

ZONE 7 BOARD OF DIRECTORS
SUMMARY NOTES OF THE WATER RESOURCES COMMITTEE

December 21, 2018
10:00 a.m.

Directors present: Sands Figuers
Sarah Palmer
Bill Stevens

Staff present: Valerie Pryor, General Manager
Amparo Flores, Principal Engineer, Integrated Planning
Sal Segura, Associate Engineer, Integrated Planning
Wes Mercado, Assistant Engineer, Integrated Planning
Amanda Rogers, Acting Executive Assistant

Director Palmer called the meeting to order at 10:05 a.m.

1. Public Comment on Items Not on the Agenda

There were no comments from the public.

2. 2019 Water Supply Evaluation Update – Draft Recommendations

Valerie Pryor, General Manager, introduced Wes Mercado, Assistant Engineer, Integrated Planning. Mr. Mercado gave a presentation that started with a recap of staff’s findings from the previous workshop and committee meetings, namely that:

- Steady annual transfers are needed in the interim.
- Multiple new water supply reliability projects will be needed.
- West Yost’s demand study shows potential for further demand reductions of an additional 5,000 AFY on average at buildout.
- The Risk Model shows Los Vaqueros emergency storage is of limited benefit; however, expected benefits from increased operational flexibility, particularly on a monthly time-scale, are not reflected in the model.

Draft recommendations included:

- Continue to support WaterFix.
- Continue to participate in Sites Reservoir for a net yield of up to 10,000 AFY.
- Continue to participate in the Los Vaqueros Expansion Project.
- Pursue short-term water transfers of at least 5,000 AFY through 2030.
- Conduct technical studies to support selection of the best potable reuse option.
- Continue to investigate brackish water desalination with other regional agencies.

- Continue to pursue other water supply opportunities, especially at the Bay Area regional level.
- Consider revising Zone 7's Reliability Policy.
- Complete a more comprehensive regional demand and water conservation program study over the next two years.
- Develop a regional plan for meeting the long-term conservation framework.
- Enhance public outreach program to engage the public on water supply reliability issues.

Mr. Mercado wrapped up his presentation with potential Board actions for 2019 for each of the recommendations.

Director Palmer asked if staff was taking the possibility of separate piping for grey water as a new building requirement into consideration, and how it would affect our concepts with potable reuse. Ms. Pryor replied that staff hasn't taken that into consideration since those potential laws and regulations are in the conceptual stage at this time.

Director Stevens asked what specifically we are recommending to the Board. Ms. Pryor replied that the Sites Reservoir project and the Los Vaqueros multi-party agreement are the two items that require Board action in the next few months. However, what is recommended on other items is up to the discretion of this committee. Director Stevens asked if the Water Supply Evaluation Update won't be completed until the Board votes on all the other items. Ms. Pryor replied that, because the two projects have changed over time, and now require only a one-year commitment, a full-blown update will probably be done in conjunction with the 2020 Urban Water Management Plan. Director Stevens felt that the next WSE Update should be done in conjunction with re-evaluation of the Reliability Policy, with input from the retailers. Dr. Flores mentioned that retailers agreed that revisions to the Reliability Policy should be considered. To support reliability goals, Director Stevens felt it was important to support the Sites Reservoir and Los Vaqueros projects and potable reuse, however, he expressed doubt about the need for desalination. Director Figuers agreed that the Reliability Policy is what is driving this. He expressed support for both the Sites Reservoir and Los Vaqueros projects, as well as desalination as the technology improves.

Director Palmer asked if we have discussed with Contra Costa Water District potentially linking up with their desalination program. Ms. Pryor replied that there have been conceptual discussions and we have been involved in the Bay Area Regional Desalination Project.

Director Palmer stressed the importance of not only having multiple water sources in our portfolio but, also, having multiple ways to wheel water around in case of an emergency.

Dan McIntyre, General Manager of DSRSD, expressed support of the 11 draft recommendations and hopes the Zone 7 Board adopts them at the January meeting. He was unsure if the DSRSD Board would support revising the Reliability Policy, but felt a discussion was warranted.

3. 2019 Sites Reservoir Project Agreement

Ms. Pryor introduced Amparo Flores, Principal Engineer, Integrated Planning. Dr. Flores gave a presentation that started with a brief project overview. She talked about Phase 1 accomplishments, the project schedule, current Phase 2 participation allocation, the 2019 project agreement, and the Phase 2 finance plan. Dr. Flores ended her presentation by recommending continued participation in Phase 2. The Committee agreed to move forward this project for the Board's consideration. Ms. Pryor said that staff will then recommend to the Board to spend \$600,000 for Phase 2 of the project.

Director Stevens inquired about Southern California's interest in the project. Dr. Flores replied that Metropolitan Water District is participating but there is also strong interest in maintaining large local support for the project.

Director Palmer pointed out the ecological benefits of Sites Reservoir.

Director Stevens asked how the ecological benefits of the project were being funded. Ms. Pryor responded that it was through Proposition 1 funding, which is funded by all residents of the State.

There were no comments from the public.

4. Los Vaqueros Reservoir Expansion Multi-Party Agreement

Dr. Flores gave a presentation that started with a project overview. She talked about the 2016-2018 accomplishments, the multi-party agreement, and the project schedule.

Director Palmer asked how much it costs per acre-foot to store the water if we were not using it. Ms. Pryor replied that everything is based on proportionality and is dependent on the amount that other participants have so we are unable to answer that right now.

Director Stevens asked who benefits from the Transfer Bethany Pipeline. Ms. Pryor stated that nearly all participants are very interested in the pipeline. Director Palmer commented that the biggest benefit to us is the conveyance capability. Director Stevens added that from a regional standpoint as an emergency intertie, this project is ideal.

Director Stevens asked what the drop dead date was for Zone 7 to commit to this whole project. Ms. Pryor replied that we're committing to just the next phase and refining the cost estimates right now. We won't commit until we understand what the costs will be but it may be within the next year or two. Director Stevens commented that they are breaking ground in 2020. Dr. Flores clarified that it is for one of the pipelines, and the timeline is due to WIIN Act funding requirements.

Director Palmer asked if it was possible to buy into the pipeline but not into the storage capacity. Ms. Pryor replied that it is a possibility and other partners are asking the same question.

Director Stevens suggested talking to the retailers to find out how much it will impact fees since the project is going to be expensive. Ms. Pryor replied that all these projects are going to be expensive and we are in communication with the retailers on costs. Director Figuers added that this will probably drive reexamination of the reliability policy goals.

Director Palmer asked what was needed from the Committee today. Ms. Pryor asked for direction or a recommendation to go to the Board in January requesting up to \$355,000 to continue for one more year. The Committee agreed to send the item to the Board.

There were no comments from the public.

5. Preliminary Water Supply Operations Plan for 2019

Ms. Pryor introduced Sal Segura, Associate Civil Engineer, Integrated Planning. Mr. Segura discussed how the water supply would be used under various State Water Project allocations, and the estimated supply cost.

Director Figuers asked what the Turnback Pool is. Mr. Segura replied that it is inexpensive water from other State Water Project contractors who have excess supplies. Ms. Pryor added that it usually comes from contractors who are less developed and haven't grown into their Table A water yet.

Linda Kelly, resident of Pleasanton, asked how much water each of the retailers is using. Dr. Flores replied that our monthly water inventory is included in the staff reports section of the Board packet every month under the Water Supply and Inventory Report. It gives information about where various water supplies are coming from and how much was provided to the retailers and agriculture.

Ms. Pryor commented that the 40% allocation is the sweet spot where we don't pay money for banking programs. For 10% allocation we pay to recover water; and for higher allocations, we pay to store water. But the purpose of having the banking projects is for those 10% allocation years.

Ms. Pryor said that this is an informational report that will be presented to the Board in January. Mr. Segura added that in April, once staff has the final allocation number, they will present the Annual Water Supply Sustainability Report.

6. Verbal Reports

There were no verbal reports.

7. Adjournment

Director Palmer adjourned the meeting at 11:25 a.m.