



MEMORANDUM

TO: SLDMWA Water Resources Committee Members, Alternates

FROM: Frances Mizuno, Interim Executive Director

DATE: November 5, 2018

RE: Los Vaqueros Reservoir Expansion Participation

BACKGROUND

The Water Authority on December 12, 2011 entered into a Memorandum of Understanding (MOU) regarding CalFed Bay-Delta Program Studies on the expansion of Los Vaqueros Reservoir (LVE) with Contra Costa Water District (CCWD) amongst other Water Agencies. The participation in the MOU required a payment of \$100,000, which was included in FY 17 Leg Ops 1 budget and paid in October 31, 2016. This cost was included in Leg Ops 1 budget as the Water Authority's participation was to explore potential SOD CVO-wide benefits from the project. Since the Authority's participation in the MOU, individual member agencies (Byron-Bethany Irrigation District, Del Puerto Water District, Grasslands Water District, San Luis Water District, Santa Clara Valley Water District and Westlands Water District) also entered into the MOU to seek potential storage/conveyance benefits directly for their respective districts. With the exception of Grasslands WD, each participant also paid \$100,000 for their participation.

The LVE Project includes expansion of the Los Vaqueros Reservoir from its current capacity of 160 TAF to 275 TAF, construction of a pipeline between CCWD's Transfer Pump Station and the State Water Project's California Aqueduct at Bethany Reservoir (the "Transfer-Bethany Pipeline"), upgrades to the existing Transfer Pump Station Facilities, and construction of the Neroly High Lift Station.

The potential benefits to the Water Authority members from the project include the operational flexibility to Reclamation to move CVP water south of Delta, conveyance and storage of water purchased through water transfers, and storage of rescheduled water for CVP contractors and Level IV Refuge Water for Grasslands Water District. (See Attachment 1 excerpts from the Draft Supplement to the Final EIS/EIR.)

ISSUE FOR DISCUSSION

The MOU participants have determined potential benefits from this project and have drafted a proposed CCWD Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning (Attachment 2). This agreement is for the purpose of providing for cost-sharing to (1) complete the Final Supplement to the 2010 Final EIS/EIR, (2) release the Final Feasibility Report in partnership with Reclamation, (3) complete financial evaluation of the Project for the Local Agency Partners (LAP), (4) develop a long-term governance structure for a likely new Joint Powers Authority (JPA), and (5) complete conceptual and preliminary design. The total cost under this draft Cost Share Agreement is \$2,833,036. The proposal is to share the cost equally amongst all the LAPs. There is a total of 14 MOU participants that are potential LAPs. The

cost for each LAP will depend on the total number of participants. (See attached Summary of Draft Cost Share Calculation for potential costs (Attachment 3 and 3A).)

The Water Authority will need to determine whether and how to participate in the Cost Share Agreement as a LAP.

RELEVANT CONSIDERATIONS

1. Whether individual Members will participate in the Cost Share Agreement on their own, through the Water Authority via an Activity Agreement, or both.

Benefits include:

- a. Ability to store Rescheduled Water when San Luis Reservoir is full.
- b. Ability to convey/store north-to-south water transfers with available capacity.

2. Are the benefits/costs worthwhile to continue participation?

Local Agency Partners can utilize the proposed project for storage or conveyance. In addition to the cost for participation in the Project, there will be supplemental usage fees applied for use of CCWD's existing facilities and EBMUD's facilities (use of Freeport Project). The proposed usage fee per acre-foot is costly. (See attached CCWD Proposed Usage Fees -Attachment 4) and EBMUD Usage Fee- Attachment 5). Current financial model estimate the cost for participation to be extremely high.

3. Should participation for south of Delta (SOD) CVP-wide benefits be through the Bureau of Reclamation (Reclamation) rather than through the Water Authority?

Reclamation is preparing the Feasibility Study. The study shows CVP operational flexibility benefits for SOD CVP Contractors.

Benefits include:

- a. Ability to convey Level 2 Refuge water, freeing up capacity in Jones PP for other deliveries.
- b. Ability to convey CVP Water when Banks/Jones are OMR limited.

4. Reclamation is also participating to provide Level IV refuge water supply. It is anticipated that Reclamation will fund up to 25% of the construction cost (WIIN Act limitation) through a negotiated Agreement with the new JPA for cost share and use of the facilities.