

December 31, 2018

MEETING NOTICE & REQUEST FOR RSVP

TO: AGRICULTURAL WATER ADVISORY COMMITTEE

Jurisdiction

District 1
District 2
District 3
District 5
District 6
District 7
Santa Clara County Farm Bureau
Loma Prieta Resource Conservation District
Private Well Owner (Non Retail)

Representative

Russ Bonino, Mitchell Mariani
James Provenzano
William Cilker, David Vanni
Jan F. Garrod, Michael Miller
Robert Long
Sandra Carrico
Sheryl O. Kennedy
George Fohner
Dhruv Khanna

The regular meeting of the Agricultural Water Advisory Committee is scheduled to be held on **Monday, January 7, 2019, at 1:30 p.m.**, in the Headquarters Building Boardroom located at the Santa Clara Valley Water District, 5700 Almaden Expressway, San Jose, California. Refreshments will be served.

Enclosed are the meeting agenda and corresponding materials. Please bring this packet with you to the meeting. Additional copies of this meeting packet are available on our new website at <https://www.valleywater.org/how-we-operate/committees/board-advisory-committees>.

A majority of the appointed membership is required to constitute a quorum, which is fifty percent plus one. A quorum for this meeting must be confirmed at least 48 hours prior to the scheduled meeting date or it will be canceled.

Further, a quorum must be present on the day of the scheduled meeting to call the meeting to order and take action on agenda items.

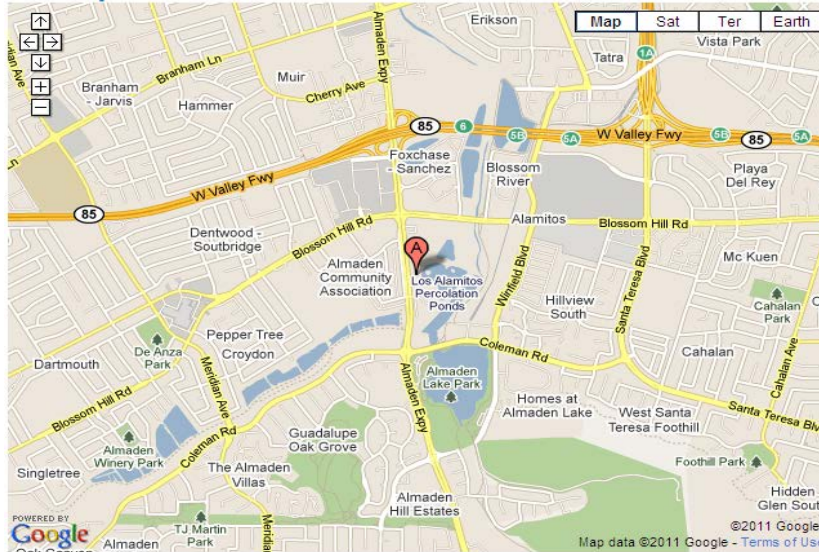
Members with two or more consecutive unexcused absences will be subject to rescinded membership.

Please confirm your attendance no later than **1:00 p.m., Thursday, January 3, 2019**, by contacting Ms. Glenna Brambill at 1-408-630-2408, or gbrambill@valleywater.org.

Enclosures



Santa Clara Valley Water District - Headquarters Building
5700 Almaden Expressway, San Jose, CA 95118



From Oakland:

- Take 880 South to 85 South
- Take 85 South to Almaden Expressway exit
- Turn left on Almaden Plaza Way
- Turn right (south) on Almaden Expressway
- At Via Monte (third traffic light), make a U-turn
- Proceed north on Almaden Expressway approximately 1,000 feet
- Turn right (east) into the campus entrance

From Morgan Hill/Gilroy:

- Take 101 North to 85 North
- Take 85 North to Almaden Expressway exit
- Turn left on Almaden Expressway
- Cross Blossom Hill Road
- At Via Monte (third traffic light), make a U-turn
- Proceed north on Almaden Expressway approximately 1,000 feet
- Turn right (east) into the campus entrance

From Sunnyvale:

- Take Highway 87 South to 85 North
- Take Highway 85 North to Almaden Expressway exit
- Turn left on Almaden Expressway
- At Via Monte (third traffic light), make a U-turn
- Proceed north on Almaden Expressway approximately 1,000 feet
- Turn right (east) into the campus entrance

From San Francisco:

- Take 280 South to Highway 85 South
- Take Highway 85 South to Almaden Expressway exit
- Turn left on Almaden Plaza Way
- Turn right (south) on Almaden Expressway
- At Via Monte (third traffic light), make a U-turn
- Proceed north on Almaden Expressway approximately 1,000 feet
- Turn right (east) into the campus entrance

From Downtown San Jose:

- Take Highway 87 - Guadalupe Expressway South
- Exit on Santa Teresa Blvd.
- Turn right on Blossom Hill Road
- Turn left at Almaden Expressway
- At Via Monte (first traffic light), make a U-turn
- Proceed north on Almaden Expressway approximately 1,000 feet
- Turn right (east) into the campus entrance

From Walnut Creek, Concord and East Bay areas:

- Take 680 South to 280 North
- Exit Highway 87-Guadalupe Expressway South
- Exit on Santa Teresa Blvd.
- Turn right on Blossom Hill Road
- Turn left at Almaden Expressway
- At Via Monte (third traffic light), make a U-turn
- Proceed north on Almaden Expressway approximately 1,000 feet
- Turn right (east) into the campus entrance



Santa Clara Valley Water District Agricultural Water Advisory Committee Meeting

HQ Boardroom
5700 Almaden Expressway
San Jose, CA 95118

REGULAR MEETING AGENDA

**Monday, January 7, 2019
1:30 PM**

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

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.

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
Agricultural Water Advisory Committee
REGULAR MEETING
AGENDA**

Monday, January 7, 2019

1:30 PM

HQ Boardroom

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: This item is reserved for persons desiring to address the Committee on any matter not on this agenda. Members of the public who wish to address the Committee on any item not listed on the agenda should complete a Speaker Form and present it to the Committee Clerk. The Committee Chair will call individuals in turn. 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.

[18-0739](#)

Recommendation: Approve the October 01, 2018, Meeting Minutes.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 100118 Ag Wtr DRAFT Mins](#)

4. ELECTION OF CHAIR AND VICE CHAIR

4.1. Election of Chair and Vice Chair.

[18-1067](#)

Recommendation: Elect 2019 Chair and Vice Chair

Manager: Michele King, 408-630-2711

Est. Staff Time: 5 Minutes

5. ACTION ITEMS:

- 5.1. Review and Approve 2018 Annual Accomplishments Report for Presentation to the Board (Committee Chair) [18-0740](#)

Recommendation: 1. Approve the 2018 Accomplishments Report for presentation to the Board; and
2. Provide comments to the Committee Chair to share with the Board as part of the Accomplishments Report presentation pertaining to the purpose, structure, and function of the Committee.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 2018 Ag Water Accomplishments Report](#)

Est. Staff Time: 10 Minutes

- 5.2. Open Space Credit. [18-0672](#)

Recommendation: This is an information item and no action is required.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: Board Agenda Memo](#)
[Attachment 2: PowerPoint](#)

Est. Staff Time: 25 Minutes

- 5.3. Review Agricultural Water Advisory Committee Work Plan, the Outcomes of Board Action of Committee Requests; and the Committee's Next Meeting Agenda. [18-0741](#)

Recommendation: Review the Committee work plan to guide the committee's discussions regarding policy alternatives and implications for Board deliberation.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 2019 Ag Water Work Plan](#)
[Attachment 2: 040119 Ag Wtr Draft Agenda](#)

Est. Staff Time: 10 Minutes

6. 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.

7. REPORTS:

Directors, Managers, and Committee Members may make brief reports and/or announcements on their activities. Unless a subject is specifically listed on the agenda, the Report is for information only and not discussion or decision. Questions for clarification are permitted.

- 7.1. Director's Report
- 7.2. Manager's Report
- 7.3. Committee Member Report

8. ADJOURN:

- 8.1. Adjourn to Regular Meeting at 1:30 p.m., on April 1, 2019, in the Santa Clara Valley Water District HQ Boardroom, 5700 Almaden Expressway, San Jose, California.

File No.: 18-0739

Agenda Date: 1/7/2019
Item No.: 3.1.

COMMITTEE AGENDA MEMORANDUM

Agricultural Water Advisory Committee

SUBJECT:

Approval of Minutes.

RECOMMENDATION:

Approve the October 01, 2018, 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: 100118 Draft Meeting Minutes.

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711



AGRICULTURAL WATER ADVISORY COMMITTEE MEETING

DRAFT MINUTES

**MONDAY, OCTOBER 1, 2018
1:30 PM**

A regularly scheduled meeting of the Agricultural Water Advisory Committee was held on October 1, 2018, in the Headquarters Building Boardroom at the Santa Clara Valley Water District, 5700 Almaden Expressway, San Jose, California.

1. CALL TO ORDER/ROLL CALL

Chair Mitchell Mariani called the meeting to order at 1:31 pm.

Members in attendance were:

| <u>Jurisdiction</u> | <u>Representative</u> |
|---------------------------------|--------------------------------|
| District 1 | Mitchell Mariani |
| District 2 | James Provenzano |
| District 3 | William Cilker* David Vanni |
| District 5 | Jan Garrod |
| District 6 | Robert Long |
| District 7 | Sandra Carrico |
| Private Well Owner (Non Retail) | Dhruv Khanna* |

Members not in attendance were:

| <u>Jurisdiction</u> | <u>Representative</u> |
|--------------------------------|-----------------------|
| District 1 | Russ Bonino |
| District 5 | Michael Miller |
| Santa Clara County Farm Bureau | Sheryl O. Kennedy |

*Committee members arrived as noted below.

Board members in attendance were: Director Nai Hsueh, Board Alternate, Director Richard P. Santos, and Director John L. Varela.

Staff members in attendance were: Glenna Brambill, Jerry De La Piedra, Vanessa De La Piedra, Vicki Elam, Vincent Gin, Samantha Greene, Garth Hall, Nina Hawk, Cindy Kao, Brian Mendenhall, Afshin Rouhani and Darin Taylor,

*Mr. Dhruv Khanna, and Mr. William Cilker arrived at 1:33 p.m.

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 Jan Garrod, seconded by David Vanni and unanimously carried to approve the April 2, 2018, Agricultural Water Advisory Committee meeting minutes, as presented.

4. ACTION ITEMS

Chair Mariani moved to Agenda Item 4.3.

4.3 STAFF RESPONSES TO AGRICULTURAL WATER ADVISORY COMMITTEE'S RECOMMENDATIONS FROM THE SPECIAL FEBRUARY 26, 2018 MEETING

Mr. Darin Taylor presented the materials as outlined in the agenda item.

Mr. Dhruv Khanna, Mr. Robert Long had questions about rate setting, constraints of expenditures for security of water supplies, public safety, fish at the Anderson Reservoir, creek cleanups, and homeless encampments.

Mr. Vincent Gin was available to answer questions.

No action taken.

Chair Mariani moved to Agenda Item 4.1.

4.1 UPDATE ON THE SANTA CLARA VALLEY AGRICULTURAL PLAN

Ms. Samantha Greene presented the materials as outlined in the agenda item.

Mr. Jan Garrod, Mr. Dhruv Khanna, Ms. Sandra Carrico, and Mr. James Provenzano inquired about captured water and water quality. Ms. Carrico gave information on urban agriculture expansion.

Mr. Jerry De La Piedra, Mr. Michael Meehan from Santa Clara County and Director John L. Varela were available to answer questions.

No action taken.

Chair Mariani moved to Agenda Item 6.1.

6. REPORTS

6.1 Director's Report

Director John L. Varela reported on the following:

- Board Action
- Upcoming Meetings:
- Water Conservation
- Flood Awareness for Winter 2018-19
- Projects
- Communications and Community Outreach

Director Richard P. Santos reported briefly on the following:

- Rates
- Partnerships

Chair Mariani moved to Agenda Item 4.2.

4.2 UPDATE ON DISTRICT EFFORTS RELATED TO FLOOD RISK REDUCTION, AGRICULTURAL LANDS, AND GROUNDWATER RECHARGE IN THE COYOTE VALLEY AREA

Mr. Asfhin Rouhani presented the materials as outlined in the agenda item.

Mr. Jan Garrod and Mr. Mitchell Mariani were concerned about the District pond, the flow, banking and storing water, underdeveloped, and developing land.

Ms. Vanessa De La Piedra, Ms. Cindy Kao and Mr. Brian Mendenhall were available to answer questions.

No action taken.

Chair Mariani moved to Agenda Item 4.4

4.4 UPDATE ON CALIFORNIA WATERFIX

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

Mr. Jan Garrod, Mr. Mitchell Mariani, and Mr. Robert Long had questions concerning the WaterFix costs especially concerning Farmers.

Ms. Nina Hawk, Ms. Jerry De La Piedra, and Mr. Garth Hall were available to answer questions.

Mr. Darin Taylor re-entered the meeting to answer questions regarding the Farmer's cost-share per acre foot.

No action taken.

4.5 REVIEW AGRICULTURAL WATER ADVISORY COMMITTEE WORK PLAN, THE OUTCOMES OF BOARD ACTION OF COMMITTEE REQUESTS; AND THE COMMITTEE'S NEXT MEETING AGENDA

Ms. Glenna Brambill Committee Liaison reviewed the materials as outlined in the agenda.

It was moved by Mr. Jan Garrod, seconded by Mr. David Vanni and unanimously carried to approve the 2018 work plan and January 7, 2019, draft agenda.

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS TO THE BOARD

Ms. Glenna Brambill reported there were no action items for Board consideration.

Chair Mariani moved to Agenda Item 6.2.

6. REPORTS

6.2 Manager's Report

Mr. Garth Hall reported on the following:

- Bay Delta Plan – Phases I and II
- Zone of Benefits – Groundwater Basin Subject Charges
- Stakeholder Meetings November/December 2018 (Director's will be invited)

6.3 Committee Member Reports

Chair Mitchell Mariani introduced and welcomed the newest Committee Member Ms. Sandra Carrico.

7. ADJOURNMENT

Chair Mariani adjourned at 3:16 pm to the next regular meeting on Monday, January 7, 2019, at 1:30 pm, in the Santa Clara Valley Water District Headquarters Building Boardroom.

Vicki Elam
Board Committee Liaison
Office of the Clerk of the Board

Approved:

File No.: 18-1067

Agenda Date: 1/7/2019
Item No.: 4.1.

COMMITTEE AGENDA MEMORANDUM

Agricultural Water Advisory Committee

SUBJECT:

Election of Chair and Vice Chair.

RECOMMENDATION:

Elect 2019 Chair and Vice Chair

SUMMARY:

Per the Board Resolution, the duties of the Chair and Vice-Chair are as follows:

The officers of each Committee shall be a Chairperson and Vice-Chairperson, both of whom shall be members of that Committee. The Chairperson and Vice-Chairperson shall be elected by the Committee, each for a term of one year commencing on January 1 and ending on December 31 and for no more than two consecutive terms. The Committee shall elect its officers at the first meeting of the calendar year. All officers shall hold over in their respective offices after their term of office has expired until their successors have been elected and have assumed office.

The Chairperson shall preside at all meetings of the Committee, and he or she shall perform other such duties as the Committee may prescribe consistent with the purpose of the Committee.

The Vice-Chairperson shall perform the duties of the Chairperson in the absence or incapacity of the Chairperson. In case of the unexpected vacancy of the Chairperson, the Vice-Chairperson shall perform such duties as are imposed upon the Chairperson until such time as a new Chairperson is elected by the Committee.

Should the office of Chairperson or Vice-Chairperson become vacant during the term of such office, the Committee shall elect a successor from its membership at the earliest meeting at which such election would be practicable, and such election shall be for the unexpired term of such office.

Should the Chairperson and Vice-Chairperson know in advance that they will both be absent from a meeting, the Chair may appoint a Chairperson Pro-tempore to preside over that meeting. In the event of an unanticipated absence of both the Chairperson and Vice-Chairperson, the Committee may elect a Chairperson Pro-tempore to preside over the meeting in their absence.

BACKGROUND:

The District Act provides for the creation of advisory boards, committees, or commissions by resolution to serve at the pleasure of the Board.

Accordingly, the Board has established Advisory Committees, which bring respective expertise and community interest, to advise the Board, when requested, in a capacity as defined: prepare Board policy alternatives and provide comment on activities in the implementation of the District's mission for Board consideration. In keeping with the Board's broader focus, Advisory Committees will not direct the implementation of District programs and projects, other than to receive information and provide comment.

Further, in accordance with Governance Process Policy-3, when requested by the Board, the Advisory Committees may help the Board produce the link between the District and the public through information sharing to the communities they represent.

The Board may also establish Ad-hoc Committees to serve in a capacity as defined by the Board and will be used sparingly.

ATTACHMENTS:

None

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

File No.: 18-0740

Agenda Date: 1/7/2019
Item No.: 5.1.

COMMITTEE AGENDA MEMORANDUM

Agricultural Water Advisory Committee

SUBJECT:

Review and Approve 2018 Annual Accomplishments Report for Presentation to the Board
(Committee Chair)

RECOMMENDATION:

1. Approve the 2018 Accomplishments Report for presentation to the Board; and
2. Provide comments to the Committee Chair to share with the Board as part of the Accomplishments Report presentation pertaining to the purpose, structure, and function of the Committee

SUMMARY:

The Accomplishments Report summarizes the committee's discussions and actions to prepare Board policy alternatives and implications for Board deliberation throughout 2018. The Committee Chair, or designee, presents the Accomplishments Report to the Board at a future Board meeting.

The Committee may provide feedback to the Committee Chair, at this time, to share with Board as part of the Accomplishments Report presentation pertaining to the purpose, structure, and function of the Committee.

BACKGROUND:

Governance Process Policy-8:

The District Act provides for the creation of advisory boards, committees, or commissions by resolution to serve at the pleasure of the Board.

Accordingly, the Board has established Advisory Committees, which bring respective expertise and community interest, to advise the Board, when requested, in a capacity as defined: prepare Board policy alternatives and provide comment on activities in the implementation of the District's mission for Board consideration. In keeping with the Board's broader focus, Advisory Committees will not direct the implementation of District programs and projects, other than to receive information and provide comment.

Further, in accordance with Governance Process Policy-3, when requested by the Board, the Advisory Committees may help the Board produce the link between the District and the public

through information sharing to the communities they represent.

ATTACHMENTS:

Attachment 1: 2018 Ag Water 2018 Accomplishments Report

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

2018 Annual Accomplishments Report: Agricultural Water Advisory Committee

Update: December 2018

The annual work plan establishes a framework for committee discussion and action during the annual meeting schedule. The committee work plan is a dynamic document, subject to change as external and internal issues impacting the District occur and are recommended for committee discussion. Subsequently, an annual committee accomplishments report is developed based on the work plan and presented to the District Board of Directors.

| ITEM | WORK PLAN ITEM BOARD POLICY | INTENDED OUTCOME(S) (Action or Information Only) | ACCOMPLISHMENT DATE AND OUTCOME |
|------|--|--|--|
| 1 | Election of Chair and Vice Chair for 2018 | <ul style="list-style-type: none"> Committee Elects Chair and Vice Chair for 2018. (Action) | <p>Accomplished January 8, 2018: The Committee elected Mr. Mitchell Mariani as 2018 Committee Chair and Mr. David Vanni as 2018 Agricultural Water Advisory Committee Vice Chair.</p> |
| 2 | Annual Accomplishments Report | <ul style="list-style-type: none"> Review and approve 2017 Accomplishments Report for presentation to the Board. (Action) Submit requests to the Board, as appropriate. | <p>Accomplished January 8, 2018: The Committee reviewed and approved the 2017 Accomplishments Report for presentation to the Board</p> <p>The Board received the Committee's presentation at its March 27, 2018, meeting.</p> |
| 3 | Winter Preparedness Update | <ul style="list-style-type: none"> Receive an update on the District's Winter Preparedness Program (Information) | <p>Accomplished January 8, 2018: The Committee received information on Winter Preparedness and took no action.</p> |
| 4 | Review of Agricultural Water Advisory Committee Work Plan, the Outcomes of | <ul style="list-style-type: none"> Receive and review the 2018 Board-approved Committee work plan. (Action) Submit requests to the Board, | <p>Accomplished January 8, 2018: The Committee reviewed the 2018 work plan and took the following action:</p> <ol style="list-style-type: none"> Zone of Benefit Study for April's Agenda Climate Ag Plan Update/Discussion for |

Blue = Action taken by the Board of Directors

Attachment 1
Page 1 of 6

**2018 Annual Accomplishments Report:
Agricultural Water Advisory Committee**

Update: December 2018

| ITEM | WORK PLAN ITEM BOARD POLICY | INTENDED OUTCOME(S) (Action or Information Only) | ACCOMPLISHMENT DATE AND OUTCOME |
|------|--|--|--|
| | <p>Board Action of Committee Requests and the Committee's Next Meeting Agenda</p> | <p>as appropriate.</p> | <p>April's Agenda 3. CA WaterFix for October's Agenda 4. Coyote Valley Farm/Ag Land, Groundwater Basin Update the District's position for July's or October's agenda</p> <p><u>Accomplished February 26, 2018:</u> The Committee reviewed the 2018 work plan and took no action.</p> <p><u>Accomplished April 2, 2018:</u> The Committee reviewed the 2018 work plan and took no action.</p> <p><u>July 9, 2018:</u> Meeting canceled due to lack of quorum.</p> <p><u>Accomplished October 1, 2018:</u> The Committee reviewed the 2018 work plan and took no action.</p> |
| 5 | <p>Review and comment to the Board on the Open Space Credit Policy</p> | <ul style="list-style-type: none"> Review and comment to the Board on the Open Space Credit Policy (Action) Provide comment to the Board in the implementation of the District's mission as it applies to the Open Space Credit Policy. | <p><u>Accomplished February 26, 2018:</u> The Committee reviewed and commented to the Board on the Open Space Credit Policy with the following action: 1. The Committee recommended strongly that the Open Space Credit Policy be maintained as is. <i>The Board received the Committee's recommendation at their April 24, 2018, meeting.</i></p> |

Blue = Action taken by the Board of Directors

Attachment 1
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**2018 Annual Accomplishments Report:
Agricultural Water Advisory Committee**

Update: December 2018

| ITEM | WORK PLAN ITEM BOARD POLICY | INTENDED OUTCOME(S) (Action or Information Only) | ACCOMPLISHMENT DATE AND OUTCOME |
|------|--------------------------------|---|--|
| | | | <p>2. The Committee requested that the Board direct staff to provide an in-depth analysis and response on the Open Space Authority letter and Mr. Dhruv Khanna’s memo and report back to the Committee for their response and action. <i>The Board received the Committee’s recommendation at their April 24, 2018, meeting and staff was directed to address both letters and report back to the Committee with a response and/or action.</i></p> <p>3. The Committee request that the Board direct staff to provide a more equitable analysis of the impacts of development throughout the county consisting of the ecosystem’s benefit of agriculture. <i>The Board received the Committee’s recommendation at their April 24, 2018, meeting and approved staff’s recommended staff analysis there is an analysis completed by ERA Economics in 2013 that has already answered the key question facing the Board in its effort to allocate limited financial resources. The ERA Economics study showed how increasing the Agricultural Groundwater Production Charge as a percentage of the M&I charge would impact the permanent fallowing of agricultural lands,</i></p> <p>4. The Committee requested that the Board direct staff to review the audio of today’s meeting and capture those key comments that</p> |

Blue = Action taken by the Board of Directors

Attachment 1
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**2018 Annual Accomplishments Report:
Agricultural Water Advisory Committee**

Update: December 2018

| ITEM | WORK PLAN ITEM BOARD POLICY | INTENDED OUTCOME(S) (Action or Information Only) | ACCOMPLISHMENT DATE AND OUTCOME |
|------|---|---|---|
| | | | <p>were discussed and have a response and report back to the Committee. <i>The Board received the Committee's recommendation at their April 24, 2018, meeting and staff was directed to review the audio of the special 2/26/18, meeting and capture those key comments that were discussed and have a response and report back to the Committee.</i></p> |
| 6 | <p>Review and comment to the Board on the Groundwater Production Charge Setting Process</p> | <ul style="list-style-type: none"> Review and comment to the Board on the Groundwater Production Charge Setting Process. (Action) Provide comment to the Board in the implementation of the District's mission as it applies to the Groundwater Production Charge Setting Process. | <p>Accomplished February 26, 2018: The Committee reviewed on the Groundwater Production Charge Setting Process with no comments to the Board or action.</p> |
| 7 | <p>Review and Comment to the Board on the Fiscal Year 2018 - 2019 Proposed Groundwater Production Charges.</p> | <ul style="list-style-type: none"> Review and comment to the Board on the Fiscal Year 2019 Proposed Groundwater Production Charges. (Action) Provide comments to the Board, as necessary. | <p>Accomplished April 2, 2018: The Committee reviewed and commented to the Board on the Fiscal Year 2019 Proposed Groundwater Production Charges as follows: Recommended limiting the increase of the Groundwater Production Charge not to exceed 7%. <i>The Board took action at their April 24, 2018, meeting and will continue the Past Board Practice of setting the Ag Charge at 6.0% of</i></p> |

Blue = Action taken by the Board of Directors

**2018 Annual Accomplishments Report:
Agricultural Water Advisory Committee**

Update: December 2018

| ITEM | WORK PLAN ITEM BOARD POLICY | INTENDED OUTCOME(S) (Action or Information Only) | ACCOMPLISHMENT DATE AND OUTCOME |
|------|--|---|---|
| | | | <i>South County M&I charge, which would mean an increase from \$25.09/AF to \$27.02/AF, or a 7.7% year-to-year increase.</i> |
| 8 | Civic Engagement | <ul style="list-style-type: none"> Receive information on Civic Engagement. (Action) Provide comments to the Board, as necessary. | <p><u>Accomplished April 2, 2018:</u> The Committee received information on Civic Engagement and took no action.</p> |
| 9 | Zone of Benefit Study | <ul style="list-style-type: none"> Receive information on the Zone of Benefit Study. (Action) Provide comments to the Board, as necessary. | <p><u>Accomplished April 2, 2018:</u> The Committee received information on the Zone of Benefit Study and took no action.</p> |
| 10 | Update on Climate Agricultural Plan | <ul style="list-style-type: none"> Receive update on Climate Agricultural Plan. (Action) Provide comments to the Board, as necessary. | <p><u>July 9, 2018:</u> Meeting canceled due to lack of quorum.</p> <p><u>Accomplished October 1, 2018:</u> The Committee received an update on Climate Agricultural Plan and took no action.</p> |
| 11 | Coyote Valley and Related District Interests | <ul style="list-style-type: none"> Discuss Coyote Valley and Related District Interests. (Action) Provide comments to the Board, as necessary. | <p><u>July 9, 2018:</u> Meeting canceled due to lack of quorum. <i>See Item #12 for new title for October meeting.</i></p> |

Blue = Action taken by the Board of Directors

Attachment 1
Page 5 of 6

**2018 Annual Accomplishments Report:
Agricultural Water Advisory Committee**

Update: December 2018

| ITEM | WORK PLAN ITEM BOARD POLICY | INTENDED OUTCOME(S) (Action or Information Only) | ACCOMPLISHMENT DATE AND OUTCOME |
|------|--|--|--|
| 12 | Update on District efforts related to flood risk reduction, agricultural lands, and groundwater recharge in the Coyote Valley area. | <ul style="list-style-type: none"> Receive an update on District efforts related to flood risk reduction, agricultural lands, and groundwater recharge in the Coyote Valley area. (Action) | <p><u>Accomplished October 1, 2018:</u> The Committee received an update on District efforts related to flood risk reduction, agricultural lands, and groundwater recharge in the Coyote Valley area. and took no action.</p> |
| 13 | Staff Responses to Agricultural Water Advisory Committee’s Recommendations from the special February 16, 2018 meeting. | <ul style="list-style-type: none"> Receive update on staff Responses to Agricultural Water Advisory Committee’s Recommendations from the special February 16, 2018 meeting. (Information) | <p><u>Accomplished October 1, 2018:</u> The Committee received an update on staff responses to Agricultural Water Advisory Committee’s Recommendations from the special February 16, 2018, meeting and took no action.</p> |
| 14 | Update on CA WaterFix | <ul style="list-style-type: none"> Receive update on CA WaterFix. (Action) Provide comments to the Board, as necessary. | <p><u>Accomplished October 1, 2018:</u> The Committee received an update on CA WaterFix and took no action.</p> |
| 15 | Update on Open Space Credit | <ul style="list-style-type: none"> Receive update on Open Space Credit. (Action) | |
| 16 | Climate Change Mitigation – Carbon Neutrality by 2020 Program Update, Climate Change and Sea Level Rise Adaptation – Water Supply, Flood Protection, Ecosystems Protection | <ul style="list-style-type: none"> Receive information on climate change mitigation – carbon neutrality by 2020 program update. (Action) Provide comments to the Board, as necessary. | |

Blue = Action taken by the Board of Directors

Attachment 1
Page 6 of 6

File No.: 18-0672

Agenda Date: 1/7/2019
Item No.: 5.2.

COMMITTEE AGENDA MEMORANDUM

Agricultural Water Advisory Committee

SUBJECT:

Open Space Credit.

RECOMMENDATION:

This is an information item and no action is required.

SUMMARY:

The purpose of this item is to follow up on the Board's Open Space Credit Policy discussion held at their December 5, 2018, Board meeting, and present Staff's response to Board inquiries made at that time. The attachments will be presented to the Board on January 8, 2019.

The following is a summary of the information that will be discussed with the Board on January 8, 2019:

1. Provide a refresh of the 2013 Economic Study
2. Provide more detail on the Proposed Agricultural Charge Adjustment for Williamson Act and Conservation Easement Properties
3. Provide an analysis on setting agricultural charges at different levels over a 5-Year, 7-year, and 10-Year timeframe and the associated Open Space Credit savings

ATTACHMENTS:

Attachment 1: Board Agenda Memo

Attachment 2: PowerPoint

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

BOARD AGENDA MEMORANDUM

SUBJECT:

Open Space Credit Policy Discussion Continued.

RECOMMENDATION:

- A. Provide direction to increase Agricultural Rates to 10% of the Municipal and Industrial (M&I) charge over a 7-Year period;
- B. Direct staff to implement an agricultural water charge adjustment for Williamson Act and Conservation Easement participants that would hold their agricultural water charge to 6% of the M&I charge; and
- C. Provide further direction as necessary for the Fiscal Year (FY) 2019-20 rate setting cycle.

SUMMARY:

The purpose of this discussion is to continue reviewing the District's Open Space Credit policy, address Board questions following the December 5, 2018 Board meeting, discuss and consider potential changes, and provide direction as appropriate. The following is a summary of the Board inquiries to be addressed and discussed:

1. Provide a refresh of the 2013 Economic Study
2. Provide more detail on the Proposed Agricultural Charge Adjustment for Williamson Act and Conservation Easement Properties
3. Provide an analysis on setting agricultural charges at different levels over a 5-Year, 7-year, and 10-Year timeframe and the associated Open Space Credit savings

Background

The District Board has historically recognized that agriculture brings value to Santa Clara County in the form of open space and local produce. In an effort to help preserve this value, the District Act limits the agricultural charge to be no more than 25% of the M&I charge. In 1999, to further its support for agricultural lands, a policy was put into place further limiting the agricultural groundwater production charge to no more than 10% of the M&I charge. The agricultural community currently benefits from low groundwater charges that are 2% of M&I charges in North County and 6% of M&I charges in South County. According to Section 26.1 of the District Act, agricultural water is "water primarily used in the commercial production of agricultural crops or livestock."

The credit to agricultural water users has become known as an "Open Space Credit." It is paid for by fungible, non-rate related revenue. To offset lost revenue that results from the difference between the adopted agricultural groundwater production charge and the agricultural charge that would have resulted at the full cost of service, the District redirects a portion of the 1% ad valorem property taxes generated in the Water Utility,

General and Watershed Stream Stewardship Funds. The South County Open Space Credit is currently estimated to be \$8.0 million in FY 2018-19 and projected to continually increase in the years that follow.

Since 2013, the Board has continued the past practice of setting the agricultural charge at 6.0% of the South County M&I charge. On September 18, 2017, in response to the President's Day Flood event, the Board's Capital Improvement Program Committee analyzed scenarios to decrease the Open Space Credit and therefore provide more funding for flood protection projects. Accordingly, alternatives were prepared to reduce the Open Space Credit by increasing the agricultural charge to 10% or 25% of the M&I charge over a multi-year timeframe. For FY 2018-19, staff recommended increasing the agricultural charge to 6.8% of the M&I charge. On May 8, 2018, the Board chose to continue the past practice of setting the agricultural charge at 6.0% of the South County M&I charge for FY 2018-19.

Background on the Williamson Act and Conservation Easement Classification

The Williamson Act enables local governments to enter into contracts with private landowners for the purpose of restricting specific parcels of land to agricultural or related open space use. Under these voluntary contracts, landowners gain substantially reduced property tax assessments. A land owner whose property is devoted to agricultural use and is within an agricultural preserve may file an application for a Williamson Act contract with the County. Per the Santa Clara County of Ordinances section C13-12, to be eligible for a Williamson Act contract:

1. The property proposed for inclusion in the contract is at least ten acres in size in the case of prime agricultural land, and 40 acres in size in the case of nonprime agricultural land;
2. All parcels proposed for inclusion in the contract are devoted to agricultural use; and
3. There are no existing or permitted uses or development on the land that would significantly displace or interfere with the agricultural use of the land.

Even if all of the criteria are met, the Board of Supervisors may, in its discretion, choose not to approve the application.

Conservation easement is a power invested in a qualified organization or government to constrain, as to a specified land area, the exercise of rights otherwise held by a landowner so as to achieve certain conservation purposes. For example, a land owner whose property constitutes open-space land as defined in Government Code §§ 51075(a) and 65560 may file an application for an agreement with the County.

Per the Santa Clara County of Ordinances section C13-36, to be eligible for an Open Space Easement Agreement with the County:

1. The land proposed for inclusion in the agreement is at least 20 acres in size;

2. All parcels proposed for inclusion in the agreement are devoted to open-space;
3. There are no other existing or permitted uses or development on the land that would significantly impair the open-space value of the land; and
4. The Board of Supervisors makes the required findings in Government Code § 51084.

Even if all of the criteria in are met, the Board of Supervisors may, in its discretion, choose not to approve the application.

There are also three open space authorities that have jurisdiction to enter into conservation easements in Santa Clara County.

There are 174 Williamson Act parcels and 10 conservation easement parcels in the combined Zone W-2 and Zone W-5. The parcels comprise roughly 33% of total agricultural water use on average.

Conservation easement is a power invested in a qualified organization or government to constrain, as to a specified land area, the exercise of rights otherwise held by a landowner so as to achieve certain conservation purposes. For example, a land owner whose property constitutes open-space land as defined in Government Code §§ 51075(a) and 65560 may file an application for an agreement with the County.

Consideration of an Agricultural Water Charge Adjustment

An agricultural water charge adjustment could be predicated on Williamson Act or conservation easement participation and paid for by the Open Space Credit. Staff recommends implementing an adjustment such that if the District were to increase the agricultural water charge to something greater than 6% of the M&I charge, then an adjustment would be applied to all Williamson Act and conservation easement properties, that would result in a net agricultural charge of 6% of M&I charges for those properties. The Williamson Act or Conservation Easement property classification would be determined by the authorities managing those programs, not the District. There would be no need for an application process, and as such the incremental costs associated with the adjustment would be negligible. The District currently receives from the County the list of Williamson Act properties and would use properties of record in February and August for the upcoming billing cycle. Staff would obtain the conservation easement property information direct from the open space organizations in parallel during the February and August timeframe. Property status changes occurring after staff data collection would be handled on a case-by-case basis for the potential proration of rates, if applicable. Agricultural wells are predominately charged bi-annually in arears in January and June.

If the District were to increase the agricultural charge to 10% of the M&I charge over a 7-year timeframe, and adjust back to 6% of the M&I charge for Williamson Act and conservation easement properties, then staff anticipates a cumulative savings to the Open Space Credit of roughly \$2 million over that 7-year timeframe. Savings would be

\$1.4M if the transition occurred over a 5-year timeframe, and would be \$3.4M if the transition occurred over a 10-year timeframe. The savings could be reduced if additional eligible properties were to change status to be classified as Williamson Act or Conservation Easement properties. Staff estimates that there are 245 agricultural properties that may qualify, but are not classified as Williamson Act or Conservation Easement properties.

FINANCIAL IMPACT:

Depending on direction provided by the Board, there could be a future financial impact to the District, and the various rate payers.

CEQA:

CEQA Guidelines section 15273: CEQA does not apply to establishment or modification of water rates.

ATTACHMENTS:

Attachment 1: PowerPoint

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

Open Space Credit Policy Discussion Continued

January 8, 2019



Background on OSC Policy Discussions

- 2013
 - ▶ Staff completes extensive OSC policy review and stakeholder engagement process
 - ▶ Board maintains OSC policy as is
 - ▶ South County Ag charge maintained at 6% of M&I
- 2014 - 2016
 - ▶ Board confirms direction to maintain OSC policy as is
- 2017
 - ▶ Presidents Day Flood occurs, CIP Committee explores OSC reductions to free up funding for flood protection projects
- Feb 2018
 - ▶ Special Ag Advisory Committee meeting convened to discuss OSC Policy

Background on OSC Policy Discussions

April 2018

▶ Board directs staff to:

1. Analyze ag water usage trend scenarios and potential impact on Open Space Credit projection
2. Research feasibility of a reduced ag charge for Williamson Act participants
3. Seek contributions from local private companies or other governmental agencies to fund Open Space Credit

May 2018

▶ Board continues past practice of setting Ag Charge at 6.0% of South County M&I charge for FY 19

Williamson Act & Conservation Easements

- ▶ Williamson Act provides tax benefits to property owners who do not develop their land
- ▶ Conservation Easements permanently extinguish development rights

| | Williamson Act Parcels | Conservation Easement Parcels | Average % of Total Ag Water Use |
|--------------|---------------------------|----------------------------------|---------------------------------------|
| North County | 3 | 0 | 1% |
| South County | 171 | 10 | 32% |
| Total | 174 | 10 | 33% |

Williamson Act & Conservation Easements

- ▶ Ag Charge Adjustment Program Alternative for Consideration
 - ▶ Predicated on Williamson Act or Conservation Easement participation
 - ▶ If: Ag charge increased to >6% of M&I
 - ▶ Then: Adjust back to 6% for Williamson Act and Conservation Easement properties
 - ▶ Staff could implement with minimal effort

Williamson Act & Conservation Easements

- ▶ Staff estimates that Santa Clara County currently has 245 agricultural properties that may qualify, but are NOT classified as Williamson Act or Conservation Easement properties
- ▶ Approximately 16,000 Acre-Feet of water consumed annually by these properties

Williamson Act & Conservation Easements

5-Year Transition

South County

6% of M&I

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|------------------------|---------|---------|---------|---------|---------|---------|
| Municipal & Industrial | \$450 | \$485 | \$522 | \$562 | \$605 | \$652 |
| Ag Rate % of M&I Rate | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% |
| Agricultural | \$27.02 | \$29.10 | \$31.34 | \$33.75 | \$36.35 | \$39.15 |

10% of M&I

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|------------------------|---------|---------|---------|---------|---------|---------|
| Municipal & Industrial | \$450 | \$485 | \$522 | \$562 | \$605 | \$652 |
| Ag Rate % of M&I Rate | 6.0% | 6.9% | 7.8% | 8.6% | 9.4% | 10.0% |
| Agricultural | \$27.02 | \$33.61 | \$40.71 | \$48.37 | \$56.61 | \$65.49 |
| OSC Savings (\$K) | | \$83 | \$173 | \$270 | \$374 | \$486 |

Total Anticipated Savings to Open Space Credit \$1.4M

Potential savings reduction of \$298K if 25% of eligible properties convert

25% of M&I

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|------------------------|---------|---------|---------|----------|----------|----------|
| Municipal & Industrial | \$450 | \$485 | \$522 | \$562 | \$605 | \$652 |
| Ag Rate % of M&I Rate | 6.0% | 10.4% | 14.5% | 18.3% | 21.8% | 25.1% |
| Agricultural | \$27.02 | \$50.40 | \$75.58 | \$102.70 | \$131.91 | \$163.36 |
| OSC Savings (\$K) | | \$393 | \$815 | \$1,270 | \$1,761 | \$2,289 |

Total Anticipated Savings to Open Space Credit \$6.5M

Potential savings reduction of \$1.4M if 25% of eligible properties convert

Williamson Act & Conservation Easements

7-Year Transition

South County

6% of M&I

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Municipal & Industrial | \$450 | \$485 | \$522 | \$562 | \$605 | \$652 | \$702 | \$756 |
| Ag Rate % of M&I Rate | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% |
| Agricultural | \$27.02 | \$29.10 | \$31.34 | \$33.75 | \$36.35 | \$39.15 | \$42.16 | \$45.41 |

10% of M&I

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Municipal & Industrial | \$450 | \$485 | \$522 | \$562 | \$605 | \$652 | \$702 | \$756 |
| Ag Rate % of M&I Rate | 6.0% | 6.7% | 7.4% | 8.0% | 8.6% | 9.1% | 9.6% | 10.0% |
| Agricultural | \$27.02 | \$32.55 | \$38.51 | \$44.94 | \$51.86 | \$59.31 | \$67.34 | \$75.98 |
| OSC Savings | | \$58 | \$127 | \$200 | \$279 | \$364 | \$456 | \$555 |

Total Anticipated Savings to Open Space Credit \$2.0M

Potential savings reduction of \$446K if 25% of eligible properties convert

25% of M&I

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|------------------------|---------|---------|---------|---------|----------|----------|----------|----------|
| Municipal & Industrial | \$450 | \$485 | \$522 | \$562 | \$605 | \$652 | \$702 | \$756 |
| Ag Rate % of M&I Rate | 6.0% | 9.4% | 12.5% | 15.4% | 18.0% | 20.5% | 22.8% | 25.0% |
| Agricultural | \$27.02 | \$45.34 | \$65.08 | \$86.34 | \$109.24 | \$133.90 | \$160.46 | \$189.06 |
| OSC Savings | | \$299 | \$622 | \$969 | \$1,343 | \$1,746 | \$2,180 | \$2,647 |

Total Anticipated Savings to Open Space Credit \$9.8M

Potential savings reduction of \$2.1M if 25% of eligible properties convert

Williamson Act & Conservation Easements

10-Year Transition

South County

6% of M&I

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Municipal & Industrial | \$450 | \$485 | \$522 | \$562 | \$605 | \$652 | \$702 | \$756 | \$815 | \$877 | \$945 |
| Ag Rate % of M&I Rate | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% |
| Agricultural | \$27.02 | \$29.10 | \$31.34 | \$33.75 | \$36.35 | \$39.15 | \$42.16 | \$45.41 | \$48.90 | \$52.67 | \$56.73 |

10% of M&I

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Municipal & Industrial | \$450 | \$485 | \$522 | \$562 | \$605 | \$652 | \$702 | \$756 | \$815 | \$877 | \$945 |
| Ag Rate % of M&I Rate | 6.0% | 6.6% | 7.1% | 7.5% | 8.0% | 8.4% | 8.8% | 9.1% | 9.5% | 9.8% | 10.0% |
| Agricultural | \$27.02 | \$31.76 | \$36.87 | \$42.38 | \$48.31 | \$54.70 | \$61.59 | \$69.00 | \$76.98 | \$85.58 | \$94.84 |
| OSC Savings (\$K) | | \$49 | \$102 | \$159 | \$221 | \$287 | \$358 | \$435 | \$518 | \$607 | \$703 |

Total Anticipated Savings to Open Space Credit \$3.4M

Potential savings reduction of \$730K if 25% of eligible properties convert

25% of M&I

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|------------------------|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|----------|
| Municipal & Industrial | \$450 | \$485 | \$522 | \$562 | \$605 | \$652 | \$702 | \$756 | \$815 | \$877 | \$945 |
| Ag Rate % of M&I Rate | 6.0% | 8.6% | 11.0% | 13.3% | 15.3% | 17.3% | 19.1% | 20.7% | 22.3% | 23.7% | 25.0% |
| Agricultural | \$27.02 | \$41.69 | \$57.50 | \$74.52 | \$92.86 | \$112.61 | \$133.88 | \$156.79 | \$181.46 | \$208.04 | \$236.66 |
| OSC Savings (\$K) | | \$232 | \$482 | \$751 | \$1,041 | \$1,354 | \$1,690 | \$2,052 | \$2,442 | \$2,863 | \$3,315 |

Total Anticipated Savings to Open Space Credit \$16M

Potential savings reduction of \$3.5M if 25% of eligible properties convert

Williamson Act & Conservation Easements

- ▶ Program Details for Ag Charge Adjustment Program
 - ▶ Williamson Act or Conservation Easement property classification will be determined by the authorities managing those programs, not the District
 - ▶ Staff currently obtains Williamson Act property data from the County and will use properties of record in February and August for the upcoming billing cycle
 - ▶ Staff will contact the Open Space Authority in parallel during the February and August timeframe for any Conservation Easement property changes

Williamson Act & Conservation Easements

- ▶ Program Details for Ag Charge Adjustment Program
 - ▶ Property status changes occurring after Staff data collection will be handled on a case by case basis for the potential proration of rates, if applicable
 - ▶ Agricultural wells are predominantly charged bi-annually in arrears in January and June
 - ▶ All other standard processes are applicable

Conservation Organizations' Feedback

Conservation Organizations support an Ag Charge Adjustment program for Williamson Act and conservation easement properties:

- ▶ Santa Clara Valley Open Space Authority
- ▶ Peninsula Open Space Trust
- ▶ Midpeninsula Regional Open Space

Seeking help to fund Open Space Credit

- ▶ Work In Process
 - ▶ Staff researching avenues to receive donations from individual and corporate sponsors

- ▶ Study prepared by ERA Economics LLC
- ▶ Constructed an economic model of agriculture in Santa Clara County
 - ▶ 3 scenarios with 10 year phase-in
 - ▶ Baseline (Maintain Ag Charge at 6% of M&I rate)
 - ▶ 10 % of M&I rate
 - ▶ 25 % of M&I rate

Open Space Credit: 2013 Economic Study Overview

- ▶ Horizon of the study was FY 2015 through 2024

| Projected Remaining Agricultural Rates | FY 19 | FY 20 | FY 21 | FY 22 | FY 23 | FY 24 | FY 25 | FY 26 |
|--|---------|---------|---------|---------|---------|---------|-------|-------|
| 2011 Study BASE | \$21.30 | \$21.91 | \$22.51 | \$23.11 | \$23.71 | \$24.82 | n/a | n/a |
| 2011 Study @10% Increase | \$27.52 | \$29.86 | \$32.40 | \$35.16 | \$38.14 | \$41.39 | n/a | n/a |

- ▶ Economic Evaluation Conclusions:

- ▶ A 10% increase in Ag Rates would follow 0.11% of land after 10 years
- ▶ A 25% increase in Ag Rates would follow 3.5% of land after 10 years

| Projected Remaining Agricultural Rates | FY 19 | FY 20 | FY 21 | FY 22 | FY 23 | FY 24 | FY 25 | FY 26 |
|---|----------|----------|----------|----------|----------|----------|---------|---------|
| 2017 Current Ag Rate Projection | \$27.02 | \$29.10 | \$31.34 | \$33.75 | \$36.35 | \$39.15 | \$42.16 | \$45.41 |
| 2011 Study Ag Rate Projection @10% Increase Delta | (\$0.50) | (\$0.76) | (\$1.06) | (\$1.41) | (\$1.79) | (\$2.24) | n/a | n/a |

Open Space Credit: 2013 Economic Study Overview

► Staff Analysis of Economic Evaluation Conclusions:

| Calendar Year | Fruit and Nuts | Field Crops | Onions and Garlic | Vegetables | Processed Tomatoes | Grapes | Dryland Hay | Total |
|---------------|-----------------|-------------|-------------------|------------|--------------------|--------|-------------|--------|
| | Acres Harvested | | | | | | | |
| 2011 | 1,197 | 1,339 | 520 | 9,248 | 1,060 | 1,550 | 3,510 | 18,424 |
| 2017 | 1,613 | 1,195 | 784 | 13,224 | 322 | 1,601 | 4,044 | 22,783 |
| Acres Delta | 416 | (144) | 264 | 3,976 | (738) | 51 | 534 | 4,359 |
| Acres Delta % | 35% | -11% | 51% | 43% | -70% | 3% | 15% | 24% |

► Potential factors contributing to the 24% increase in harvested acreage:

- Drought
- Central Valley water management
- Transition to higher value crops
- Irrigation efficient technologies
- SCVWD Ag Rates

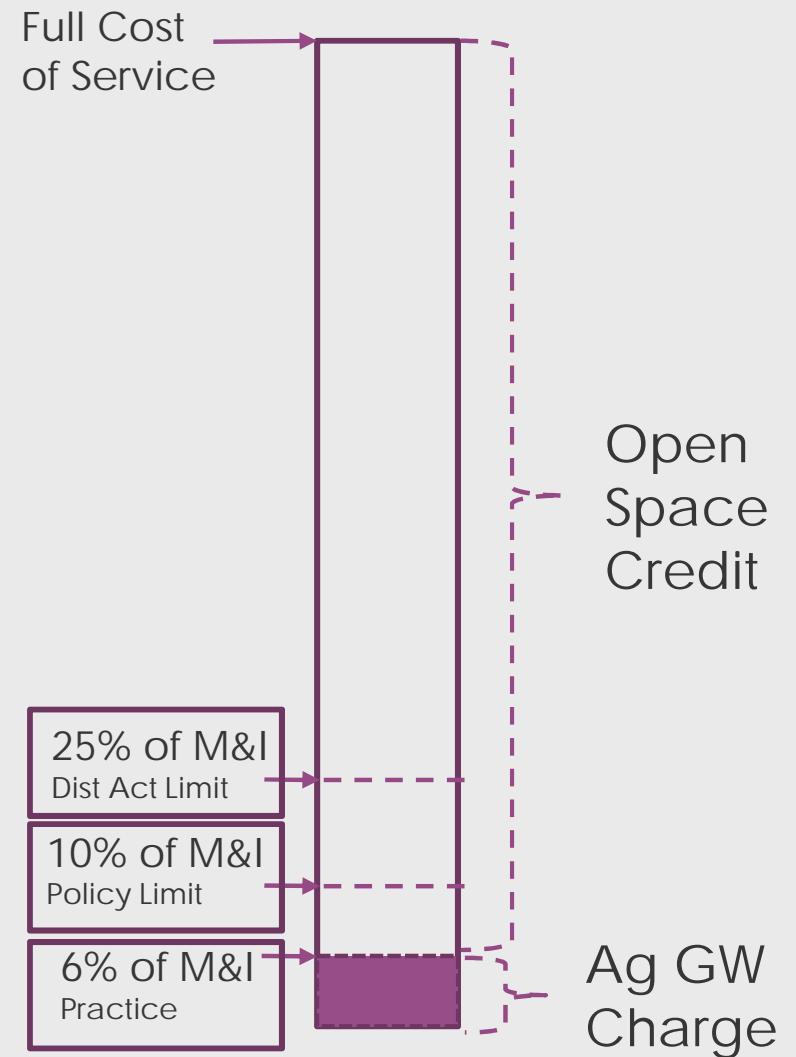
Recommendation

- ▶ Increase Agricultural Rates to 10% of M&I over a 7-Year period
- ▶ Proceed with an adjustment program for Williamson Act and Conservation Easement participants that would hold their agricultural water charge to 6% of M&I
- ▶ Provide further direction as necessary for the FY 20 rate setting cycle

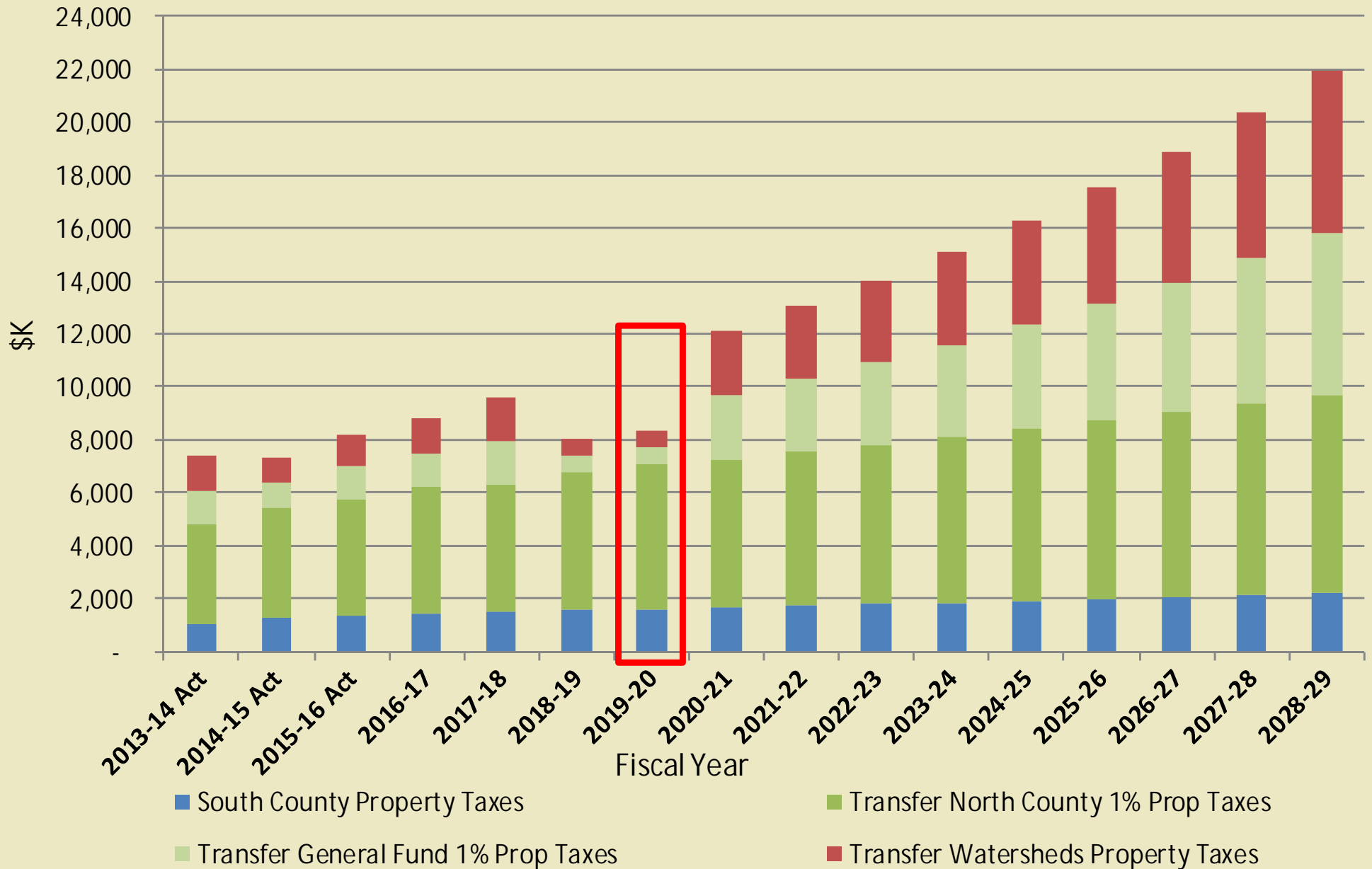
Back Up Slides

What is the Open Space Credit (OSC)?

- ▶ Formal definition: “The use of non-rate related revenue to offset reduced agricultural revenue as a result of keeping agricultural rates lower than needed to recoup the full cost of service”
- ▶ Applies to agricultural water users only, not to all open space

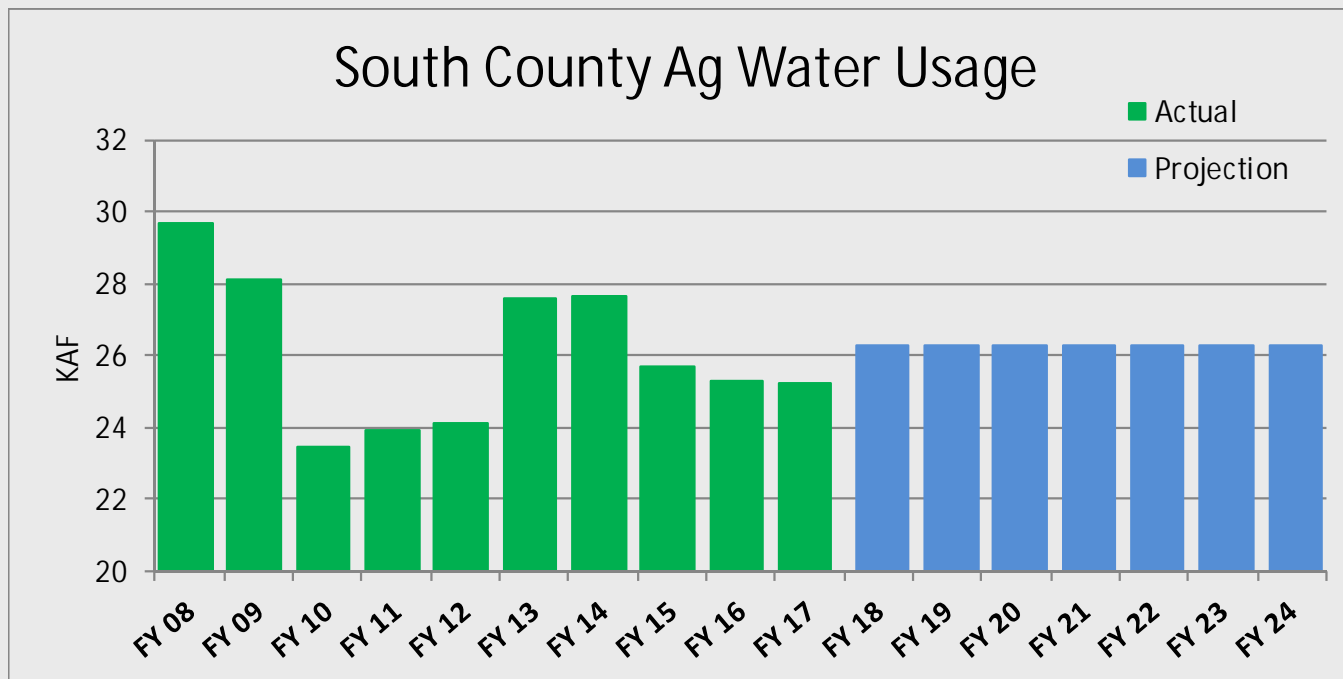


Open Space Credit: Preliminary Projection



Agricultural Water Use Projection

- ▶ Santa Clara Farm Bureau confirms that flat ag water use projection for next 5 to 10 years is reasonable
 - ▶ Consistent with current staff projection



- ▶ If ag water use ramps down to 90% of current projection by FY 30, then OSC savings would be \$11M over that timeframe

History of Open Space Credit

- Pre-1991
 - ▶ Ag charge set at 25% of M&I charge
- 1991
 - ▶ Board implements “Open Space Credit” to avoid spike in Ag charge (caused by drought) that would have threatened viability of agriculture in the county
 - ▶ Board establishes practice of setting Ag charge at 10% of M&I
- 1999
 - ▶ Board practice to set Ag charge at 10% of M&I becomes policy under Resolution 99-21
- 2011
 - ▶ Open Space Credit methodology changes to conform to Proposition 218

Open Space Credit: Extensive Review Conducted in 2013

At February 12, 2013 Board meeting, Board expressed concern about the sustainability of the Open Space Credit and requested stakeholder engagement.

1. Contracted with Economic Consultant, era economics LLC
2. Established a Working Group
3. Conducted Community Stakeholder Meeting
4. Obtained feedback from 3 Advisory Committees
5. Reviewed Findings with Board on 11/12/13

Open Space Credit: Result of 2013 Economic Study

▶ Constructed an economic model of agriculture in Santa Clara County

- ▶ 3 scenarios with 10 year phase-in
 - ▶ Baseline (Maintain Ag Charge at 6% of M&I rate)
 - ▶ 10 % of M&I rate
 - ▶ 25 % of M&I rate

| Scenario | Permanent Fallow (acres) | % Change in Irrigated Acres | Irrigated Acres ¹ |
|------------|--------------------------|-----------------------------|------------------------------|
| Baseline | - | - | 15,668 |
| 10% of M&I | 17 | 0.11% | 15,651 |
| 25% of M&I | 549 | 3.50% | 15,119 |

¹ Harvested acreage includes an additional 3,650 acres of grain hay

Open Space Credit: Result of 2013 Economic Study

▶ Constructed an economic model of agriculture in Santa Clara County

- ▶ 3 scenarios with 10 year phase-in
 - ▶ Baseline (Maintain Ag Charge at 6% of M&I rate)
 - ▶ 10 % of M&I rate
 - ▶ 25 % of M&I rate

| Scenario | Permanent Fallow (acres) | % Change in Irrigated Acres | Irrigated Acres ¹ |
|------------|--------------------------|-----------------------------|------------------------------|
| Baseline | - | - | 15,668 |
| 10% of M&I | 17 | 0.11% | 15,651 |
| 25% of M&I | 549 | 3.50% | 15,119 |

¹ Harvested acreage includes an additional 3,650 acres of grain hay

Open Space Credit: Board Direction in November 2013

1. Maintain Open Space Credit Policy language as is (limit Ag charge to 10% of M&I charge)
 - Staff to continue referring to the Board's policy as the "Open Space Credit Policy"

2. Explore other sources of funding to improve the financial health of the Watershed Stream Stewardship Fund

3. Maintain the South County agricultural charge at 6% of M&I
 - Continue practice of setting the North County Ag charge equal to South County Ag charge

Board direction as of November 2016 has been consistent

Agricultural Commissioner's Office Study – Jan 2016

- Study prepared by era economics LLC
- Ecosystem service benefits of Agricultural lands quantified below:

| Service | Low Value per acre | High Value per acre |
|---------------|--------------------|---------------------|
| Flood Control | \$40 | \$85 |
| Recharge | \$55 | \$70 |
| Water Quality | \$25 | \$30 |
| Pollination | \$20 | \$65 |
| Biodiversity | \$20 | \$30 |
| Open Space | \$450 | \$1,000 |
| Total | \$610 | \$1,280 |

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File No.: 18-0741

Agenda Date: 1/7/2019
Item No.: 5.3.

COMMITTEE AGENDA MEMORANDUM

Agricultural Water Advisory Committee

SUBJECT:

Review Agricultural Water Advisory Committee Work Plan, the Outcomes of Board Action of Committee Requests; and the Committee's Next Meeting Agenda.

RECOMMENDATION:

Review the Committee work plan to guide the committee's discussions regarding policy alternatives and implications for Board deliberation.

SUMMARY:

The attached Work Plan outlines the Board-approved topics for discussion to be able to prepare policy alternatives and implications for Board deliberation. The work plan is agendaized at each meeting as accomplishments are updated and to review additional work plan assignments by the Board.

BACKGROUND:

Governance Process Policy-8:

The District Act provides for the creation of advisory boards, committees, or commissions by resolution to serve at the pleasure of the Board.

Accordingly, the Board has established Advisory Committees, which bring respective expertise and community interest, to advise the Board, when requested, in a capacity as defined: prepare Board policy alternatives and provide comment on activities in the implementation of the District's mission for Board consideration. In keeping with the Board's broader focus, Advisory Committees will not direct the implementation of District programs and projects, other than to receive information and provide comment.

Further, in accordance with Governance Process Policy-3, when requested by the Board, the Advisory Committees may help the Board produce the link between the District and the public through information sharing to the communities they represent.

ATTACHMENTS:

Attachment 1: Agricultural Water Advisory Committee 2019 Work Plan

Attachment 2: Agricultural Water Advisory Committee April 1, 2019 Draft Agenda

File No.: 18-0741

Agenda Date: 1/7/2019
Item No.: 5.3.

UNCLASSIFIED MANAGER:
Michele King, 408-630-2711

2019 Work Plan: Agricultural Water Advisory Committee

Update: December 2018

The annual work plan establishes a framework for committee discussion and action during the annual meeting schedule. The committee work plan is a dynamic document, subject to change as external and internal issues impacting the District occur and are recommended for committee discussion. Subsequently, an annual committee accomplishments report is developed based on the work plan and presented to the District Board of Directors.

| ITEM | WORK PLAN ITEM BOARD POLICY | MEETING | INTENDED OUTCOME(S) (Action or Information Only) | ACCOMPLISHMENT DATE AND OUTCOME |
|------|---|-----------|--|---------------------------------|
| 1 | Election of Chair and Vice Chair for 2019 | January 7 | <ul style="list-style-type: none"> Committee Elects Chair and Vice Chair for 2019. (Action) | |
| 2 | Annual Accomplishments Report | January 7 | <ul style="list-style-type: none"> Review and approve 2018 Accomplishments Report for presentation to the Board. (Action) Submit requests to the Board, as appropriate. | |
| 3 | Open Space Credit Policy | January 7 | <ul style="list-style-type: none"> Review the Open Space Credit Policy (Action) Provide comment to the Board in the implementation of the District's mission as it applies to the Open Space Credit Policy. | |
| 4 | Review of Agricultural Water Advisory Committee Work Plan, the Outcomes of Board Action of Committee Requests and the Committee's Next Meeting Agenda | January 7 | <ul style="list-style-type: none"> Receive and review the 2018 Board-approved Committee work plan. (Action) Submit requests to the Board, as appropriate. | |

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1
Page 1 of 2

| ITEM | WORK PLAN ITEM BOARD POLICY | MEETING | INTENDED OUTCOME(S) (Action or Information Only) | ACCOMPLISHMENT DATE AND OUTCOME |
|------|--|---------|--|---------------------------------|
| 5 | Review and Comment to the Board on the Fiscal Year 2019 - 2020 Proposed Groundwater Production Charges. | April 1 | <ul style="list-style-type: none"> Review and comment to the Board on the Fiscal Year 2020 Proposed Groundwater Production Charges. (Action) Provide comments to the Board, as necessary. | |
| 6 | Climate Change Mitigation – Carbon Neutrality by 2020 Program Update, Climate Change and Sea Level Rise Adaptation – Water Supply, Flood Protection, Ecosystems Protection | TBD | <ul style="list-style-type: none"> Receive information on climate change mitigation – carbon neutrality by 2020 program update. (Action) Provide comments to the Board, as necessary. | |

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors



Committee Officers
, Committee Chair
, Committee Vice Chair

Board Representative
Nai Hsueh, Alternate
Richard P. Santos, Board Representative
John L. Varela, Board Representative

DRAFT AGENDA

AGRICULTURAL WATER ADVISORY COMMITTEE

MONDAY, APRIL 1, 2019

1:30 p.m. – 3:30 p.m.

**Santa Clara Valley Water District
Headquarters Building Boardroom
5700 Almaden Expressway
San Jose, CA 95118**

**Time Certain:
1:30 p.m.**

- 1. Call to Order/Roll Call**
- 2. Time Open for Public Comment on Any Item Not on Agenda**
Comments should be limited to two minutes. If the Committee wishes to discuss a subject raised by the speaker, it can request placement on a future agenda.
- 3. Approval of Minutes**
3.1 Approval of Minutes – January 7, 2019, meeting
- 4. Action Items**
 - 4.1 Review and Comment to the Board on the Fiscal Year 2019 - 2020 Proposed Groundwater Production Charges (Darin Taylor)
Recommendation: Provide comment to the Board in the implementation of the District's mission as it applies to staff's groundwater production charge recommendation for FY 2019-2020.
 - 4.2 Review Agricultural Water Advisory Committee Work Plan, the Outcomes of Board Action of Committee Requests and the Committee's Next Meeting Agenda (Committee Chair)
Recommendation: Review the Board-approved Committee work plan to guide the committee's discussions regarding policy alternatives and implications for Board deliberation.
- 5. Clerk Review and Clarification of Committee Requests to the Board**
This is a review of the Committee's Requests, to the Board (from Item 4). The Committee may also request that the Board approve future agenda items for Committee discussion.

6. **Reports**

Directors, Managers, and Committee members may make brief reports and/or announcements on their activities. Unless a subject is specifically listed on the agenda, the Report is for information only and not discussion or decision. Questions for clarification are permitted.

- 6.1 Director's Report
- 6.2 Manager's Report
- 6.3 Committee Member Reports

7. **Adjourn:** Adjourn to next regularly scheduled meeting at 1:30 p.m., **July 1, 2019**, in the Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, CA 95118

All public records relating to an open session 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.

The Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to attend committee meetings. Please advise the Clerk of the Board office of any special needs by calling 1-408-630-2277.

Agricultural Water Advisory Committee Purpose and Duties

The Agricultural Water Advisory Committee of the Santa Clara Valley Water District (District) is established per the District Act to assist the District Board of Directors (Board) with policies pertaining to agricultural water supply and use.

The specific duties are:

- Providing input on policy alternatives for Board deliberation, when requested by the Board.
- Providing comment on activities in the implementation of the District's mission that the Board will consider or refer to staff.
- Producing and presenting to the Board an Annual Accomplishments Report that provides a synopsis of the Committee's discussions regarding specific topics and subsequent policy recommendations, comments, and requests that resulted from those discussions.

In carrying out these duties, the Board's Committees bring to the District their respective expertise and the interests of the communities they represent. In addition, Board Committee members may bring information regarding District activities to the communities they represent.