

February 11, 2020

MEETING NOTICE & REQUEST FOR RSVP**TO: AGRICULTURAL WATER ADVISORY COMMITTEE****Jurisdiction**

District 1
District 2
District 3
District 4
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
Brent Bonino
Jan F. Garrod, Michael Miller
Tim Chiala, Robert Long
Sandra Carrico
Sheryl O. Kennedy
George Fohner
Dhruv Khanna

The special meeting of the Agricultural Water Advisory Committee is scheduled to be held on **Monday, February 24, 2020, at 1:30 p.m.**, in the Headquarters Building **Conference Room A143 (you will need to be escorted)** 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.

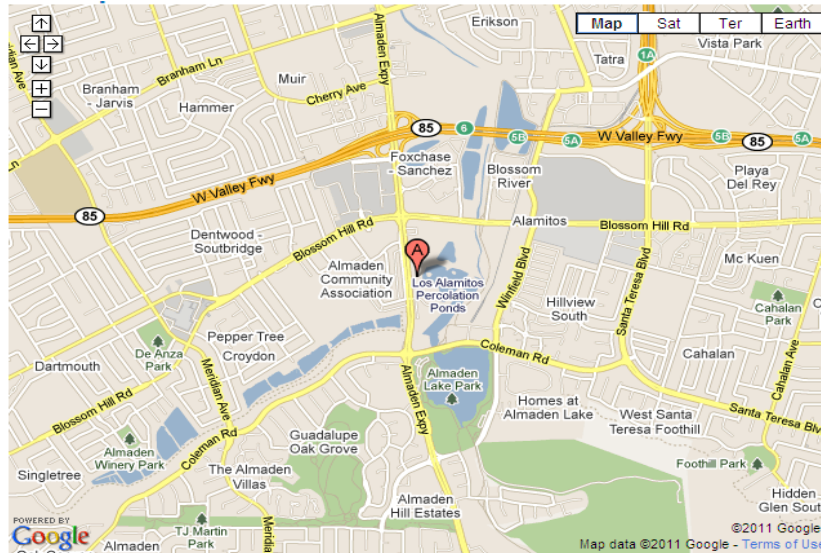
Members with two or more consecutive unexcused absences will be subject to rescinded membership.

Please confirm your attendance no later than **1:00 p.m., Thursday, February 20, 2020**, 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 Building A143
5700 Almaden Expressway
San Jose, CA 95118

SPECIAL MEETING AGENDA

Monday, February 24, 2020
1:30 PM

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

David Vanni, Chair
Jan Garrod, Vice Chair

BOARD REPRESENTATIVES:
Director Nai Hsueh
Director Richard P. Santos
Director John L. Varela

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.

Mr. Jerry De La Piedra
(Staff Liaison)

Ms. Glenna Brambill, (COB Liaison)
Management Analyst II
gbrambill@valleywater.org
1-408-630-2408

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**

**SPECIAL MEETING
AGENDA**

Monday, February 24, 2020

1:30 PM

HQ Building A143
5700 Almaden Expy San Jose CA 95118

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. ACTION ITEMS:

3.1. Review and Comment to the Board on the Fiscal Year 2020-21

[20-0225](#)

Preliminary Groundwater Production Charges.

Recommendation: Discuss and consider the attached preliminary groundwater production charge analysis and provide comment to the Board on policy implementation, as necessary.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: PowerPoint Presentation](#)

Est. Staff Time: 30 Minutes

4. 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.

5. ADJOURN:

5.1. Adjourn to Regular Meeting at 1:30 p.m., on Monday, April 6, 2020, in the Santa Clara Valley Water District HQ Boardroom, 5700 Almaden Expressway, San Jose, California.



Santa Clara Valley Water District

File No.: 20-0225

Agenda Date: 2/24/2020

Item No.: 3.1.

COMMITTEE AGENDA MEMORANDUM

Agricultural Water Advisory Committee

SUBJECT:

Review and Comment to the Board on the Fiscal Year 2020-21 Preliminary Groundwater Production Charges.

RECOMMENDATION:

Discuss and consider the attached preliminary groundwater production charge analysis and provide comment to the Board on policy implementation, as necessary.

SUMMARY:

Summary of Groundwater Production Charge Analysis:

Staff has prepared the preliminary FY 2020-21 groundwater production charge analysis, which includes several scenarios for Board review. Staff has developed a baseline scenario that aligns with the 80% level of service goals per the Water Supply Master Plan approved by the Board in November 2019, along with several other scenarios for Board consideration. Staff is seeking Board input on the preliminary analysis to incorporate into the development of the groundwater production charge recommendation.

The groundwater production charge recommendation will be detailed in the Annual Report on the Protection and Augmentation of Water Supplies that is planned to be filed with the Clerk of the Board on February 28, 2020. The public hearing on groundwater production charges is scheduled to open on April 14, 2020. It is anticipated that the Board would set the FY 2020-21 groundwater production charges by May 12, 2020, that would become effective on July 1, 2020.

The FY 2020-21 groundwater production charge and surface water charge setting process will be conducted consistent with the District Act, and Board resolutions 99-21 and 12-10.

Water Use Assumptions

District managed water use for FY 2018-19 is estimated to be approximately 208,000 acre-feet (AF), roughly 19,000 AF lower than budgeted due to a wet winter and wet spring. If the wet winter and wet spring were to repeat for the current year FY 2019-20, then there would be a 30,000 AF water usage shortfall versus budget, which would translate to an estimated \$40 million revenue shortfall. Wet springs have happened roughly 30% of the time over the past two decades, so the likelihood of a repeat is low but still possible. The current water demand projection for FY 2020-21 is 251,000 AF,

which is approximately a 21% increase compared to the FY 2018-2019 estimate. Staff believes that the water demand projection should be adjusted downward to 230,000 AF for FY 2020-21. This adjustment would better align with the FY 2017-18 actuals (which did not include a wet spring) and includes consideration for the impact of ramping up production at San Jose Water Company's Montevina Treatment Plant, which uses non-District sourced water. The preliminary groundwater charge scenarios discussed in the following section are based on a reduced water demand projection of 230,000 AF in FY 2020-21, and then assumes a very small amount of growth in the following years.

Staff will continue to carefully monitor monthly water use actuals and work closely with the water retailers during the upcoming rate setting process to modify the water usage forecast as necessary.

Groundwater Production Charge Projections

Staff has prepared the following scenarios for Board consideration:

Scenario 1) Baseline: Water Supply Master Plan (WSMP) 80% Level of Service (LOS)

This scenario includes the following projects and assumptions:

- Baseline Projects according to the WSMP including the Almaden Valley Pipeline Replacement, Land Rights - South County Recycled Water Pipeline, and Supervisory Control and Data Acquisition (SCADA)/Water Treatment Plant/ Distribution System Implementation Projects;
- Delta Conveyance (State side only);
- No Regrets Package projects;
- Potable Reuse Phase 1 to produce 24,000 AF (assume operations start in FY 28);
- Pacheco Reservoir Expansion (assumes \$485M Proposition 1 grant, \$250M of WIIN Act Funding, 20% Partnerships);
- Transfer-Bethany Pipeline;
- South County Recharge (assume facilities built beyond FY 2029-30);
- \$200M warranty placeholder cost for dams and Water Treatment Plants.

Scenario 2) No WIIN Act Funding

Includes the same projects and assumptions as Scenario 1 except as follows:

- Assumes \$0 WIIN Act Funding instead of \$250M.

Scenario 3) Revised Purified Water Program

Includes the same projects and assumptions as Scenario 2 except as follows:

- Replaces Potable Reuse Phase 1 placeholder project with a \$614M Potable Reuse Project based on the recently signed agreement with Palo Alto and Mountain View to produce 13KAF by FY 30, and;
- Assumes that the District builds, finances and operates the facilities (i.e. not delivered via a Public-Private Partnership or P3) and therefore the P3 reserve is eliminated.

Scenario 4) Add Delta Conveyance Central Valley Project (CVP) side investment

Includes the same projects and assumptions as Scenario 3 except as follows:

- Adds the Delta Conveyance CVP side costs.

Scenario 5) Add back \$250M of WIIN Act Funding

Includes the same projects and assumptions as Scenario 4 except as follows:

- Adds back \$250M of WIIN Act funding

Scenario 6) Add Los Vaqueros Reservoir Expansion.

Includes the same projects and assumptions as Scenario 5 except as follows:

- Includes investment in Los Vaqueros Reservoir Expansion

Scenario 7) No Investment in Los Vaqueros Reservoir Expansion, Add \$200M Placeholder for Purified Water

Includes the same projects and assumptions as Scenario 6 except as follows:

- Removes investment in Los Vaqueros Reservoir Expansion
- Adds \$200M placeholder investment in Purified Water Program to produce incremental new water supply in North County

Scenario 8) \$650M Placeholder for Purified Water

Includes the same projects and assumptions as Scenario 7 except as follows:

- Replace \$200M placeholder with \$600M placeholder for North County and \$50M placeholder for South County for Purified Water Program investments to produce incremental new water supply

For North County M&I groundwater production, the scenarios range from an increase of 8.0% to 9.6% for FY 2020-21, and from 4.7% to 5.6% for South County M&I groundwater production depending on the scenario.

The overall impact of the Scenarios for FY 2020-21 to the average household would be an increase ranging from \$3.79 to \$4.54 per month in North County and from \$0.78 to \$0.93 per month in South County.

Transition to modified Groundwater Benefit Zones

On October 8, 2019, the Board directed staff to pursue modifying the existing groundwater benefit zones W-2 and W-5, and to create two new zones W-7 (Coyote Valley) and W-8 (below Uvas and Chesbro Reservoirs), effective July 1, 2020. New metes and bounds (the legal description that defines the boundaries of the zones) will be developed for Board consideration in accordance with Santa Clara Valley Water District Act requirements. Accordingly, staff has engaged Rafftelis Financial Consultants to assist with analyzing cost allocations between the modified zones that would support corresponding modified groundwater charges for each zone for FY 2020-21.

Staff has prepared an analysis that translates the preliminary FY 21 M&I groundwater charge for Scenario 1 (which includes the reduced water usage projection) for the existing groundwater benefit zones, to the new or modified groundwater benefit zones. For the North County, the preliminary FY 21 M&I groundwater charge for the existing zone W-2 is \$1,484.61/AF, versus \$1,485.29/AF for

modified Zone W-2, resulting in a minor \$0.69/AF difference. For the South County, the preliminary FY 21 M&I groundwater charge for the existing zone W-5 is \$504.00/AF versus \$457.00/AF for modified Zone W-5 (a decrease of \$47.00/AF); \$524.00/AF for new Zone W-7 (an increase of \$20.00/AF); and \$337.00/AF for new Zone W-8 (a decrease of \$167.00/AF).

The M&I groundwater charge decrease in modified Zone W-5 and increase in new Zone W-7 relative to existing Zone W-5 is primarily driven by the fact that 56% of the water managed by Valley Water associated with the Anderson/Coyote reservoir system, CVP imported water, and the future expanded Pacheco Reservoir, would be used to recharge the groundwater basin underlying new Zone W-7, while only 44% of that water would be used to recharge the modified Zone W-5. It follows that costs allocated to the zones would reflect the distribution of water to recharge those zones. However, Zone W-7 only accounts for 22% of the groundwater pumping in South County, while modified Zone W-5 accounts for 76%. Since the percentage of cost being allocated to each zone differs from the percentage of water usage attributed to each zone, it stands to reason that the groundwater charge per acre-foot required for cost recovery would diverge between Zone W-7 and modified Zone W-5 relative to the existing Zone W-5.

Zone W-8 on the other hand does not benefit from the Anderson/Coyote reservoir system, CVP imported water, or the future expanded Pacheco Reservoir. Nor does it benefit from the recycled water facilities operated by Valley Water in partnership with the South County Regional Wastewater Authority located in Gilroy. Therefore, it stands to reason that the modified Zone W-8 would experience a significant decrease in the preliminary groundwater charge relative to the existing Zone W-5.

Other Assumptions

All scenarios assume the continued practice of relying on the State Water Project (SWP) Tax to pay for 100% of the SWP contractual obligations. Pursuant to Water Code Section 11652, the District, whenever necessary, is required to levy on all property in its jurisdiction not exempt from taxation, a tax sufficient to provide for all payments under its SWP contract with the California Department of Water Resources (DWR). All scenarios assume no change in the SWP Tax for FY 2020-21, which would remain at \$18M. The SWP Tax for the average household in Santa Clara would remain at about \$27 per year.

All scenarios also assume the continued practice to set the South County agricultural groundwater production charge at 6% of the M&I charge until FY 2022.

ATTACHMENTS:

Attachment 1 - PowerPoint Presentation

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

Preliminary FY 21 Groundwater Production Charge Analysis Summary

February 24, 2020

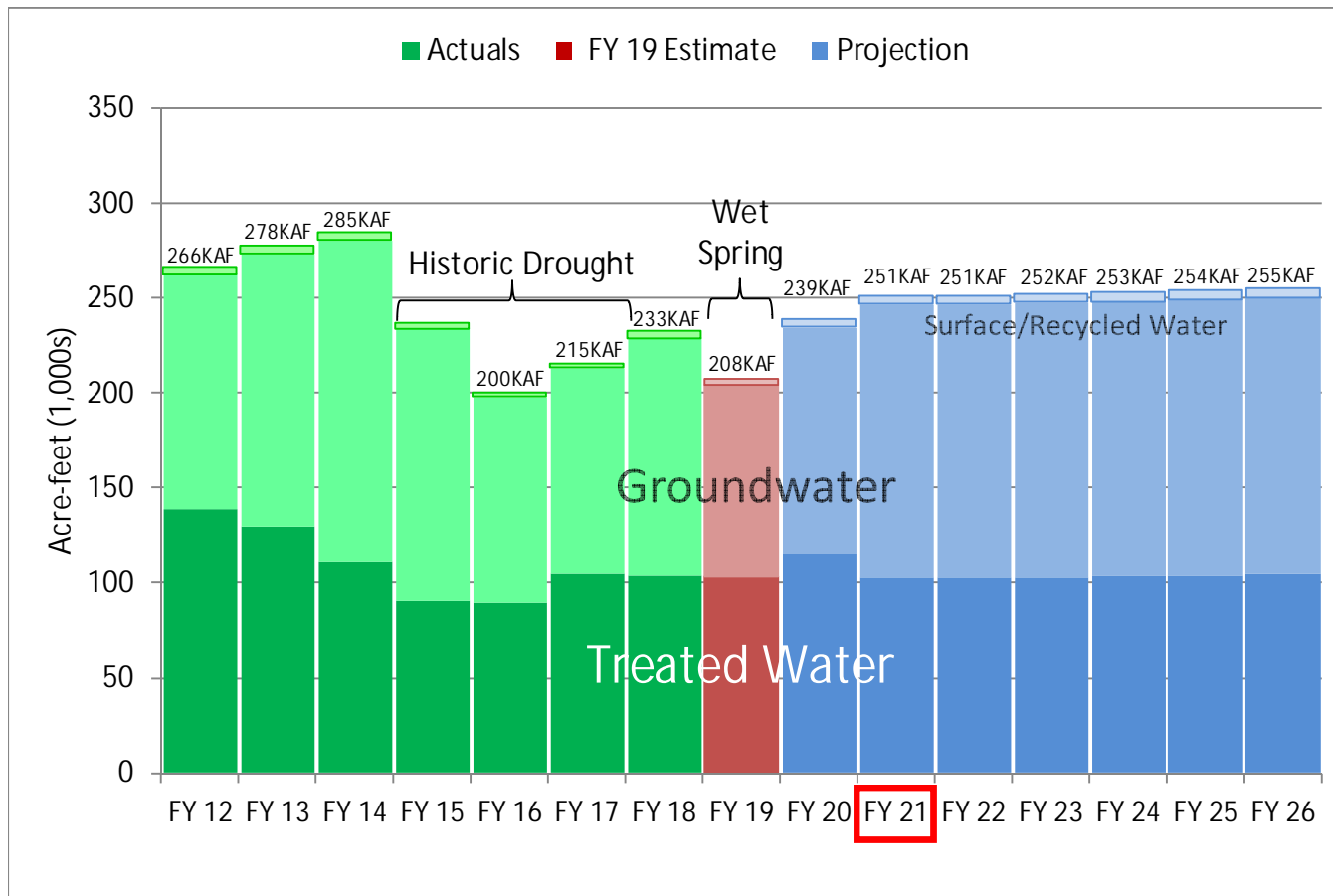


Topics

1. Water Usage
2. Financial Analysis
3. Investment Scenarios
4. Preliminary Groundwater Charge Forecast Scenarios
5. Translation to Modified Groundwater Benefit Zones
6. Schedule
7. Summary

Water Usage (District Managed)

As of 11/26/19



valleywater.org



Water Usage (District Managed)

Year	1,000's Acre-feet (District Managed Use)				
	TW	GW	SW/RW	Total	
FY '03	138.3	146.5	3.5	288.3	Slight Wet Spring
FY '04	136.0	162.4	4.1	302.4	
FY '05	130.7	140.1	3.8	274.6	Wet Spring
FY '06	131.6	138.5	4.2	274.3	Wet Spring
FY '07	140.2	157.6	4.3	302.1	
FY '08	124.9	172.4	6.8	304.1	
FY '09	119.0	162.2	3.8	285.0	Drought
FY '10	103.5	143.1	3.9	250.4	Wet Spring, Drought
FY '11	113.3	134.6	3.4	251.2	Slight Wet Spring
FY '12	139.0	123.7	3.5	266.1	
FY '13	129.5	143.9	4.3	277.7	
FY '14	111.6	168.8	4.5	284.8	
FY '15	90.7	143.5	2.3	236.5	Historic Drought
FY '16	89.9	108.3	2.2	200.4	Historic Drought
FY '17	104.6	108.4	2.3	215.4	~225 KAF assuming
FY '18	103.9	125.1	2.6	231.7	Montevina at full capacity
FY '19 Est	103.7	101.0	3.0	207.7	Wet Spring
FY '20 Bud				239.4	
FY '21 Fcst				251.4	230 KAF
FY '22 Fcst				251.4	230 KAF

Key Questions

- Will water usage bounce back in FY 20?
 - Wet springs occur about 30% of the time
 - A repeat of FY 19 water usage = \$40M revenue shortfall
- Should water usage forecast be adjusted downward for FY 21 & beyond?
 - Prelim GW charge scenarios based on 230KAF

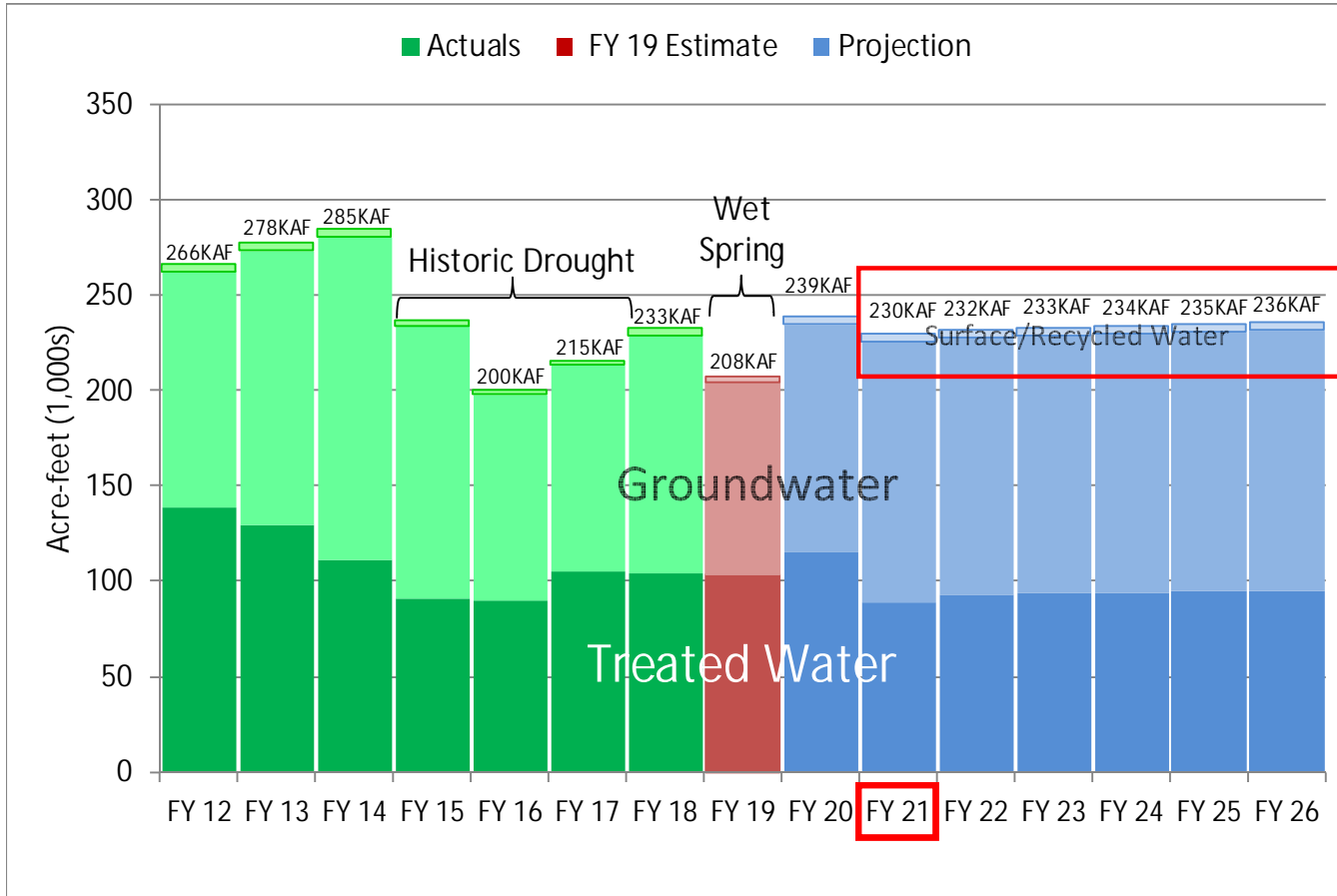
Next Steps

- Discuss water usage trends/projections with retailers
- Continue to monitor FY 20 water usage actuals



Note: TW = Treated Water, GW = Groundwater, SW/RW = Surface Water and Recycled Water

Water Usage (District Managed)

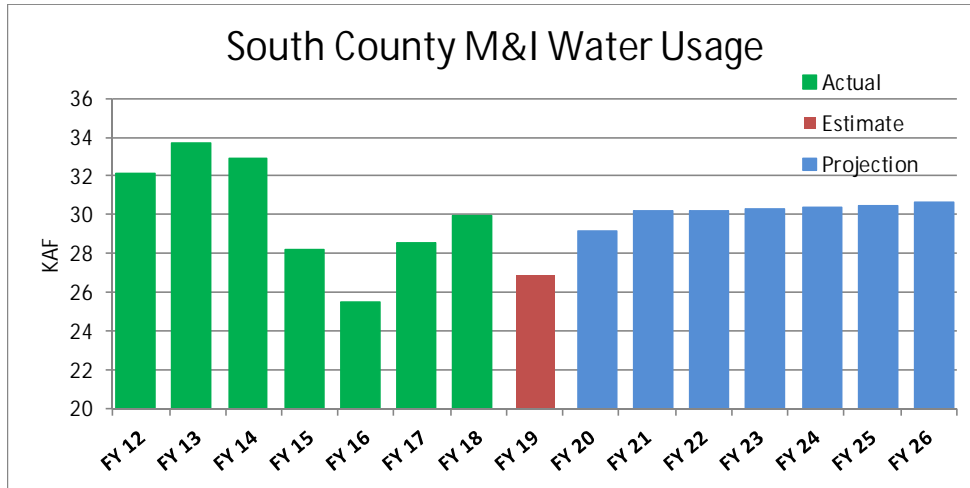


Revised Projection
as of 1/14/20

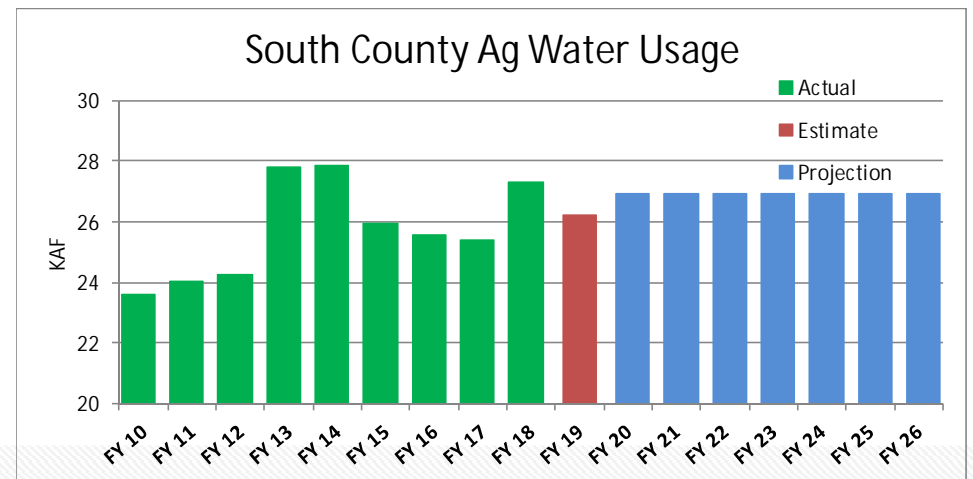
valleywater.org



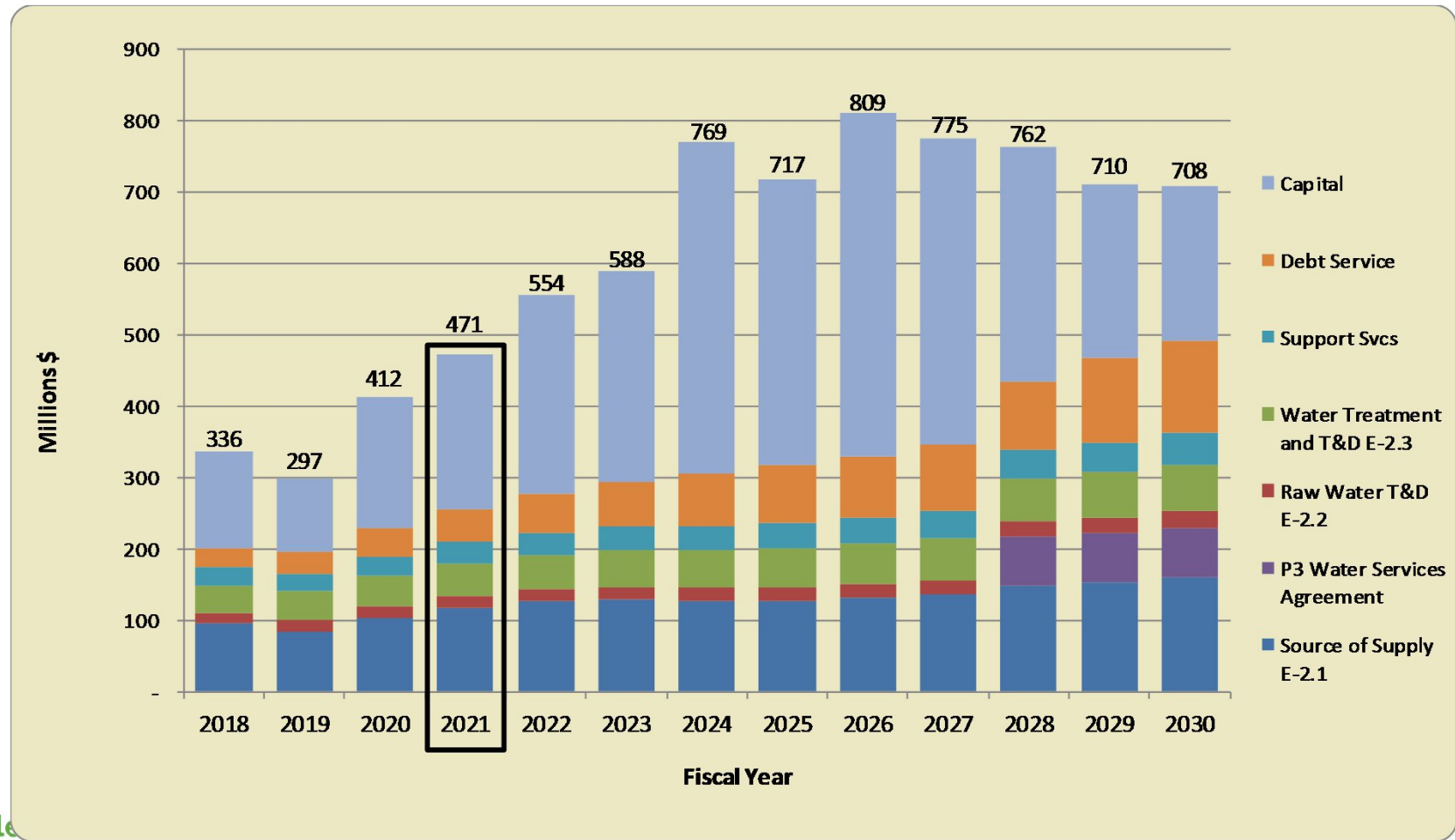
Water Usage Trend - South County



South County Water Usage includes Groundwater, Surface Water & Recycled Water



Financial Analysis: Preliminary Cost Projection



Investment Scenarios

1) Baseline: WSMP 80% Level Of Service

- ▶ Baseline Projects*
 - ▶ Almaden Valley Pipeline Replacement
 - ▶ Land Rights – South County RW Pipeline
 - ▶ SCADA, WTP, Distr. Sys. Implementation
- ▶ Delta Conveyance (State side)
 - ▶ Paid for by water charges, not SWP Tax
- ▶ ~~Delta Conveyance (CVP side)~~
- ▶ No Regrets Package
- ▶ Potable Reuse Phase 1 to produce 24KAF by FY 28
 - ▶ Based on \$690M capital project, District contributes 30% “pay as you go”
 - ▶ P3 reserve at \$10M in FY 21 growing to \$20M by FY 28
- ▶ Pacheco Reservoir
 - ▶ \$250M WIIN funding + WIFIA loan
 - ▶ Partner Agencies pay 20% of project
- ▶ Transfer-Bethany Pipeline
- ▶ South County Recharge
 - ▶ Timing = beyond FY 30
- ▶ \$200M warranty placeholder for dams & WTP’s

3) Baseline, No WIIN + Revised Purified Wtr

- ▶ Baseline Projects*
 - ▶ Almaden Valley Pipeline Replacement
 - ▶ Land Rights – South County RW Pipeline
 - ▶ SCADA, WTP, Distr. Sys. Implementation
- ▶ Delta Conveyance (State side)
 - ▶ Paid for by water charges, not SWP Tax
- ▶ ~~Delta Conveyance (CVP side)~~
- ▶ No Regrets Package
- ▶ Potable Reuse Palo Alto Agreement to produce 13KAF by FY 30
 - ▶ Based on \$614M IPR capital project, District builds, finances and operates (Not a P3)
 - ▶ ~~P3 reserve at \$10M in FY 21 growing to \$20M by FY 28~~
- ▶ Pacheco Reservoir
 - ▶ ~~\$250M WIIN funding + WIFIA loan~~
 - ▶ Partner Agencies pay 20% of project
- ▶ Transfer-Bethany Pipeline
- ▶ South County Recharge
 - ▶ Timing = beyond FY 30
- ▶ \$200M warranty placeholder for dams & WTP’s

4) Baseline, No WIIN + Revised PW + CVP

- ▶ Baseline Projects*
 - ▶ Almaden Valley Pipeline Replacement
 - ▶ Land Rights – South County RW Pipeline
 - ▶ SCADA, WTP, Distr. Sys. Implementation
- ▶ Delta Conveyance (State side)
 - ▶ Paid for by water charges, not SWP Tax
- ▶ **Delta Conveyance (CVP side)**
- ▶ No Regrets Package
- ▶ Potable Reuse Palo Alto Alt 1 to produce 13KAF by FY 30
 - ▶ Based on \$614M IPR capital project, District builds, finances and operates (Not a P3)
 - ▶ ~~P3 reserve at \$10M in FY 21 growing to \$20M by FY 28~~
- ▶ Pacheco Reservoir
 - ▶ ~~\$250M WIIN funding + WIFIA loan~~
 - ▶ Partner Agencies pay 20% of project
- ▶ Transfer-Bethany Pipeline
- ▶ South County Recharge
 - ▶ Timing = beyond FY 30
- ▶ \$200M warranty placeholder for dams & WTP’s

Exceeds 80% LOS goal

5) Baseline + Revised PW + CVP side

- ▶ Baseline Projects*
 - ▶ Almaden Valley Pipeline Replacement
 - ▶ Land Rights – South County RW Pipeline
 - ▶ SCADA, WTP, Distr. Sys. Implementation
- ▶ Delta Conveyance (State side)
 - ▶ Paid for by water charges, not SWP Tax
- ▶ **Delta Conveyance (CVP side)**
- ▶ No Regrets Package
- ▶ Potable Reuse Palo Alto Alt 1 to produce 13KAF by FY 30
 - ▶ Based on \$614M IPR capital project, District builds, finances and operates (Not a P3)
 - ▶ ~~P3 reserve at \$10M in FY 21 growing to \$20M by FY 28~~
- ▶ Pacheco Reservoir
 - ▶ **\$250M WIIN funding** + WIFIA loan
 - ▶ Partner Agencies pay 20% of project
- ▶ Transfer-Bethany Pipeline
- ▶ South County Recharge
 - ▶ Timing = beyond FY 30
- ▶ \$200M warranty placeholder for dams & WTP’s

Exceeds 80% LOS goal

* Includes but not limited to dam seismic retrofits, Rinconada WTP reliability improvement, 10-year pipeline rehabilitation program



Investment Scenarios

6) Baseline + Revised PW + CVP + LVE

- ▶ Baseline Projects*
 - ▶ Almaden Valley Pipeline Replacement
 - ▶ Land Rights – South County RW Pipeline
 - ▶ SCADA, WTP, Distr. Sys. Implementation
- ▶ Delta Conveyance (State side)
 - ▶ Paid for by water charges, not SWP Tax
- ▶ Delta Conveyance (CVP side)
- ▶ No Regrets Package
- ▶ Potable Reuse Palo Alto Alt 1 to produce 13KAF by FY 30
 - ▶ Based on \$614M IPR capital project, District builds, finances and operates (Not a P3)
 - ▶ P3 reserve at \$10M in FY 21 growing to \$20M by FY 28
- ▶ Pacheco Reservoir
 - ▶ \$250M WIIN funding + WIFIA loan
 - ▶ Partner Agencies pay 20% of project
- ▶ Transfer-Bethany Pipeline + LVE
- ▶ South County Recharge
 - ▶ Timing = beyond FY 30
- ▶ \$200M warranty placeholder for dams & WTP's

7) Baseline, Revised PW + CVP + \$200M

- ▶ Baseline Projects*
 - ▶ Almaden Valley Pipeline Replacement
 - ▶ Land Rights – South County RW Pipeline
 - ▶ SCADA, WTP, Distr. Sys. Implementation
- ▶ Delta Conveyance (State side)
 - ▶ Paid for by water charges, not SWP Tax
- ▶ Delta Conveyance (CVP side)
- ▶ No Regrets Package
- ▶ Potable Reuse Palo Alto Agreement to produce 13KAF by FY 30
 - ▶ Based on \$614M IPR capital project, District builds, finances and operates (Not a P3)
 - ▶ P3 reserve at \$10M in FY 21 growing to \$20M by FY 28
- ▶ **\$200M IPR Placeholder for North County for new water supply by FY 30**
- ▶ Pacheco Reservoir
 - ▶ \$250M WIIN funding + WIFIA loan
 - ▶ Partner Agencies pay 20% of project
- ▶ Transfer-Bethany Pipeline +LVE
- ▶ South County Recharge
 - ▶ Timing = beyond FY 30
- ▶ \$200M warranty placeholder for dams & WTP's

8) Baseline, Revised PW + CVP + \$650M

- ▶ Baseline Projects*
 - ▶ Almaden Valley Pipeline Replacement
 - ▶ Land Rights – South County RW Pipeline
 - ▶ SCADA, WTP, Distr. Sys. Implementation
- ▶ Delta Conveyance (State side)
 - ▶ Paid for by water charges, not SWP Tax
- ▶ Delta Conveyance (CVP side)
- ▶ No Regrets Package
- ▶ Potable Reuse Palo Alto Agreement to produce 13KAF by FY 30
 - ▶ Based on \$614M IPR capital project, District builds, finances and operates (Not a P3) ~~P3 reserve at \$10M in FY 21 growing to \$20M by FY 28~~
- ▶ **\$600M IPR Placeholder for North & \$50M for South County for new water supply by FY 30**
- ▶ Pacheco Reservoir
 - ▶ \$250M WIIN funding + WIFIA loan
 - ▶ Partner Agencies pay 20% of project
- ▶ Transfer-Bethany Pipeline +LVE
- ▶ South County Recharge
 - ▶ Timing = beyond FY 30
- ▶ \$200M warranty placeholder for dams & WTP's



* Includes but not limited to dam seismic retrofits, Rinconada WTP reliability improvement, 10-year pipeline rehabilitation program

Preliminary Groundwater Charge Increase Scenarios

No. County M&I Groundwater Charge Y-Y Growth %

	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
May 2019	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	
Baseline	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
1) Baseline - Wtr Use at 230KAF	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%
3) Baseline - Wtr Use at 230KAF, No WIIN, Rvsd PW, \$200 TW Srchrg	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%
4) Baseline - Wtr Use at 230KAF, No WIIN, Rvsd PW, \$200 TW, + CVP	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%
5) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
6) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + LVE	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%
7) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + \$200M	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
8) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + \$650M	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%

So. County M&I Groundwater Charge Y-Y Growth %

	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
May 2019	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	
Baseline	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%
1) Baseline - Wtr Use at 230KAF	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%
3) Baseline - Wtr Use at 230KAF, No WIIN, Rvsd PW, \$200 TW Srchrg	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
4) Baseline - Wtr Use at 230KAF, No WIIN, Rvsd PW, \$200 TW, + CVP	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
5) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
6) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + LVE	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
7) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + \$200M	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
8) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + \$650M	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%



Preliminary Monthly Impact to Average Household Scenarios

No. County M&I Groundwater Charge Impact to Avg. Household

	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
May 2019	\$3.13	\$3.33	\$3.55	\$3.78	\$4.03	\$4.30	\$4.58	\$4.89	\$5.21	
Baseline	\$3.08	\$3.28	\$3.49	\$3.72	\$3.96	\$4.21	\$4.49	\$4.78	\$5.09	\$5.42
1) Baseline - Wtr Use at 230KAF	\$3.83	\$4.14	\$4.48	\$4.84	\$5.23	\$5.66	\$6.12	\$6.61	\$7.15	\$7.73
3) Baseline - Wtr Use at 230KAF, No WIIN, Rvsd PW, \$200 TW Srchrg	\$3.97	\$4.31	\$4.67	\$5.06	\$5.49	\$5.95	\$6.45	\$6.99	\$7.58	\$8.21
4) Baseline - Wtr Use at 230KAF, No WIIN, Rvsd PW, \$200 TW, + CVP	\$4.07	\$4.42	\$4.80	\$5.21	\$5.66	\$6.15	\$6.68	\$7.25	\$7.87	\$8.55
5) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP	\$3.79	\$4.09	\$4.42	\$4.77	\$5.15	\$5.56	\$6.01	\$6.49	\$7.01	\$7.57
6) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + LVE	\$3.83	\$4.14	\$4.48	\$4.84	\$5.23	\$5.66	\$6.12	\$6.61	\$7.15	\$7.73
7) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + \$200M	\$4.02	\$4.36	\$4.74	\$5.14	\$5.57	\$6.05	\$6.56	\$7.12	\$7.73	\$8.38
8) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + \$650M	\$4.54	\$4.98	\$5.46	\$5.98	\$6.55	\$7.18	\$7.87	\$8.63	\$9.46	\$10.37

So. County M&I Groundwater Charge impact to Avg. Household

	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
May 2019	\$1.14	\$1.22	\$1.31	\$1.40	\$1.49	\$1.60	\$1.71	\$1.82	\$1.95	
Baseline	\$0.78	\$0.82	\$0.85	\$0.89	\$0.94	\$0.98	\$1.03	\$1.07	\$1.12	\$1.18
1) Baseline - Wtr Use at 230KAF	\$0.78	\$0.82	\$0.85	\$0.89	\$0.94	\$0.98	\$1.03	\$1.07	\$1.12	\$1.18
3) Baseline - Wtr Use at 230KAF, No WIIN, Rvsd PW, \$200 TW Srchrg	\$0.84	\$0.89	\$0.93	\$0.98	\$1.03	\$1.08	\$1.14	\$1.20	\$1.26	\$1.32
4) Baseline - Wtr Use at 230KAF, No WIIN, Rvsd PW, \$200 TW, + CVP	\$0.88	\$0.92	\$0.97	\$1.03	\$1.08	\$1.14	\$1.20	\$1.26	\$1.33	\$1.40
5) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP	\$0.83	\$0.87	\$0.91	\$0.96	\$1.01	\$1.06	\$1.11	\$1.17	\$1.22	\$1.28
6) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + LVE	\$0.83	\$0.87	\$0.91	\$0.96	\$1.01	\$1.06	\$1.11	\$1.17	\$1.22	\$1.28
7) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + \$200M	\$0.83	\$0.87	\$0.91	\$0.96	\$1.01	\$1.06	\$1.11	\$1.17	\$1.22	\$1.28
8) Baseline - Wtr Use at 230KAF, Rvsd PW, \$200 TW, + CVP + \$650M	\$0.93	\$0.98	\$1.03	\$1.09	\$1.15	\$1.22	\$1.29	\$1.36	\$1.43	\$1.51



How does the preliminary analysis translate to New and Modified Zones?

	Existing W-2	
	FY 20	FY 21*
M&I Groundwater	\$1,374.00/AF	\$1,484.61/AF
Ag Groundwater	\$28.86/AF	\$30.22/AF

* FY 21 assumes Baseline Scenario with 230KAF water usage

Modified W-2
FY 21*
\$1,485.29/AF
\$30.22/AF

5.0% decrease in FY21, then 4.7% projected average annual increases

8.9% increase in FY 21, then 8.9% projected average annual increases

30.0% decrease in FY 21, then 4.7% projected average annual increases

	Existing W-5	
	FY 20	FY 21*
M&I Groundwater	\$481.00/AF	\$504.00/AF
Ag Groundwater	\$28.86/AF	\$30.22/AF

* FY 21 assumes Baseline Scenario with 230KAF water usage

Modified W-5	New W-7	New W-8
FY 21*	FY 21*	FY 21*
\$457.00/AF	\$524.00/AF	\$337.00/AF
\$30.22/AF	\$30.22/AF	\$30.22/AF

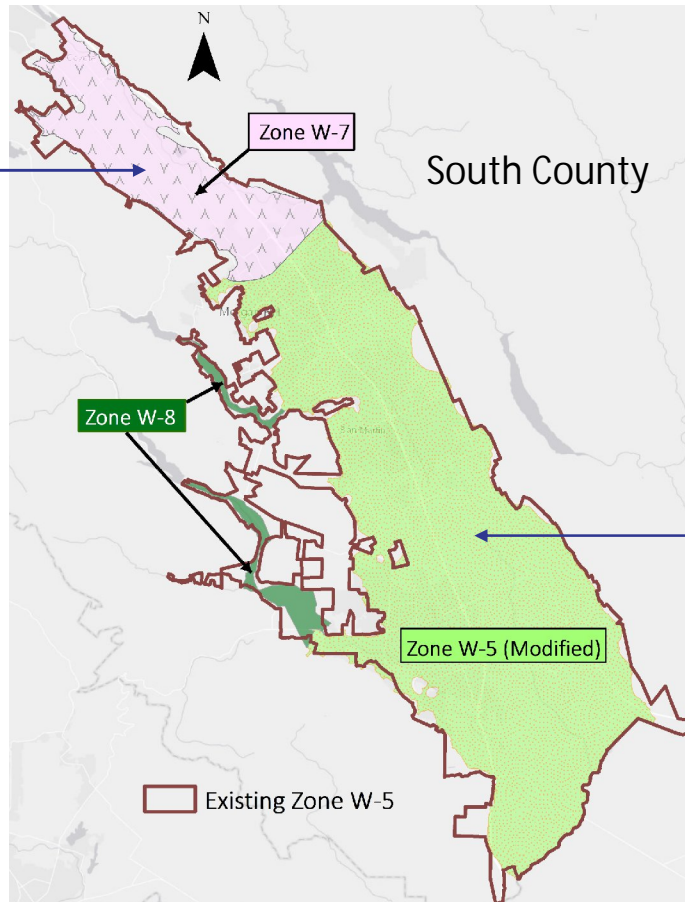
- Ag groundwater charge remains consistent between Existing and Modified zones to align with Board direction to maintain Open Space Credit policy as is through FY 21



What is driving cost allocations between New and Modified Zones?

Zone W-7

- 22% of water use
- 56% of CVP, Anderson & Pacheco water distributed for groundwater recharge



Zone W-5

- 76% of water use
- 44% of CVP, Anderson & Pacheco water distributed for groundwater recharge

2020 Schedule

- Jan 14 Board Meeting: Preliminary Groundwater Charge Analysis
- Jan 15 Water Retailers Meeting: Preliminary Groundwater Charge Analysis
- Jan 22 Water Commission Meeting: Prelim Groundwater Charge Analysis
- Jan 28 Board Meeting: Preliminary Groundwater Charge Analysis Continued

- Feb 11 Board Meeting: Budget development update & Set time & place of Public Hearing
- Feb 28 Mail notice of public hearing and file PAWS report

- Mar 18 Water Retailers Meeting: FY 19 Groundwater Charge Recommendation
- Mar 24 Board Meeting: Budget development update
- Mar 31 Landscape Committee Meeting

- Apr 6 Ag Water Advisory Committee
- Apr 8 Water Commission Meeting
- Apr 14 Open Public Hearing
- Apr TBD Continue Public Hearing in South County
- Apr 28 Conclude Public Hearing
- Apr 29-30 Board Meeting: Budget work study session

- May 12 Adopt budget & groundwater production and other water charges



Summary

- Scenarios range from a 4.7% to 5.6% increase to the M&I groundwater charge in South County
- Potential FY 21 increase ranges from \$0.78 to \$0.93 per month for the average household in South County
- Board direction to be incorporated into Report on Protection and Augmentation of Water Supplies (PAWS) scheduled for February 28, 2020

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