

**WATER RESOURCES & CONSERVATION
COMMITTEE MEETING SUMMARY MINUTES
Thursday, January 24, 2019
4:15 p.m.**

ATTENDANCE

Directors: Paul Sethy (Chair), Aziz Akbari

Staff: Laura Hidas, Thomas Niesar, Evan Buckland, Leonard Ash



DISCUSSION TOPICS

1. Water Supply Outlook: Evan Buckland, Water Supply Supervisor, provided an update on the District's plan to meet 2019 water production demands. The Department of Water Resources maintained the District's Table A allocation at 10% during January, resulting in an allocation of 4,200 acre-feet of water. The District is planning on returning 9,978 acre-feet of water stored in San Luis Reservoir to help meet 2019 demand. Semitropic returns are projected to be 7,152 acre-feet, and staff is currently planning on purchasing the contractual minimum amount of San Francisco Public Utility Commission water, which is 8,600 acre-feet. Staff also estimates that 15,069 acre-feet of local water will be available to meet the 45,000 acre-feet of expected demands. The Alameda Creek Watershed is currently slightly below average precipitation totals for this time of year at a total of 8.29 inches. The water levels in Quarry Lakes rose to 31 feet during the month, and Below Hayward Fault basin levels are currently at 15.2 feet. The Committee reviewed current reservoir storage levels in both San Luis and Oroville Reservoirs and the latest 8- to 14-day, 30-day, and 90-day precipitation outlooks. In summary, despite the current below-average precipitation conditions, the District's water supply outlook for 2019 is healthy, and the District will finish the year well prepared for calendar year 2020.

Director Sethy expressed his appreciation for the value that the Semitropic Water Bank provides the District, further noting that this is little understood by the public and that it would be nice if the District could find a way to communicate its value to rate payers.

2. Strategic Grant Funding Update: Leonard Ash, Water Resources Engineer, presented an update on activities related to grant funding efforts. The District's most recent grant award was \$5,000,000 toward the construction of the Rubber Dam No. 1 Fish Passage Improvements Project by the California Department of Fish and Wildlife (CDFW) through the Watershed Restoration & Delta Water Quality and Ecosystem Restoration Grant Program Fiscal Year 2018-19. The grant award will be used in equal parts to fund the construction of the Rubber Dam No. 1 Fish Ladder and the Shinn Screened Diversions. Staff had notified the Committee on June 27, 2018, that the application to CDFW for grant funding from the Watershed Restoration & Delta Water Quality and Ecosystem Restoration Grant Program Fiscal Year 2018-19 was submitted on June 13, 2018. CDFW authorized the award amount on September 10, 2018. Next month, the Board will consider a resolution that would authorize the District's General Manager to execute grant agreements with the California Department of Fish and Wildlife.

This recent award brings the total of grant funding secured since the implementation of the ACWD Funding Strategic Plan to \$14,933,075. The previous four grant awards, which also are applied towards the construction of these fish-related projects in Alameda Creek, are: US Bureau of Reclamation WaterSMART Drought Response Program: Drought Resiliency Projects for Fiscal Year 2017 (\$750,000); California Natural Resources Agency Urban Rivers Grant (\$3,000,000); California State Coastal Conservancy 2017 Proposition 1 Proposal Solicitation (\$825,000); and Wildlife Conservation Board 2017 Proposition 1 Stream Flow Enhancement Program (\$5,358,075).

The Grant Coordination Workgroup is continuing efforts to secure additional grant funding. Currently, the District has an application submitted to CDFW requesting over \$1,027,565 for the Shinn Screened Diversions from their Proposition 68 Rivers and Streams Restoration Grant. Also, staff is pursuing applications with California Office of Emergency Services and Federal Emergency Management Agency through their Hazard Mitigation Grant Program to explore funding opportunities for the Alvarado-Niles Pipeline Seismic Improvement Project and improvements to Vallecitos Channel.

Finally, staff informed the Committee that the existing Grant Services Contract with West Yost will expire in February. Current District policy requires a new competitive solicitation for professional services. Director Akbari expressed his support to continue this effort.

Staff responded to questions from Director Sethy about grant funding strategic planning. Staff plans to bring an item related to the CDFW funding agreement to the February Board Meeting for consideration.

3. Los Vaqueros Reservoir Expansion Multi-Party Cost Sharing Agreement: Thomas Niesar, Water Supply and Planning Manager, provided an update on developments with the Los Vaqueros Reservoir Expansion (LVE) project (Project). The District has identified the LVE, including the Transfer-Bethany pipeline, as an initiative for water supply reliability. In 2018, CCWD was awarded \$459 Million in Proposition 1 funding for the Project including \$13,650,309 in Early Funding. To receive the Early Funding, and to keep the Project on schedule and eligible for full funding, CCWD and the Project partners must provide \$2,833,036 in matching funds as well as in-kind services. CCWD has proposed a multi-party cost share agreement to bridge the gap until a Joint Powers Authority (JPA) can be formed to oversee completion of the expansion.

The multi-party cost share agreement will be used to fund key activities in 2019, including: the completion of Environmental Studies; the Final Federal Feasibility Report; conducting financial evaluations of the Project to refine partner cost share; development of a JPA; initiation of Project permits; and preliminary facility design work.

Once the JPA is formed, the multi-party cost share agreement will be dissolved. Participation in the multi-party cost share agreement will secure the District's option to participate in the Project. The District's level of participation in the multi-party cost share agreement will depend on the number of participating partners and is anticipated to range between \$202,360 and \$354,129, plus in-kind services towards this effort. In February, staff

will bring a recommendation for the Board to authorize the General Manager to enter into a cost share agreement for the Project with the Contra Costa Water District in an amount not to exceed \$354,129.

Director Sethy asked questions about other similar initiatives, notably Sites Reservoir. Mr. Niesar shared with the Committee that during the WaterFix business case evaluation, Sites Reservoir was eliminated from District planning due to (a) costly early buy-in, and (b) that North of Delta storage does not provide the same Delta risk mitigations that LVE or WaterFix offer.

4. Bay Delta Plan Update: Leonard Ash, Water Resources Engineer, discussed the December 12, 2018, State Water Resources Control Board (State Water Board) consideration and approval of the Bay Delta Water Quality Control Plan Phase I updates associated Substitute Environmental Document (SED). That day, the State Water Board received a presentation from California Department of Fish and Wildlife Services Director Chuck Bonham and California Department of Water Resources Director Karla Nemeth, who discussed the basic outline of the status of Voluntary Settlement Agreements (VSAs). In November, at the Governor's request, the State Water Board had postponed action on Phase I items to provide additional time for those negotiated settlement discussions. The voluntary agreements described by Directors Bonham and Nemeth included many stakeholders of the Sacramento River and tributaries to be covered under Phase II of the Plan Update as well as the framework for an agreement among stakeholders on the Tuolumne River. The VSAs included both flow and non-flow measures, such as fallowing, habitat improvements, predator control, and exclusion barriers.

Ultimately, the State Water Board voted 4-1 to adopt the Phase I updates and approve the SED while also indicating their preference for stakeholders to continue to find common ground through voluntary settlement agreements. Settlement stakeholders now must provide the State Water Board with sufficient details of their settlement package by March 1, 2019, so the State Water Board could consider the VSAs in the environmental evaluation of alternatives under their Phase II analysis.

Since the State Water Board's decision, several affected stakeholders, including the City and County of San Francisco, have issued lawsuits against the decision. While it is too early to evaluate the likely water supply impacts of this decision and when there may be water supply impacts to the District, staff will continue to monitor this issue closely. Staff responded to questions from the Directors.

5. Public Comments: There were no public comments.

RECOMMENDATIONS

Topics discussed by the Committee were informational only, and no recommendations are being made.