



ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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ORIGINATING SECTION: INTEGRATED PLANNING

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AGENDA DATE: July 18, 2018

ITEM NO. 13e

SUBJECT: Updates on Water Supply Projects

BACKGROUND:

The Water Supply Evaluation Update (2016) underscored the need for Zone 7 to pursue water supply options to enhance storage flexibility and improve long-term water supply reliability for the Livermore-Amador Valley. To that end, Zone 7 is currently undertaking a number of projects to evaluate potential future water supply alternatives. These projects involve partnerships with one or more agencies, and have all been approved by the Zone 7 Board. Below is the quarterly update on the active projects, as of June 30, 2018.

Staff has begun working on the 2018 Water Supply Evaluation Update (2018 WSE Update), which will provide the latest information on and analysis of the water supply alternatives considered in the 2016 update, as well as new options (e.g., Sites Reservoir). The 2018 WSE Update is planned for completion at the end of 2018/early 2019. Staff is developing the project scope and schedule, and the communication plan (e.g., retailer meetings, Committee/Board meetings). Staff will provide an overview of the 2018 WSE Update process at the August Board meeting.

DISCUSSION:

A. Sites Reservoir – Phase 1

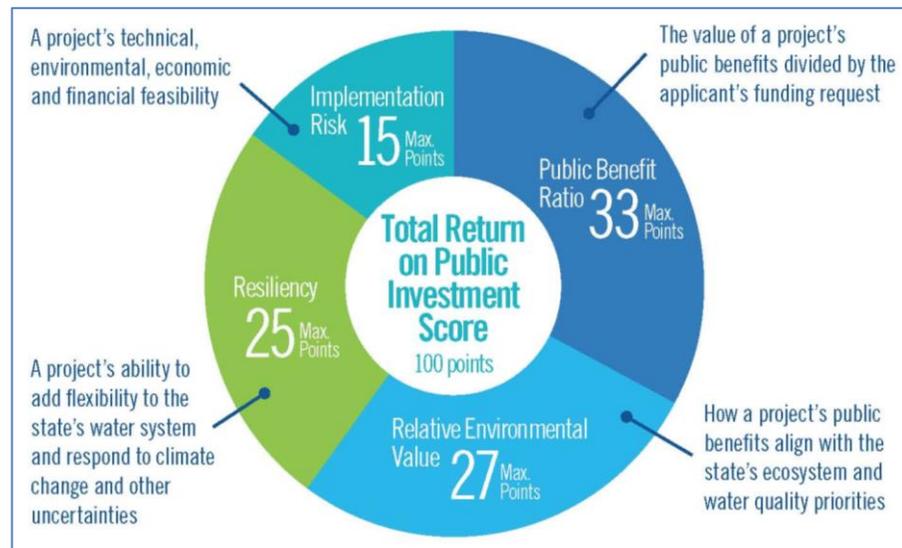
PROJECT BACKGROUND: Zone 7 identified the proposed Sites Reservoir Project as a possible source of additional water supply and storage. As envisioned, the Sites Reservoir is a new off-stream reservoir to be located 75 miles northwest of Sacramento, in the Antelope Valley of the Coast Range, on rangeland approximately 10 miles west of Maxwell in Colusa County. On December 21, 2016, the Board authorized the General Manager to negotiate and execute the Phase 1 Reservoir Project Agreement for funding, based on the request for 20,000 AF previously approved by the Board on July 20, 2016, with a total not-to-exceed cost of \$850,000 including contingency. Based on current participation, Zone 7's Class 1 amount is 14,269 AF with another 5,731 AF of Class 2 water. Class 1 water represents 50% of the reservoir's expected yield (250,000 AF out of 500,000 AF total yield annually) and is allocated to participating water agencies while Class 2 water represents the remaining expected yield, which is currently reserved for "public benefit" environmental uses, but may become available at a later time depending on the state's level of participation. Zone 7 executed the agreement on February 1, 2017, with a weighted vote of about 5% in the Reservoir Project Committee, which will be

undertaking specific work activities for the development of the Sites Reservoir Project under the Sites Project Authority (SPA).

UPDATED INFORMATION: The Reservoir Project Committee continues to make progress with the rebalancing process (reallocation of available yield and participation level as the project moves forward); engagement with the California Water Commission (CWC) on the Proposition 1 Water Storage Investment Program (WSIP) application; coordination with the US Bureau of Reclamation on potential Water Infrastructure for Improvements to the Nation (WIIN) Act funding; and development of the Phase 2 work plan (which starts in early 2019), the Phase 2 Reservoir Project Agreement, and financing plan.

On June 28, 2018, the CWC released the final scores for the eight eligible WSIP applicants. Sites scored 61 out of 100 points, ranking in the third tier; the ranking will determine funding levels. The Sites Project was found eligible for \$1.0 billion with a request for \$917 million out of the \$5.2 billion estimated total project cost. The five projects that scored higher will likely receive full funding at \$1.6 billion. That leaves \$980 million for Sites and two other projects; the Commissioners have the discretion to decide how to allocate these remaining funds. Conditional funding decisions will be made at the CWC meeting scheduled for July 24-26th. Even if the Sites Project's funding is reduced to fund all of the third tier projects, it is still likely to receive the highest funding level (>\$800 million) out of the eight projects.

CWC Scoring Components (source: <https://cwc.ca.gov/>)



Participants are currently scheduled to bring the Phase 2 Reservoir Project Agreement to their Boards for approval by December 2018; staff will be engaged in the development of the agreement terms and will be evaluating Zone 7's continued participation in Sites Reservoir as part of the 2018 WSE Update.

B. Los Vaqueros Reservoir Expansion Project Planning

PROJECT BACKGROUND: In the WSE Update, Los Vaqueros Reservoir, Contra Costa Water District's (CCWD) reservoir in northeastern Contra Costa County, was included in the list of facilities that could reduce risk of water supply shortage to Zone 7 and facilitate a regional desalination project. Los Vaqueros Reservoir currently has a capacity of 160,000 AF following its expansion from 100,000 AF in 2012. CCWD is planning for possible further expansion of the reservoir to 275,000 AF and possible construction of the Transfer-Bethany Pipeline, which would connect the reservoir to the South Bay Aqueduct system. These improvements would

provide additional storage regionally and strengthen the interconnection of water systems in the Bay Area. Because of these benefits, the Los Vaqueros Reservoir Expansion Project (LVE Project) and the Transfer-Bethany Pipeline have been included in the Bay Area Regional Reliability Partnership list of projects. The Board approved participation in Los Vaqueros Reservoir Expansion Project Planning as a ‘Local Agency’ partner on September 21, 2016 with a \$100,000 contribution towards preparation of required environmental documents using consulting services managed by CCWD.

UPDATED INFORMATION: The LVE Project’s final score from the CWC is 76 out of 100 points, ranking third highest; this indicates a high likelihood of full funding from WSIP. As noted above, conditional funding decisions will be made at the CWC meeting scheduled for July 24-26th. Under WSIP, the LVE Project is currently considered eligible for about \$460 million in funding, out of the \$795 million total project cost. CCWD is seeking \$13 million in early WSIP funding, as well as \$10M in FY 2019 WIIN Act funding to support pre-construction, engineering and design activities; and initial demonstration of how the Los Vaqueros Reservoir can deliver water to South-of-Delta wildlife refuges.

Over the next few months, CCWD is drafting the Phase 2 funding agreement for partners considering continued participation. The project cost estimate is being refined to incorporate expected WSIP funding. Options for future institutional, governance, and operational arrangements are also being developed. Staff will be evaluating Zone 7’s continued participation in the LVE Project as part of the 2018 WSE Update.

C. Tri-Valley Potable Reuse Feasibility Study

PROJECT BACKGROUND: The primary goals of the Tri-Valley Potable Reuse Feasibility Study are to evaluate the feasibility of potable reuse for the Valley; to identify the most promising options based on technical, financial, and regulatory considerations; and, assuming that potable reuse is found to be feasible, to recommend next steps for the agencies. The budget for Carollo Engineers’ consulting services of \$850,000 is being shared among the Tri-Valley water agencies (California Water Service Company - Livermore, City of Livermore, City of Pleasanton, Dublin San Ramon Services District, and Zone 7). This includes a \$95,000 contingency. The project is overseen by a Steering Committee on managerial issues and a Project Management Committee on technical issues. Both committees have representatives from all of the agencies, with the designated project manager from Zone 7. Zone 7 is serving as the contract administrator for consulting services.

UPDATED INFORMATION: The final report has been completed and is posted at: https://www.dropbox.com/s/pxcyajryga5j61s/potable_reuse_feasibility_study_May-2018.pdf?dl=0. In May 2018, the Board supported continued evaluation of potable reuse. DSRSD, the City of Pleasanton, and the City of Livermore are also supportive. As discussed at the May 2018 Board meeting, staff will move forward with the 2018 WSE Update in order to put potable reuse in the context of other water supply options, as well as proceed with a regional demand study to better define how much additional supplies the Tri-Valley needs through buildout. Staff will also be working with the retailers to develop project scopes and schedules for additional technical investigations relevant to potable reuse, and to discuss cost-sharing terms.

D. Spot Market Water: River Garden Farms Water Transfer

PROJECT BACKGROUND: Zone 7 has the opportunity to participate in a temporary water transfer with River Garden Farms, an entity north of the Delta. This transfer is a good opportunity not only to evaluate the benefits of this type of water transfer agreement (“spot market water”) for meeting both near-term and potentially long-term water needs, but will also enable Zone 7 to maintain or replenish its reserves locally and in the Kern County groundwater banks as part of drought recovery efforts. The purchase price for the transfer water will vary based on the hydrologic year-type in the year the transfer happens, as determined by the California Department of Water Resources’ (DWR) Sacramento River Index. The price range is between \$712/AF during a critical dry year to \$427/AF during a wet year. In October 2017, the Board approved the negotiation and execution of a temporary water transfer agreement with River Garden Farms.

UPDATED INFORMATION: Staff continues to work with River Garden Farms on the necessary permits and approvals for the transfer. The Final Environmental Assessment (EA) and Finding of No Significant Impact (FONSI) have been posted by the Bureau of Reclamation, completing the required environmental review process. Reclamation is expected to approve the transfer shortly, as well as DWR. The water transfer is expected to transpire over the July through September 2018 transfer window.