



DATE: January 25, 2022

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Informational Item Regarding Marin Municipal Water District's Proposal to Transmit Purchased Water Through the City's Transmission Mains and the Regional Water System Intertie as a Drought Relief Measure

RECOMMENDATION

That the Council receives this report on the Marin Municipal Water District's (MMWD) proposal to transmit purchased water through the City's transmission mains and Regional Water System Intertie as a drought relief measure.

SUMMARY

Faced with a critical water shortage condition due to the previous years' drought, MMWD reached out to Hayward staff in October 2021 regarding participation in MMWD's proposed project to obtain water from a third party due to a drought emergency and transmit the water to the District's services area. Of the four scenarios that MMWD is considering for conveyance of the imported water, the priority scenario involves use of the Regional Water System Intertie (Hayward Regional Intertie), operated by Hayward, and owned by the San Francisco Public Utility Commission (SFPUC) and East Bay Municipal Utility District (EBMUD). Under this priority scenario, water would be routed to Hayward for transfer to the EBMUD system, which would then convey the water to MMWD. Hayward staff are participating in meetings to ensure that the City's interests are protected.

Staff have initially identified three principles under which Hayward could potentially participate in this effort:

1. Water quality would remain the same as that delivered to all SFPUC wholesale customers.
2. Water would flow in one direction only, north to EBMUD. If managed carefully, delivering water to EBMUD can be accomplished with minimal pumping and less impact on Hayward's water distribution system.
3. Use of Hayward's water conveyance system would not interrupt deliveries to its customers

If this project is implemented, there would be no fiscal or economic impact on Hayward. All costs would be borne by MMWD, including reimbursement to Hayward for costs incurred to prepare and operate the Hayward Regional Intertie.

Given the prospects of a severe drought, MMWD had not prepared an environmental review and instead relied on an exception due to the drought emergency. However, with a positive start to the water year and improved water supply storage, a drought emergency no longer exists, and the MMWD Board has determined that it is necessary to conduct a full environmental review of the project. That said, MMWD remains committed to this effort, and staff has prepared this report to update Council, particularly with regard to impacts on Hayward customers.

BACKGROUND

The Hayward Regional Intertie, located in Hayward, connects the EBMUD water system and the SFPUC's Regional Water System through Hayward. The Intertie is owned by EBMUD and SFPUC, and operated by Hayward. It was constructed to facilitate delivery of water in the event of water supply interruptions due to emergency events or planned maintenance that cause interruptions in water supply. Water could be delivered through the Hayward Regional Intertie in either direction, should the situation necessitate.

MMWD serves 191,000 customers in Marin County. While recent precipitation has resulted in additional water supply storage and increased optimism, in the fall of last year, MMWD was in a severe drought after two years of extremely dry conditions. Given the impact of drought conditions on MMWD, the MMWD started pursuing a project to bring imported water purchased from a third party into the MMWD's service area under emergency drought conditions. The key element of the project is construction of an emergency 24-inch pipeline mounted under the upper deck of the Richmond-San Rafael Bridge that would convey water from EBMUD's system to MMWD. To complete this project, and depending on the water conveyance scenario, MMWD will need to coordinate with multiple agencies and stakeholders, including, but not limited to: Hayward, EBMUD, SFPUC, the City of Richmond, Contra Costa Water District, Alameda County Water District, a third-party water purveyor, and the California Department of Water Resources.

MMWD has developed four potential scenarios for the delivery of water from the seller (third party water purveyor) to MMWD's service area with the priority and more likely scenario involving use of the Hayward Regional Intertie. Given that the project would have a direct impact on Hayward customers, staff has prepared this report to update Council.

DISCUSSION

Hayward staff have participated in two exploratory meetings with MMWD, and other potential partner agencies on this project to fully understand the options for transferring water through the Hayward Regional Intertie, and to ensure that Hayward's interests are protected. To provide context and structure to the City's discussions with MMWD and

other partner agencies, staff identified three criteria under which Hayward could participate in this project without impacts on its customers:

1. Water quality would remain the same as that delivered to all SFPUC wholesale customers.
2. Water would flow in one direction only, north to EBMUD. If managed carefully, delivering water to EBMUD can be accomplished with minimal pumping and impact on Hayward's water pressure. Therefore, it is critical that no water be returned to Hayward, which has the potential for water pressure changes and significant impacts to customers.
3. Use of Hayward's water conveyance system would not adversely impact deliveries to its customers. Under no circumstances would Hayward prioritize or accept service interruptions to City water customers in order to facilitate the water transfer.

Under these conditions, Hayward could potentially participate as a partner agency for the MMWD water transfer project through use of the Hayward Regional Intertie under emergency drought conditions, while maintaining water quality and delivery service to its customers.

Conveyance of Transferred Water and Water Quality Impacts

MMWD has prioritized the scenario which utilizes the Hayward Regional Intertie as the preferred method of conveyance. While the actual routing of the water is still to be determined, the options being considered at this time result in transferred water anticipated to be 8 million gallons per day, going into the SFPUC Regional Water System to be blended with other SFPUC supplies. SFPUC has indicated a strong willingness to participate in this project in the spirit of regional water supply reliability and partnership.

The transfer could result in some water quality impacts on the water supply to SFPUC wholesale customers including to Hayward; however, the extent and nature of those impacts are unknown. There are several factors that will determine the impacts, including the source of the transferred water, the time of year and the quantity. It is important to note, however, that staff has been assured by SFPUC staff that Hayward will not receive a different quality of water than other SFPUC customers. Staff will continue to participate in discussions to ensure that Hayward is not disproportionately affected.

Environmental Issues and Current Project Status

At this time, Hayward is not involved in environmental review for this project. Staff is providing the following information to update Council on the status of California Environmental Quality Act (CEQA) review and the project in general. MMWD had filed a Notice of Exemption from CEQA review on the basis that the project is needed to prevent or mitigate an emergency. At the time of the October 2021 filing, MMWD's water supply was critically low, and the agency determined that the amount of water in storage and reduced availability of water from its supplier, Sonoma County Water Agency, constituted an

emergency situation and thus a statutory exemption from CEQA. This determination was legally challenged by the North Coast Rivers Alliance on the basis that the project does not meet the definition of “emergency” under CEQA and further review of environmental impacts on endanger species is warranted.

The City Richmond has also expressed concern about the project, particularly related to noise and air pollution impacts on residential communities in Richmond from both construction and operation of the pump station and diesel generators in Richmond if the facilities are located as currently planned. EBMUD has identified engagement by MMWD with affected communities within EBMUD’s service area and resolution of outstanding issues as a principle which must be met in order to participate in the project.

At its January 4, 2022 meeting, the MMWD Board directed its staff to continue to develop the project with a full (non-emergency) environmental review. This will allow time to address environmental impacts and review all issues regarding this complex project. Hayward staff will remain engaged to ensure that the City’s interests are protected and that Hayward customers will not be negatively impacted.

ECONOMIC IMPACT

There will be no economic impact on Hayward customers from the MMWD water transfer project as all costs will be paid by MMWD, including reimbursement for staff time needed to prepare and operate the Hayward Regional Intertie, as well as legal reviews.

FISCAL IMPACT

There would likewise be no fiscal impact on Hayward associated with this project. All costs will be reimbursed by the MMWD.

STRATEGIC ROADMAP

This agenda item does not address a Strategic Roadmap priority.

SUSTAINABILITY FEATURES

Hayward’s participation in this project could support Bay Area regional water reliability under emergency drought conditions.

PUBLIC CONTACT

At this time, no specific outreach to Hayward customers has been implemented. If the project moves forward, staff may conduct public outreach activities to inform the community and provide assurance regarding water quality and service reliability.

NEXT STEPS

Staff plans to continue to participate in discussions related to the MMWD water transfer project to support Bay Area regional water reliability, while protecting Hayward's interests. At this time, two agreements are anticipated if the project goes forward: 1) a water transmission agreement between Hayward and MMWD to use Hayward's water conveyance system; and 2) an amendment to the Hayward Regional Intertie Operating Agreement between Hayward, EBMUD and SFPUC to operate the Intertie for this purpose. Staff and legal counsel will evaluate and draft the changes that may be needed to the Operating Agreement to ensure that operating the Regional Intertie to convey water for MMWD's use is consistent with the intended purpose of the facilities. Staff will return to Council with updates and consideration of the agreements at the appropriate time.

Prepared by: Cheryl Muñoz, Water Resources Manager

Recommended by: Alex Ameri, Director of Public Works

Approved by:

A handwritten signature in black ink, appearing to read 'K. McAdoo', is written over a horizontal line.

Kelly McAdoo, City Manager