dry/Critical Year Delivered Yield (AF) ²	770	9,250	12,330
CAPITAL COSTS			
Share of Total Capital Cost (2021 Dollars) ³	\$8 Million	\$105 Million	\$142 Million
FUNDING COMMITMENT			
AMENDMENT 3 Funding Commitment (Years 2022 through 2024)	\$0.2 Million	\$2.4 Million	\$3.2 Million

Anticipated FY32 Rate Impact (\$/AF) ⁴	\$33	\$71	\$110
Anticipated FY32 Average Increase per Household (\$/month) ⁵	\$1.12	\$2.45	\$3.80

¹ A Participant's "Participation Request" is a metric used by Sites Project managers to calculate participation levels relative to other participants. Actual annual yield of the project will differ from this requested participation level. ² Delivered yield values are based on Sites Project modeling and may be updated as the project progresses. Delivered yields values assume a 25% carriage water loss. Total estimated average project yield is 234,000 AF per year. ³ Share of total project capital costs published by the Sites Project which was adjusted for inflation to 2021 dollars, not including financing. ⁴ North County Zone W-2 Rate Impact for FY32 assuming Valley Water participation progresses to project construction. ⁵ Average Monthly Increase per Household - North County Zone W-2 (FY32) assuming Valley Water participation progresses to project construction.

Table 2. Sources of Project Funding

Funding Source	Amount
Prop 1 WSIP award	Up to \$836M, including \$40.8M in early funding.
WIIN Act (Currently awarded to Reclamation)	\$104.1M
WIIN Act (potential future cost share)	Project qualifies for up to 25% cost share following Federal Feasibility Determination
U.S. Department of Agriculture	Approved \$449M loan for Sites Project's Maxwell water intertie conveyance facilities
WIFIA Loan	Invitation to apply for WIFIA loan up to \$2.2 billion

ATTACHMENTS:

Attachment 1: Sites Project Participation Summary

Attachment 2: Draft Letter to Request Opportunity to Increase Participation

Attachment 3: PowerPoint Presentation

UNCLASSIFIED MANAGER:

Vincent Gin, 408-630-2633

Participant	Amendment 3		Storage Allocation (AF) ²
	Participation (AF of Yield) ¹	% Participation	
Antelope Valley-East Kern WA	500	0.30%	3,117
City of American Canyon	4,000	2.40%	24,936
Coachella Valley WD	10,000	6.01%	62,340
Colusa County	10,000	6.01%	62,340
Colusa County WD	9,256	5.56%	57,702
Cortina WD	450	0.27%	2,805
Davis WD	2,000	1.20%	12,468
Desert WA	6,500	3.90%	40,521
Dunnigan WD	2,972	1.78%	18,527
Glenn-Colusa ID	5,000	3.00%	31,170
Irvine Ranch Water District	1,000	0.60%	6,234
La Grande WD	1,000	0.60%	6,234
Metropolitan WD of S. California	50,000	30.03%	311,700
Reclamation District 108	4,000	2.40%	24,936
Rosedale-Rio Bravo WD	500	0.30%	3,117
San Bernardino Valley Municipal WD	21,400	12.85%	133,408
San Geronio Pass WA	14,000	8.41%	87,276
Santa Clara Valley WD	500	0.30%	3,117
Santa Clarita Valley WA	5,000	3.00%	31,170
Westside WD	5,375	3.23%	33,508
Wheeler Ridge - Maricopa WSD	3,050	1.83%	19,014
Zone 7 WA	10,000	6.01%	62,340
Public Water Agency Total	166,503	100.00%	1,037,980
State of California			244,000
Bureau of Reclamation (7% Investment)			91,000

1. AF of yield currently primarily used as basis of local agency participation
2. Storage allocation for State of California and Reclamation are estimated and TBD later

Sites JPA has also received new participant requests from the following agencies:

- Westlands Water District
- Madera County GSA
- City of Napa
- Woodland Davis CWA
- Glenn County
- Pacific Resources MWC
- La Cumbre MWC

This Page Intentionally Left Blank

June 10, 2022

Mr. Jerry Brown
Executive Director
Sites Project Authority
122 Old Highway 99 West
Maxwell, CA 95955

Subject: Request to Increase Valley Water's Participation Level in the Sites Reservoir Project

Dear Mr. Brown,

Santa Clara Valley Water District (Valley Water) is writing to indicate our interest in increasing our participation level in the Sites Reservoir Project (Project). Valley Water currently has a participation level in the Project of 0.2% which produces an average annual yield of 500 acre-feet (AF). We are requesting to be placed on the waiting list for a potential increase in our participation to a level which would supply an average annual yield of 6,000 AF when space in the Project becomes available. Valley Water is committed to recommending this increased participation level to our Board of Directors at the earliest opportunity following an invitation for increased participation from the Sites Project Authority (Authority), unless new information becomes available indicating an increase is not advisable.

Valley Water is aware that the Project is currently fully subscribed and that other existing participants, including the U.S. Bureau of Reclamation, have indicated a desire to increase participation in the Project. In addition, several new agencies have indicated an interest in joining the Project. We encourage the Authority to prioritize and fulfill increased participation requests from existing participants before inviting new participants into the Project.

Thank you for your attention to this request. Please contact Cindy Kao, Imported Water Manager, at 408-630-2346 with any questions.

Sincerely,

Rick L. Callender, Esq.
Chief Executive Officer
Valley Water



Sites Reservoir Project: Letter to Request Opportunity to Increase Participation

Water Storage Exploratory Committee, June 17, 2022



Project Participation Considerations

- Project is currently fully subscribed
 - 23 existing participants
 - Reclamation to increase participation from 7% up to potentially 25%
 - Valley Water: currently at 0.2% participation level
 - 7 new participant requests for 32,000 AF of yield
 - Potential dead pool reduction may make more storage space available
- Sites participation rebalancing efforts expected in Fall 2022

Request Opportunity to Increase Participation

- Provide letter requesting to be on waiting list for future increase
 - Request ~6 TAF of annual yield and 37.5 TAF of storage space
 - Secures position on waiting list, but does not commit VW to increase

Rationale

- Preserving options
- Future opportunities may be decreased if no action
- Evolving climate change analysis
- No additional financial investment at this time
- No impact to water rates

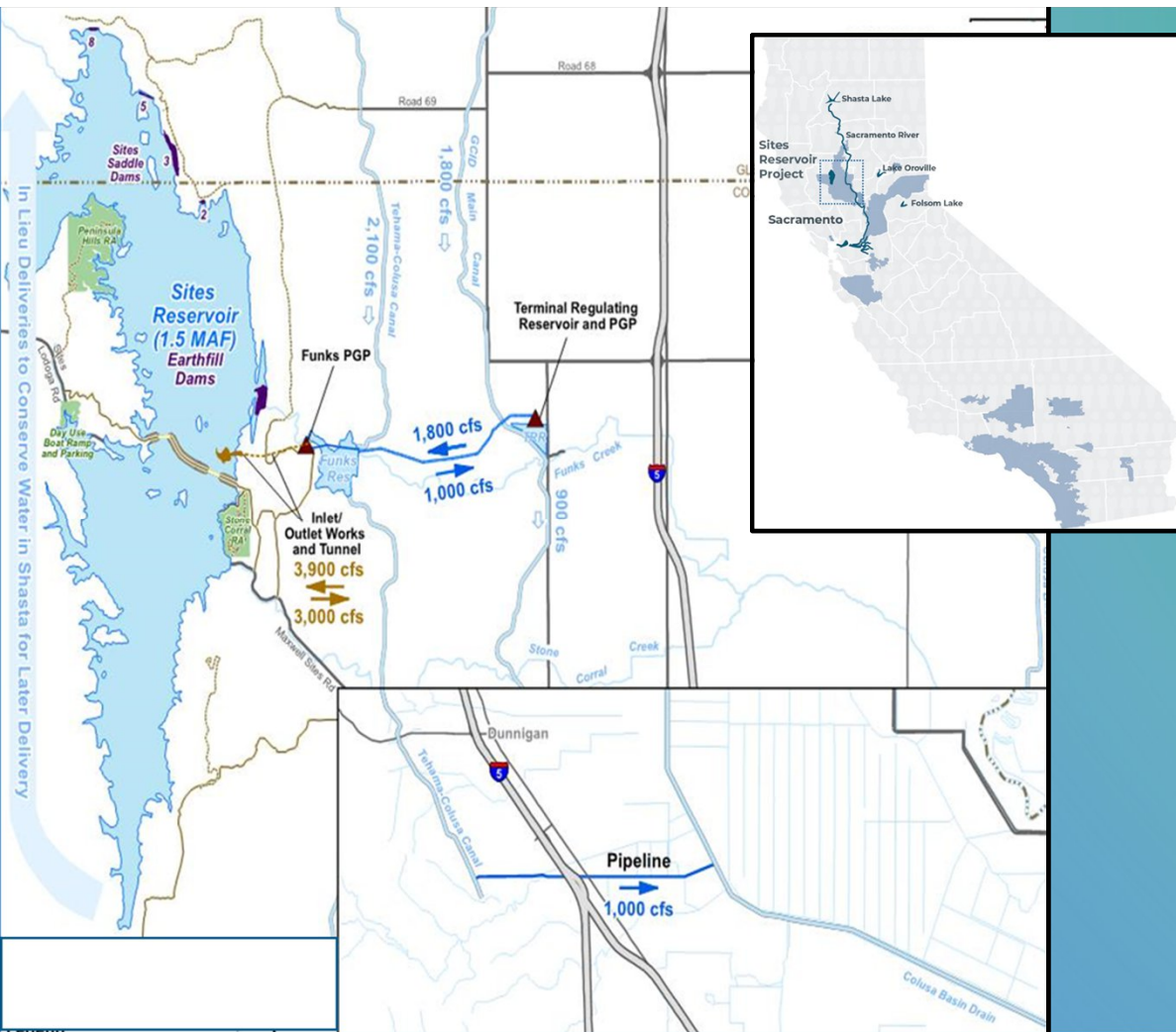
Recommended Participation Request

- Recommended request is within FY 23 budget & would not require water rate increase

	Existing Participation Level	Moderate Increase (Recommended)	Larger Increase in Participation
Participation Request (AF)	500	6,000	8,000
Storage Allocation (AF)	3,117	37,500	50,000
Average Delivered Yield (AF)	380	4,590	6,110
Average Dry/Critical Year Delivered Yield (AF)	770	9,250	12,330
Funding Commitment (Years 2022 through 2024)	\$0.2 Million	\$2.4 Million	\$3.2 Million
Share of Total Capital Cost (2021 Dollars)	\$8 Million	\$105 Million	\$142 Million

Recommendations

- A. Receive and discuss updated information
- B. Recommend the Board authorize the CEO to send a letter to the Sites JPA indicating Valley Water's interest in having the opportunity to increase our participation level if space in the project becomes available.



Sites Reservoir Project

Location: Colusa and Glenn Counties

Size: 1.5 million acre-foot (AF)

Total Project Cost (2021 Dollars):
\$3.9 Billion

Recent Milestones:

- Invited to apply for \$2.2 billion WIFIA loan in March 2022
- Submitted water rights application in May 2022

QUESTIONS





Valley Water

Clean Water • Healthy Environment • Flood Protection



Santa Clara Valley Water District

File No.: 22-0751

Agenda Date: 6/17/2022

Item No.: 4.2.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Valley Water Participation Recommendation for the Los Vaqueros Reservoir Expansion Project.

RECOMMENDATION:

The Water Storage Exploratory Committee make a Recommendation to the Board to begin negotiations in the Los Vaqueros Reservoir Expansion Project for use of the Transfer Bethany Pipeline and 30 thousand acre feet of storage.

SUMMARY:

The Los Vaqueros Reservoir Expansion Project (LVE Project) Joint Powers Authority (JPA) partner agencies will begin negotiating Service Agreements in summer 2022 to define each agency's share in storage and conveyance and establish associated cost allocations. This memo provides the initial staff participation recommendation. The final participation recommendation will depend on how the negotiated service agreements define project operations, benefits, and costs.

Background

Valley Water's Board of Directors approved joining the LVE Project JPA on August 24, 2021. The JPA includes seven other local agencies (Attachment 1) and will be responsible for project planning, construction, and post-construction activities including operating the facilities, ensuring adequate funding, facility maintenance and repair, and delivering project water.

The Contra Costa Water District (CCWD) estimates the total LVE Project development and construction cost to be \$1.02 billion. The cost estimate is approximately 7% higher than last year, primarily due to inflation. Federal and state environmental review is complete and neither received legal challenges nor significant public opposition. Over the next few months, JPA Board committees and staff workgroups will develop and negotiate funding and service agreements, and ensure proper and timely progress on project design and construction. An amendment to the existing Multiparty Agreement will be brought to the Water Storage Exploratory Committee (WSEC) and Valley Water Board this fall to extend the cost sharing agreement into the next year until an Interim Funding Agreement is approved by the JPA. In 2023, the JPA Board will need to approve an Interim Funding Agreement, Facilities Usage Agreements, and Service Agreements to meet the requirements for final Water Storage Investment Program (WSIP) funding and to start construction on the pumping plants and the Transfer-Bethany Pipeline (TBP) next year.

Valley Water Participation

Staff has evaluated various options for participation, including conveyance only and conveyance and different levels storage. This evaluation included yield modeling and criteria such as cost and ability to meet Water Supply Master Plan goals. Staff recommends that Valley Water enter negotiations with a request for 30 thousand acre-feet (TAF) of storage in the reservoir and the right to convey up to 30 TAF of water in dry years through LVE Project facilities. Valley Water's Water Supply Master Plan 2040 recommended evaluating participation in the TBP portion of the LVE Project to improve Valley Water's operational flexibility. The TBP will connect CCWD's system to the South Bay Aqueduct and the California Aqueduct. Staff is recommending to also participate in the storage portion of the LVE Project to diversify our out-of-county storage portfolio and maximize the potential operational flexibility that TBP offers. LVE Project storage could provide a beneficial diversification of Valley Water's storage, because the location and potential operations allow for more reliable delivery during droughts. During negotiations, Valley Water will collaborate with partners to develop operational priorities that meet Valley Water's needs. A final staff recommendation on LVE Project participation will be based on the project's ability to provide reliable operational flexibility, including its ability to diversify our out-of-county storage, and cost allocation.

Storage participation is recommended because Valley Water could store State Water Project (SWP) and Central Valley Project (CVP) contract water in Los Vaqueros Reservoir and receive some Delta surplus supplies through CCWD's system to increase system reliability and flexibility. The project may also facilitate other potential regional projects, such as the Refinery Recycled Water Exchange or the Regional Desalination Projects. Regional projects would benefit from having the TBP for water conveyance and Los Vaqueros Reservoir storage for the wet year supplies.

For participation at the staff-recommended level of 30 TAF storage and LVE conveyance, Valley Water's share of the estimated capital costs would be \$70 million. The current rate forecast includes a conservative estimate for participation in the TBP. Because of the conservative estimate for the TBP, the recommended participation in storage and conveyance would reduce the rate forecast 1.1% over the next 10 years (Attachment 2).

The LVE Project presents an opportunity to diversity Valley Water's storage portfolio in a regional project with a high likelihood of project success and potentially high reliability in receiving stored water when requested. The Los Vaqueros Reservoir has been expanded previously and the environmental review for the proposed expansion is complete with little opposition and no legal challenge. Modeling conducted by CCWD and Valley Water has shown that Valley Water would be able to receive its stored water in drought years. If directed, staff will actively participate in service agreement negotiations to maximize the projects benefits for Valley Water. Staff will continue to provide updates to this Committee as costs and operations are negotiated.

Staff will continue to evaluate the project based on the Water Supply Master Plan strategies with criteria including: yield, drought resilience, operational flexibility, cost, and support of other regional partnership projects.

Off Ramps

Valley Water has two decisions over the next year regarding participation in the LVE Project. An amendment to the Multiparty Agreement will be brought to the WSEC and Board in the fall to extend cost sharing of planning and design costs through the next calendar year, and the Service Agreement will be brought for consideration late this year or early next year. The Board can still decide against participation in the LVE Project at either of these points and withdraw from the JPA without incurring future obligations. If Valley Water approves the Service Agreement, the JPA Agreement also allows a partner to withdraw in the following circumstances:

- if the Engineer's estimate is too high,
- if other partners withdraw,
- if state or federal funding is withdrawn or comes with unacceptable conditions,
- if unacceptable permit conditions are attached to the project, or
- if a Local Agency Partner (LAP) cannot obtain a long-term water supply.

Once bonds are issued for the construction of any specific component, withdrawing from the LVE Project must be approved by the JPA Board.

Next Steps

Once staff and the Board's LVE JPA Board representatives have direction on a beginning negotiation position, that position will be brought to the JPA partners for the start of negotiations of the Service Agreements. CCWD is currently preparing a draft Amendment to the Multiparty Agreement to extend cost sharing through 2023. The draft Amendment is anticipated to be ready for review this summer. CCWD continues with negotiations on water rights and environmental permits with state and federal agencies necessary to complete the project. Agencies have been supportive of the LVE Project. Staff will continue to provide regular updates to the WSEC on the Service Agreement negotiations, Multiparty Agreement, and project progress.

Spring 2022 - Direction on starting negotiations

Summer / Fall 2022 - Negotiation of JPA Service Agreements and Facility Usage Agreements

Fall 2022 - Amendment to Multiparty Agreement to extend cost-sharing through the next year.

Early 2023 - WSEC and Board consideration of Service Agreement

Spring 2023 - Final Funding Agreement with CWC

Summer 2023 - Interim Funding Agreement

- ☐ 2023 - Start of construction on the initial LVE Project elements
- ☐ 2023 - 2025: Construction of Transfer-Bethany Pipeline
- ☐ 2027 - 2029: Construction of dam raise, pumping facilities, and conveyance improvements
- ☐ 2030: LVE Project in full operation

ATTACHMENTS:

Attachment 1: JPA Members

Attachment 2: Rate Impact

Attachment 3: PowerPoint

File No.: 22-0751

Agenda Date: 6/17/2022
Item No.: 4.2.

UNCLASSIFIED MANAGER:

Vincent Gin, 408-630-2633

LOS VAQUEROS RESERVOIR EXPANSION JPA MEMBERS

Alameda County Water District

Contra Costa Water District

- City of Brentwood

East Bay Municipal Utility District

Grassland Water District

San Francisco Public Utilities Commission

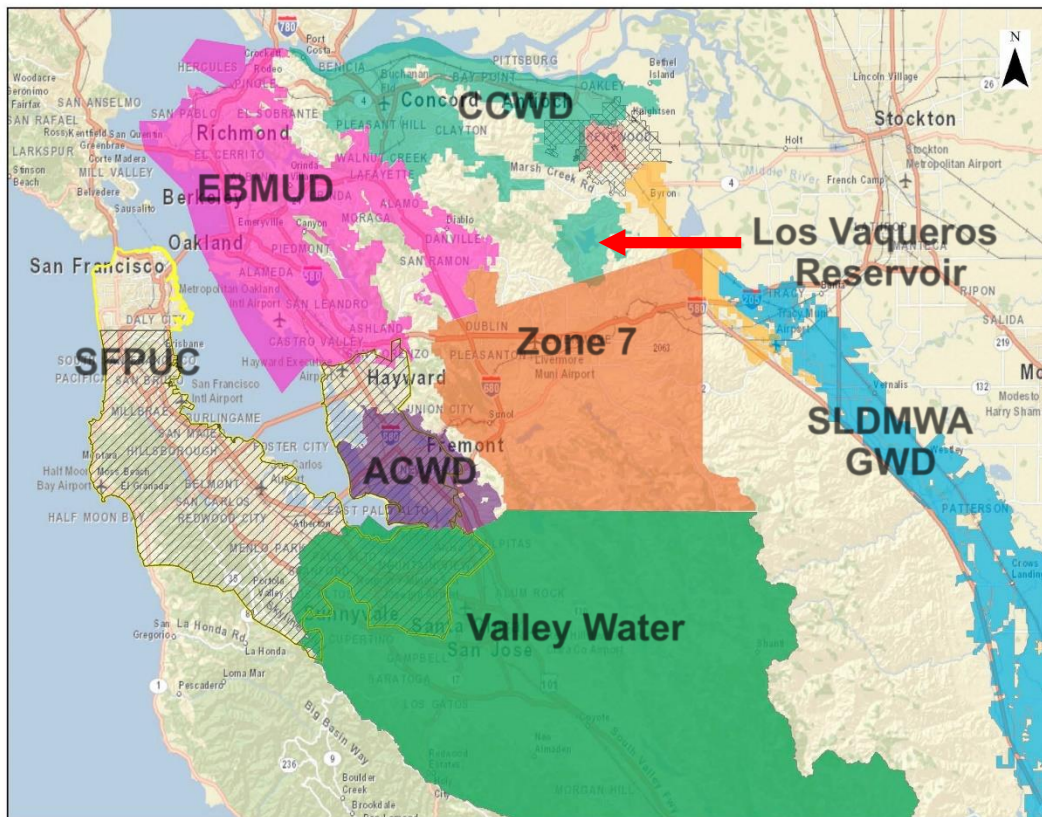
- Bay Area Water Supply and Conservation Agency

San Luis & Delta-Mendota Water Authority

- Byron Bethany Irrigation District
- City of Tracy
- Del Puerto Water District
- Panoche Water District
- Westlands Water District

Santa Clara Valley Water District

Zone 7 Water Agency



10-year rate projections North County Zone W-2, based on FY23 preliminary baseline scenario as of 1/25/2022

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
FY23 Baseline Scenario	9.1%	15.0%	15.0%	15.0%	9.1%	9.1%	9.1%	9.1%	5.0%	5.0%	100.5%
With Recommended Participation	9.1%	15.0%	15.0%	12.7%	9.4%	9.4%	9.4%	9.4%	5.0%	5.0%	99.4%
Difference	0.0%	0.0%	0.0%	-2.3%	0.3%	0.3%	0.3%	0.3%	0.0%	0.0%	-1.1%

This Page Intentionally Left Blank

Water Storage Exploratory Committee
June 17, 2022



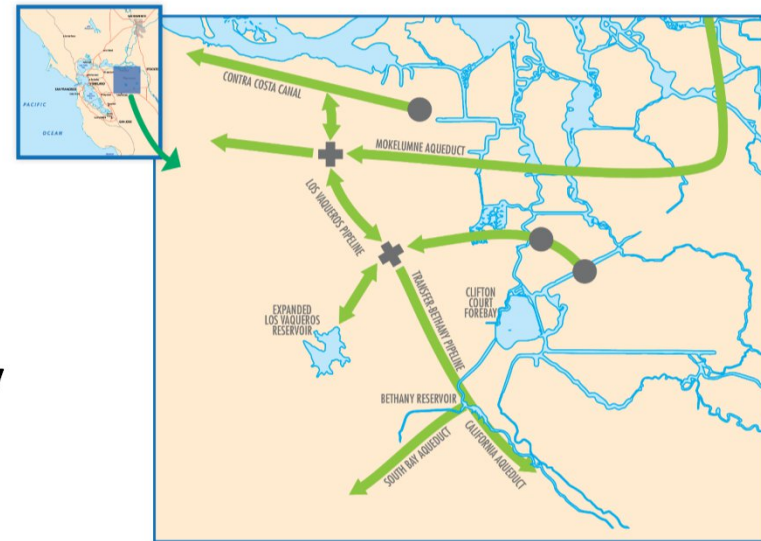
Los Vaqueros Expansion Project Participation Recommendation

Presented by: Michael Martin, Associate Water Resources Specialist



Project Description

- Expansion of Los Vaqueros Reservoir to add 115 TAF of storage
- Use of three existing CCWD intakes and Freeport (EBMUD)
- Construction of Transfer Bethany Pipeline will connect the CCWD system to the California Aqueduct



Project Cost

- Estimated Project cost: \$1.021B (escalated \$)
- WSIP Funding: \$477M
- WIIN Act / Federal: \$220M (\$64M approved so far)
- Exploring WIFIA loan



Local Agency Partners

Alameda County Water District

Contra Costa Water District

- City of Brentwood

East Bay Municipal Utility District

Grassland Water District

San Francisco Public Utilities
Commission

- Bay Area Water Supply and
Conservation Agency

San Luis & Delta-Mendota Water
Authority

- Byron Bethany Irrigation District
- City of Tracy
- Del Puerto Water District
- Panoche Water District
- Westlands Water District

Valley Water

Zone 7 Water Agency



Recommendation to Start Negotiations

Dedicated storage: 30 TAF

Conveyance: capacity to deliver 30 TAF of supplies in a dry year

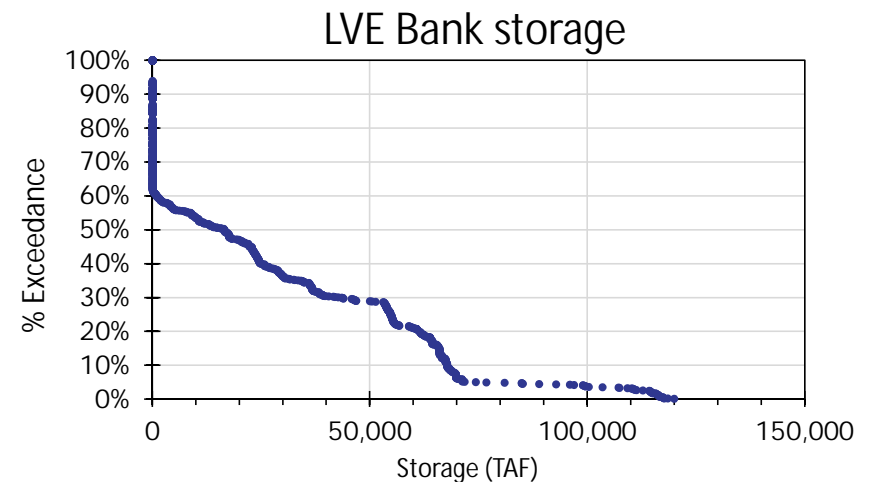


6

valleywater.org

Project Evaluation

- Coordination with CCWD since 2015
- Over 30 scenarios modeled
- Multiple Storage scenarios
- Multiple Conveyance scenarios
- Nearly 20 updates to the WSEC



Benefits Analyzed

8

High	Moderate	Low
Diversification of storage	Regional cooperation	Delta outages
Access to supplies	Spill risk avoidance	Access to Freeport
Regional storage	Delta surplus supplies (with storage)	Delta surplus supplies (no storage)
		Avoidance of regulatory criteria
		Transfer capacity
		Delta Conveyance Project connection
		Emergency Storage

valleywater.org

Los Vaqueros Recommendation

9

Water Supply Yield and Reliability	Avg: 3,000 AFY Max: 30,000 AFY
	Put 90% of requests in wet years Received take in 100% of drought years
Resiliency	Diversify storage Storage than supports regional projects and exchanges
Redundancy	Imported supplies insurance (CCWD diversions)
Cost	Capital Cost: \$70M Rate Impact: -1.1%

Los Vaqueros Recommendation

10

Pros	High likelihood of Project success High reliability to receive stored water Tier 4 water to Refuges Improves access to Delta surplus supplies
Cons	CCWD maintains priority use of operation Loss of supply via evaporation
Risks	Need to negotiate permits and water rights terms Use fees, service agreement negotiations

Rate Impact

11

10-year rate projections North County Zone W-2, based on FY23 preliminary baseline scenario as of 1/25/2022

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
FY23 Baseline Scenario*	9.1%	15.0%	15.0%	15.0%	9.1%	9.1%	9.1%	9.1%	5.0%	5.0%	100.5%
With Recommended Participation	9.1%	15.0%	15.0%	12.7%	9.4%	9.4%	9.4%	9.4%	5.0%	5.0%	99.4%
Difference	0.0%	0.0%	0.0%	-2.3%	0.3%	0.3%	0.3%	0.3%	0.0%	0.0%	-1.1%

*The FY23 baseline scenario includes a conservative estimate for Transfer Bethany Pipeline

Off-Ramps

- Multi-Party Cost Share Amendment
- Service Agreement

The JPA Agreement also allows a partner to withdraw from the Project:

- if the Engineer's estimate is too high,
- if other partners withdraw,
- if state or federal funding is withdrawn or comes with unacceptable conditions,
- if unacceptable permit conditions are attached to the project, or
- if a LAP cannot obtain a long-term water supply.

Once bonds are issued for the construction of any specific component, withdraw from the LVE Project must be approved by the JPA Board.



Schedule

Spring 2022: WSEC Update / Discussion

Spring 2022: Begin negotiations on Service Agreements

Fall 2022: Multi-party Cost Share Agreement Amendment

Late 2022: JPA executes Facilities Usage Agreements

Early 2023: JPA executes Service Agreements

2023: Final funding agreement is executed with CWC

2023: Construction begins



QUESTIONS





Valley Water

Clean Water • Healthy Environment • Flood Protection