

June 19, 2019
Special Meeting/Workshop
3:00 p.m.

The Board of Directors of the San Benito County Water District convened in special session on Wednesday, July 19, 2019 at 3:00 p.m. at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. Members present were: President Sonny Flores, Vice President John Tobias and Directors Joe Tonascia and Doug Williams; Director Frank Bettencourt was absent. Also present were District Manager/Engineer Jeff Cattaneo, District Counsel David E. Pipal, Assistant Manager Sara Singleton, Consultant Robert Ellis and Board Clerk/Office Specialist III Barbara Mauro.

CALL TO ORDER

President Flores called the meeting to order at 3:00 p.m.

- a. **Pledge of Allegiance**
President Flores led the Pledge of Allegiance.
- b. **Speakers will be limited to 5 minutes to address the Board**

AGENDA ITEMS:

1. Board Workshop on the Pacheco Pass Reservoir Expansion Project

Mr. Cattaneo began by reminding the board members this will be an open format and they are encouraged to ask questions as they arise. Mr. Cattaneo utilized a PowerPoint presentation for today's workshop. He began by stating in the current location, the Pacheco Pass Reservoir (Reservoir) has a capacity of 7250 acre feet. The proposed new reservoir will allow up to 140,000 acre feet. Mr. Cattaneo reviewed the primary objectives for the projects, which are similar to those for our District and Santa Clara Valley Water District (Valley Water).

Some of the District-specific Objectives for the Project for Valley Water are: Improving flexibility for operations and maintenance, Additional Water Supply in the event of an emergency, and the Ability to locally store water. Some of the District-specific Objectives for SBCWD are: Increasing water quantity and water quality reliability for both Ag and M & I customers, Maintaining and enhancing the local groundwater basin and Increasing benefits received from past investments in existing infrastructures.

Vice President Tobias asked if the Districts' intend to protect Pacheco Pass Water District's water and percolation rights and should it be mentioned. Mr. Cattaneo replied yes but wasn't sure where it should be mentioned. Mrs. Singleton suggested adding an additional column. Mr. Cattaneo stated it should be maintaining benefit for past/future water rights for Pacheco Pass Water District.

Mr. Cattaneo reviewed the 5 benefits the District faces for this project. They are: Restoring the Steelhead; Improving the Delta; Improving Resiliency and Emergency Water Supply; Eliminating Water Quality Issues in San Luis Reservoir and Reducing Flooding.

Mr. Cattaneo stated the estimated cost for the project is \$1.3 billion. The Prop 1 funding can be used for public benefits while the private benefits will be paid by the beneficiaries. Mr. Cattaneo also reviewed the benefits from the new reservoir.

Mr. Cattaneo reviewed the specific benefits for SBCWD. Also reviewed were the projected demands for 2030, which is 26,819. Vice President Tobias asked why, in 2030, did the Ag figure only go up by 6,000 acre feet. Mr. Cattaneo stated the Ag demand is fairly constant, where the M & I demand came from the build out in the HUAWMP (Hollister Urban Area Water Master Plan). Vice President Tobias asked if the District would consider expanding the distribution system. Mr. Cattaneo replied that with board direction, he can look into that.

Mr. Cattaneo stated it will be a necessity to increase the future water supply for urban users. He also added that the impact fees will need to be reviewed.

Mr. Cattaneo reviewed a ten year comparison of average water deliveries from 1990-2018. Mr. Cattaneo compared two options. Option 1, demand pattern based on full historical record from 1987-2018 and Option 2, demand pattern based on recent historical record, 2009-2018.

Mr. Cattaneo then reviewed the approximate timeline. The Environmental Impact Report (EIR)/Environmental Impact Statement (EIS) is projected to be completed by November 2021. The mobilization is expected in 2024 and the start of the actual operation on the new reservoir would be 2028.

Mr. Cattaneo again stated the estimated cost for the new reservoir is \$1.3 billion. Valley Water has secured State grant funds. Their staff is pursuing Federal funding as well as a WIFIA Loan which has a low interest rate and it is also a Federal Program. SBCWD's participation could be up to 10% of the unfunded project costs.

Mr. Cattaneo then reviewed approaches to allocating costs. Three approaches were reviewed: Separable-Cost Remaining Benefits; Percentage of Benefits; and Percentage of Storage Capacity. The third choice, a percentage of storage capacity, has been the most popular on other projects.

Robert Ellis, a consultant for the District, continued the presentation. Mr. Ellis introduced the Management Plan the District has outlined. He reviewed who gave the input on the plan and that it is a road map for the District, which includes a schedule and budget as well as the level of participation for the District.

Mr. Ellis outlined for the Board, the highest ranked project risks to the District, they are: Potential conflicts among partners due to differing needs; Water Rights and CEQA/NEPA litigation can create delays and increase costs; extensive environmental mitigation requirements increase costs; Fishery issue in Pacheco Creek; and Unforeseen geotechnical condition at dam site. Mr. Ellis also reviewed the Agreements that will be needed.

A Communication Plan will be essential as it will get the message out to the public, it will leverage materials from Valley Water that are relevant to SBCWD and it will develop communication specific to SBCWD's needs

Vice President Tobias asked about the Federal funding's timing. Mr. Cattaneo stated it will be at least 1 year or more out. He also reminded the Board that costs can increase once the construction phase begins. Vice President Tobias asked why the Federal government isn't on board with this project. Mr. Cattaneo replied that there is funding available but Congress works slowly and the project isn't far enough along yet.

Discussion ensued regarding the request for the letter of support for the Harder Bill and that our District asked that the Pacheco Reservoir Expansion Project be added to the letter.

President Flores about the District's emergency storage, would we run the risk of losing it to the State. Mr. Cattaneo stated not likely, once it's in our storage they could not take it. Also discussed was a long term transfer agreement between SBCWD and Valley Water.

Director Williams asked about recreational use at the new reservoir. Mr. Cattaneo stated the site is too remote and making public access would be too difficult.

Mr. Ellis asked how often the Board would like to have updates. Director Tonascia suggested twice a year and Vice President Tobias agreed but added more often if staff or the consultant finds it necessary. Mr. Cattaneo added that staff expects to have the Financing Agreement soon and stated he has a meeting scheduled with Nina Hawk at Valley Water.

ADJOURNMENT

With no further items to discuss, the meeting was adjourned at 4:43 p.m.

The minutes were approved at the July 31, 2019 Board meeting and signed by the presiding Board member.

/s/Sonny Flores
Sonny Flores, President

/s/Barbara L. Mauro
Barbara L. Mauro, Board Clerk