

October 23, 2020

MEETING NOTICE

WATER STORAGE EXPLORATORY COMMITTEE

Board Members of the Water Storage Exploratory Committee

Director Gary Kremen, Committee Chair
Director Richard P. Santos
Director John L. Varela

Staff Support of the Water Storage Exploratory Committee

Rick Callender, Esq., Chief Executive Officer
Melanie Richardson, Assistant Chief Executive Officer
Aaron Baker, Chief Operating Officer, Water Utility
Rachael Gibson, Interim Chief of External Affairs
Sue Tippets, Interim Chief Operating Officer, Watersheds
Stanly Yamamoto, District Counsel
Brian Hopper, Senior Assistant District Counsel
Vincent Gin, Deputy Operating Officer, Water Supply Division
Christopher Hakes, Deputy Operating Officer, Dam Safety & Capital Delivery Division
Heath McMahon, Deputy Operating Officer, Water Utility Capital Division
Don Rocha, Interim Deputy Administrative Officer, Office of Government Relations
Gregory Williams, Interim Deputy Operating Officer, Raw Water Division
Emmanuel Aryee, Interim Assistant Officer, Dam Safety & Capital Delivery Division
Jerry De La Piedra, Assistant Officer, Water Supply Division
Erin Baker, Asset Management Manager
Cindy Kao, Imported Water Manager, Imported Water Unit
Ryan McCarter, Pacheco Project Manager, Pacheco Project Delivery Unit
Metra Richert, Unit Manager, Water Supply Planning & Conservation Unit
Charlene Sun, Treasury and Debt Manager
Katrina Jessop, Senior Engineer, Imported Water Unit
Andrew Garcia, Senior Water Resources Specialist, Imported Water Unit
Samantha Greene, Senior Water Resources Specialist, Water Supply Planning & Conservation Unit

A regular meeting of the Santa Clara Valley Water District (SCVWD) Water Storage Exploratory Committee is to be held on **Friday, October 30, 2020, at 12:00 p.m.** [Join Zoom Meeting https://valleywater.zoom.us/j/96324042161.](https://valleywater.zoom.us/j/96324042161)

Enclosed are the meeting agenda and corresponding materials. Please bring this packet with you to the meeting.

Enclosures



Water Storage Exploratory Committee Meeting

Join Zoom Meeting

<https://valleywater.zoom.us/j/96324042161>

Meeting ID: 963 2404 2161

One tap mobile

+16699009128,,96324042161# US

(San Jose)

Dial by your location

+1 669 900 9128 US (San Jose)

Meeting ID: 963 2404 2161



Santa Clara Valley Water District Water Storage Exploratory Committee Meeting

Via Zoom

Join Zoom Meeting

<https://valleywater.zoom.us/j/96324042161>

REGULAR MEETING AGENDA

Friday, October 30, 2020
12:00 PM

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

WATER STORAGE EXPLORATORY
COMMITTEE

Gary Kremen, Chair, District 7
Richard P. Santos, District 3
John L. Varela, District 1

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 the committee meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 265-2600.

JERRY DE LA PIEDRA
Committee Liaison

GLENNA BRAMBILL
Management Analyst II
Office/Clerk of the Board
(408) 630-2408
gbrambill@valleywater.org
www.valleywater.org

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
Water Storage Exploratory Committee
REGULAR MEETING
AGENDA

Friday, October 30, 2020

12:00 PM

Via Zoom

IMPORTANT NOTICES

This meeting is being held in accordance with the Brown Act as currently in effect under the State Emergency Services Act, the Governor's Emergency Declaration related to COVID-19, and the Governor's Executive Order N-29-20 issued on March 17, 2020 that allows attendance by members of the Committee, staff, and the public to participate and conduct the meeting by teleconference, videoconference, or both.

Members of the public wishing to address the Committee during a video conferenced meeting on an item not listed on the agenda, or any item listed on the agenda, should use the "Raise Hand" or "Chat" tools located in Zoom meeting link listed on the agenda. Speakers will be acknowledged by the Committee Chair in the order requests are received and granted speaking access to address the Committee.

Santa Clara Valley Water District (Valley Water) in complying with the Americans with Disabilities Act (ADA), requests individuals who require special accommodations to access and/or participate in Valley Water Committee meetings to please contact the Clerk of the Board's office at (408) 630-2711, at least 3 business days before the scheduled meeting to ensure that Valley Water may assist you.

This agenda has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Sections 54950 et. seq. and has not been prepared with a view to informing an investment decision in any of Valley Water's bonds, notes or other obligations. Any projections, plans or other forward-looking statements included in the information in this agenda are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of Valley Water's bonds, notes or other obligations and investors and potential investors should rely only on information filed by Valley Water on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures and Valley Water's Investor Relations website, maintained on the World Wide Web at <https://emma.msrb.org/> and <https://www.valleywater.org/how-we-operate/financebudget/investor-relations>, respectively.

1. Roll Call.

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA.

Notice to the Public: Members of the public who wish to address the Committee on any item not listed on the agenda should access the "Raise Hand" or "Chat" tools located in Zoom meeting link listed on the agenda. Speakers will be acknowledged by the Committee Chair in order requests are received and granted speaking access to address the Committee. 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. [20-0962](#)

Recommendation: Approve the October 14, 2020, Meeting Minutes.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 10142020 WSEC DRAFT Mins](#)

Est. Staff Time: 5 Minutes

4. ACTION ITEMS:

4.1. Update on Sites Reservoir Project: Second Amendment to 2019 Reservoir Project Agreement for Continued Participation. [20-0838](#)

Recommendation: A. Receive update and report on the Sites Reservoir Project,
 B. Recommend to Board to authorize the Chief Executive Officer to execute the Second Amendment to 2019 Reservoir Project Agreement with Sites Project Authority and the Project Agreement Members for a minimum participation level of 3.2 percent of the total project and a minimum funding commitment of up to \$0.78 Million, and,
 C. Recommend to Board to direct Valley Water staff to continue engagement in Sites Reservoir Committee and negotiate future parameters for participation.

Manager: Vincent Gin, 408-630-2633

Attachments: [Attachment 1: Second Amendment to 2019 Agreement](#)
[Attachment 2: WSEC Q-A 0192020](#)
[Attachment 3: Risk Mitigation Table](#)
[Attachment 4: Project Participation Summary](#)
[Attachment 5: Powerpoint](#)

Est. Staff Time: 15 Minutes

- 4.2. Update on Los Vaqueros Reservoir Expansion Project: Joint Powers Authority, Usage Fees, and South Bay Aqueduct. [20-0963](#)
- Recommendation: Receive and discuss information regarding the creation of a Joint Powers Authority for the construction and operation of the Los Vaqueros Reservoir Expansion Project, proposed usage fees charged by Contra Costa Water District for the use of their facilities, and the South Bay Aqueduct.
- Manager: Jerry De La Piedra, 408-630-2257
- Attachments: [Attachment 1: Draft JPA Agreement](#)
[Attachment 2: CCWD Usage Fees Presentation](#)
[Attachment 3: Staff Presentation](#)
- Est. Staff Time: 15 Minutes
- 4.3. Pacheco Reservoir Expansion/San Luis Low Point Improvement Projects Update [20-0964](#)
- Recommendation: Receive and discuss information regarding status of the Pacheco Reservoir Expansion/San Luis Low Point Improvement Projects. This is an information-only item and no action is required.
- Manager: Christopher Hakes, 408-630-3796
- Attachments: [Attachment 1: PowerPoint](#)
- Est. Staff Time: 15 Minutes
- 4.4. Potential Water Storage Projects (Comparison Matrix). [20-0979](#)
- Recommendation: Receive and discuss draft comparison matrix of potential storage projects to diversify from Semitropic groundwater bank.
- Manager: Vincent Gin, 408-630-2633
- Attachments: [Attachment 1: Matrix Comparison of Storage Projects-2](#)
[Attachment 2: Storage Projects Objectives and Evaluation Criteria](#)
- Est. Staff Time: 15 Minutes

4.5. Standing Items Information.

[20-0965](#)

- Recommendation: A. This agenda item allows the Committee to receive verbal or written updates and discuss the following subjects. These items are generally informational; however, the Committee may request additional information from staff:
- B. This is informational only and no action is required.
Staff may provide a verbal update at the 10-30-2020, meeting if there is reportable/updated information.
1. Update on Los Vaqueros Reservoir Expansion Project (LVE) Transfer Bethany Pipeline (TBP) and Update on Management of South Bay Aqueduct (SBA) Facilities (10-30-2020, agenda item)
 2. Lake Del Valle
 3. Del Puerto
 4. Water Banking Opportunities including but not limited to Pleasant Valley Water District (10-30-2020, agenda item)
 5. Pacheco/San Luis Reservoir Low Point (discuss Pacheco Authority and Proposition 1 Water Storage Investment Program Update) (10-30-2020, agenda item)
 6. Semitropic
 7. Sites (10-30-2020, agenda item)
 8. B.F. Sisk Dam Raise Project
 9. Shasta

Manager: Michele King, 408-630-2711

Est. Staff Time: 10 Minutes

4.6. Review Water Storage Exploratory Committee Work Plan and the Committee's Next Meeting Agenda.

[20-0966](#)

Recommendation: Review the Committee's 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: WSEC 2020 Work Plan](#)

Est. Staff Time: 5 Minutes

5. 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.

6. CLOSED SESSION:

- 6.1. EXISTING LITIGATION – Government Code Section 54956.9(d)(1) SCVWD v. Edmund Jin, et al., Santa Clara Co. Superior Court, No. 19CV352227
- 6.2. CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION Pursuant to Government Code Section 54956.9(d)(4) – Two Potential Cases
- 6.3. District Counsel Report on Closed Session.

7. ADJOURN:

- 7.1. Adjourn.



Santa Clara Valley Water District

File No.: 20-0962

Agenda Date: 10/30/2020
Item No.: 3.1.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Approval of Minutes.

RECOMMENDATION:

Approve the October 14, 2020, 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: 10142020 WSEC Draft Mins

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711



SANTA CLARA VALLEY WATER DISTRICT (VALLEY WATER)
WATER STORAGE EXPLORATORY COMMITTEE

DRAFT MINUTES

**WEDNESDAY, OCTOBER 14, 2020
1:00 PM**

(Paragraph numbers coincide with agenda item numbers)

A regular meeting of the Water Storage Exploratory Committee (Committee) was held on October 14, 2020, via Zoom.

1. CALL TO ORDER

The Water Storage Exploratory Committee was called to order by Chair Director Gary Kremen at 1:01 p.m.

1.1 ROLL CALL

Board Members in attendance were: Director Gary Kremen-District 7, Director Richard P. Santos-District 3, and Director John L. Varela-District 1.

Valley Water Staff in attendance were: Emmanuel Aryee, Aaron Baker, Erin Baker, Glenna Brambill, Debra Butler, Keila Cisneros, Andrew Garcia, Vincent Gin, Christopher Hakes, Brian Hopper, Cindy Kao, Michele King, Kathleen Low, Michael Martin, Ryan McCarter, Heath McMahon, Metra Richert, Donald Rocha, Eli Serrano, Ranithri Slayton, Charlene Sun and Beckie Zisser.

Guests in attendance were: John Weed (Alameda County Water District-ACWD), Maureen Martin, Ph.D., and Marguerite Patil (Contra Costa Water District-CCWD), Steve Jordan and Danielle McPherson (BAWSCA), Laura Reeves (Tanner Pacific, Inc.).

Public in attendance were: Director Tony Estremera and Director Linda J. LeZotte (Valley Water), Renee Crawford, Phil Gregory, Chuck Hammerstad, Doug Muirhead, and CM Tompkison.

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 Director John L. Varela, seconded by Director Richard P. Santos, and unanimously carried to approve the minutes of the August 21, 2020, meeting of the Water Storage Exploratory Committee as presented by roll call vote and all Directors voting yes.

4. ACTION ITEMS

4.1 SEMITROPIC GROUNDWATER BANK UPDATE

Ms. Cindy Kao and Mr. Andrew Garcia reviewed the materials as outlined in the agenda item.

The Committee (Directors Kremen, Santos and Varela) discussed the following: interplay between the GSA-Water Storage District, Kern County Water Authority and regulatory/political structure of the bank and who owns what, GSP, contract expiration 2035, 123-TCP's/PFAS/water quality, need a closed session to discuss the legal issues/concerns, balance sheets/purchases, contaminants/canal standards, Semitropic's obligation to share that the water is viable, additional cost effective water banking programs, meetings with user groups/participants/partnerships, SGMA, and potentially going on a visit or meeting with Semitropic-building relationships (zoom meeting).

Mr. John Weed noted DWR's work around process with zero allocation events, semitropic water delivered (drought years), and credit for water pumped and being able to take credit from San Luis. Secondly, water from semitropic is not going to local consumer but rather it is going south.

Ms. Cindy Kao, Mr. Vincent Gin and Mr. Brian Hopper were available to answer questions.

The Committee took no action.

4.2 POTENTIAL GROUNDWATER BANKING PROJECTS (COMPARISON MATRIX)

Mr. Andrew Garcia reviewed the materials as outlined in the agenda item

The Committee (Directors Kremen, Santos and Varela) discussed the following: ratings/water quality, criteria, contractual controls/political/regulatory, reservoir projects participation/transferability, costly decisions to make, updating the matrix as much as possible (evaluate wider range of investments of the portfolio, expand framework and criteria) for the next meeting, and commended staff for these presentations.

Mr. John Weed encouraged the Committee to contact Irvine Ranch WD, which bailed on Semi-Tropic and purchased land for a fully controlled (owned) Water Bank. He suggested modeling this approach.

Ms. Cindy Kao, Mr. Vincent Gin, and Mr. Aaron Baker were available to answer questions.

The Committee took no action.

4.3 STANDING ITEMS REPORT

Ms. Glenna Brambill reviewed the materials as outlined in the agenda item.

Ms. Metra Richert reported on the following:

On October 30, 2020: Staff is bringing an update on LVE and the following:

- updated usage fee proposal
- preliminary draft JPA formation documents
- SBA update
- Recommendation from Committee in July-staff is bringing Amendment 2 to 2019 multi-party agreement for Board's consideration on November 10, 2020.

Ms. Cindy Kao reported on the following:

- No update on Lake Del Valle
- No update on Del Puerto
- Sites Reservoir Project is coming to the Committee on October 30, 2020
- B. F. Sisk Dam Raise Project:
 - Public comments on DEIR/EIS came out (due September 28, 2020), State Water Contractors/Department of Water Resources (DWR) submitted critical comments expressing concerns on potential impacts to the State Water Project's supply and safety of dam project's schedule and integrity. Project proponents including the San Luis and Delta Mendota Water Authority (Authority) and Bureau are responding to those comments. The Bureau and Authority are revising their feasibility report and are not planning on providing public draft for review but are planning on submitting feasibility report to meet WIIN Act deadline year-end (request to include 'comments' in Non-Agenda Packet)
- Shasta:
 - 18.5 feet increase reservoir by up to 634,000 acre-feet (af)
 - The Bureau put out a supplemental EIS for public comment (due October 5, 2020)
 - California Attorney General submitted comment letter claiming Reclamation is misinterpreting state law threatening the McCloud River and salmon liability Reclamation disagrees and is working on responding to those comments

4.4 REVIEW WATER STORAGE EXPLORATORY COMMITTEE WORK PLAN AND THE COMMITTEE'S NEXT MEETING AGENDA

Ms. Glenna Brambill reviewed the materials as outlined in the agenda item.

The following agenda items are coming to the October 30, 2020, meeting:

LVE, Sites, Pacheco/San Luis Reservoir and Potential Groundwater Banking Projects comparison matrix.

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE ACTIONS

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

6. ADJOURNMENT

Chair Director Gary Kremen adjourned the meeting at 2:01 p.m. to the next scheduled meeting, Friday, October 30, 2020, at 12:00 p.m.

Glenna Brambill
Board Committee Liaison
Office of the Clerk of the Board

Approved:



Santa Clara Valley Water District

File No.: 20-0838

Agenda Date: 10/30/2020

Item No.: 4.1.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Update on Sites Reservoir Project: Second Amendment to 2019 Reservoir Project Agreement for Continued Participation.

RECOMMENDATION:

- A. Receive update and report on the Sites Reservoir Project,
- B. Recommend to Board to authorize the Chief Executive Officer to execute the Second Amendment to 2019 Reservoir Project Agreement with Sites Project Authority and the Project Agreement Members for a minimum participation level of 3.2 percent of the total project and a minimum funding commitment of up to \$0.78 Million, and,
- C. Recommend to Board to direct Valley Water staff to continue engagement in Sites Reservoir Committee and negotiate future parameters for participation.

SUMMARY:

On August 21, 2020 and July 13, 2020, the Santa Clara Valley Water District's Water Storage Exploratory Committee (Committee) received and discussed updates on the Sites Reservoir Project (Sites Project). The Committee requested staff to provide additional information on the Second Amendment to 2019 Reservoir Project Agreement with Sites Project Authority (Attachment 1, Second Amendment) and evaluation of Valley Water's level of participation including the lowest level of participation in the Sites Project. A summary of responses to address the Committee's comments and questions posed at the August Committee meeting is provided as Attachment 2. Execution of the Second Amendment would obligate Valley Water to contribute funds to support continued Phase 2 work activities from June 2020 through December 2021 (Phase 2, Years 2 and 3) based on a specific participation level. The Sites Project Authority requested a decision on project participation from Valley Water by November 2020.

The Sites Project is a proposed off-stream reservoir that would be located north-of-Delta (NOD), approximately 10 miles west of the town of Maxwell in Colusa County. Valley Water's Water Supply Master Plan (WSMP) identifies this project as a potential alternative to help secure Delta-conveyed supplies. As with any large infrastructure project in California, there are a variety of risks and challenges associated with development, permitting, and future operations. A summary of major project risks, challenges, and mitigation measures is provided in Attachment 3.

The Second Amendment will fund completion and release of draft EIR/EIS documents for public comment, development of guidelines for coordinated operations of the Sites Project with the State Water Project and Central Valley Project, negotiations with regulatory agencies on permit approvals,

evaluation of water rights issues, and further development of Sites Project policies and governance. The next phase will also be critical in satisfying requirements to secure funding from the Proposition 1 Water Storage Investment Program (Proposition 1). Should Valley Water decline and withdraw participation, it may be possible to rejoin in the future if there is unsubscribed participation in the Project, however reinstating first priority rights to the project benefits would be subject to approval of the Sites Project Reservoir Committee (Reservoir Committee).

Recommended Participation Level

The Sites Project Authority has not set a minimum participation level for the project. Valley Water board members have expressed an interest in developing opportunities to join the Sites Project Authority, a Joint Powers Authority, in order to better manage Valley Water’s investment in the project, while some Sites Project Authority members have expressed a desire to maintain local control of the Sites Project. If Valley Water continues to seek a seat on the Sites Project Authority, staff recommends continuing participation in the Sites Project at a participation level of at least 7,800 acre-foot (AF), identified as Option A in prior staff presentations and below in Table 1.

Option A would result in a reduction in funding commitment and yield while still sustaining participation at 3.2 percent of total project cost, thereby maintaining Valley Water’s support for the project. A 7,800 AF participation level would commit Valley Water to \$0.78 million in funding contributions through December 2021 and would be slightly lower than that of the top third of participants. Option A would provide Valley Water a low but reasonable amount of water supply (roughly 5,000 acre-feet delivered and 45,000 acre-feet of storage) that could justify the ongoing administrative cost necessary for proper engagement with the project to assure effective project operations and management.

Table 1: Comparison of Participation Options

	Last Board Decision (February 26, 2019) -- larger project no longer pursued	Option A	Option B
		Maintain 3.2% of Participation in Total Project	Maintain Estimated Share of Project Yield
PROJECT DESCRIPTION			
Total Capital Cost (2019 Dollars) 1	\$6 Billion	\$3 Billion	\$3 Billion
Reservoir Size (MAF)	1.8	1.5	1.5
Total Estimated Project Annual Yield (AF)	500,000	240,000	240,000
PARTICIPATION SIZE			
Valley Water Share of Total Project Cost and Benefit	3.20%	3.20%	6.60%

Valley Water Participation Request (AF) ²	16,000	7,800	16,000
Valley Water Participation amongst Project Agreement Members	8.30%	4.10%	8.30%
PRELIMINARY ESTIMATED BENEFITS (STORAGE AND YIELD)			
Valley Water Average Delivered Yield (AF) ³	11,100	4,700 to 6,100	9,600 to 12,400
Valley Water Average Dry/Critical (Drier) Year Delivered Yield (AF) ³	21,500	6,500 to 8,200	13,200 to 16,800
Valley Water Storage Share (AF)	55,000	45,000	90,000
FUNDING			
Valley Water Share of Total Capital Cost (2019 Dollars)	\$192 Million	\$97 Million	\$195 Million
Valley Water Share of Total Capital Cost (Fully Inflated Dollars) ⁴	\$242 Million	\$125 Million	\$255 Million
Estimated Levelized Unit Cost (constant 2020 dollars per AF of delivered yield) ⁵	Not available	\$600/AF - \$800/AF	\$600/AF - \$800/AF
Valley Water Funding Commitment	\$0.96 Million	\$0.78 Million	\$1.60 Million

¹ Capital cost were reported in 2015 dollars at the February 26, 2019 Board meeting and are escalated to 2019 dollars in this report. The previously reported 2015 dollar values were \$5.5 billion for the total project and \$177 million for Valley Water's 3.2% share of a 1.8 MAF reservoir project.

² Value requested and used by Sites Project managers to calculate participation levels relative to other participants. Actual annual yield of the project will differ from participation level.

³ Delivered yields assume a 25% carriage water loss.

⁴ Total Capital Cost published by the Sites Project were fully inflated by Valley Water financial staff to determine estimated construction costs.

⁵ Levelized unit cost of water is the cost that, if assigned to every acre-foot of water produced (or saved) by the project over the operational period, will produce sufficient revenue to recover the cost of the project in present value terms. Calculated using Valley Waters 100-year operational period and inputs based on Sites Value Planning Report financial model.

Project Funding

Execution of the Second Amendment would obligate Valley Water to provide funding for continued work on Phase 2 of the Sites Project and provide Valley Water with a continuing seat on the Reservoir Committee through December 2021. The total Phase 2 Years 2 and 3 budget, is roughly \$40 million, of which about \$19 million is to be funded by water user participants that comprise the

Reservoir Committee. The remaining budget is expected to be funded using Proposition 1 early funding and funds secured from provisions under the Water Infrastructure Improvements for the Nation Act. To date, all of existing participants except Valley Water have agreed to continue participation in the project. Attachment 4 lists the existing participants and their requested yields as well as two new potential participants.

The allocation of costs to the Reservoir Committee members is outlined in the Second Amendment. Maintaining Valley Water's participation level of 3.2 percent of total project, Option A, would commit Valley Water to provide \$0.78 million in funding; a participation level of 6.6 percent of total project, Option B, would commit Valley Water to provide \$1.6 million in funding. This correlates to a commitment by Valley Water of \$100 dollars in funding per each incremental 1 AF in participation request. The FY2021 Imported Water Program, Project No. 91131004 budget, includes \$1.6 million to support continued participation in this project.

ATTACHMENTS:

- Attachment 1: Second Amendment
- Attachment 2: Responses to WSEC Comments and Questions
- Attachment 3: Major Project Risk, Challenges, and Mitigation Table
- Attachment 4: Project Participation Summary
- Attachment 5: PowerPoint

UNCLASSIFIED MANAGER:

Vincent Gin, 408-630-2633

SECOND AMENDMENT TO 2019 RESERVOIR PROJECT AGREEMENT

BY AND AMONG
SITES PROJECT AUTHORITY

and

THE PROJECT AGREEMENT MEMBERS LISTED HEREIN

Dated as of July 1, 2020

THIS SECOND AMENDMENT TO 2019 RESERVOIR PROJECT AGREEMENT (this “Second Amendment”), dated as of July 1, 2020, by and among SITES PROJECT AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California (the “Authority”), and the project agreement members listed in the Agreement referenced below (the “Project Agreement Members”) and amends that certain 2019 Reservoir Project Agreement dated as of April 1, 2019 (the “Original Agreement”), as previously amended by the First Amendment to 2019 Reservoir Project Agreement dated as of January 1, 2020 (the “First Amendment” and, together with the Original Agreement, the “Agreement”), each by and among the Authority and the Project Agreement Members;

WITNESSETH:

WHEREAS, Authority and the Project Agreement Members have determined to approve an Amendment 2 Work Plan and to extend the term of the Agreement to December 31, 2021; and

WHEREAS, under Section 11 of the Agreement, the Agreement may be amended by a writing executed by the Authority and at least 75% of the total weighted vote of the then current Committee members as provided in Subsection 3(g); and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into of this Second Amendment do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Second Amendment;

NOW, THEREFORE, THIS SECOND AMENDMENT WITNESSETH, the Authority and the Project Agreement Members agree, as follows:

ARTICLE I

DEFINITIONS

Section 1.01. **Definitions.** All capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement.

ARTICLE II

AMENDMENTS TO AGREEMENT

Section 2.01. **Project Agreement Members.**

(a) Effective September 1, 2020, the Project Agreement Members attached as Exhibit A to the Agreement shall be succeeded in their entirety by the Project Agreement Members attached hereto as Exhibit A.

Section 2.02. **Work Plan.**

(a) Effective September 1, 2020, the 2019 Work Plan attached as Exhibit B to the Agreement shall be supplemented by the Work Plan attached hereto as Exhibit B (the “Amendment 2 Work Plan”).

Section 2.03. **Funding.**

The Agreement is hereby amended to remove Section 4(a) in its entirety and replace it with the following:

“(a) **Budget.** The Committee shall, in cooperation with the Authority’s Board, provide and approve both a Fiscal Year operating budget and reestablish a Phase 2 budget target, annually or more frequently as needed. The Project Agreement Members shall contribute their respective pro-rata share of the budgeted sums reflected in the 2019 Work Plan (prior to November 1, 2020) and the Amendment 2 Work Plan (on and after November 1, 2020) in accordance with Section 5 of this Project Agreement; provided, however, that in no event shall the amount paid by a Project Agreement Member exceed \$160 per acre-foot (with \$60 of such amount being attributable to the 2019 Work Plan and \$100 of such amount being attributable to the Amendment 2 Work Plan) without the approval of such Project Agreement Member. The contribution with respect to the pro-rata budgeted sums reflected in the Amendment 2 Work Plan shall be payable by each Project Agreement Member in two installments. The first installment shall be in an amount equal to \$60 per acre-foot and shall be payable by no later than November 1, 2020. The second installment shall be in an amount up to \$40 per acre-foot and shall be payable by no later than April 1, 2021. The exact amount per acre-foot of the second installment shall be established by the Committee, in cooperation with the Authority’s Board, and notice of such amount shall be provided by the Authority to each Project Agreement Member.”

Section 2.04. **Future Development of the Sites Reservoir Project.**

The Agreement is hereby amended to remove Section 6(b) in its entirety and replace it with the following:

“(b) Without limiting the foregoing, any Project Agreement Member that elects to continue participating in the development, financing, and construction of the Sites Reservoir Project to the time when the Authority offers contracts for a water supply or other services, will be afforded a first right, equal to that Project Agreement Member’s Participation Percentage, to contract for a share of any water supply that is developed, and for storage capacity that may be available from, the Sites Reservoir Project. In any successor phase agreements, Project Agreement Members who are parties to this Project Agreement that submitted a proposal to participate before February 28, 2019, shall be granted rights to contract for a share, in an amount equal to that Project Agreement Member’s Participation Percentage as of the effective date of such successor phase agreement, of any water supply that is developed, and for storage capacity that may be available from the Sites Reservoir Project prior to the rights of those becoming parties to this Project Agreement after that date.

If a participating Project Agreement Member as of February 28, 2019 identifies a lesser amount in the Second Amendment than its Original Agreement requested amount, that participating Project Agreement Member’s first rights of refusal in the future are to be based on the Second Amendment amounts and not the February 28, 2019 amounts.

Provided, however, that if a Project Agreement Member withdraws from the Project Agreement pursuant to Section 9 of this Agreement but later requests to be reinstated, then to the extent there is unsubscribed participation in the Project as determined by the Committee, the

Committee may vote to readmit said withdrawn Member with a reinstated first right of refusal provided said withdrawing Member provides funding to the Project commensurate with the funding requirements met by all current Project Agreement Members in the current phase of the Project as well as any prior phase, as adjusted for any credits, payments and/or reimbursements made under the Authority's credit reimbursement policy (the "Credit Reimbursement Policy").

Further provided, that if a Project Agreement Member desires to increase its participation after execution of the Second Amendment, then to the extent there is unsubscribed participation in the Project as determined by the Committee, the Committee may vote to approve said increase, or portion thereof, with a first right of refusal attendant thereto, provided said increasing Project Agreement Member provides funding to the Project commensurate with the funding requirements met by all current Project Agreement Members in the current phase of the Project as well as any prior phase, as adjusted for any credits, payments and/or reimbursements made under the Credit Reimbursement Policy.

The Authority and the Project Agreement Members will cooperate on the drafting of provisions in the water supply contract that will allow a Project Agreement Member or other eligible entity that commits to purchase a Sites Reservoir Project water supply to transfer water that the entity may not need from time to time on terms and conditions acceptable to the Project Agreement Member."

Section 2.05. **Term.** The Agreement is hereby amended to remove Section 8(b) in its entirety and replace it with the following:

"(b) The term of this Project Agreement shall continue until December 31, 2021. In the event that this Second Amendment is not approved by Project Agreement Members with the requisite percentage of the total weighted vote as set forth in the Agreement by June 30, 2020, the Agreement shall be revived immediately upon approval by such requisite percentage, without any additional approval of the Project Agreement Members, and this Second Amendment shall become effective."

Section 2.06. **Executive Director.** All references to the "General Manager" in the Agreement shall be changed to "Executive Director."

ARTICLE III

PROJECT AGREEMENT MEMBER PARTICIPATION

Section 3.01. **Project Agreement Participation.** Each Project Agreement Member shall specify its participation in the Sites Reservoir Project by indicating its elected water participation amount in the Sites Reservoir Project and the associated cost in the space provided therefor on the signature page to this Second Amendment. Based upon the respective participation elections of the Project Agreement Members, the Authority shall update Exhibit A pursuant to Section 5 of the Agreement.

ARTICLE IV

MISCELLANEOUS

Section 4.01. **Effectiveness of Agreement.** Except as expressly amended by this Second Amendment, the Agreement is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof. The amendments set forth in this Second Amendment shall be incorporated as part of the Agreement upon their effectiveness in accordance with Section 11 of the Agreement.

Section 4.02. **Execution in Several Counterparts.** This Second Amendment may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Project Agreement Members shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 4.03. **Authorization, Ratification and Confirmation of Certain Actions.** The Authority and the Project Agreement Members each hereby authorize, ratify and confirm the extension of the term of the Agreement, as previously extended pursuant to the First Amendment, to June 30, 2020, and the expenditure of funds collected under the Agreement with respect to the 2019 Work Plan on and prior to June 30, 2020.

Section 4.04. **Laws Governing Second Amendment.** The effect and meaning of this Second Amendment and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State.

IN WITNESS WHEREOF, the Authority and Project Agreement Members hereto, pursuant to resolutions duly and regularly adopted by their respective governing bodies, have caused their names to be affixed by their proper and respective officers on the date shown below:

Dated: _____

SITES PROJECT AUTHORITY

By: _____

Name:

Title:

[PROJECT AGREEMENT MEMBER]

Dated: _____

(Authority & Project Agreement Member)

By: Santa Clara Valley Water District _____

Name: Rick L. Callender, Esq.

Title: Chief Executive Officer

PARTICIPATION AMOUNT

[PROJECT AGREEMENT MEMBER] hereby elects to participate in the Sites Reservoir Project in the amount and at the cost identified below.

**Participation
(Second Amendment
Annualized Acre-Foot):**

**Second Amendment Cost:
Not to Exceed \$100 per
Acre-Foot**

EXHIBIT A

PROJECT AGREEMENT MEMBERS

Participant	Participation	
	Preliminary	Percent
American Canyon, City of		
Antelope Valley-East Kern Water Agency		
Carter Mutual Water Company #		
Coachella Valley Water District		
Colusa County		
Colusa County Water District		
Cortina Water District		
Davis Water District		
Desert Water Agency		
Dunnigan Water District		
Glenn-Colusa Irrigation District		
LaGrande Water District		
Metropolitan Water District of S. CA		
Pacific Resources Mutual Water Company #		
Reclamation District 108		
San Bernardino Valley Municipal Water District		
San Geronio Pass Water Agency		
Santa Clara Valley Water District		
Santa Clarita Valley Water Agency		
Westside Water District		
Wheeler Ridge-Maricopa Water Storage District		
Zone 7 Water Agency		
Potential new participants		
Total:		

Participation Percentages exclude State of California and United States Bureau of Reclamation share of the Project.

Denotes a non-public agency. Refer to California Corporations Code Section 14300 et. seq. with additional requirements provided in both the Public Utilities Code and Water Code.

EXHIBIT B
AMENDMENT 2 WORK PLAN

Exhibit B
Reservoir Committee
2020 and 2021 Work Plan

Reservoir Committee Annual Budget for FY 2020 and FY 2021 (\$000)

Reservoir Committee Annual Budget for FY 2020 and FY 2021 (\$000)				
	Subject Area	2020	2021	Total
Revenue	Beginning Balance	\$6,847	\$0	\$6,847
	Participation Revenue	\$11,520	\$7,680	\$19,200
	Federal Revenue	\$0	\$4,000	\$4,000
	State Revenue	\$5,134	\$5,502	\$10,636
Revenue Total		\$23,501	\$17,182	\$40,683
Expenses	Permitting	(\$2,558)	(\$5,011)	(\$7,569)
	Early Mitigation	(\$243)	(\$2,257)	(\$2,500)
	Environmental Planning	(\$3,511)	(\$2,376)	(\$5,887)
	Operations Modeling	(\$3,486)	(\$536)	(\$4,022)
	Engineering	(\$4,360)	(\$2,180)	(\$6,540)
	Geotechnical	(\$1,142)	(\$2,003)	(\$3,145)
	Real Estate	(\$145)	(\$272)	(\$417)
	Communications	(\$489)	(\$579)	(\$1,068)
	Project Controls	(\$1,333)	(\$1,528)	(\$2,861)
	Funding	(\$777)	(\$590)	(\$1,367)
	Growth	(\$819)	(\$910)	(\$1,729)
	Management	(\$461)	(\$1,219)	(\$1,681)
	Support	(\$248)	(\$388)	(\$636)
Expenses Total		(\$19,573)	(\$19,848)	(\$39,422)
Grand Total		\$3,928	(\$2,666)	\$1,261

Annual expense budgets are based on the projected spend rate for the Amendment 1B and Amendment 2 work plans combined (Pg 2 and 3).

Amendment 1B Budget by Month (\$000s)

Reservoir Committee Work Plan Summary

Subject Area	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Total
Revenue									
Beginning Balance*	\$6,847								\$6,847
Participation Revenue									\$0
Federal Revenue									\$0
State Revenue	\$3,300								\$3,300
Revenue Sum	\$10,147								\$10,147
Expenses									
Environmental Planning	(\$269)	(\$245)	(\$269)	(\$269)	(\$245)	(\$257)	\$0	\$0	(\$1,555)
Operations Modeling	(\$519)	(\$472)	(\$355)	(\$220)	(\$116)	(\$85)	(\$55)	(\$53)	(\$1,876)
Engineering	\$0	(\$151)	(\$237)	(\$239)	(\$247)	(\$272)	(\$248)	(\$205)	(\$1,600)
Geotechnical	\$0	\$0	(\$27)	(\$118)	(\$107)	(\$118)	(\$118)	(\$113)	(\$601)
Real Estate	(\$7)	(\$6)	(\$7)	(\$7)	(\$6)	(\$7)	(\$7)	(\$7)	(\$55)
Communications	(\$38)	(\$35)	(\$38)	(\$38)	(\$35)	(\$38)	(\$38)	(\$36)	(\$297)
Project Controls	(\$255)	(\$77)	(\$85)	(\$85)	(\$77)	(\$85)	(\$85)	(\$81)	(\$828)
Funding	(\$74)	(\$109)	(\$120)	(\$121)	(\$104)	(\$61)	(\$37)	(\$35)	(\$661)
Growth	(\$93)	(\$84)	(\$93)	(\$93)	(\$84)	(\$93)	(\$93)	(\$88)	(\$719)
Management	\$0	\$0	\$0	(\$1)	(\$23)	(\$25)	(\$9)	\$0	(\$58)
Support	(\$15)	(\$14)	(\$15)	(\$15)	(\$14)	(\$15)	(\$15)	(\$15)	(\$120)
Expenses Sum	(\$1,271)	(\$1,194)	(\$1,247)	(\$1,206)	(\$1,059)	(\$1,056)	(\$705)	(\$633)	(\$8,370)

*Adjusted from value published in work plan based on 2019 close-out

Amendment 2 Budget by Month (\$000s)

Reservoir Committee Work Plan Summary

Subject Area	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Oct 21	Sep 21	Nov 21	Dec 21	Total
Revenue																	
Participation Revenue			\$11,520					\$7,680									\$19,200
Federal Revenue							\$2,000				\$2,000						\$4,000
State Revenue			\$1,834			\$1,834						\$1,834			\$1,834		\$7,336
Revenue Total			\$13,354			\$1,834	\$2,000	\$7,680			\$2,000	\$1,834			\$1,834		\$30,536
Expenses																	
Permitting	(\$253)	(\$577)	(\$1,023)	(\$705)	(\$525)	(\$525)	(\$584)	(\$471)	(\$419)	(\$448)	(\$295)	(\$309)	(\$295)	(\$295)	(\$613)	(\$232)	(\$7,569)
Early Mitigation	\$0	\$0	(\$113)	(\$131)	(\$119)	(\$119)	(\$136)	(\$131)	(\$119)	(\$235)	(\$231)	(\$242)	(\$231)	(\$231)	(\$220)	(\$242)	(\$2,500)
Environmental Planning	(\$488)	(\$512)	(\$442)	(\$513)	(\$474)	(\$474)	(\$218)	(\$71)	(\$65)	(\$71)	(\$61)	(\$62)	(\$216)	(\$42)	(\$343)	(\$279)	(\$4,332)
Operations Modeling	(\$621)	(\$680)	(\$232)	(\$78)	(\$71)	(\$71)	(\$81)	(\$72)	(\$43)	(\$48)	(\$46)	(\$48)	(\$11)	(\$46)	\$0	\$0	(\$2,146)
Engineering	(\$1,134)	(\$768)	(\$398)	(\$461)	(\$108)	(\$185)	(\$355)	(\$292)	(\$221)	(\$190)	(\$161)	(\$186)	(\$155)	(\$155)	(\$147)	(\$25)	(\$4,941)
Geotechnical	(\$52)	(\$54)	(\$61)	(\$374)	(\$346)	(\$461)	(\$513)	(\$134)	(\$124)	(\$172)	(\$42)	(\$44)	(\$42)	(\$42)	(\$40)	(\$42)	(\$2,544)
Real Estate	(\$23)	(\$24)	(\$20)	(\$24)	(\$21)	(\$21)	(\$25)	(\$24)	(\$21)	(\$24)	(\$23)	(\$24)	(\$23)	(\$23)	(\$21)	(\$24)	(\$362)
Communications	(\$48)	(\$50)	(\$43)	(\$50)	(\$46)	(\$46)	(\$52)	(\$50)	(\$46)	(\$50)	(\$48)	(\$50)	(\$48)	(\$48)	(\$46)	(\$50)	(\$771)
Project Controls	(\$126)	(\$132)	(\$114)	(\$132)	(\$120)	(\$120)	(\$138)	(\$132)	(\$120)	(\$132)	(\$126)	(\$132)	(\$126)	(\$126)	(\$120)	(\$132)	(\$2,033)
Funding	(\$29)	(\$30)	(\$26)	(\$30)	(\$64)	(\$66)	(\$76)	(\$73)	(\$66)	(\$71)	(\$29)	(\$30)	(\$29)	(\$29)	(\$28)	(\$30)	(\$706)
Growth	(\$25)	(\$26)	(\$23)	(\$26)	\$0	\$0	(\$38)	(\$36)	(\$33)	(\$36)	(\$35)	(\$154)	(\$146)	(\$146)	(\$139)	(\$148)	(\$1,010)
Management	(\$101)	(\$106)	(\$91)	(\$106)	(\$96)	(\$96)	(\$110)	(\$106)	(\$96)	(\$106)	(\$101)	(\$106)	(\$101)	(\$101)	(\$96)	(\$106)	(\$1,623)
Support	(\$32)	(\$34)	(\$29)	(\$34)	(\$31)	(\$31)	(\$35)	(\$34)	(\$31)	(\$34)	(\$32)	(\$34)	(\$32)	(\$32)	(\$31)	(\$34)	(\$516)
Expenses Total	(\$2,931)	(\$2,994)	(\$2,616)	(\$2,663)	(\$2,020)	(\$2,214)	(\$2,362)	(\$1,624)	(\$1,404)	(\$1,616)	(\$1,230)	(\$1,422)	(\$1,454)	(\$1,314)	(\$1,844)	(\$1,345)	(\$31,052)

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**RESPONSES TO WATER STORAGE EXPLORATORY COMMITTEE
COMMENTS AND QUESTIONS**

Comment 1: A request was made for more time to make a decision regarding participation in the next phase of the project.

Response 1: After Valley Water's August 21, 2020 Water Storage Exploratory Committee (WSEC) meeting, Staff reached agreement with the Sites Reservoir Project (Sites Project) Executive Director that Valley Water will provide a decision on continued project participation in November of 2020.

Comment 2: Provide more information regarding details of the project financial analysis model to be provided through a Non-Agenda item for Board review

Response 2: Staff submitted a Non-Agenda Memo to provide additional information to questions posed by WSEC on the project financial analysis.

Comment 3: Provide information describing project challenges, risks, and mitigation measures.

Response 3: See Attachment 3.

Comment 4: Is the assumption that 100% of Sites water will be conveyed through the Delta and South Bay Aqueduct (SBA)?

Response 4: How Sites Project water will be conveyed to Valley Water depends on what infrastructure and agreements are in place after project construction. If the Delta Conveyance Facility is constructed, Sites Project water will likely be conveyed through that facility. In the absence of improved conveyance across the Delta, the water will be conveyed through the Delta and incur carriage water losses similar to transfer supplies. Agreements can be developed to allow the water to move either through the State Water Project (SWP) SBA or through the Central Valley Project (CVP) San Felipe Division to reach Santa Clara County.

Comment 5: Can water be transported during dry, critical dry years, and extended drought conditions?

Response 5: There is typically a great deal of available transfer capacity across the Delta in dry, critically dry and extended drought conditions, and, in the absence of improved Delta conveyance, the Sites Project will function best if the water is moved under these dry conditions. Water losses across the Delta could be as much as 35%, depending on water quality conditions;

these losses are expected to be minimal if the water is conveyed through a Delta Conveyance Facility.

Comment 6: Provide information regarding available capacity on the SBA to convey Sites water.

Response 6: Sites Project is being evaluated as a potential project to help Valley Water maintain its current deliveries of imported supplies in support of the Board's approved ensure sustainability strategy #1 to "securing existing supplies and infrastructure." Thus, investing in Sites Project is not expected to increase Valley Water's dependence on the SBA. Recently the three SBA Contractor Agencies, Alameda County Water District (ACWD), Valley Water, and Zone 7 Water Agency (Zone 7) collaborated with the Department of Water Resources (DWR) on an SBA capacity model. This model assumes maximum use of the SBA by Valley Water to meet county demands. The SBA capacity model identifies excess capacity that could be used by other non-SWP agencies after the three SBA Contractors demands are met. The model indicated more available capacity for other users in the winter months but did not indicate a strong correlation between water year type and available capacity. As the Sites Project develops along with other regional and statewide projects, staff will continue to evaluate how, and under which conditions the projects may increase Valley Water's dependence on the SBA.

Comment 7: How does this Project compare with constraints encountered with receiving water deliveries from Semitropic during the last drought?

Response 7: Semitropic is downstream of Valley Water and therefore water must be withdrawn and delivered to Valley Water by exchange with SWP water supplies delivered from the Delta. In droughts, there is limited water from the Delta to exchange. Sites Project is upstream of Valley Water and does not have this problem; the Sites Project water will be delivered directly to Valley Water after incurring some losses across the Delta. The Sites Project can help facilitate withdrawals of water from Semitropic because Valley Water may be able to exchange Semitropic water for Sites Project water allocated to SWP contractors located downstream of Semitropic when allocations are low.

Comment 8: Were the environmental restrictions considered in analysis, and if so, which BiOp? (one is less constraining than the other)

Response 8: Modeling analysis for the project incorporated regulatory constraints to protect fisheries and flows consistent with California State Water Resources Control Board (SWRCB) Decision D-1641 as well as the 2008 U.S Fish and Wildlife Service (USFWS) and 2009 National Marine Fisheries Service (NMFS) biological opinions, as indicated in the Site's

Project Value Planning Alternatives Appraisal Report, April 2020 and summarized in the State Water Project Final Delivery Capability Report 2015, July 2015. The 2008 and 2009 biological opinions have been replaced with the 2019 biological opinions, which extend the transfer window; however, the ability to convey supplemental water supplies across the Delta are similar under both sets of biological opinions.

Comment 9: Committee requested additional information and logic to assist in coming to a consensus on what a minimum level of participation in Project should be for Valley Water.

Response 9: The Sites Project Authority has not set a minimum participation level for the Sites Project. Should Valley Water elect to participate at an extremely low level, Valley Water would likely not have influence among partners and would not be able to reserve any meaningful benefit. It may be possible to increase participation later and regain priority status subject to Reservoir Committee approval. See Table1 in the WSEC Agenda Memo for a comparison of different participation levels.

**Sites Reservoir Project
Major Project Risk, Challenges, and Mitigation Measures**

No.	MAJOR RISK AND CHALLENGES	DESCRIPTION	MITIGATION MEASURE
A.	WATER SUPPLY		
A1	Transportation across Delta during critically dry years	<ul style="list-style-type: none"> • Water quality and pumping limitations may impact conveyance. • Transfers routinely occur during dry years but conveyance losses have been between 20% and 35%. 	<ul style="list-style-type: none"> • Develop alternative conveyance pathways <ul style="list-style-type: none"> • Delta Conveyance Facility, • Transfer Bethany Pipeline, • other alternative.
A2	Deliveries thru South Bay Aqueduct (SBA)	<ul style="list-style-type: none"> • SBA had frequent outages in recent years – in need of repair. • Sites Reservoir Project (Sites Project) water will primarily be conveyed through SBA. • SBA must be rehabilitated irrespective of our participation in the Sites Project. 	<ul style="list-style-type: none"> • Continue engagement with Department of Water Resources (DWR) to rehabilitate SBA. • Develop agreements to use Central Valley Project (CVP) facilities as an alternative delivery option.
A3	Projected yield and storage capacity of the project	<ul style="list-style-type: none"> • Ongoing consultation with regulatory agencies may result in lower project yield. 	<ul style="list-style-type: none"> • Continue engagement with regulatory agencies to develop appropriate operating criteria.
A4	Coordinated operations with SWP and CVP	<ul style="list-style-type: none"> • Sites Project operations will require coordination with DWR and U.S. Bureau of Reclamation (Reclamation). 	<ul style="list-style-type: none"> • Develop coordinated operations agreements with DWR and Reclamation.

**Sites Reservoir Project
Major Project Risk, Challenges, and Mitigation Measures**

B. PERMITTING			
B1	Water rights from State Water Resources Control Board	<ul style="list-style-type: none"> • Assignment or release of a State filed application or new water right needed. • Protests and injury claims may be filed. • State Board may impose additional operating restrictions. 	<ul style="list-style-type: none"> • The project has contracted with legal counsel specifically to address water rights issues.
B2	CEQA/NEPA Approvals	<ul style="list-style-type: none"> • Fishery agencies may impose more severe restrictions on operations than anticipated. • CEQA litigation challenges. 	<ul style="list-style-type: none"> • Negotiation team assembled to work with regulatory agencies.
B3	Environmental opposition	<ul style="list-style-type: none"> • Some nongovernment organizations (NGOs) had opposed project. 	<ul style="list-style-type: none"> • Respond to public in recirculated draft EIR/EIS • Continue briefings with NGOs to solicit feedback and address concerns • Fund technical studies to address environmental concerns from mercury raised by NGOs.
C. CONSTRUCTION			
C1	Geotechnical uncertainties	<ul style="list-style-type: none"> • Major geotechnical analysis is being postponed until the design phase (beginning in 2022) to reduce cost. 	<ul style="list-style-type: none"> • Strategically spend limited funding on targeted geotechnical analysis to inform project decisions on critical path.

**Sites Reservoir Project
Major Project Risk, Challenges, and Mitigation Measures**

D. COST			
D1	Securing adequate participation	<ul style="list-style-type: none"> Sustaining adequate participation level as funding requests increase may be a challenge. 	<ul style="list-style-type: none"> Develop strong outreach program and work to increase support. Continue to reach out to potential investors.
D2	Proposition 1 Water Storage Investment Program Funding (Prop 1)	<ul style="list-style-type: none"> Feasibility Study, public review EIS, Commission Findings, and 75% funding commitment must be met by January 1, 2022. 	<ul style="list-style-type: none"> Focus project team on meeting Prop 1 requirements. Assemble effective team of consultants and staff.
D3	Construction cost	<ul style="list-style-type: none"> Costs may increase as more information is developed. 	<ul style="list-style-type: none"> Project size and costs have been reduced. Implement geotechnical mitigation measures. Update risk assessment.

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Project Participation Summary

Participant	Phase 2 (2019) Participation Request (AF) – larger project no longer pursued	Amendment 2 Staff Recommended Participation Request (AF) ¹	Approval Status as of October 16, 2020 ¹	Variance (AF)	New Participation Intrest (AF) ¹	Estimated Cost Share of Total Project
American Canyon, City of	4,000	4,000	Approved	0		1.6%
Antelope Valley-East Kern WA	500	500	Approved	0		0.2%
Carter MWC	300	300	Approved	0		0.1%
Coachella Valley WD	10,000	10,000	Approved	0		4.1%
Colusa County	10,000	10,000	Approved	0		4.1%
Colusa County WD	11,975	10,073	Approved	-1,902		4.1%
Desert WA	6,500	6,500	Approved	0		2.7%
Glenn-Colusa ID	5,000	5,000	Approved	0		2.1%
Metropolitain WD of S. CA	50,000	50,000	Approved	0		20.6%
Reclamation District 108	4,000	4,000	Approved	0		1.6%
San Benardino Municipal WD	21,400	21,400	Approved	0		8.8%
San Gorgonio Pass WA	14,000	14,000	Approved	0		5.8%
Santa Clara Valley WD	16,000	7,800 min.	---	-8,200		3.2% min.
Santa Clarita Valley WA	5,000	5,000	Approved	0		2.1%
TC4: Cortina WD	450	450	Approved	0		0.2%
TC4: Davis WD	2,000	2,000	Approved	0		0.8%
TC4: Dunnigan WD	2,717	2,947	Approved	230		1.2%
TC4:LaGrande WD	1,000	1,000	Approved	0		0.4%
Westside WD	15,000	4,175	Approved	-10,825		1.7%
Wheeler Ridge-Marcopa WSD	3,050	3,050	Approved	0		1.3%
Zone 7 WA	10,000	10,000	Approved	0		4.1%
Irvine Ranch Water District	0	0	---	0	1,000	---
Rio Bravo Rosedale WD	0	0	----	0	500	---
TOTAL	192,892	172,195		-20,697	1,500	70.9%

1. Information as presented in the Sites Project Reservoir Committee meeting held on October 16, 2020.



Valley Water

Clean Water • Healthy Environment • Flood Protection

Water Storage Exploratory Committee Meeting
October 30, 2020



Update on Sites Reservoir Project: Second Amendment to 2019 Reservoir Project Agreement for Continued Participation

October 30, 2020

Staff Recommendations

- A. Receive and discuss updated information on the Sites Reservoir Project (Project).
- B. Recommend to Board to authorize CEO to execute the Second Amendment to 2019 Reservoir Project Agreement for continued participation in Project Phase 2 at a minimum participation level of 3.2 percent of the total project and a minimum funding commitment of up to \$0.78 million.
- C. Recommend to Board to direct staff to continue engagement in Sites Reservoir Committee and negotiate future participation parameters.

Preliminary Amendment 2 Participation

Participant	Phase 2 (2019) Participation Request (AF) – larger project no longer pursued	Amendment 2 Staff Recommended Participation Request (AF) ¹	Approval Status as of October 16, 2020 ¹	Variance (AF)	New Participation Interest (AF) ¹	Estimated Cost Share of Total Project ²
American Canyon, City of	4,000	4,000	Approved	0	0	1.6%
Antelope Valley-East Kern WA	500	500	Approved	0	0	0.2%
Carter MWC	300	300	Approved	0	0	0.1%
Coachella Valley WD	10,000	10,000	Approved	0	0	4.1%
Colusa County	10,000	10,000	Approved	0	0	4.1%
Colusa County WD	11,975	10,073	Approved	-1,902	0	4.1%
Desert WA	6,500	6,500	Approved	0	0	2.7%
Glenn-Colusa ID	5,000	5,000	Approved	0	0	2.1%
Metropolitain WD of S. CA	50,000	50,000	Approved	0	0	20.6%
Reclamation District 108	4,000	4,000	Approved	0	0	1.6%
San Bernardino Municipal WD	21,400	21,400	Approved	0	0	8.8%
San Geronio Pass WA	14,000	14,000	Approved	0	0	5.8%
Santa Clara Valley WD	16,000	7,800 min.	---	-8,200	---	3.2% min.
Santa Clarita Valley WA	5,000	5,000	Approved	0	0	2.1%
TC4: Cortina WD	450	450	Approved	0	0	0.2%
TC4: Davis WD	2,000	2,000	Approved	0	0	0.8%
TC4: Dunnigan WD	2,717	2,947	Approved	230	0	1.2%
TC4:LaGrande WD	1,000	1,000	Approved	0	0	0.4%
Westside WD	15,000	4,175	Approved	-10,825	0	1.7%
Wheeler Ridge-Marcopa WSD	3,050	3,050	Approved	0	0	1.3%
Zone 7 WA	10,000	10,000	Approved	0	0	4.1%
Irvine Ranch Water District	0	0	---	0	1,000	---
Rio Bravo Rosedale	0	0	---	0	500	---
TOTAL	192,892	172,195		-20,697	1,500	70.9%



1. Information as presented in the Sites Project Reservoir Committee meeting held on October 16, 2020.
2. Total project estimated to be 243,000 acre-foot (AF).

valleywater.org

Major Project Risk and Challenges (Water Supply)

No.	MAJOR RISK AND CHALLENGES	DESCRIPTION	MITIGATION MEASURE
A.	WATER SUPPLY		
A1	Transportation across Delta during critically dry years	<ul style="list-style-type: none"> • Water quality and pumping limitations may impact conveyance. • Transfers routinely occur during dry years but conveyance losses have been between 20% and 35%. 	<ul style="list-style-type: none"> • Develop alternative conveyance pathways <ul style="list-style-type: none"> • Delta Conveyance Facility, • Transfer Bethany Pipeline, • other alternative.
A2	Deliveries thru South Bay Aqueduct (SBA)	<ul style="list-style-type: none"> • SBA had frequent outages in recent years – in need of repair. • Sites water will primarily be conveyed through SBA. • SBA must be rehabilitated irrespective of our participation in the Sites Project. 	<ul style="list-style-type: none"> • Continue engagement with Department of Water Resources (DWR) to rehabilitate SBA. • Develop agreements to use Central Valley Project (CVP) facilities as an alternative delivery option.
A3	Projected yield and storage capacity of the project	<ul style="list-style-type: none"> • Ongoing consultation with regulatory agencies may result in lower project yield. 	<ul style="list-style-type: none"> • Continue engagement with regulatory agencies to develop appropriate operating criteria.
A4	Coordinated operations with SWP and CVP	<ul style="list-style-type: none"> • Sites operations will require coordination with DWR and Reclamation. 	<ul style="list-style-type: none"> • Develop coordinated operations agreements with DWR and Reclamation.

Major Project Risk and Challenges (Permitting)

No.	MAJOR RISK AND CHALLENGES	DESCRIPTION	MITIGATION MEASURE
B.	PERMITTING		
B1	Water rights from State Water Resources Control Board	<ul style="list-style-type: none"> • Assignment or release of a State filed application or new water right needed. • Protests and injury claims may be filed. • State Board may impose additional operating restrictions. 	<ul style="list-style-type: none"> • The project has contracted with legal counsel specifically to address water rights issues.
B2	CEQA/NEPA Approvals	<ul style="list-style-type: none"> • Fishery agencies may impose more severe restrictions on operations than anticipated. • CEQA litigation challenges. 	<ul style="list-style-type: none"> • Negotiation team assembled to work with regulatory agencies.
B3	Environmental opposition	<ul style="list-style-type: none"> • Some nongovernment organizations (NGOs) had opposed project. 	<ul style="list-style-type: none"> • Respond to public in recirculated draft EIR/EIS • Continue briefings with NGOs to solicit feedback and address concerns • Fund technical studies to address environmental concerns from mercury raised by NGOs.

Major Project Risk and Challenges (Const. and Cost)

No.	MAJOR RISK AND CHALLENGES	DESCRIPTION	MITIGATION MEASURE
C.	CONSTRUCTION		
C1	Geotechnical uncertainties	<ul style="list-style-type: none"> Major geotechnical analysis is being postponed until the design phase (beginning in 2022) to reduce cost. 	<ul style="list-style-type: none"> Strategically spend limited funding on targeted geotechnical analysis to inform project decisions on critical path.
D.	COST		
D1	Securing adequate participation	<ul style="list-style-type: none"> Sustaining adequate participation level as funding requests increase may be a challenge. 	<ul style="list-style-type: none"> Develop strong outreach program and work to increase support. Continue to reach out to potential investors.
D2	Proposition 1 Water Storage Investment Program Funding (Prop 1)	<ul style="list-style-type: none"> Feasibility Study, public review EIS, Commission Findings, and 75% funding commitment must be met by January 1, 2022. 	<ul style="list-style-type: none"> Focus project team on meeting Prop 1 requirements. Assemble effective team of consultants and staff.
D3	Construction cost	<ul style="list-style-type: none"> Costs may increase as more information is developed. 	<ul style="list-style-type: none"> Project size and costs have been reduced. Implement geotechnical mitigation measures. Update risk assessment.

Phase 2 Project Participation Options

Option	Valley Water							
	Target Level of Participation ¹		Estimated Benefits (Storage and Yield)			Cost		
	Total Project (%)	Request (AF)	Average Delivered Yield (AF) ²	Average Drier Year Delivered Yield (AF) ²	Storage Share (AF)	Total Capital Cost (\$ Million)	Total Capital Cost Fully Inflated (\$ Million)	Funding Commitment (\$ Million) ³
Feb. 2019	3.2	16,000	11,100	21,500	55,000	192	242	0.96
A	3.2	7,800	4,700 to 6,100	6,500 to 8,200	45,000	95	125	0.78
B	6.6	16,000	9,600 to 12,400	13,200 to 16,800	90,000	195	255	1.60

1. The Site Project Authority has not set a minimum requirement for participating in the project.
2. Yields delivered to Valley Water assume a 25% carriage water loss applied to North of Delta yield numbers.
3. Amendment No. 2 (Phase 2, Years 2 and 3 of project) commitment is \$100 per 1 AF.

* Staff estimates a \$600-\$800 per AF 100-year levelized unit cost (2020 constant dollars).



Evaluation of Participation Options

Option	Valley Water Participation Level ^{1,2}	Advantages	Disadvantages
A	3.2% (\$0.78 M)	<ul style="list-style-type: none"> • Lower cost than previous funding commitments • Potential for partial refund of previous investment 	<ul style="list-style-type: none"> • Reserves a smaller portion of yield and storage benefits (8 TAF drier year yield, 45 TAF storage) • Reduced level of influence, 4.4% weighted voting on Reservoir Committee³ • May be difficult to increase participation at a later date
B	6.6% (\$1.6 M)	<ul style="list-style-type: none"> • Maintain current level of influence, 6.5% weighted voting on Reservoir Committee³ • Reserves a larger portion of yield and storage benefit (17 TAF drier year yield, 90 TAF storage) • May reduce participation later 	<ul style="list-style-type: none"> • Higher cost

¹ Valley Water participation level in total project and associated funding commitment for the Second Amendment.

² There is currently no set minimum requirement for participating in the project.

³ Estimate assumes continued participation by all agencies with a total participation equal to 193 TAF.

Key: TAF = thousand acre-foot

Staff Recommendations

- A. Receive and discuss updated information on the Sites Reservoir Project (Project).
- B. Recommend to Board to authorize CEO to execute the Second Amendment to 2019 Reservoir Project Agreement for continued participation in Project Phase 2 at a minimum participation level of 3.2 percent of the total project and a minimum funding commitment of up to \$0.78 million.
- C. Recommend to Board to direct staff to continue engagement in Sites Reservoir Committee and negotiate future participation parameters.



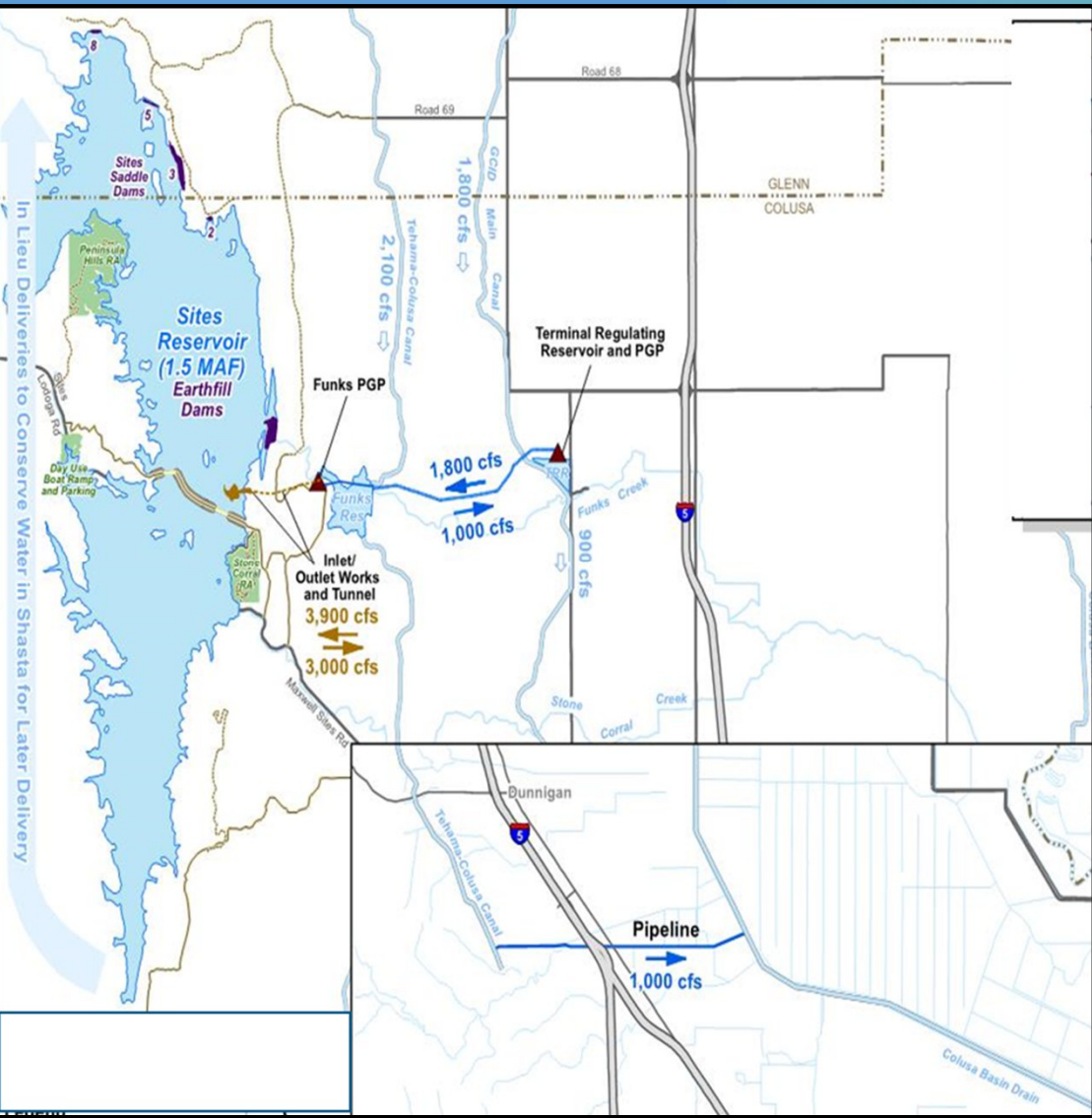
Valley Water

Clean Water • Healthy Environment • Flood Protection

Supplemental Slides

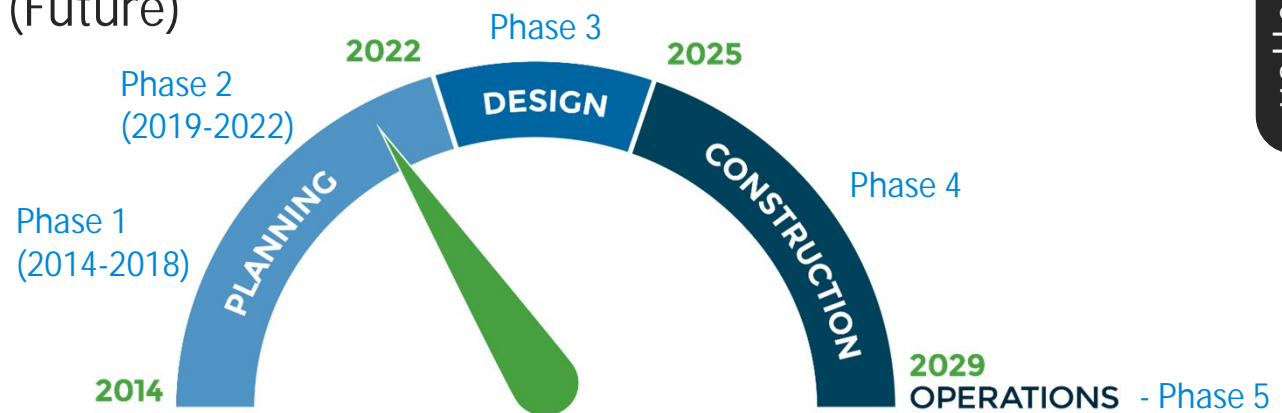
Sites Reservoir Project

Location: Colusa and Glenn Counties, California



Path Forward: Project Phasing

- Phase 1: Planning – State/Federal funding applications and EIR/EIS development. (Complete)
- Phase 2: Planning – EIR/EIS completion, feasibility studies, predesign, critical permits, water rights, and interim financing. (In Progress)
- Phase 3: Design – Geotech exploration, final design, land and right of way acquisition, and remaining permits. (Future)
- Phase 4: Construction. (Future)
- Phase 5: Transfer of operations. (Future)



Phase 2 Project Participation Options

Option	Valley Water							
	Target Level of Participation ¹		Estimated Benefits (Storage and Yield)			Cost		
	Total Project (%)	Request (AF)	Average Delivered Yield (AF) ²	Average Drier Year Delivered Yield (AF) ²	Storage Share (AF)	Total Capital Cost (\$ Million)	Total Capital Cost Fully Inflated (\$ Million)	Funding Commitment (\$ Million) ³
Feb. 2019	3.2	16,000	11,100	21,500	55,000	192	242	0.96
A	3.2	7,800	4,700 to 6,100	6,500 to 8,200	45,000	95	125	0.78
B	6.6	16,000	9,600 to 12,400	13,200 to 16,800	90,000	195	255	1.60
C	0.0004	1	Negligible	Negligible	6	Less than 1	Less than 1	0.0001

1. There is currently no set minimum requirement for participating in the project.
2. Yields delivered to Valley Water assume a 25% carriage water loss applied to North of Delta yield numbers.
3. Amendment No. 2 (Phase 2, Years 2 and 3 of project) commitment is \$100 per 1 AF.



¹ Staff estimate a \$600-\$800 per AF 100-year levelized unit cost (2020 constant dollars).

Evaluation of Participation Options

Option	Valley Water Participation Level ¹	Advantages	Disadvantages
A	3.2% (\$0.78 M)	<ul style="list-style-type: none"> • Lower cost than previous funding commitments • Potential for partial refund of previous investment 	<ul style="list-style-type: none"> • Reserves a smaller portion of yield and storage benefits (8 TAF drier year yield, 45 TAF storage) • Reduced level of influence, 4.4% weighted voting on Reservoir Committee² • May be difficult to increase participation at a later date
B	6.6% (\$1.6 M)	<ul style="list-style-type: none"> • Maintain current level of influence, 6.5% weighted voting on Reservoir Committee² • Reserves a larger portion of yield and storage benefit (17 TAF drier year yield, 90 TAF storage) • May reduce participation later 	<ul style="list-style-type: none"> • Higher cost
C	0.0004% (\$0.0001 M)	<ul style="list-style-type: none"> • Despite minimal participation, maintains 2.38% weighted voting on Reservoir Committee² • Potential for partial refund of previous investment 	<ul style="list-style-type: none"> • Reduced level of influence • No preservation of benefit to Valley Water • Project may continue to move forward without Valley Water support • May be difficult to participate at a later date

¹ Valley Water participation level in total project and associated funding commitment for the Second Amendment.

² Estimate assumes continued participation by all agencies with a total participation equal to 193 TAF.

Key: TAF = thousand acre-foot





Santa Clara Valley Water District

File No.: 20-0963

Agenda Date: 10/30/2020

Item No.: 4.2.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Update on Los Vaqueros Reservoir Expansion Project: Joint Powers Authority, Usage Fees, and South Bay Aqueduct.

RECOMMENDATION:

Receive and discuss information regarding the creation of a Joint Powers Authority for the construction and operation of the Los Vaqueros Reservoir Expansion Project, proposed usage fees charged by Contra Costa Water District for the use of their facilities, and the South Bay Aqueduct.

SUMMARY:

The Santa Clara Valley Water District (Valley Water) continues to evaluate participating in the Los Vaqueros Reservoir Expansion Project (LVE Project) led by Contra Costa Water District (CCWD). This memo provides background on the project, an update on LVE Project governance, the draft Joint Powers Authority (JPA) Agreement, progress on negotiating usage fees for Local Area Partners' (LAPs) use of CCWD and East Bay Municipal Utility District (EBMUD) facilities, and an update on the South Bay Aqueduct.

Background

The LVE Project would expand Los Vaqueros Reservoir storage from 160 thousand acre-feet (TAF) to 275 TAF and build the Transfer-Bethany Pipeline to connect the reservoir to the State Water Project's (SWP) South Bay Aqueduct (SBA). The LVE Project may provide Valley Water regional storage, new water through CCWD's diversion rights, and increased operational flexibility in the conveyance of imported water. Valley Water is considering a Second Amendment to the 2019 Cost-Share Agreement to continue project development through 2021 and with an additional cost share of between approximately \$800,000 and \$1 million. Funding will go towards making progress on permits, design, preparing services agreements, and the formation of the JPA.

CCWD estimates the total LVE Project development and construction 40-year life cycle costs to be \$868 million in constant 2018 dollars. The California Water Commission approved a Prop 1 WSIP grant award of up to \$459 million for the LVE Project, including \$22.95 million in early funding. The U.S. Bureau of Reclamation (USBR) received \$2.155 million of federal funding for the LVE Project through the WINN Act for Fiscal Year (FY) 2020. CCWD and the LAPs are continuing efforts to procure additional WINN Act funding beyond FY 2020, ultimately seeking \$223 million in total.

Through June 2020, Valley Water has spent approximately \$618,000 towards LVE Project cost-

sharing for the WSIP application and project development, including in-kind labor costs.

CCWD completed a Draft Feasibility Report with the USBR in January 2018, and the Final Supplement to the EIR/EIS was published in the Federal Register in February 2020. Neither the Draft Feasibility Report nor the EIR/EIS received legal challenges or significant public opposition. On May 13, 2020, CCWD's Board adopted a resolution certifying the Final Supplement to the Final EIS/EIR and approved the LVE Project. The LVE Project is now proceeding with permitting and design.

Valley Water continues to work with CCWD and the LAPs to evaluate long-term participation levels, how it translates to water storage and/or supply benefits, costs, and risks. In addition, Valley Water is working with regional partners to evaluate how storage and conveyance components could support other regional projects, such as the Bay Area Regional Desalination Project and the Refinery Recycled Water Project.

Formation of a Joint Power Authority

Although CCWD has led LVE Project planning, environmental review, and initial design, remaining tasks and operations will be led by the JPA. The JPA will have a Board of Directors with a representative from each JPA member agency. The JPA will oversee the construction and operation of facilities, ensure stable funding, and the reliable delivery of water. Specific activities of the JPA will include:

- Financing of project construction
- Executing agreements with CCWD and others for the design and construction of the project
- Executing agreements for administration of the JPA and operations of the project
- Managing contracts for administration of public benefits
- Coordinating requests for services among JPA Members

The development of the JPA has been led by independent counsel (Lagerlof, LLP) working with a Legal Working Group made up of legal staff from CCWD and the LAPs. Staff has been active in the Working Group to ensure Valley Water's interests are addressed. The initial version was based on principles in the 2018 Cost-share Agreement, with working drafts developed by independent counsel and reviewed by the Legal Working Group. Some consensus was achieved by the Legal Working Group on standard terms while other policy areas were presented to the LAP General Managers for further discussion at a September 14, 2020 meeting.

Key policy discussions considered by the LAP General Managers include:

- Eligibility to serve on JPA Board
- Voting of members
- Veto rights and special voting rules for CCWD and EBMUD
- JPA Board Chair, Officers, Employees and/or Consultants
- Finances
- Withdrawal
- Termination and Amendment

The October 2, 2020 draft of the JPA is provided in Attachment 1. Further changes will be made based upon the results of the Attorneys Working Group call on October 20th and the anticipated input from a finance working group in late October. New language from EBMUD and CCWD is also anticipated in late October or early November regarding their proposed veto rights (section 3.3). There will also be further discussion on withdrawal terms proposed by the SFPUC (sec. 8.3.X). A further draft is expected for circulation by mid-November. Approval of the JPA by all parties is now expected in December 2020 or January 2021.

Usage Fees

CCWD initially released a draft usage fees proposal in October 2018 to establish a methodology for recovering costs for use of their facilities. The LAPs formed a Usage Fees Working Group and hired an independent financial consultant (Bartle Wells & Associates) to review CCWD's proposal. Bartle Wells provided recommendations to the LAPs and CCWD near the end of 2019. CCWD updated the usage fees memo in March, June, and August of 2020 to address comments raised in the Bartle Wells report and ongoing dialogue with the Usage Fees Working Group (Attachment 2). Under the original proposal, CCWD would have charged LAPs approximately \$7.0 million per year for conveyance facilities and \$4.3 million per year for storage fees. The current proposal would result in \$3.7 million per year conveyance facility fees and \$4.2 million per year storage fees.

CCWD hosted a meeting with the LAPs regarding usage fees on September 25, 2020. The LAPs expressed they still have two concerns:

- 1) The costs associated with the use of facilities where CCWD constructed excess capacity and redundancy into their system. CCWD states that the LAPs benefit from the redundancy; LAPs argue that costs should be based on capacity available to them, especially considering that CCWD has priority use of the system and it is not always available to partners.
- 2) Determining a fair cost of the use of land including watershed lands for the reservoir.

CCWD stated they have gone as far as they can on lowering costs and are not intending to take the matter back to its Board; they consider the August 17, 2020 version final and ready for discussion by the General Managers.

The LAPs are discussing forming a smaller workgroup to continue to address the outstanding issues. CCWD usage fees would represent between 5 and 10 percent of total project costs. CCWD recommended the development of a joint Letter of Understanding (LOU) with the LAPs to memorialize the discussion, cost calculation methodology, and CCWD's usage fees determination so those topics do not have to be revisited in the future while other aspects of the LVE project (and the JPA) are negotiated. The LOU would not create any binding financial commitments; hence it would be appropriate for the GMs/CEO of the LAPs to sign.

EBMUD released a draft usage fees proposal for LAP use of their facilities (Mokelumne Aqueduct and Freeport Intake) at the same time as CCWD. The LAPs and Bartle Wells have provided comments on the usage fees and are continuing to meet with EBMUD to discuss LAP comments.

South Bay Aqueduct

The SBA connects Valley Water to Bethany Reservoir and most contract water from the SWP arrives

via the SBA. The California Department of Water Resources (DWR) owns the SBA and has been holding meetings with the SBA Contractors (Valley Water, Alameda County Water District, and Zone 7) about reliability of the facility. DWR has been focusing on short-term improvements to install internal pipe joint seals potentially occurring this December and January. DWR is also planning for permanent long-term fixes and the potential scope and costs of these repairs are expected to be completed in late 2021 or early 2022.

The SBA Contractors have also been looking at capacity in the SBA regarding the San Francisco Public Utilities Commission (SFPUC) and the Bay Area Water Supply & Conservation Agency (BAWSCA) moving water from the LVE Project through the SBA. The preliminary data has been shared with SFPUC and BAWSCA. These agencies will use this data to inform their analysis of the LVE Project.

Next Steps

The following are the key long-term decision points and milestones for the LVE Project:

- Fall 2020: LAP meetings with EBMUD and CCWD to discuss usage fees.
- November 2020: Board meeting to consider a Valley Water resolution to adopt the Second Amendment to the 2019 Multi-party Agreement, which includes additional cost-share of between approximately \$800,000 to \$1 million, depending on the number of participants.
- December 2020 or January 2021: Board meeting to consider Valley Water participation in JPA.
- Late-2021: JPA executes Service Agreements (storage and/or conveyance services) with CCWD and the LAPs and the JPA executes Facilities Usage Agreements with CCWD and EBMUD for existing facilities (i.e., establishes user fees).
- 2022: Construction starts on the initial LVE Project elements
- 2023-2025: Construction of Transfer-Bethany Pipeline.
- 2027-2029: Construction of Los Vaqueros dam raise, upgraded pumping facilities, and other conveyance improvements.

ATTACHMENTS:

Attachment 1: Draft JPA Agreement (10/2/20 version)

Attachment 2: CCWD Usage Fees Presentation

Attachment 3: Staff Powerpoint

UNCLASSIFIED MANAGER:

Jerry De La Piedra, 408-630-2257

**LOS VAQUEROS RESERVOIR
JOINT EXERCISE OF POWERS AGREEMENT**

THIS JOINT POWERS AGREEMENT (“Agreement”) is made and entered into as of the Effective Date defined below, by and between the parties listed on Exhibit A attached hereto, which is incorporated herein by this reference. Those parties are referred to in this Agreement individually as a “Member” and collectively as the “Members.”

RECITALS

- A. Each Member is a public agency authorized and empowered to contract for the joint exercise of powers under Articles 1 through 4, Chapter 5, Division 7, Title 1 (commencing with Section 6500) of the Government Code of the State of California; and
- B. Each Member has the power to plan for, design, construct, operate, maintain, repair, and replace water-related facilities, as contemplated in the Project, as defined in Section 1.1.23, below; and
- C. The Members desire to use any and every power common to them for the purpose of designing, constructing, operating, repairing and maintaining the Project, or taking such other actions that will make the use of the Project more efficient or effective providing the Members and their respective ratepayers a more reliable water supply;
- D. The Members desire, by means of this Agreement, to establish a new public agency that is separate and apart from each of the Members for the design, construction, operation, and administration of the Project, and for related purposes.

NOW THEREFORE, in consideration of the above Recitals and of the mutual promises and agreements contained herein, the Members agree as follows:

**ARTICLE 1
GENERAL PROVISIONS**

1.1 Definitions. Unless the context otherwise requires, the words and terms defined in this Section 1.1 shall, for the purposes of this Agreement, have the meanings herein specified.

1.1.1 Act means Articles 1 through 4, Chapter 5, Division 7, Title 1 of the Government Code of the State of California (commencing with Section 6500) relating to the joint exercise of powers common to public agencies.

1.1.2 Administrative Agreement means the agreement between the Authority and the Administrator under which the Administrator will provide administrative services to the Authority and will be reimbursed for the costs of those services.

1.1.3 Administrator means the person or entity engaged by the Board of Directors to manage and administer the financial and administrative activities of the Authority in accordance with Section 4.5, below.

1.1.4 Agreement means this Joint Exercise of Powers Agreement.

1.1.5 Authority means the Los Vaqueros Reservoir Joint Powers Authority, which is created by this Agreement.

1.1.6 Board or Board of Directors means the Board of Directors referred to in ARTICLE 2 of this Agreement, which is the governing body of the Authority.

1.1.7 CCWD means Contra Costa Water District, a county water district formed under Division 12 of the Water Code, and the owner of the Los Vaqueros Reservoir.

1.1.8 CCWD-Provided Facility means an existing facility owned and operated by CCWD with excess capacity that has been made available for use by the Authority in accordance with the Facilities Usage Agreement between CCWD and the Authority. CCWD-Provided Facilities are listed and identified in Exhibit B, as it may be subsequently amended to reflect changes to the Project in accordance with Section 8.2, below.

1.1.9 Costs of Service mean the costs of Services included in the payments, or other non-monetary benefits, the Authority will receive from Members pursuant to the Service Agreements. The Costs of Service include, but are not limited to, Project development costs; debt service, to the extent applicable under any agreed upon financing vehicle, including interest, on bonds the Authority will issue; amounts payable to CCWD and EBMUD under the Facilities Usage Agreements; operations and maintenance costs of the Project; Authority administrative expenses; capital reserve payments; and payments to a renewal and replacement fund the Authority will establish.

1.1.10 Design & Construction Agreement means the design and construction agreements the Authority will enter into with CCWD for the New Facilities and Modified Facilities for which CCWD is designated as the builder and operator on Exhibit B hereto; and with EBMUD for the New Facilities and Modified Facilities for which EBMUD is designated as the builder and operator on Exhibit B hereto. Those agreements will address the design and construction services to be provided by the contracting party in accordance with industry standards.

1.1.11 Director means a member of the Board appointed to the Board pursuant to Section 2.2 of this Agreement.

1.1.12 Early Funding Agreement means the agreement between the California Water Commission and CCWD, dated December 20, 2018, to provide advances of up to \$22.95 million to partially fund Project development activities.

1.1.13 EBMUD means East Bay Municipal Utility District, a municipal utility district formed under Division 6 of the Public Utilities Code.

1.1.14 EBMUD-Provided Facility means an existing facility owned and operated by EBMUD with excess capacity that has been made available for use by the Authority in accordance with the Facilities Usage Agreement between EBMUD and the Authority. EBMUD-Provided Facilities are listed and identified in Exhibit B as it may be subsequently amended to reflect changes to the Project in accordance with Section 8.2, below.

1.1.15 Effective Date means January 1, 2021.

1.1.16 Facilities Usage Agreement means the agreements entered into by the Authority and CCWD as to CCWD-Provided Facilities and by the Authority and EBMUD as to EBMUD-

Provided Facilities, pursuant to which the use of capacity in those facilities is made available to the Project and paid for by the Authority through payments to be specified in those agreements.

1.1.17 Fiscal Year means the period commencing on July 1 of each year and ending on and including the following June 30.

1.1.18 Interim Funding Agreement means the agreement entered into among CCWD and the Members, following formation of the Authority, to provide an interim source of funding for Project development costs, including the initial expenses related to the formation of the Authority, prior to the time where permanent sources of Authority revenues are in place.

1.1.19 Member means any of the members of the Authority, as listed on Exhibit A hereto, and any other entity added to this Agreement by a subsequent amendment.

1.1.20 Modified Facilities means existing facilities owned by CCWD or EBMUD that will be modified as part of the Project through financing of the Authority's proportional share of development, design, construction, operations and maintenance costs through Design & Construction Agreements and O & M Agreements between the Authority and CCWD and EBMUD, as applicable, which agreements shall set forth the Authority's rights and obligations with respect to any particular Modified Facility. The Modified Facilities are identified on Exhibit B hereto, as it may be subsequently amended to reflect changes to the Project in accordance with Section 8.2, below.

1.1.21 New Facilities means facilities necessary for the Project that are expected to be financed by the Authority and designed, built, operated and maintained by CCWD or EBMUD through Design & Construction Agreements and O & M Agreements between the Authority and CCWD and EBMUD, as applicable, which agreements shall set forth the Authority's rights and obligations with respect to any particular New Facility. The Authority, including CCWD and EBMUD in their capacity as Members, is expected to be solely responsible for all costs and liabilities related to the New Facilities. The New Facilities are identified on Exhibit B hereto, as it may be subsequently amended to reflect changes to the Project in accordance with Section 8.2, below.

1.1.22 O & M Agreement means the operations and maintenance agreements the Authority will enter into with CCWD for the New Facilities and Modified Facilities for which CCWD is designated as the builder and operator on Exhibit B hereto; and with EBMUD for the New Facilities and Modified Facilities for which EBMUD is designated as the builder and operator on Exhibit B hereto. Those agreements will address operations and maintenance services to be provided by the contracting party in accordance with industry standards, and the payment for such services the Authority will make.

1.1.23 Project means the second phase of the efforts to expand existing conveyance facilities, and construct new conveyance facilities, at the Los Vaqueros Reservoir owned and operated by CCWD. The Project will expand Los Vaqueros Reservoir to a capacity up to 275,000 acre-feet and will interconnect CCWD's intake system to new and existing conveyance facilities that will serve the Members to create a regional system. The Project is expected to provide statewide public benefits, including ecosystem benefits to south-of-Delta wildlife refuges, drought and non-drought emergency water supply benefits for the Members, and recreation benefits. The Project is also expected to provide benefits to regional water supply agencies, integration with state and federal water systems, Central Valley Project operational flexibility, and enhanced opportunities for sustainable groundwater and recycled water management. The Project includes the components specified in Exhibit B hereto, including New Facilities, Modified Facilities, CCWD-Provided Facilities and EBMUD-Provided Facilities.

1.1.24 Services mean the services of the Project provided to the Members pursuant

to the respective Service Agreements, consisting, in general, of water storage and conveyance through the various facilities to which the Authority has contracted to have access and use in accordance with the Facilities Usage Agreements. Specific services to be provided to Members will depend on Members' requests, water delivery priorities specified in the Service Agreements, hydrological conditions and permit and regulatory conditions.

1.1.25 Service Agreement means an agreement entered into by a Member and the Authority pursuant to which the Authority provides Services to the Member and receives payment, or other non-monetary benefits, from that Member as consideration for those services. Service Agreements shall allocate the Costs of Service among the Members in proportion to their anticipated use of Project facilities and other benefits a Member derives from the Project in accordance with the "beneficiary pays" principle. The Service Agreements will also allocate costs in a manner to negate any cross-subsidy among Members (i.e., where any Member obtains an unreasonable financial benefit through financial contributions of another Member or other Members), taking into consideration any grant funding the Authority or any Member has received for Project-related costs.

1.2. Findings. The Members find and declare the following:

1.2.1. The Members represent a diverse group of government entities engaged in water management, conservation, and/or delivery in the San Francisco Bay-Delta and Central Valley region. This area's regional water systems are vulnerable to water shortages due to emergencies such as earthquakes, fire, or drought, and to dry year supply decreases due to insufficient regional storage.

1.2.2. The Project will improve Bay-Delta and Central Valley water supply reliability and water quality while providing additional habitat and Delta ecosystem benefits.

1.2.3. The Authority is created to enable local governments responsible for water distribution to work collaboratively with a regional focus to improve water supply reliability.

1.3 Purposes and Objectives. The purposes of this Agreement are to: (1) create the Authority; (2) provide for the administration of the Authority; (3) plan for, design, construct, operate, maintain, repair, and replace the Project for the benefit of the Members and the region; and (4) coordinate the performance of services related to the Project and approved by the Board of Directors. The primary objectives of the Authority are to:

1.3.1 Provide governance of the Project by the Members;

1.3.2 Ensure sufficient stable funding for the Project and related administrative and support activities to be provided through the Service Agreements and Administrative Agreement;

1.3.3 Ensure costs are reasonable and cost allocations are equitable and transparent, as provided through the Service Agreements; and

1.3.4 Ensure reliable delivery of water to the Members consistent with the terms of the Service Agreements.

1.4 Creation of Authority. Pursuant to the Act, there is hereby created a public entity known as the "Los Vaqueros Reservoir Joint Powers Authority." The Authority shall be a public entity separate and apart from the Members and shall administer this Agreement in accordance with the terms set forth herein.

1.5 Term. The term of this Agreement shall commence on the Effective Date and shall continue until terminated by the Members as provided in ARTICLE 8 of this Agreement.

1.6 Powers of Authority.

1.6.1 General Powers. The Authority shall exercise, in the manner herein provided, the powers common to the Members, powers otherwise permitted under the Act, and powers necessary to accomplish the purposes of this Agreement.

1.6.2 Specific Powers. The Authority is hereby authorized, in its own name, to do all acts necessary, convenient and appropriate for the exercise of the foregoing powers for the purposes set forth in this Agreement and to do any or all of the following:

- (a) To make and enter contracts;
- (b) To employ agents and employees;
- (c) To lease, acquire, construct, manage, maintain or operate any building, works or improvements;
- (d) To acquire, hold or dispose of property;
- (e) To supervise and manage the Project so as to deliver state, federal, and Member benefits commensurate with state, federal, and Member investment in the Project;
- (f) To incur debts, liabilities, or obligations, which, except as otherwise provided in Section 9.2, do not constitute a debt, liability, or obligation of any Member;
- (i) To receive gifts, contributions, and donations of property, funds, services, and other forms of assistance from persons, firms, corporations, and governmental entities, provided that the Authority consents to such gifts, contributions, and donations;
- (j) To prescribe the duties, compensation, and other terms and conditions of employment of other agents, officers, and employees;
- (k) To adopt reasonable rules and regulations for the conduct of the day-to-day operations of the Authority;
- (l) To apply for, accept, receive, and disburse grants and loans from local, state, or federal agencies or from individuals or businesses;
- (m) To sue and be sued in its own name;
- (n) To fund and maintain adequate reserve funds to support debt and operational requirements;
- (o) To invest money in its treasury, pursuant to Government Code Section 6505.5 et seq., that is not required for the immediate necessities of the Authority, as the Authority determines advisable, in the same manner and on the same

conditions as local agencies, pursuant to Section 53601 of the Government Code;

- (p) To enter into state funding agreements and federal funding agreements relating to the Project, and assume rights and obligations pursuant to these agreements;
- (q) To finance Project development activities through a combination of early Water Storage Investment Program funding and pay-as-you-go contributions from the Members;
- (r) To enter into one or more Design & Construction Agreements and O & M Agreements with CCWD and EBMUD, as applicable;
- (s) To enter into the Facilities Usage Agreements with CCWD and EBMUD in connection with the Authority's use of CCWD-Provided Facilities and EBMUD-Provided Facilities, respectively;
- (t) To enter into the Administrative Agreement with CCWD;
- (u) To enter into agreements with individuals or entities providing program management, Watermaster, legal, financial, accounting, auditing, and other services as required;
- (v) To enter into agreements with the California Department of Water Resources, the California Department of Fish and Wildlife, the United States Department of Interior, the United States Bureau of Reclamation, and other local, state or federal entities as may be required to comply with the requirements of any state or federal funding agreements and to implement the Project, including the administration of public benefits;
- (w) To issue Project revenue bonds, secured by revenues of the Project and other Member financial commitments that may be required in connection with that issuance, to provide financing for the Project;
- (x) To deliver Services to the Members, and receive payment from the Members, pursuant to the Service Agreements;
- (y) To exercise any and all powers which are provided for in the Act and in Government Code Section 6584 *et seq.*, including, without limitation Government Code Section 6588, as they exist on the Effective Date of this Agreement or may hereafter be amended;
- (z) To take action by resolution, ordinance, or motion, as approved by the Board of Directors as specified herein;
- (aa) To carry out and enforce all provisions of this Agreement with respect to the activities necessary to undertake the development, construction, and operation of the Project;
- (bb) To conduct such other activities as are necessary and appropriate to the above; and

(cc) To exercise any power necessary or incidental to the foregoing powers.

1.7 Manner of Exercising Authority Powers. The Authority shall exercise its powers in the manner by which Contra Costa Water District exercises its powers, except to the extent this Agreement or the Act specifically provide otherwise.

ARTICLE 2 BOARD OF DIRECTORS

2.1 Creation. The Authority shall be governed by a Board of Directors consisting of one (1) Director for each Member, which is hereby established. The governing board shall be known as the "Board of Directors of the Los Vaqueros Reservoir Joint Powers Authority." All voting power shall reside in the Board and be exercised as specified in Section 3.3, below. By establishing the Authority and creating the Board of Directors, the Members do not intend to create any incompatibility between the service of a Member's governing body member on the Member's governing body, and his or her service as a Director of the Authority, and this Agreement shall be interpreted, if and where necessary, so that no such incompatible office exists.

2.2 Directors.

2.2.1 Directors Appointed; Term. Within thirty (30) days of the Effective Date of this Agreement, each Member shall designate and appoint, by a formal action of its governing body, either one (1) member of its governing body (provided that any Member which itself consists of one or more member agencies may appoint any member of one of its member agencies' governing bodies), or a management-level employee of the Member, or of any member agency of a Member, to act as its representative on the Board of Directors; and one (1) other governing body member or Member employee, either by name or position title, to act as an alternate to that Director so appointed. If a Director's or alternate's membership on the appointing Member's governing body ceases or that person ceases to be on the governing body of a Member's member agency, if applicable, or if the Director is an employee of the Member, or of a Member's member agency, and the Director's employment by the Member ceases, his or her membership on the Board shall also cease. If an alternate is an employee of a Member, and the alternate's employment by the Member ceases, his or her position as an alternate shall also cease. The alternate appointed by each Member shall have the authority to attend and participate in any meeting of the Board, but shall only be allowed to vote at any meeting of the Board when the regular Director is absent. At any meeting of the Board when the regular Director is absent, the alternate shall have the full authority of the Member to vote on any issue before the Board. Each Director shall hold office until his or her successor is selected by the appointing Member. Directors shall serve at the pleasure of the governing board of the appointing Member and may be removed at any time, with or without cause, in the sole discretion of the appointing Member's governing board. If a Director ceases to serve on the Board, the Member that appointed that Director shall select that Director's replacement, and may allow the alternate then serving to fill that Director's position on a temporary or permanent basis, in that Member's discretion.

2.2.2 Board Compensation. The Board shall serve without compensation from the Authority. Compensation may be provided as approved by the Member that appoints its representative Director and alternate, and any such compensation will be the responsibility of that Member.

2.3 Powers and Responsibilities of the Board. All of the power and authority vested in the Authority shall be exercised by the Board of Directors, which may delegate such power in its discretion. Notwithstanding the above, the Board shall not delegate its legislative powers. In exercising these powers, the Board shall undertake the following roles and responsibilities:

2.3.1 Fulfill the Authority's purposes;

2.3.2 Engage key Authority executives, including the Executive Director, as desired by the Board, and Legal Counsel;

2.3.3 Approve the engagement of a Financial Manager, Program Manager, Watermaster, and other consultants and advisors;

2.3.4 Approve annual budgets;

2.3.5 Approve agreements through which Project will be implemented;

2.3.6 Fund the Authority and Project through issuance of bonds and collections from Members; and

2.3.7 Establish committees for activities such as design, construction, and operations.

2.4 Provision for Bylaws. The Board may cause to be developed and may adopt, from time to time, such bylaws for the Authority to govern its day-to-day operations. Each Member shall receive a copy of any bylaws developed and adopted under this section.

ARTICLE 3 MEETINGS OF THE BOARD

3.1 Meetings. The Board shall meet as frequently as the Board deems necessary to conduct the Authority's business, but at least quarterly, and shall provide for the date, hour, and place of its regular meetings by Resolution of the Board filed with the governing body of each Member. The Board may meet by teleconference or by video conferencing, and in joint session with other public agencies and advisory bodies in accordance with California law.

3.2 Ralph M. Brown Act. All meetings of the Board, including without limitation, regular, adjourned regular, and special meetings, shall be called, noticed, held, and conducted in accordance with the provisions of the Ralph M. Brown Act, commencing with Section 54950 of the Government Code.

3.3 Voting. ***[Consensus was reached to have super-majority voting, but any litigation to be commenced by the JPA must be unanimously approved by the JPA Board. Per discussion on September 14, weighted voting alternative (Alternative 2, below) was added back into the Agreement for further discussion purposes.***

ALTERNATIVE 1 – SUPER-MAJORITY; NON-WEIGHTED

3.3.1 Simple Majority Votes. Subject to the veto rights provided in subdivision 3.3.5, below, and the provisions of Sections 3.4 and 3.5, below, each Member shall have one vote, to be exercised by that Member's Director. Except as otherwise provided by law or as set forth in subdivisions 3.3.2, 3.3.3 and 3.3.4, below, all actions of the Board shall be approved on the affirmative vote of a majority of the Board members present at the meeting at which the action is considered.

3.3.2 Items Requiring at Least Sixty Percent for Approval. Notwithstanding subdivision 3.3.1, above, the following actions of the Board must be approved by at least sixty percent (60%) of the total number of Directors, but subject to Sections 3.4 and 3.5, below:

- 3.3.2.1 Approval of Operating Budget and Non-Operating Budget;
- 3.3.2.2 Approval of Capital Improvement Budget whenever that budget exceeds \$5,000,000;
- 3.3.2.3 Approval of an increase to a change order that exceeds the lesser or \$500,000 or 10% of the original contract amount, or which would result in exceeding the total previously approved budget for the specific facility;
- 3.3.2.4 Approval of any additional funding contributions under Section 7.9.2, below;
- 3.3.2.5 Any decision subject to Section 3.3.5, below; and

3.3.2.6 Approval of any contract with Cal-PERS or any other public employee retirement system.

3.3.3 Items Requiring at Least Three-Quarters Votes for Approval. Notwithstanding subdivision 3.3.1, above, the following actions of the Board must be approved by at least three-quarters (seventy-five percent (75%)) of the total number of Directors, but subject to Sections 3.4 and 3.5, below:

- 3.3.3.1 Approval of the admission of a new Member;
- 3.3.3.2 Approval of an amendment to the Agreement; provided that if the proposed amendment is to change the requirement for unanimous approval of action as set forth in Section 3.3.4, then any such amendment must have unanimous Board approval; and
- 3.3.3.3 Termination of the Agreement.

3.3.4 Items Requiring Unanimous Approval. Notwithstanding subdivision 3.3.1, above, the following actions of the Board must be unanimously approved by the Board:

- 3.3.4.1 Commencement of litigation by the Authority against any local, state or federal agency relating to the funding or operation of the Project; or against any Member to interpret or enforce this Agreement or otherwise relating to the Member's obligations concerning the Project; provided that the Member against whom that litigation is contemplated shall not be included in that unanimous vote requirement.
- 3.3.4.2 Any disproportionate disbursement made upon termination of this Agreement pursuant to Section 8.5, below.

++++ ***Continue with Section 3.3.5, renumbering will be reflected in further draft, regarding CCWD and EBMUD Veto Rights (page 13, below).***

ALTERNATIVE 2 – WEIGHTED VOTING COMPONENT (redlined to show changes from Alternative 1)

3.3.1 Simple Majority Votes. Subject to the veto rights provided in subdivision 3.3.6, below, and the provisions of Sections 3.4 and 3.5, below, each Member shall have one vote

and the weighted votes determined in accordance with Section 3.3.2.1, below, where weighted voting is applicable in accordance with Section 3.3.2.2. A Member's votes shall be exercised by that Member's Director. Except as otherwise provided by law or as set forth in subdivisions 3.3.3, 3.3.4 and 3.3.5, below, all actions of the Board shall be approved on the affirmative vote of a majority of the Board members present at the meeting at which the action is considered and, where weighted voting is applicable in accordance with Section 3.3.2.2, by a majority of the weighted votes determined in accordance with Section 3.3.2.1, below. In the event of a tie in the number of votes cast, the Chair of the Board of Directors may cast a second vote to break that tie.

3.3.2 Weighted Voting.

3.3.2.1 For purposes of weighted voting under this Agreement, each Member's vote shall be allocated a weight determined by the Member's share of the total combined storage capacity and conveyance capacity of the Project, as set forth in that Member's Service Agreement, in proportion to the total combined storage capacity and conveyance capacity held by all of the Members, as allocated under all Members' Service Agreements. [weighted allocation provision subject to discussion if weighted voting is to be used]

3.3.2.2 Any Director may demand that approval of any matter presented for action by the Board of Directors be determined on the basis of weighted votes, as determined in Section 3.3.2.1, above. Such a demand must be made in writing and be conveyed to the Board at least seventy-two (72) hours before the meeting at which the vote will be considered. If a Director makes such a demand, then approval of the matter shall require the affirmative vote of Directors present at the meeting holding the percentage of votes required under this Section 3.3.

3.3.3 Items Requiring at Least Sixty Percent for Approval. Notwithstanding subdivision 3.3.1, above, the following actions of the Board must be approved by at least sixty percent (60%) of the total number of Directors, or if demand is made under Section 3.3.2.2, above, at least sixty percent (60%) of the total weighted votes, but subject to Sections 3.4 and 3.5, below:

3.3.3.1 Approval of Operating Budget and Non-Operating Budget;

3.3.3.2 Approval of Capital Improvement Budget whenever that budget exceeds \$5,000,000;

3.3.3.3 Approval of an increase to a change order that exceeds the lesser of \$500,000 or 10% of the original contract amount, or which would result in exceeding the total previously approved budget for the specific facility;

3.3.3.4 Approval of any additional funding contributions under Section 7.8.2, below;

3.3.3.5 Any decision subject to Section 3.3.6, below; and

3.3.3.6 Approval of any contract with Cal-PERS or any other public employee retirement system.

3.3.4 Items Requiring at Least Three-Quarters of Votes for Approval.

Notwithstanding subdivision 3.3.1, above, the following actions of the Board must be approved by at least three-quarters (seventy-five percent (75%)) of the total number of Directors, or if demand is made under Section 3.3.2.2, above, at least three-quarters (seventy-five percent (75%)) of the total weighted votes, but subject to Sections 3.4 and 3.5, below:

3.3.4.1 Approval of the admission of a new Member;

3.3.4.2 Approval of an amendment to the Agreement; provided that if the proposed amendment is to change the requirement for unanimous approval of action as set forth in Section 3.3.5, then any such amendment must have unanimous Board approval; and

3.3.4.3 Termination of the Agreement; provided that termination of the Agreement shall not be subject to weighted voting.

3.3.5 Items Requiring Unanimous Approval. Notwithstanding subdivision 3.3.1, above, the following actions of the Board must be unanimously approved by the Board:

3.3.5.1 Commencement of litigation by the Authority against any local, state or federal agency relating to the funding or operation of the Project; or against any Member to interpret or enforce this Agreement or otherwise relating to the Member's obligations concerning the Project; provided that the Member against whom that litigation is contemplated shall not be included in that unanimous vote requirement.

3.3.5.2 Any disproportionate disbursement made upon termination of this Agreement pursuant to Section 8.5, below.

+++++ Continue with remainder of Article 3

3.3.6 [or **3.3.5** if no weighted voting] Veto Rights of CCWD and EBMUD. Notwithstanding subdivision 3.3.1, above, for any decisions by the Board of Directors that would adversely and materially affect a New Facility, a Modified Facility, a CCWD-Provided Facility or an EBMUD-Provided Facility, CCWD or EBMUD, as applicable in connection with the facility(ies) to be affected, shall have the right to veto that decision following an effort to meet and confer with other Members as follows: If CCWD or EBMUD declares its intention to veto an action during a meeting, the vote on that action may be delayed to a future meeting upon majority vote of the Board to allow the development of an alternative or modified recommended action, to be proposed at the next Board meeting, or as soon thereafter as Authority staff, the Administrator, the Executive Director (if one has been appointed), or the Members can obtain any further information or clarifying direction as needed to propose an alternative or modified recommended action. No proposed action shall be delayed pursuant to this section more than once, except with the consent of the Member which declared its intent to veto the action.

For purposes of this subdivision, an "adverse and material effect" includes the following: (a) a decision that would unreasonably increase operational costs of the subject facility by at least ten percent (10%) as compared to that facility's existing operational costs; (b) a decision that would decrease capacity of the subject facility; (c) a decision that would materially restrict CCWD or EBMUD,

as applicable, in their operation of the subject facility or in its ability to provide an adequate water supply within its service area; (d) a decision that would result in a material adverse impact on the quality of water conveyed from the Project; or (e) a decision that would cause the Project to fail to meet one or more of the conditions set forth in Resolution No. 03-24 adopted by CCWD's Board of Directors on June 18, 2003. In the event of such a veto, the Authority may not proceed with the action specified in that proposed decision. This subdivision shall be interpreted in a manner to protect CCWD's and EBMUD's interests in operating and managing the New Facilities, Modified Facilities, CCWD-Provided Facilities and EBMUD-Provided Facilities, respectively, while providing the other Members with the contemplated benefits from their investments in the Project.

3.4 Special Voting Rules regarding Contracts Entered into with a Member. Where the Authority is considering entering into an agreement with a Member, that Member shall not be entitled to vote in its capacity as a Member of the Authority on any such agreement to which that Member will be a party. In such a situation, for purposes of the determination of the vote needed for approval, that contracting Member shall not be counted as a voting Member of the Authority, such that the total number of voting Members is reduced by one in calculating total number of votes that may be cast and utilized in determining any applicable threshold for the Board's approval of any such action, and that Member's weighted voting allocation is removed from the total weighted voting calculation and the other Members' respective weighted voting amounts are recalculated without taking into account the contracting Member's proportionate storage capacity and conveyance capacity and that Member's storage capacity and conveyance capacity are removed from the Project's total for purposes of calculating any weighted vote. [last clauses would be deleted if weighted voting is not used]

3.5 Special Voting Rules Applicable to Grassland Water District. Due to the fact that Grassland Water District will not be making monetary contributions to the Authority, Grassland Water District will not be entitled to vote on financial matters impacting the Authority, including those items specified in Section 3.3.2, above; provided, however, that Grassland Water District shall be entitled to vote on financial matters concerning the administration of public benefits or the delivery of ecosystem benefits to south-of-Delta refuges. In any situation where Grassland Water District is not permitted to vote, for purposes of the determination of the vote needed for approval, Grassland Water District shall not be counted as a voting Member, such that the total number of voting Members is reduced by one in calculating total number of votes that may be cast and utilized in determining any applicable threshold for the Board's approval of any such action. [add provision similar to last clause in Section 3.4 if weighted voting is used]

3.6 Quorum. A majority of the Directors shall constitute a quorum for the transaction of business.

3.7 Board Action. The Board may act by resolution, ordinance, or motion. Unless otherwise provided in the bylaws or by law, ordinances shall not be required to be introduced and adopted at separate meetings of the Board.

3.8 Minutes. The Secretary of the Authority shall cause minutes of regular, adjourned regular, and special meetings to be kept and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each Director and to each Member.

3.9 Rules. The Board may adopt from time to time such rules and regulations for the conduct of its and the Authority's affairs as may be required.

ARTICLE 4
OFFICERS AND EMPLOYEES OF THE AUTHORITY

4.1 Chair. At the Board of Directors' first meeting, and then in its January meeting of each year, it shall elect one of the Directors as Chair of the Board. The term of office for the Chair shall be one year. A Chair may not serve more than four (4) consecutive terms as Chair, and the foregoing term limit shall also apply to the Member on whose behalf the Chair is serving, such that no Member shall be allowed to have any Directors serving on its behalf serve more than a combined four (4) consecutive terms. The Chair of the Board shall preside at all meetings and shall perform such other duties as are specified by the Board of Directors. The position of Chair shall be elected on the basis of the individual Director and not on the basis of the underlying Member with which the Chair is affiliated.

4.2 Vice-Chair. At the Board of Directors' first meeting, and then in its January meeting of each year, it shall elect one of the Directors as Vice-Chair of the Board. The term of office for the Vice-Chair shall be one year. The Vice-Chair shall perform all the duties of the Chair in the absence of the Chair, or in the event the Chair of the Board is unable to perform such duties, and shall perform such other duties as are specified by the Board of Directors.

4.3 Secretary. The Board may appoint the Authority's Secretary or may delegate the appointment of the Authority's Secretary to the Administrator; provided that if the Administrator position has been removed, then the Board shall appoint the Authority's Secretary. If the Board does not elect to appoint an individual of its own choosing as the Secretary, the Secretary shall serve at the pleasure of the Administrator and may be removed at any time, with or without cause, in the sole discretion of the Administrator or, if the Administrator is an entity, the Administrator's governing board or a management-level employee of the Administrator. The Secretary shall be responsible for the minutes and other records of the proceedings of the Board of Directors and shall perform such other duties as specified by the Administrator pursuant to the Administrative Agreement, as applicable. If the Board elects to appoint another individual of its own choosing, the Secretary shall perform such other duties as the Board of Directors specifies.

4.4 Treasurer and Auditor/Controller. Pursuant to Government Code Sections 6505.5 and 6505.6, the Board may appoint the Authority's Treasurer and Auditor/Controller or may delegate the appointment of the Authority's Treasurer and Auditor/Controller to the Administrator; provided that if the Administrator position has been removed, then the Board shall appoint the Authority's Treasurer and Auditor/Controller. If the Administrator is an entity, it may appoint its senior financial officer (such as its chief financial officer, director of finance, or finance manager, as designated by the Administrator) as the Treasurer and Auditor/Controller. The Treasurer shall be the depository and have custody of all money of the Authority, from whatever source, and shall have all of the duties and obligations set forth in Sections 6505 and 6505.5 of the Government Code. The Treasurer shall also manage the Authority's billing and cash management, financial reporting and debt; engage the independent auditor to review the Authority's financial statements; and report to the Authority's Executive Director or to the Administrator if no Executive Director has been appointed. The offices of Treasurer and Auditor/Controller may be held by separate individuals, or combined and held by one individual as the Board may elect. If the Board does not elect to appoint another individual of its own choosing as the Treasurer and Auditor/Controller, the Treasurer and Auditor/Controller shall serve at the pleasure of the Administrator and may be removed at any time, with or without cause, in the sole discretion of the Administrator or, if the Administrator is an entity, the Administrator's governing board or a management-level employee of the Administrator.

4.5 Administrator.

4.5.1 Generally. The Board of Directors shall select the Administrator, which shall provide management and administrative services for the Authority, as more specifically described in Section 4.5.2, below. CCWD shall serve as the initial Administrator, as set forth in the Administrative Agreement. The Board may, in its discretion, upon the termination of the Administrative Agreement,

appoint a subsequent Administrator to replace CCWD, may transfer some or all of the Administrator's duties to the Executive Director hired under Section 4.6, below, or may combine the Administrator's position with the Executive Director; subject, however, to ensuring that any contractual obligations CCWD has undertaken with respect to the administration of the Project, including under the Early Funding Agreement, are met. Until such time as an Executive Director is hired, the Administrator shall report to the Board. After an Executive Director is hired, the Administrator shall report to the Executive Director and be subject to the Executive Director's supervision, subject to compliance with any existing contractual obligations of the Administrator.

4.5.2 Administrator Services. Subject to the Board's revision of duties of the Administrator, which may be transferred to the Executive Director in the Board's discretion, the Administrator shall perform all services reasonably necessary for the management and administration of the Authority including, but not limited to:

- (a) coordinating the planning, design, permitting (including compliance monitoring), operations modeling and analysis, and procurement activities necessary to construct and operate the Project, including through funds provided by the Early Funding Agreement, which CCWD shall continue to manage as the initial Administrator, and Interim Funding Agreement;
- (b) coordinating and preparing for Board meetings;
- (c) identifying and selecting key staff that will provide services to the Board and the Authority, including staff who may potentially serve as Secretary and Treasurer and Auditor/Controller, as the Board or Administrator may determine;
- (d) being responsible for the appointment, employment, management, and/or termination of any personnel (other than the Executive Director and Authority attorney), contractors, or consultants providing services to the Authority including, but not limited to, contractors and consultants necessary for the financing, planning, design, permitting and procurement of the Project;
- (e) performing administrative tasks related to the Board's selection and appointment of the Authority Attorney;
- (f) implementing the policies, decisions, and directions of the Board, as provided to the Administrator;
- (g) conducting communications and outreach support and website hosting;
- (h) coordinating and conferring with the Members' technical staffs relative to Project-related functions; and
- (i) such other duties as are determined by and assigned by the Board.

4.5.3 Compensation. The Administrator shall be compensated for the services it renders to the Authority as specified in the Administrative Agreement, or in any other contractual arrangement between the Administrator and the Authority.

4.5.4 Administrator Staff. If the Administrator is an entity, the Administrator shall identify key staff that shall provide services required of the Administrator, including one employee who shall serve as the main point of contact for the Authority. Such key staff identified by the Administrator shall be qualified to perform services required of the Administrator. Unless otherwise agreed in writing by the Authority, such key staff shall at all times remain under the exclusive direction and control of the Administrator and the Authority shall not have any right to discharge or discipline any member of the Administrator's staff. Subject to payment by the Authority as provided in the Administrative Agreement or other agreement, the Administrator shall be responsible for all compensation, supervision, and administrative costs relating to its staff. If the Administrator is an individual, the Administrator shall coordinate the retention of any outside staff with the Board and obtain approval of such staff positions from the Board before hiring or retaining any such staff.

4.5.5 Independent Contractor. Until such time, if any, as the Administrator is hired as an Authority employee, to the extent allowed by law, the Administrator shall be retained as an independent contractor and not an employee of Authority. No employee or agent of the Administrator shall become an employee of the Authority, except as may be agreed in writing. Any Administrator employees or agents assigned to provide services under this Agreement shall remain under the exclusive control of the Administrator.

4.6 Executive Director. The Board of Directors may hire an Executive Director to work with the Administrator in connection with the duties specified under Section 4.5.2, above. The Executive Director may be an employee of the Administrator. Upon the hiring of an Executive Director, the Board may transfer any of the Administrator's duties to the Executive Director, as may be feasible based on applicable contractual limitations set forth in the Early Funding Agreement. The Executive Director shall be an employee of the Authority, unless that position is also filled by an employee of the Administrator or of a Member. It is contemplated that the Executive Director would report directly to the Board and would manage Authority activities, ensure that the Board receives appropriate and timely information, supervise the Administrator, including coordinating Project activities with the Administrator, and ensure that the Authority provides services to the Members in accordance with the respective Service Agreements.

4.7 Authority Attorney.

4.7.1 Appointment. The Attorney for the Authority shall be appointed by the Board of Directors, provided that an individual, office, or firm providing general counsel services to one of the Members shall not serve as the Authority Attorney. Such individuals, offices, or firms may, however, provide special counsel services to the Authority. Notwithstanding the above, the general counsel to one of the Members may provide interim general counsel services until the Board appoints an Authority Attorney.

4.7.2 Duties. The Attorney for the Authority or a designated deputy shall attend all meetings of the Board of Directors; provided, however, that the absence of the Authority Attorney shall not affect the validity of any meeting. The Attorney shall perform such other duties as the Board of Directors specifies, including, but not limited to, obtaining specialized legal services.

4.8 Program Manager. The Board may authorize the hiring of a Program Manager, who shall report to the Executive Director. The Program Manager shall coordinate with the Administrator and/or Executive Director regarding various design and construction activities for the Project, including coordination with CCWD and EBMUD in accordance with the Design and Construction Agreement and O & M Agreements with respect to decisions likely to have a cost impact on the Authority and the Members. Such coordination shall include, but not be limited to, budget tracking, scheduling and quality control/quality assurance, with the understanding that CCWD and EBMUD have primary responsibility for the design and construction of their respective facilities, as will be

specified in the Design & Construction Agreements. The Program Manager, in consultation with the Executive Director and subject to Board approval in accordance with Authority policies, may contract for additional services that may be required.

4.9 Watermaster. The Board may authorize the hiring of a Watermaster, who shall report to the Executive Director. The Watermaster shall oversee the operations of the Project in coordination with CCWD as to CCWD-Provided Facilities and with EBMUD as to EBMUD-Provided Facilities. The Watermaster's duties shall include scheduling necessary diversions and deliveries of stored water in response to Members' requests on behalf of the Members, coordinating Members' storage and conveyance needs with CCWD's system operator, tracking the delivery of Services to the Members, and ensuring compliance with all reporting requirements and coordinated operations agreements with the United States Department of Interior, Bureau of Reclamation and the California Department of Water Resources. The Watermaster shall perform his or her duties in accordance with the Facilities Usage Agreements and operating protocols to be adopted by the Board of Directors, but such protocols shall not restrict CCWD's or EBMUD's ability to manage their respective facilities. Any Watermaster decision shall be subject to an appeals process to be established by the Board.

4.10 Official Bond. Pursuant to Government Code section 6505.1, the public officer, officers or persons who have charge of, handle or have access to any property of the Authority shall file an official bond in an amount to be fixed by the Board of Directors of the Authority.

4.11 Additional Officers and Employees. The Board shall have the power to appoint such additional officers and to make modifications to the Authority's organization chart—and the Executive Director shall have the power to hire and terminate such employees, assistants, contractors, consultants, and others, as may be appropriate.

ARTICLE 5 COMMITTEES

5.1 Committees. The Board of Directors, by a majority vote, may form committees for any purpose. Such vote shall designate the method for appointing committee members, the scope of the duties and responsibility of the committee, whether the committee is a standing or ad hoc committee, and such other matters as the Board may deem appropriate. Standing committee meetings are subject to the Ralph M. Brown Act, commencing with Section 54950 of the Government Code. Such committees may include committees consisting solely of Members' staffs to provide technical review and input concerning Project-related issues.

ARTICLE 6 PROJECT OPERATIONS

6.1 Sub-Projects. Upon approval by a majority of the Board of Directors, some of the Members may establish a sub-project that such Members will undertake through the Authority for matters not deemed to be of general benefit to all Members, provided that no Member shall be involved in any such sub-project without the approval of its governing body. A specific written sub-project Agreement between the Members who consented to participate in the specific sub-project and the Authority shall be established for each sub-project to set forth the respective obligations, functions, and rights of the participating Members and of the Authority. A budget for each sub-project shall be established in accordance with Section 7.5, below. The Directors representing the Members who will be involved in financing and implementing the specific sub-project, or their respective designees, shall constitute a "Sub-Project Committee," for purposes of administration and implementation of the specific sub-project. Notwithstanding the foregoing, no debt shall be incurred by the Authority for a specific sub-project without the unanimous consent of the Board. Any contributions approved by the Sub-Project Committee and approved by the participating Members

shall be paid by the participating Members. To the extent allowed by law, the Members participating in any sub-project shall indemnify and hold harmless the Authority and the Members not participating in the sub-project from any and all claims, demands, damages, liabilities, fines, expenses and related costs and fees, including attorneys' and experts' fees, arising from or related to the particular sub-project, except to the extent of the Authority's or non-participating Member's negligent or intentional acts or omissions.

6.2 CCWD-Provided Facilities. In accordance with the voting provisions set forth in Section 3.3.4, above, CCWD will retain a veto right with respect to any decision by the Board of Directors that would adversely and materially affect a New Facility or Modified Facility for which CCWD is designated as the builder and operator on Exhibit B hereto, and CCWD-Provided Facilities. CCWD may authorize the Authority to take actions and/or make decisions with respect to those facilities in accordance with the applicable Design & Construction Agreements and O & M Agreements.

6.3 EBMUD-Provided Facilities. In accordance with the voting provisions set forth in Section 3.3.4, above, EBMUD will retain a veto right with respect to any decision by the Board of Directors that would adversely and materially affect a New Facility or Modified Facility for which EBMUD is designated as the builder and operator on Exhibit B hereto, and EBMUD-Provided Facilities. EBMUD may authorize the Authority to take actions and/or make decisions with respect to those facilities in accordance with the applicable Design & Construction Agreements and O & M Agreements.

ARTICLE 7 FINANCES

7.1 Fiscal Year. The Fiscal Year of the Authority shall be as defined in Section 1.1 of this Agreement.

7.2 Operating Budget. Prior to the start of each Fiscal Year, the Board shall adopt an Operating Budget (the "Operating Budget") for all expenditures to be made by the Authority during that Fiscal Year, based upon the total Costs of Service, excluding expenditures included in the Non-Operating Budget and Capital Project Budget (the "Operating Budget Costs of Service") set forth in the Service Agreements and related financial projections. For the Authority's initial year, the Operating Budget shall be based upon initial Operating Budget Costs of Service set forth in the Project's pro-forma financial model and as established by a CalSim simulation model, subject to adjustment based on actual circumstances. The Board shall allocate Operating Budget Costs of Service to each Member in proportion to the Member's use of Project facilities, operational priorities and other benefits, in accordance with the Member's Service Agreement, and shall take into account any non-monetary contributions being received from Grassland Water District. The Operating Budget shall take into consideration the amounts the Authority will receive under the Service Agreements, and shall be prepared in sufficient detail to constitute an operating outline for the purpose of establishing contributions to be billed to and paid by, or otherwise contributed with respect to any non-monetary contributions, the Members in accordance with their respective Service Agreements. The Operating Budget shall outline anticipated revenues and planned expenditures to be made during the Fiscal Year by functional category such as operations and maintenance, administration, projects, programs, planning, study and any applicable contributions to operate related reserves.

7.3 Non-Operating Budget. Prior to the start of each Fiscal Year, the Board shall adopt a non-operating budget (the "Non-Operating Budget") that sets forth revenue requirements to pay debt service on all bonds, loans or other indebtedness of the Authority and other anticipated revenues and planned expenditures for non-operating financial activities for the Fiscal Year. The Non-

Operating Budget shall take into consideration the amounts the Authority will receive under the Service Agreements, and shall be prepared in sufficient detail to constitute an operating outline for the purpose of establishing contributions to be billed to and paid by, or otherwise contributed with respect to any non-monetary contributions, the Members in accordance with their respective Service Agreements. The contributions approved by the Board shall be paid by the Members pursuant to Section 7.7, below. Any Member which has opted under Section 7.8, below, to pay its share of Project capital costs through a lump sum contribution, rather than financing that contribution through participating in the Authority's bond issuance(s), shall not be required to make further payments under any Non-Operating Budget until that lump sum contribution is exhausted and further contribution from that Member is necessary to meet that Member's share of costs of non-operating financial activities of the Authority.

7.4 Capital Project Budget. Prior to the start of each Fiscal Year, the Board shall adopt a capital project budget (the "Capital Project Budget") to assess contributions and expenditures to be paid by the Members during the Fiscal Year for capital projects needed for major repair, replacement, expansion and efficiency of Project facilities, as approved by the Board. The Capital Project Budget shall take into consideration the amounts the Authority will receive under the Service Agreements, and shall be prepared in sufficient detail to constitute an operating outline for the purpose of establishing contributions to be billed to and paid by, or otherwise contributed with respect to any non-monetary contributions, the Members in accordance with their respective Service Agreements. The Authority shall coordinate with CCWD regarding the establishment of that Capital Project Budget to ensure that costs are properly allocated as between the Authority and CCWD. The contributions approved by the Board shall be paid by the Member Agencies pursuant to Section 7.7, below. Any Member which has opted under Section 7.8, below, to pay its share of Project capital costs through a lump sum contribution, rather than financing that contribution through participating in the Authority's bond issuance(s), shall not be required to make further payments under any Capital Project Budget until that lump sum contribution is exhausted and further contribution from that Member is necessary to meet that Member's share of Authority capital costs that would be payable under any Capital Project Budget.

7.5 Specific Sub-Project Budgets. In addition to the foregoing Operating Budget, Non-Operating Budget and Capital Project Budget, Authority staff, in consultation with the applicable Sub-Project Committee, shall develop a budget for any sub-project established in accordance with Section 6.1, above. Any contributions approved by the Sub-Project Committee and approved by the participating Members shall be paid by the participating Member Agencies pursuant to Section 7.7, below.

Each sub-project budget shall include, without limitation, the following:

- (a) Administrative expenses;
- (b) Studies and planning costs;
- (c) Engineering and construction costs;
- (d) The allocation of costs, including debt service costs, if any, among participating Members;
- (e) Annual maintenance and operating expenses for the sub-project; and
- (f) A formula for allocating annual maintenance and operating expenses, if any.

7.6 Failure to Obtain Budget Approvals. In the event the Board does not approve one or

more budgets prior to the start of a Fiscal Year the Authority shall continue to operate at the level of expenditure as authorized below:

7.6.1. Operating Budget. The Operating Budget shall be at the expenditure level authorized by the last approved Operating Budget, and the allocation of Operating Budget Costs of Service to each Member shall be in proportion to the allocation of such costs in the last approved Operating Budget. The CPI shall mean the change in CPI for Urban Wage Earners and Clerical Workers for San Francisco-Oakland-Hayward, California for the all items category for the 12-month period ending the February prior to the beginning of the Fiscal Year budgeted, as determined by the U.S. Department of Labor, Bureau of Labor Statistics, or other mutually agreeable source if such a CPI is no longer available. This factor will be applied to the budget until such time as a new Operating Budget is approved by the Authority. Any shortfall in revenues will be made up from available reserves dedicated by the Board for such a purpose, and if those available reserves are insufficient to cover the shortfall, any other available reserve funds not designated by the Board for other purposes or otherwise legally restricted may be used to meet that shortfall. In the event that a shortfall in available funds exceeds available unrestricted reserves of the Authority, such resulting unfunded shortfall shall be carried forward into the subsequent Fiscal Year. Members shall have no obligation to cure such unfunded shortfall other than as may be provided in the applicable Service Agreement. As used herein, "reserves" shall mean any available cash or investments.

7.6.2. Non-Operating Budget. The Non-Operating Budget shall automatically be established at the required level necessary to meet annual debt service requirements including any revenue coverage covenants and the allocation of any applicable Costs of Service to each Member shall be in proportion to the allocation of such costs in the last approved Operating Budget.

7.6.3. Capital Project Budget. The capital project budget shall automatically be established at the required level necessary to implement capital projects previously approved by the Authority and the allocation of any applicable Costs of Service to each Member shall be in proportion to the allocation of such costs in the last approved Operating Budget.

7.7 Payments of Amounts Due; True-Up of Costs. The payments owed for contributions from each Member to the Authority shall conform to amounts payable, or any non-monetary contributions to be provided to the Authority, under each Member's Service Agreement and in accordance with the budgets approved by the Board pursuant to Sections 7.2 through 7.5, inclusive. Amounts to be paid to the Authority may be divided into a fixed, annual component and a variable component payable on a monthly or other periodic basis. Any amounts to be paid to the Authority shall be due, payable, and delivered by the Members to the Authority within forty-five (45) days after receipt of a billing therefor from the Authority. To the extent permitted by state law, the Authority may impose interest at the rate of ten percent (10%) per annum on any unpaid and past due contributions, from the date due to the date payment is received by the Authority. At the end of each Fiscal Year, the Authority will compare the actual costs incurred as compared to the budgeted costs paid by Members. If a Member has paid in excess of its share of the Authority's actual costs, the Member shall have the option to either receive a refund of that excess or have that excess carry over as a credit to the benefit of that Member for the next Fiscal Year. If a Member's share of the Authority's actual costs exceeds what that Member has previously paid to the Authority, the Authority shall invoice that Member, which amount shall be due and payable as specified above.

7.8 Member Lump Sum Payments of Project Capital Costs. Notwithstanding any other provision of this Agreement, a Member may elect to pay its share of Project capital costs, as determined under its Service Agreement, in lieu of participating in any bonds the Authority will issue. Any such lump sum payments shall be used to offset that Member's share of Project capital costs or other non-operating costs included in any Non-Operating Budget or Capital Project Budget, as applicable, until such time as the lump sum payment amount has been exhausted. In the event the

lump sum payment amount is nearing exhaustion (that is, has reached a level of \$10,000 or less), the Authority shall provide written notice to the Member of the need to deposit additional amounts with the Authority, in such amount as the Authority, acting through its Administrator or Executive Director, shall determine in its reasonable discretion, and the Member shall deposit that amount within sixty (60) days of receipt of notice from the Authority.

7.9 Funds, Accounts and Reports. There shall be strict accountability of all funds and reporting of all receipts and disbursements.

7.9.1 Sources of Funds. The sources of funds available to the Authority may include, but are not limited to, the following:

- (a) Grants, donations, and loans received by the Authority from local, state, or federal agencies, including any amounts received under the Early Funding Agreement.
- (b) Funds collected from Members under the Service Agreements.
- (c) Funds collected from Members, including, but not limited to, funds paid pursuant to the Interim Funding Agreement.
- (d) Funds received from state and federal disaster relief agencies.
- (e) Funds obtained by issuing bonds, notes, warrants and other evidences of indebtedness.
- (f) "In kind" contributions from Members, include refuge resources provided by Grassland Water District; provided that the Board of Directors shall establish a procedure to ensure that any "in kind" contributions comply with any applicable contractual or regulatory requirements and are fair and reasonable in relation to the benefits provided to the contributing Member, and further the Authority's interests.
- (g) Funds from any other source derived.

7.9.2 Interim Funding Plans. The Members intend for the Authority to fund initial Authority costs through the Interim Funding Agreement, and other agreements and revenue sources available to the Authority for such purposes, including through the Service Agreements. Notwithstanding the foregoing, in the event the Board determines, by at least a two-thirds (2/3rds) vote in accordance with Article 3, above, which must include San Francisco Public Utilities Commission among the approving Members, that certain costs cannot be funded through such revenue sources, each Member agrees that it will contribute to a fund or budget approved by the Board in such proportion as the Board shall reasonably determine, as set forth in this article, taking into consideration any non-monetary contributions being received from Grassland Water District. Notwithstanding the foregoing, any financial obligation of San Francisco under this section is subject to Section 7.13.

7.9.3 Long-Term Funding Plans. The Members intend that all Authority activities will ultimately be funded through various Service Agreements under which the Members will pay or otherwise contribute for services provided by the Authority. The Members intend that the Service Agreements will, when taken together, be sufficient to fund all activities of the Authority, including, but not limited to, all administrative, capital expense, and operation and maintenance costs of the Authority and the Project.

7.9.4 Accounts. Revenues or funds received or made available to the Authority from any source whatsoever, shall be deposited into accounts that may be established by the Authority, and may be expended by the Authority in any legal manner, subject to such reservations as may be imposed by the Authority from time to time.

7.9.5 Reports. The Treasurer shall, within one hundred and eighty (180) days after the close of each Fiscal Year, give a complete written report of all financial activities for such Fiscal Year to the Board of Directors and to each Member. The Authority's books and records shall be open to inspection at all reasonable times by representatives of each Member. The Treasurer shall prepare and provide such additional reports, including audited financial statements and ongoing disclosure reports, as are required by separate agreements entered into by the Authority.

7.10 Payments and Advances. No expenditures in excess of those budgeted shall be made unless otherwise approved by the Authority's Board.

7.11 Audit. In accordance with Sections 6505 through 6505.6 of the Government Code, the Treasurer shall cause an annual audit of the accounts and records of the Authority to be made and reported. The audit shall be conducted by an independent certified public accountant or public accountant. The audit shall conform to generally accepted auditing standards. Such report shall be filed within twelve (12) months of the end of the Fiscal Year under examination.

7.12 Procurement Methods. The Board may adopt such policies relating to procurement of services, equipment, supplies, and other materials needed to accomplish the purposes of this Agreement.

7.13 San Francisco Certification of Funds; Budget and Fiscal Provisions. The financial obligations of the City and County of San Francisco (the "City," acting through the San Francisco Public Utilities Commission as a Member of the Authority) under this Agreement are subject to and contingent upon the budget and fiscal provisions of the City and County of San Francisco's Charter. Charges will accrue to San Francisco only after prior written authorization certified by the City's Controller, and the amount of City's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization. San Francisco's funding obligations under this Agreement will terminate without penalty, liability or expense of any kind to City at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If

funds are appropriated for a portion of the fiscal year, San Francisco's funding obligations under this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated. City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. The Authority's assumption of risk of possible non-appropriation is part of the consideration for this Agreement. This section controls against any and all other provisions of this Agreement. In the event the City fails to appropriate adequate funds in any fiscal year to meet the City's obligations under its Service Agreement or other financial obligations under this Agreement, the Authority may, in the sole discretion of the Authority's Board of Directors, suspend any benefits the City would receive from the Project under the City's Service Agreement with the Authority until such time as all financial obligations owed to the Authority are satisfied, provided that the Authority has first given the City a minimum of sixty (60) days' advance written notice of such suspension. If the City does not satisfy its financial obligations following receipt of the Authority's written notice for a period of one (1) year from the effective date of the suspension, the City shall be deemed to have withdrawn from the Authority for purposes of Section 8.4, below. The Authority shall not impose interest on the City's financial obligations during this one (1) year period.

ARTICLE 8 TERMINATION / AMENDMENT; WITHDRAWAL

8.1 Duration and Termination. This Agreement shall become effective as of the Effective Date and shall continue in full force and effect until terminated by action taken by at least three-quarters (3/4ths) of the Board and ratified by at least three-quarters (3/4ths) of the governing bodies of the Members. Notwithstanding any other provision of this Agreement, the decision to terminate this Agreement shall not be subject to weighted voting. If at any time there are only two (2) Members of the Authority and one (1) of those Members intends to withdraw, the other Member's written consent to terminate this Agreement shall not be unreasonably conditioned or delayed. Notwithstanding the prior provisions of this Section 8.1, this Agreement and the Authority shall continue to exist for the purpose of disposing of all claims, distribution of assets, and all other functions necessary to conclude the affairs of the Authority.

8.2 Amendment. This Agreement may be amended at any time by action taken by at least three-quarters (3/4ths) of the Board (but subject to the provision of Section 3.3.3.2 [or 3.3.4.2], above), and if demand is made under Section 3.3.2.2, above, at least three-quarters (seventy-five percent (75%)) of the total weighted votes; and ratified by at least three-quarters (3/4ths) of the governing bodies of the Members; provided that Exhibit B to this Agreement may be amended by the Administrator or Executive Director, with majority vote of the Board approving such amendment to Exhibit B, to reflect changes to the Project's facilities approved by the Board of Directors.

8.3 Withdrawal. A Member may only withdraw from the Authority as follows:

8.3.1 Failure to Execute Interim Funding Agreement. In the event a Member does not execute the Interim Funding Agreement or other agreement provided under Section 7.9.2 to provide interim funding to the Authority on or before June 30, 2021, or such later date as the Board shall establish, that Member shall be deemed to have withdrawn from the Authority and shall have no further rights or obligations under this Agreement.

8.3.2 Failure to Execute Service Agreement. In the event a Member does not execute its Service Agreement on or before September 30, 2021, or such later date as the Board shall establish, that Member shall be deemed to have withdrawn from the Authority and shall have no further rights or obligations under this Agreement.

8.3.3. Additional Funding Contribution Required Under Section 7.9.2. Subject to Section 8.3.8, in the event a Member is required to make an additional monetary contribution pursuant to Section 7.9.2, above, which that Member does not desire to make or otherwise disagrees with, the Member may withdraw from the Authority upon at least sixty (60) days' written notice to the other Members; provided that the Member desiring to withdraw shall meet and confer with the other Members during that notice period in an attempt to resolve any disputed issues. In the event of such a withdrawal, the withdrawing Member shall forego any funds previously contributed to the Authority, unless otherwise agreed in writing or as set forth under Section 8.4, below.

8.3.4 Engineer's Estimate is Too Expensive or Construction Bids are Too High. Subject to Section 8.3.8, in the event a Member concludes the engineer's estimate for any work on the Project is too expensive or where construction bids exceed the engineer's estimate by at least twenty percent (20%), then a Member may initiate a meet and confer process among the Members to discuss those cost issues, which meeting shall take place within thirty (30) days after the Member gives notice of its desire for that meeting. If upon conclusion of that meet and confer process the Member that initiated that process is not satisfied with the estimate or bids, then that Member may withdraw from the Authority upon at least sixty (60) days' written notice to the other Members.

8.3.5 Withdrawal of Other Members. Subject to Section 8.3.8, in the event that at least two (2) Members have withdrawn from the Authority under this Section 8.3 and the result of such withdrawals has made remaining in the Authority cost prohibitive for a Member, then any other Member may withdraw from the Authority upon at least sixty (60) days' written notice to the other Members.

8.3.6 Revocation or Unacceptable Conditioning of State or Federal Funding. In the event the State of California or the federal government withdraws any previously approved funding for the Project or conditions such funding in a manner a Member deems unacceptable prior to the time when the Authority has issued any revenue bonds for the Project, any Member may withdraw from the Authority upon at least sixty (60) days' written notice to the other Members.

8.3.7 Unacceptable Permit Conditions. Subject to Section 8.3.8, in the event any entity or jurisdiction whose approval must be obtained to design, construct, or operate the Project conditions its approval in a manner a Member deems unacceptable, such Member may withdraw from the Authority upon at least sixty (60) days' written notice to the other Members.

8.3.X Additional Terms for Withdrawal by San Francisco. In the event that San Francisco is unable to: (1) obtain agreements with the California Department of Water Resources and/or the South Bay Aqueduct (SBA) Contractors to allow for the conveyance of water supplies through the SBA for use by San Francisco and its wholesale customers, (2) secure approval of a permanent water supply source for storage in the Los Vaqueros Reservoir, and/or (3) obtain agreements necessary to convey that source water or its equivalent to the Los Vaqueros Reservoir, San Francisco may withdraw from the Authority upon at least sixty (60) days' written notice to the other Members.

8.3.8 Approval once Revenue Bonds are Issued. Notwithstanding the foregoing subsections in this Section 8.3, after such time as the Authority has issued revenue bonds for the Project, a Member may withdraw from the Authority only if some or all of the other Members have agreed to assume the withdrawing Member's obligations under such bonds, unless the withdrawing Member has prepaid its entire financial obligation to the Authority and accordingly has not pledged its revenues towards repayment of the bonds. The Authority shall not issue revenue bonds before all construction bids have been received and any meet and confer process undertaken pursuant to Section 8.3.4 has concluded.

8.4 Effect of Withdrawal.

8.4.1 A withdrawal from the Authority constitutes a withdrawal of that Member's representative Director from the Board of Directors, including in the event a Member's obligations under any revenue bonds have been assumed by another Member as stated in Section 8.3.8, above. If at any time there are only two (2) Members, any desired withdrawal shall be subject to the termination provisions of this Agreement. Unless otherwise agreed upon by all of the remaining Members, the withdrawal of a Member shall not terminate its responsibility to contribute its share of any obligation incurred by the Authority, as determined by the Board of Directors based upon that Member's obligations under the Interim Funding Agreement, its respective Services Agreement (if the Member has executed that agreement), or otherwise under this Agreement, or to perform any other obligation arising from a separate agreement or other legally binding obligation, including amounts determined by the Board for (1) liabilities and claims accrued during the time the agency was a Member (including any future obligations arising from retirement benefits for past and existing employees of the Authority, if any) or (2) budgeted expenses for the Fiscal Year in which notice of intent to withdraw is given. Except as the withdrawing Member may agree in writing with the Authority, the withdrawing Member shall automatically relinquish all rights as a Member under this Agreement, on the effective date of the withdrawal.

8.4.2 For any Member that has prepaid its entire financial obligation to the Authority and subsequently decided to withdraw from the Authority, the Board shall determine an equitable allocation of such monies previously paid to the Authority and return to that withdrawing Member any uncommitted funds, provided that any such refund may be structured to ensure it does not materially adversely impact the Authority's financial condition. The Board's determination of that equitable allocation shall take into consideration the amount of Project costs that have been paid through payment of principal under any revenue bonds the Authority has issued in the period since the withdrawing Member prepaid its financial obligation.

8.5 Disbursement Upon Termination; Post-Termination Liabilities. Upon termination of this Agreement and after payment of all liabilities, costs, expenses, and charges validly incurred under this Agreement, the Board may, in its discretion and by a unanimous vote of the then-current Directors, distribute all remaining assets of the Authority based on an apportionment the Board deems equitable. Any further liabilities that may accrue after termination of this Agreement shall be allocated among the former Members in the same proportion as the Authority's expenses are allocated under the Operating Budget at the time of the termination; provided that the Board shall take into consideration any non-monetary contributions Grassland Water District may provide with respect to its share of such liabilities.

ARTICLE 9 SPECIAL PROVISIONS

9.1 Insurance. The Authority shall maintain types and levels of insurance coverage for the Authority as the Board of Directors determines to be reasonably adequate.

9.2 Liability of Authority, Board, Officers, Employees. As allowed by Government Code Section 6508.1, the debts, liabilities, and obligations of the Authority, with the exception of retirement liabilities of the Authority, if any, shall be the debts, liabilities, and obligations solely of the Authority and not the debts, liabilities, and obligations of any of the Members or any of their respective members, officers, directors, employees, or agents. The Authority, its Directors, officers, employees, staff, and agents shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No Member, its officers, directors, or employees shall be responsible for any action taken or omitted by any other Member, or its members, officers, directors, or employees. To the extent allowed by law, the Members repudiate the provision

for joint and several liability provided under Government Code Section 895.2, and agree, pursuant to Government Code Section 895.4, that each Member shall fully indemnify and hold harmless each other Member and its agents, officers, employees, and contractors from and against all claims, damages, losses, judgments, liabilities, expenses, and other costs, including litigation costs and attorney fees, arising out of, resulting from, or in connection with any action taken or omitted to be taken by such Member under this Agreement. The Members intend that each Member provide indemnity or contribution in proportion to that Member's responsibility for any such claim, damage, loss, judgment, liability, expense or other cost.

9.3 New Members. It is recognized that public agencies other than the original Members to this Agreement may wish to participate in the Authority. As determined by the Board of Directors, in its sole discretion, any such public agency must have the common powers specified in Recitals A and B, above, must be credit worthy, and must provide benefits to the Project and other Members. Any proposed new Member must meet all established principles or requirements adopted by any Member with respect to potential participation in the Project that are in effect at the time the proposed new Member applies to become a Member. Additional public agencies may become Members upon such terms and conditions as approved by at least three-quarters (3/4ths) of the Board, including establishment of an appropriate cost allocation for that new Member and payment by the new Member of an acceptable financial contribution to offset prior expenses incurred by the existing Members in developing and operating the Project. Any new Member must be approved by at least three-quarters (3/4ths) of the governing boards of the existing Members of the Authority, evidenced by the execution of a written amendment to this Agreement signed by the new Member.

9.4 Retirement System. The Authority shall not enter into a contract with the California Public Employees' Retirement System and/or any other public retirement system without the approval of two-thirds (2/3rds) of the Board and ratification by at least two-thirds (2/3rds) of the governing bodies of the Members. The Members acknowledge that if the Authority enters into any such contract, as referenced in Section 9.2., above, the Members may have responsibility under Government Code Section 6508.2 for the Authority's retirement liabilities in the event this Agreement is terminated or the Authority terminates that contract. In such a situation, the Members shall attempt to reach mutual agreement on the allocation of those liabilities among the Members, and understand that if they unable to reach such a mutual agreement, those liabilities shall be allocated among the Members in the same proportion as the Authority's expenses are allocated under the Operating Budget at the time of the termination of this Agreement or of the retirement system contract. .

9.5 Indemnity. The Authority shall indemnify, defend and hold harmless the Board of Directors, the individual Members, and their members, officers, directors, employees, and agents from and against any and all liability, loss, damages, expenses, costs (including, without limitations, costs and fees of litigation or arbitration) of every nature, arising out of any act or omission related to this Agreement, except such loss or damage which was caused by the willful misconduct of any individual Member, or their members, officers, directors, employees, and agents. The Authority's duty to indemnify each Member pursuant to this Agreement shall survive that Member's withdrawal from the Agency.

9.6 Conflict of Interest Code. The Authority shall, by resolution, adopt a conflict of interest code as required by law.

**ARTICLE 10
MISCELLANEOUS PROVISIONS**

10.1 Severability. If any section, clause or phrase of this Agreement or the application thereof to any Member or any other person or circumstance is for any reason held to be invalid by a court of competent jurisdiction, it shall be deemed severable, and the remainder of the Agreement or the application of such provisions to any other Member or to other persons or circumstances shall not be affected thereby. In the event a provision is held to be invalid, the Members shall work in good faith to restore the intent of any provision that held to be invalid. Each Member hereby declares that it would have entered into this Agreement, and each subsection, sentence, clause and phrase thereof, irrespective that one or more sections, subsections sentences, clauses or phrases or the application thereof might be held invalid.

10.2 Dispute Resolution. If a dispute arises as to the construction, interpretation or implementation of any portion of this Agreement or any matters that arise in connection with this Agreement, the Members in dispute (including the Authority if the dispute is between one or more Members and the Authority, in which case the Board shall determine who will represent the Authority in the meet and confer and mediation processes) shall meet and confer in person in an attempt to resolve that dispute within thirty (30) days of a Member or the Authority giving the other Members or the Authority notice of the dispute. If the Members or the Authority cannot resolve the dispute through that meet and confer process, the Members or the Authority in dispute shall proceed to mediation of the dispute in front of an independent, neutral mediator agreed to by those Members or the Authority, unless they both agree to waive that mediation. If the Members or the Authority in dispute cannot agree upon a mediator, the mediation service selected shall choose the mediator. The Members or the Authority in dispute shall equally divide and pay the mediation costs.

10.3 Notices. Notices required or permitted hereunder shall be sufficiently given if made in writing and delivered either personally, by registered or certified mail, postage prepaid, by nationally-recognized overnight courier, or by e-mail to the respective Members, at the addresses provided in Exhibit A attached hereto. With respect to delivery by e-mail, any such e-mail message shall be sent using a system that provides unmodifiable proof: (i) that the message was sent; (ii) that the message was delivered to the recipient's information processing system, and (iii) of the time and date the message was delivered to the recipient, along with a verifiable electronic record of the exact content of the message sent. The Members may from time to time change the address to which notice may be provided by providing notice of the change to the other Members.

10.4 Consent. Whenever in this Agreement or in any amendment thereto consent or approval is required, the same shall not be unreasonably withheld or delayed.

10.5 Other Agreements Not Prohibited. Other agreements by and between the Members or any other entity are neither prohibited nor modified in any manner by execution of this Agreement.

10.6 Section Headings. The section headings herein are for convenience of the Members only, and shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions or language of this Agreement.

10.7 Governing Law; Venue. Any judicial action or proceeding that relates to the Agreement, the Authority or the Project between or among any or all of the Members and/or the Authority shall be initially brought in Contra Costa County Superior Court and will be transferred to a neutral venue. The litigants shall attempt to stipulate to a mutually agreeable neutral venue, and if unable to agree will resolve any venue dispute through a motion to transfer brought pursuant to California Code of Civil Procedure section 394. The parties to any litigation will support transfer to a neutral venue and will not object to transfer to a neutral venue.

10.8 Construction of Language. It is the intention of the Members that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

10.9 Cooperation. The Members recognize the necessity and hereby agree to cooperate with each other in carrying out the purposes of this Agreement.

10.10 Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors of the Members.

10.11 Enforcement. The Authority is hereby authorized to take any and all legal or equitable actions, including but not limited to an injunction and specific performance, necessary or permitted by law to enforce this Agreement.

10.12 Integration. This Agreement constitutes the full and complete Agreement of the Members.

10.13 Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement.

SIGNATURES ON FOLLOWING PAGE(S)

DRAFT

IN WITNESS WHEREOF, the Members have caused this Joint Exercise of Powers Agreement to be executed and attested by their proper officers thereunto duly authorized on the day and year set forth below.

DRAFT

EXHIBIT A
AUTHORITY MEMBERS

- Alameda County Flood Control & Water Conservation District, Zone 7
- Alameda County Water District
- Contra Costa Water District (to include City of Brentwood)
- East Bay Municipal Utility District
- Grassland Water District
- Santa Clara Valley Water District
- San Francisco Public Utilities Commission (to include Bay Area Water Supply & Conservation Agency)
- San Luis & Delta-Mendota Water Authority, consisting of:
 - Byron-Bethany Irrigation District
 - Del Puerto Water District
 - Panoche Water District
 - Westlands Water District

**EXHIBIT B
LIST OF FACILITIES**

No.	Description	Type	Builder	Operator
1	Delta-Transfer Pipeline	New Facility	CCWD	CCWD
2	Los Vaqueros Dam Raise	New Facility	CCWD	CCWD
3	Neroly High-Lift Pump Station	New Facility	CCWD	CCWD
4	Transfer Facility Expansion	New Facility	CCWD	CCWD
5	Transfer-Bethany Pipeline	New Facility	CCWD	CCWD
6	Los Vaqueros Recreation Facilities	Modified Facility	CCWD	CCWD
7	Rock Slough PP#1 Replacement	Modified Facility	CCWD	CCWD
8	Transfer Facilities Improvements	Modified Facility	CCWD	CCWD
9	Mokelumne Aqueduct Lining	Modified Facility	EBMUD	EBMUD
10	Walnut Creek VFDs	New Facility	EBMUD	EBMUD
11	Mokelumne Aqueduct	EBMUD-Provided Facility	EBMUD is responsible for construction, operation, and maintenance and is compensated through the EBMUD Facilities Usage Agreement	
12	Freeport Intake	EBMUD-Provided Facility		
13	EBMUD-CCWD Intertie	CCWD-Provided Facility	CCWD is responsible for construction, operation, and maintenance and is compensated through the CCWD Facilities Usage Agreement	
14	Los Vaqueros Dam	CCWD-Provided Facility		
15	Los Vaqueros Pipeline	CCWD-Provided Facility		
16	Middle River Intake	CCWD-Provided Facility		
17	Middle River Pipeline	CCWD-Provided Facility		
18	Old River Intake	CCWD-Provided Facility		
19	Old River Pipeline	CCWD-Provided Facility		
20	Rock Slough Facilities	CCWD-Provided Facility		
21	Transfer Pipeline	CCWD-Provided Facility		

The title graphic features the words "LOS VAQUEROS" in blue, "RESERVOIR" and "EXPANSION" in green, and "PROJECT" in green. To the right of the text is a vertical stack of four trapezoidal shapes, colored blue, teal, green, and dark green from top to bottom, resembling a stylized dam or a water level indicator.

LOS VAQUEROS RESERVOIR EXPANSION PROJECT



Agenda

- **Background**
- **Usage Fee Overview**
- **Key Issues**
- **Next Steps**

Background

CCWD Board Principles condition their support for the Los Vaqueros Reservoir Expansion Project. Most relevant principles related to usage fees include:

- **CCWD continues as owner and manager of the Los Vaqueros Watershed;**
- **CCWD maintains control over recreation in the Los Vaqueros Watershed;**
- **CCWD continues as operator of the Los Vaqueros Reservoir system;**
- **CCWD will be reimbursed for the value of the existing Los Vaqueros Project assets shared, replaced, rendered unusable, or lost with the expansion project;**

Background

- **CCWD facilities implemented through significant investment and risk; Regional project increases risk;**
- **Usage fees seek to balance equitable compensation to CCWD customers, risks, and overall cost competitiveness;**
- **CCWD incorporated significant changes to assumptions and methodology resulting from LAP input;**
- **Current usage fees meet CCWD's Board principles.**

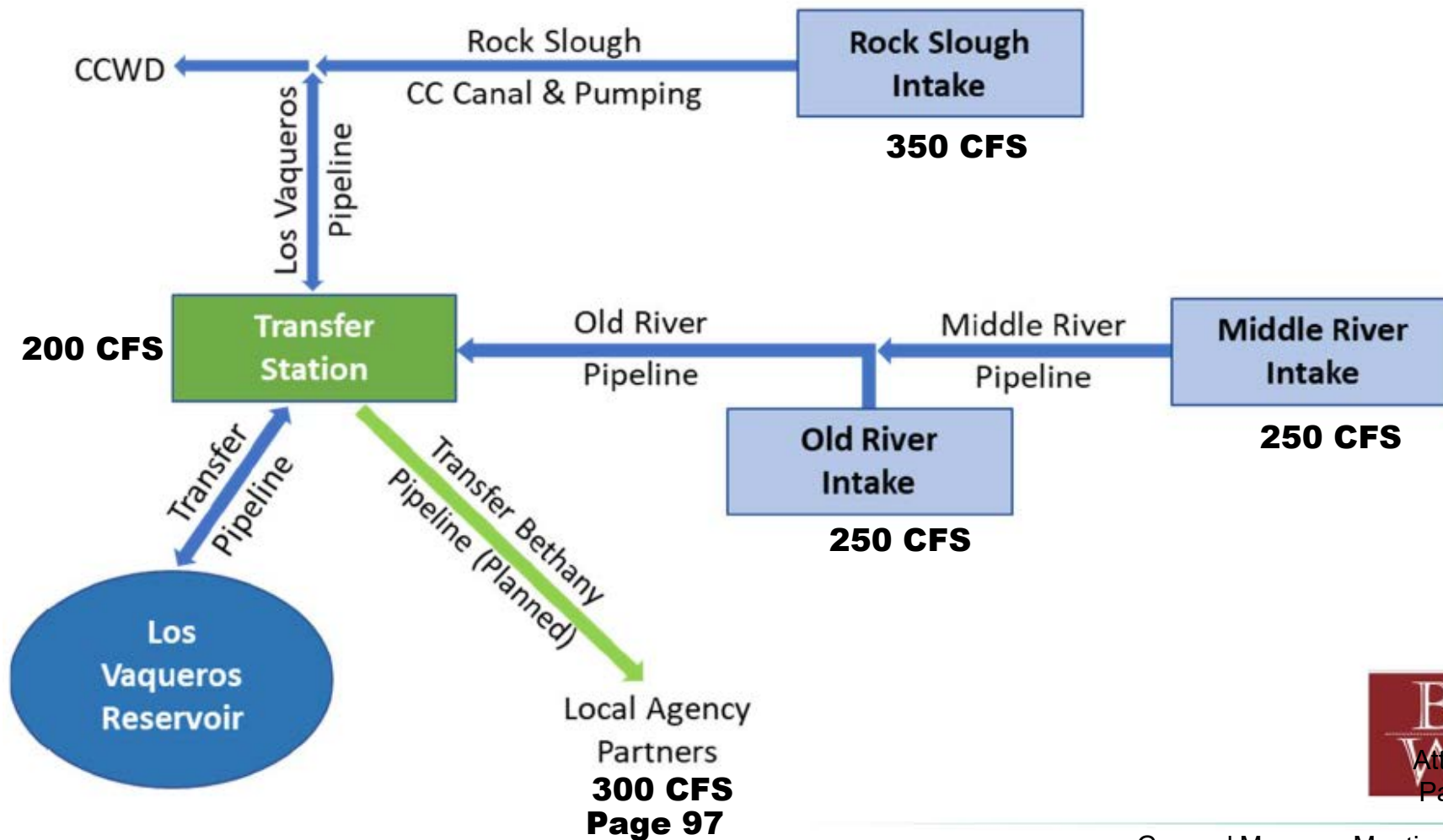
Usage Fee Review History

- **CCWD Original Usage Fees (two separate components)**
 - **Capacity Rental – based on debt service interest**
 - **Renewal/Replacement – based on annual depreciation**
- **Third-Party Review Recommendations**
 - **Conveyance: Single charge based on present value of facilities**
 - **Storage: Fixed payment for LAP's share of costs for land and shared foundational facilities**
- **Comments/Recommendations received from LAPs**



Conveyance

Conveyance Facilities/Pathways



Usage Fees - Conveyance

Operations and Maintenance (O&M)

- **Fixed O&M costs allocated based on water deliveries**
 - Example: CCWD fixed O&M costs of \$3.3 million**
If JPA accounts for 35% of deliveries
then JPA allocated \$1.15 million
- **Variable O&M costs (power) passed on directly to JPA**
 - **Intakes: \$23/AF to \$47/AF**
 - **Los Vaqueros filling: \$70/AF**
- **O&M costs trued up, or based on rolling average**
- **No significant comments from third-party review or LAPs**

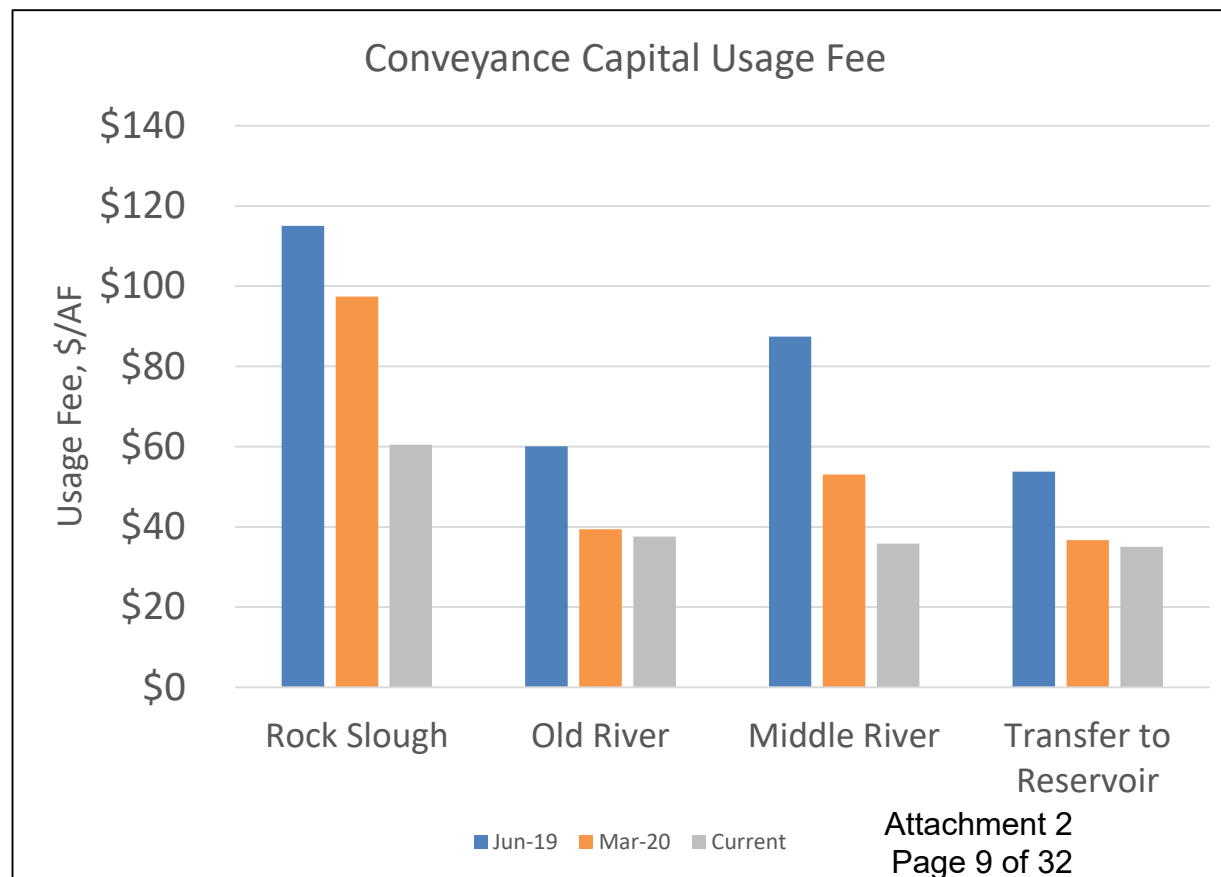
Usage Fees - Conveyance

Capital Component

- **Significant changes to assumptions and methodology resulting from LAP input**

Key Changes

- **Combined to single fee**
- **Recovery based on useful life**
- **Removal of grant funds**
- **Use of actual debt interest/issuance costs**
- **Firm Operational Capacity vs. Deliveries**



Usage Fees - Conveyance

Capital Component

$$\text{Usage Fee, \$/AF} = \frac{\text{Facility Value, \$}}{(\text{Useful Life, YRS}) * (\text{Deliveries or Capacity, AF/YR})}$$

- **Facility Value determined from present value of debt service**
 - **Consistent with third-party review alternatives**
 - **Common methodology used to value facilities**

- **Useful lives ranging from 50 to 75 years**

- **Throughput basis (deliveries or capacity) key area of discussion**

Usage Fees - Conveyance

Capital Component – Deliveries vs Capacity?

- **Capital costs typically allocated based on contracted capacity or peak use**

Example

Peak Capacity (JPA)

Total Capacity

- **Share of capital typically a fixed cost paid regardless of usage**
- **Challenges with Usage Fees**
 - **Peak capacity available is not defined**
 - **Capacity available varies from 0 to 100%**

Usage Fees - Conveyance

Capital Component – Deliveries vs Capacity?

- **CCWD proposed usage fees were based on water delivered**

Example

Water Delivered (JPA)

Total Water Delivered (JPA plus CCWD)

- **Fees are only paid when conveyance facilities are used**
 - **No fixed capital cost or demand charge**
 - **No “readiness to serve” charges**
- **Additional wear and tear on facilities is proportional to increase in water deliveries**

Usage Fees - Conveyance

Capital Component

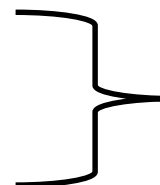
- **Using water deliveries is equitable method to determine usage fees. Average water deliveries are 32% to 35% of installed capacity.**
- **CCWD also considered “Firm Operational Capacity” based on third-party review and LAP comments**
 - **Ratio of Transfer Bethany pipeline capacity to CCWD’s Intake capacity**
 - **Similar result as water deliveries**

Transfer-Bethany Pipeline:

300 CFS

CCWD’s intake capacity:

850 CFS



35.3%

Usage Fees - Conveyance

Capital Usage Fee, \$/AF

Delivery Pathway	Original Version, \$/AF	Current Version, \$/AF
Rock Slough	\$115.05	\$60.50
Old River	\$60.09	\$37.59
Middle River	\$87.46	\$35.81
Weighted Conveyance	\$103.37	\$52.59
Transfer to Reservoir	\$53.80	\$35.03

Usage Fees - Conveyance

Other Terms

- **Use of one weighted-average conveyance usage fee**
- **Weighted-average fee based on a multi-year rolling average of facility use**
- **Annual true ups based on actual operating costs incurred by CCWD**
- **Periodic intervals or events, such as a major capital project, for re-evaluating the usage fee levels and methodology**

Usage Fees - Conveyance

Comments and Questions





Storage

Usage Fees - Storage

Storage

- **Approach modified based on third-party review to be more similar to a land right**
- **Considers a fixed payment for LAP's share of costs for land and shared foundational facilities**
- **Cost recovery based on a pro-rata share of total capacity of the expanded reservoir 115 TAF/275 TAF, or 41.8%**
 - **Present value of debt service X JPA allocation**
 - **Two step process**
 - **Land value (storage and watershed)**
 - **Facility value**

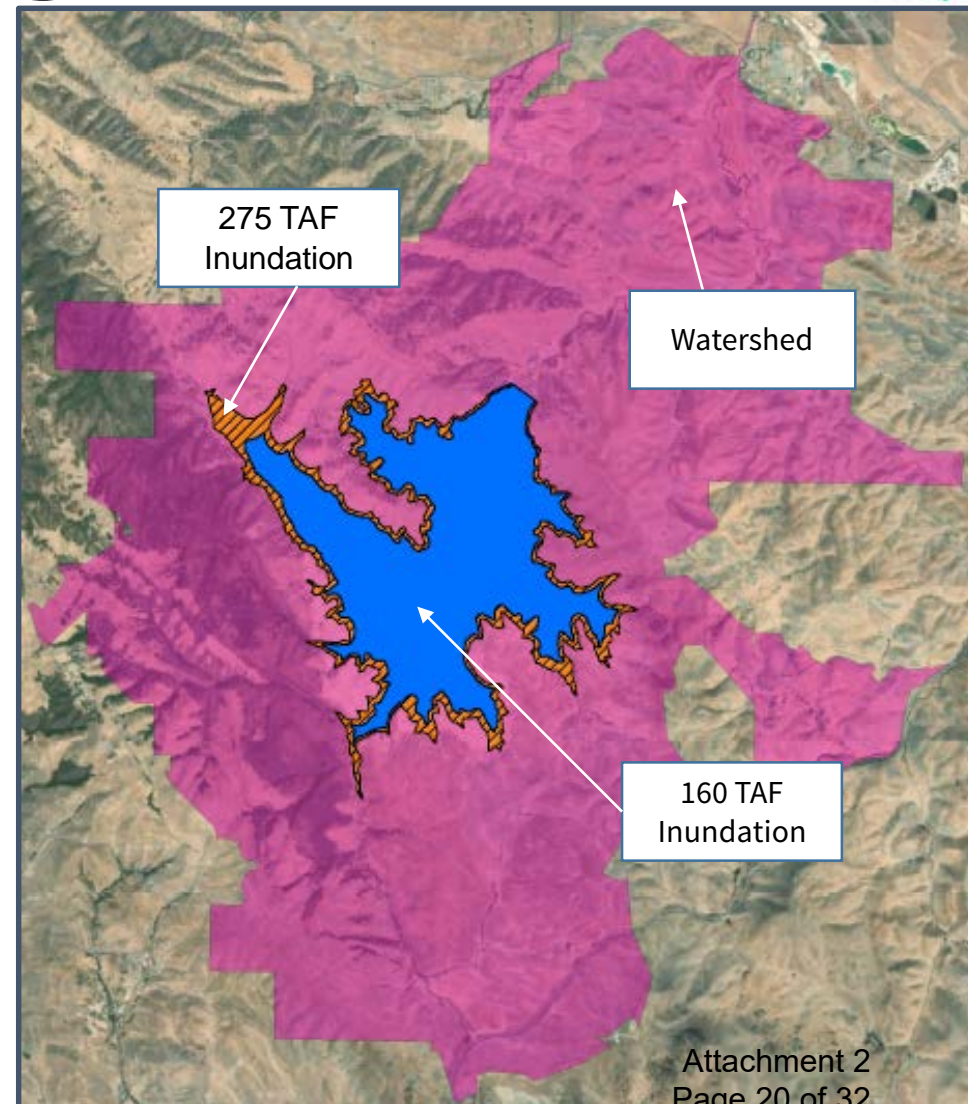


Storage – Land Value

Usage Fees - Storage

Storage - Land Value

- **160 TAF Inundation Area**
 - **1,916 acres**
 - **Shared - (41.8% JPA)**
- **275 TAF Inundation Area (incr.)**
 - **585 acres**
 - **Shared - (70.9% JPA)**
- **Watershed (remaining)**
 - **16,787 acres**
 - **Shared - (41.8% JPA)**
 - **Mitigation - (20.9% JPA)**



Usage Fees - Storage

Storage – Land Value (continued)

Watershed Area	Original Version	Current Version
160 TAF Inundation, \$M	\$7.5	\$7.0
275 TAF Inundation, \$M	\$5.4	\$3.6
Watershed (Remaining), \$M	\$65.4	\$59.0
Total, \$M	\$78.3	\$69.7
Annual Usage Fee, \$M/YR	\$3.04	\$2.71

- **CCWD agreeable to up front or annual payment for land value**
- **Annual usage fee assumes 50 years and 3%**

Usage Fees - Storage

Storage – Land Value (continued)

Changes resulting from LAP comments

- **Applied actual interest rate and issuance costs**
- **Changed JPA allocation for 275 TAF inundation and watershed mitigation land**
- **Continued to apply 90% factor to reflect CCWD retention of ownership**
- **Methodology results in value significantly below market**

Usage Fees – Storage Land Value

Comments and Questions



Storage – Facility Value



Usage Fees - Storage

Storage – Facility Value

- **Subtracting cost of facilities that only benefit CCWD**
 - **Original LV Project**
 - **60 TAF Expansion**

- **Shared facilities allocated 41.8% JPA**

- **Depreciated value**
 - **Renewal/Replacement of shared dam included separately in pro forma**

CCWD Only – 0% to JPA

- **Existing dam material/placement**
- **Recreation**
- **Mitigation**
- **Replaced in-kind**

Shared Facilities – 41.8% to JPA

- **Foundation/abutment**
- **Drainage**
- **Spillway**
- **Inlet/Outlet structures**
- **Vasco Road relocation**
- **Utilities**

Usage Fees - Storage

Storage Shared Facilities – Depreciated Value

Usage Fee for Los Vaqueros Dam Shared Facilities that benefit JPA

Facilities	Original Version Depreciated Value	Current Version Depreciated Value
Original 100 TAF LV, \$M	\$128.3	\$135.0
60 TAF Expansion, \$M	\$21.3	\$18.9
Total, \$M	\$149.6	\$153.9
Usage Fee, \$M/YR (RCLD/UL)	\$1.89M/YR	\$1.54M/YR

Changes

- **Used actual interest rate and issuance costs**
- **Applied depreciation to annual usage fee**

Storage Usage Fee – Land and Shared Facilities

Revised Usage Fee for Los Vaqueros Land and Shared Facilities, \$M/YR

Facility	Original Version	Current Version
Land, \$M/YR	\$3.04	\$2.71
Shared Facilities, \$M/YR	\$1.89	\$1.54
Total, \$M/YR	\$4.93	\$4.25

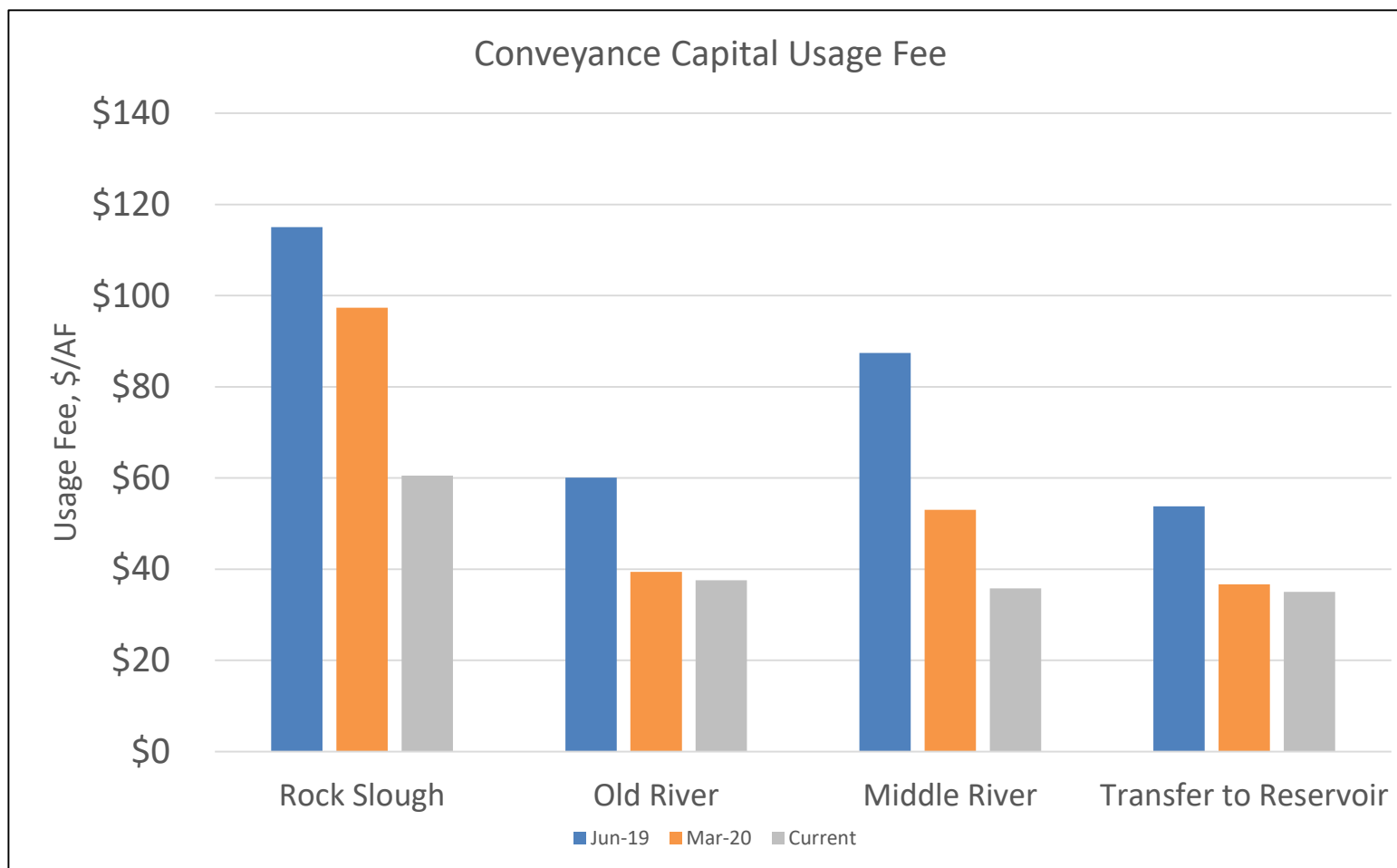
Usage Fees – Storage Facility Value

Comments and Questions



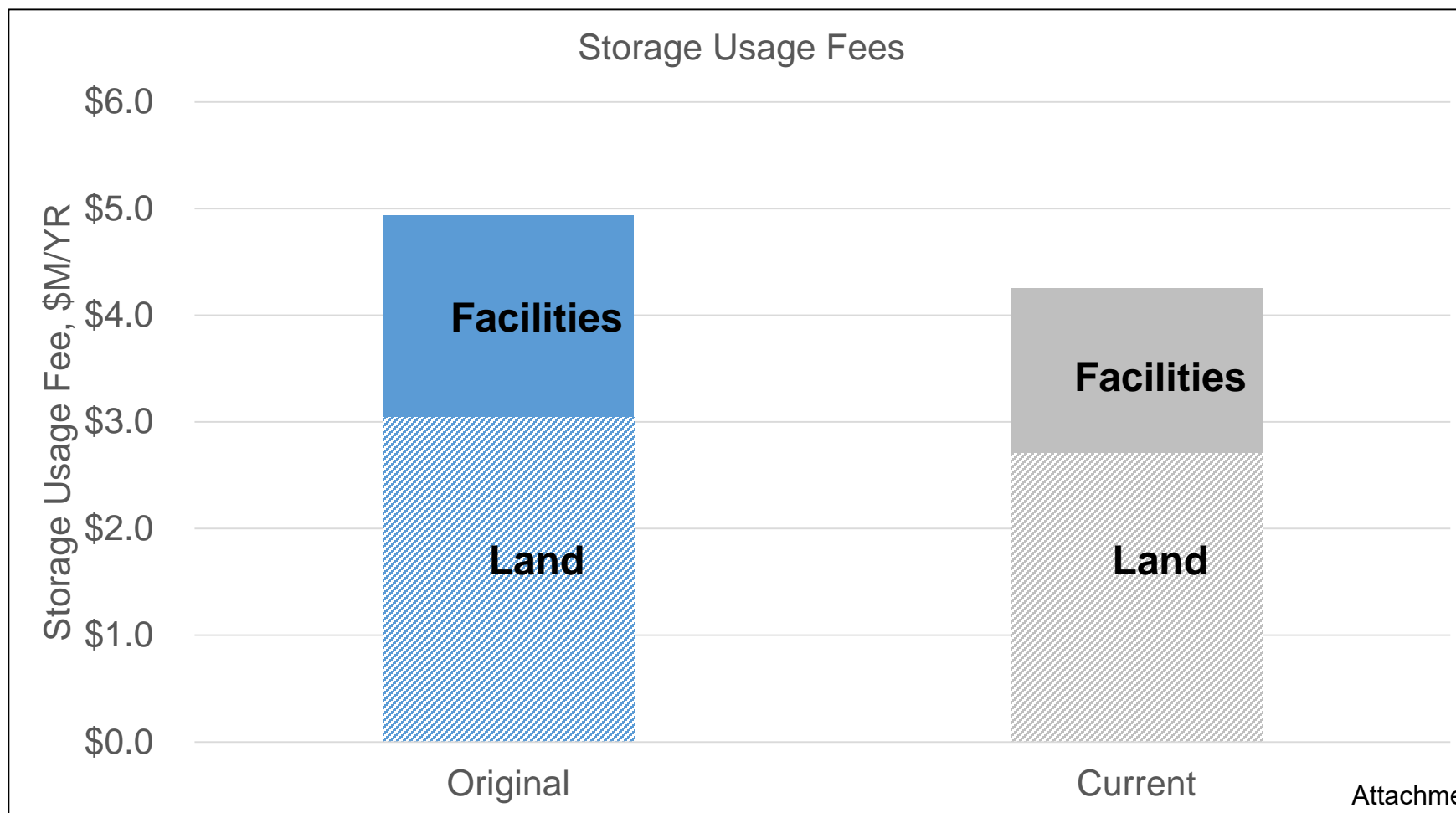
Summary

Revised Conveyance Usage Fees, \$/AF



Summary

Revised Storage Usage Fees, \$/YR



Next Steps

- **Process to finalize CCWD usage fee approach?**
- **Status of EBMUD Usage Fees**
- **How to memorialize Usage Fee development status?**
 - **Subject to future agreement with CCWD and JPA**
 - **Proposed Letter of Intent**
- **Formation of JPA**
- **Facility Usage Agreement or Service Agreement**

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Valley Water

Clean Water • Healthy Environment • Flood Protection

Valley Water PPT Template
Version Release v.3

ATTACHMENT 3
Water Storage Exploratory Committee
October 30, 2020



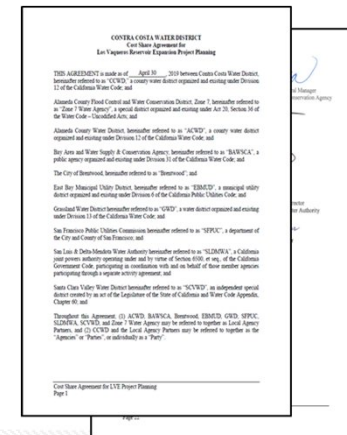
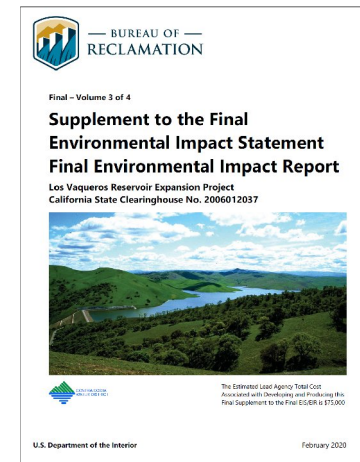
Los Vaqueros Expansion Project

Presented by: Michael Martin, Associate Water Resource Specialist



Project Status

- Final EIR/EIS certified February 2020
- Valley Water evaluating benefits and constraints
- Amendment 2 considered at the November 10, 2020, Board meeting
- Evaluating proposed user fees
- Developing JPA governance framework and terms



Local Agency Partners (LAPs)

Alameda County Water District

City of Brentwood

Grassland Water District

East Bay Municipal Utility District

San Francisco Public Utilities Commission

- Bay Area Water Supply and Conservation Agency

San Luis & Delta-Mendota Water Authority

- Byron-Bethany Irrigation District

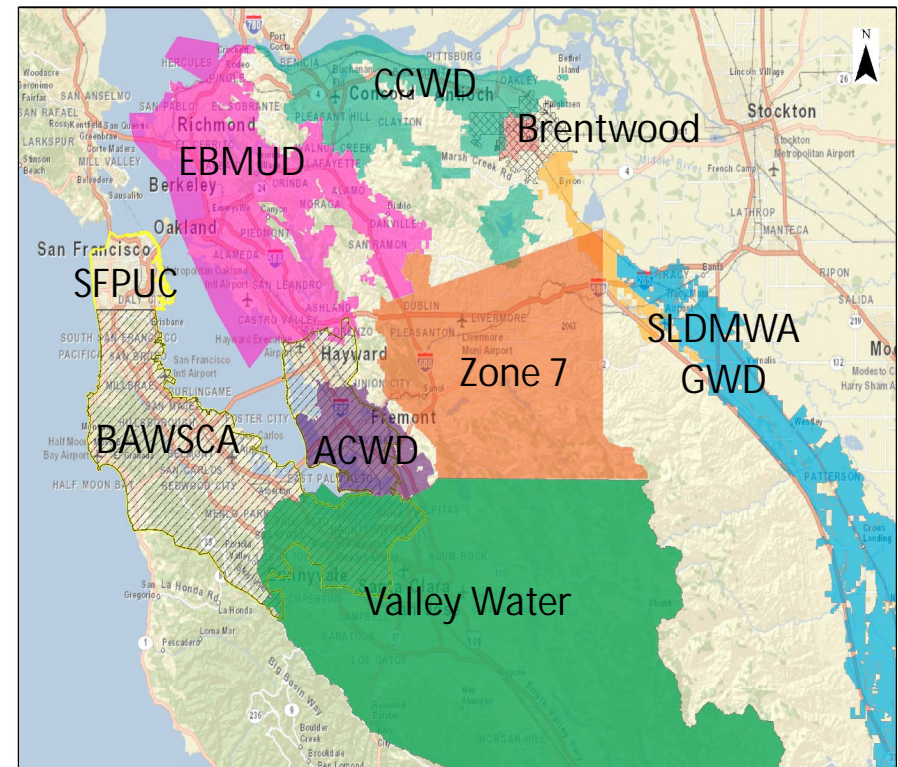
- Del Puerto Water District

- Panoche Water District

- Westlands Water District

Valley Water

Zone 7 Water Agency



JPA Key Activities

- Financing project construction
- Executing agreements with the CCWD and others for the design and construction of the project
- Executing agreements for administration of the JPA and operations of the project
- Managing contracts for administration of public benefits
- Coordinating requests for services among JPA Members

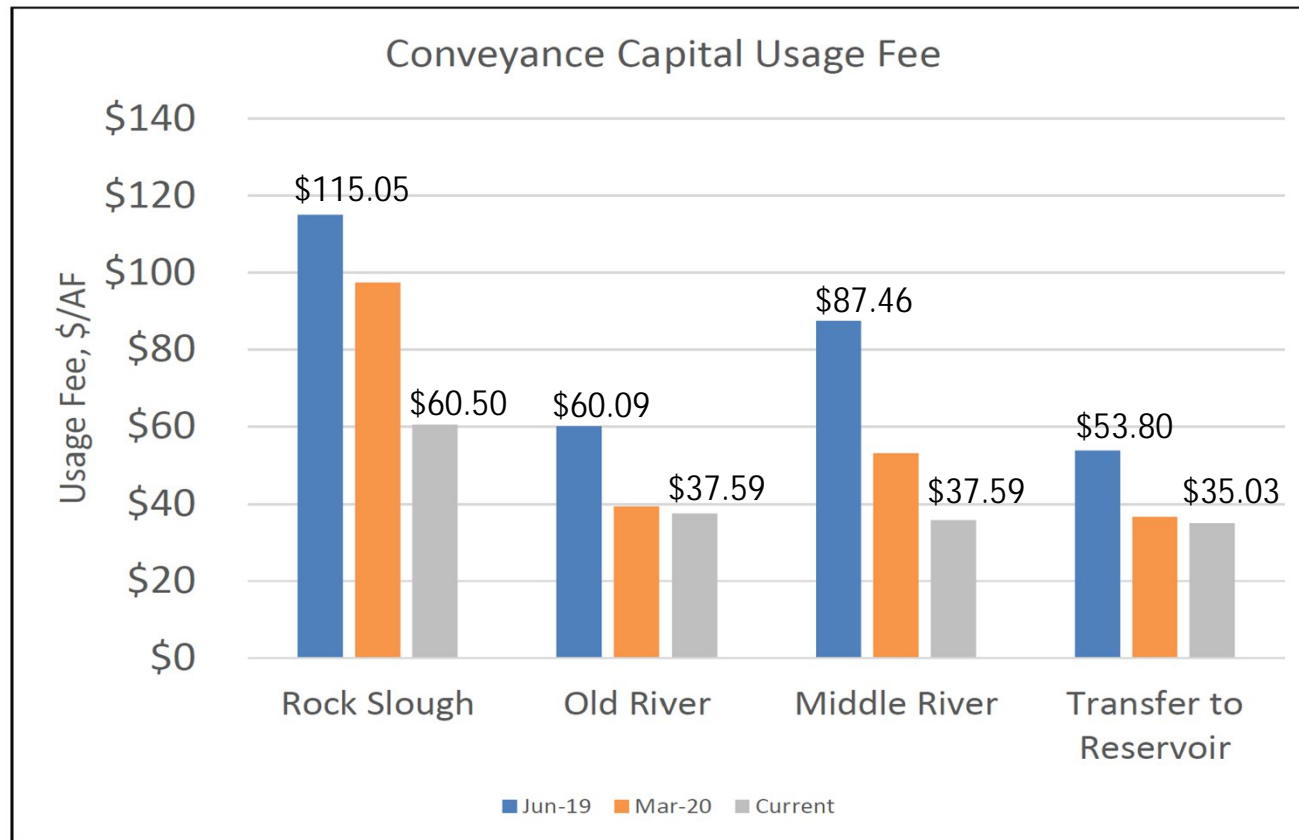
JPA Agreements Discussion Topics

6

- Eligibility to serve on JPA Board
- JPA Board Chair, Officers, Employees and/or Consultants
- Voting
- Veto rights and special voting rules for CCWD and EBMUD
- Finances
- Withdrawal
- Termination and Amendment

Usage Fees - Conveyance

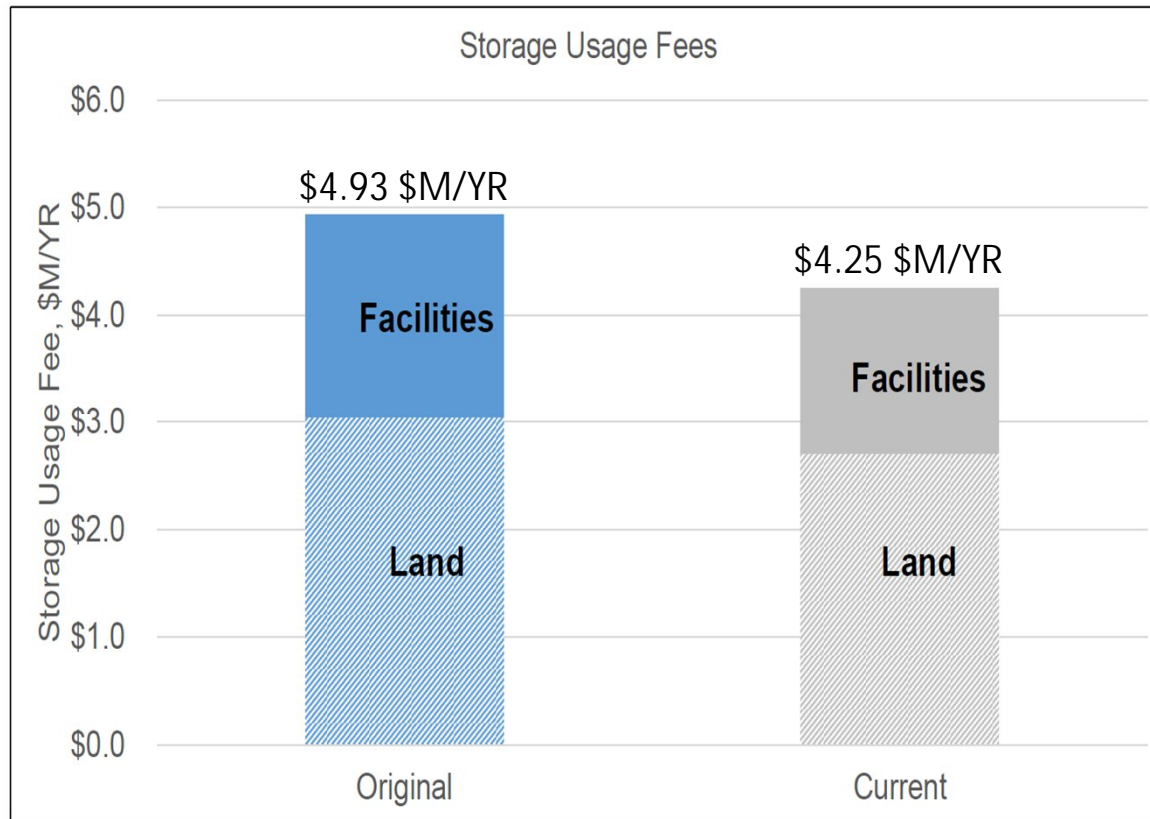
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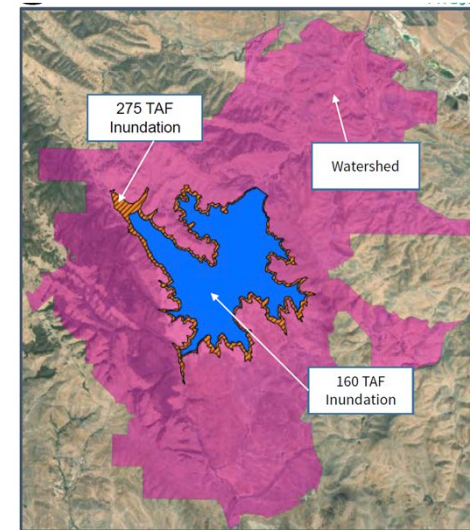
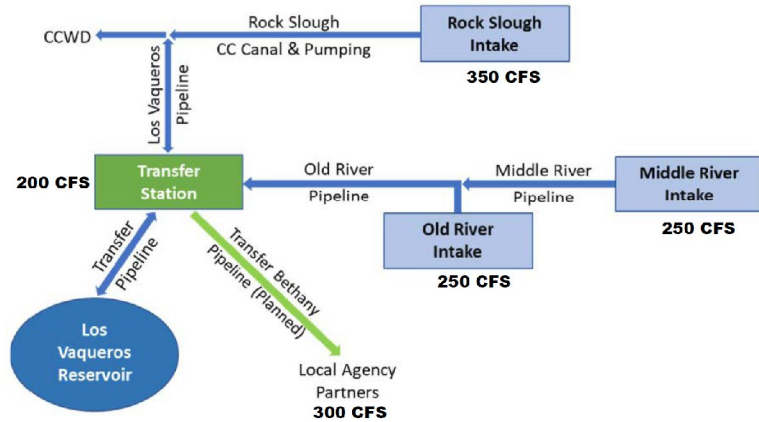
Usage Fees - Storage



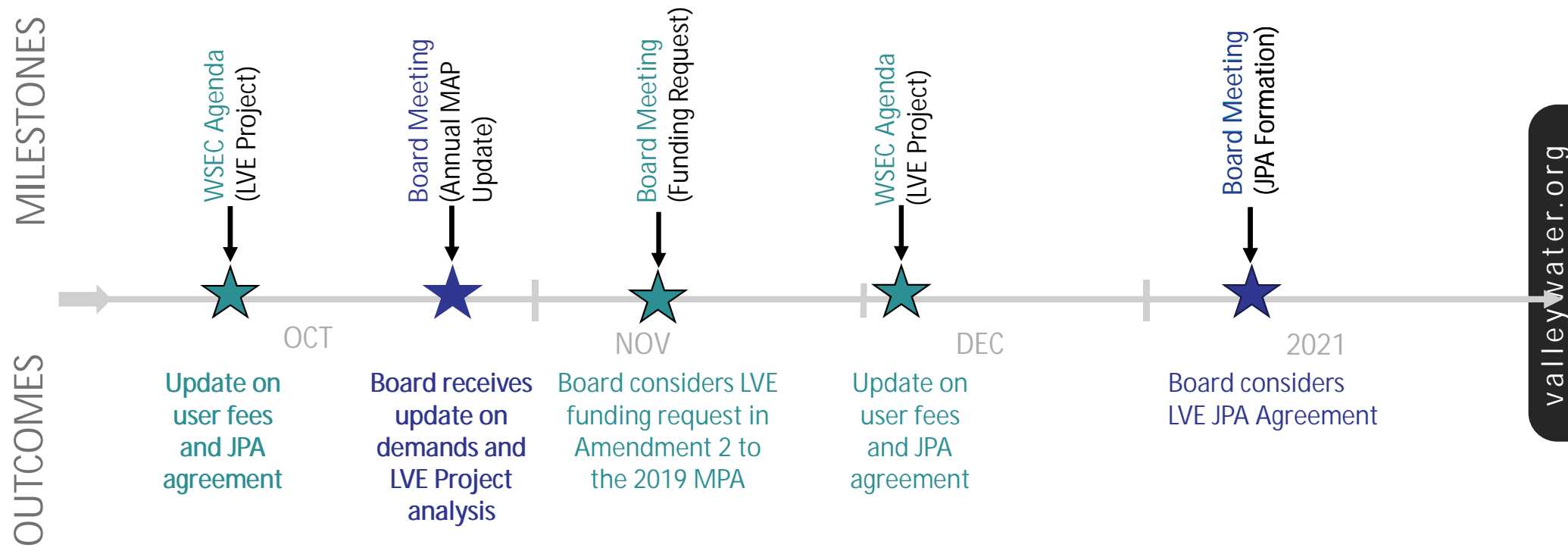
Usage Fees – Remaining Issues

1. Costs where CCWD constructed excess capacity and redundancy into their system.

2. Cost of the use of land including watershed lands for the reservoir.



Near Term Schedule & Next Steps



QUESTIONS





Valley Water

Clean Water • Healthy Environment • Flood Protection



Santa Clara Valley Water District

File No.: 20-0964

Agenda Date: 10/30/2020

Item No.: 4.3.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Pacheco Reservoir Expansion/San Luis Low Point Improvement Projects Update

RECOMMENDATION:

Receive and discuss information regarding status of the Pacheco Reservoir Expansion/San Luis Low Point Improvement Projects. This is an information-only item and no action is required.

SUMMARY:

The Pacheco Reservoir Expansion Project (PREP) has been included as an alternative within the San Luis Reservoir Low Point Improvement Project (SLLPIP) led by USBR. The SLLPIP Draft Feasibility Report released on April 8, 2019, determined that the Pacheco Reservoir Expansion alternative provided the highest National Economic Development (NED) score within the SLLPIP. This determination established a nexus for potential partial federal funding opportunity for the PREP through the Federal Water Infrastructure Improvements for the Nation (WIIN) Act.

San Luis Reservoir Low Point Improvement Project

In order to attain eligibility for federal funding through the WIIN Act, the Department of the Interior and Federal Office of Management and Budget must assess and determine the project is technically, environmentally, economically, and financially feasible, and possesses sufficient Federal benefit. The Valley Water PREP team and USBR have completed the SLLPIP Final Feasibility Report and Environmental Impact Statement/Environmental Impact Report which are undergoing policy review by the Department of the Interior. The team is hopeful for a favorable WIIN Act funding decision by January 2021.

Pacheco Reservoir Expansion Project

The PREP team continues various activities to progress project planning, preliminary design, environmental documentation, and permitting. Substantial progress has been made on environmental investigations with several draft summary reports in review by the team. Interagency coordination efforts continue with productive virtual meetings with environmental agencies to discuss fish, wildlife, and habitat related topics. These efforts will culminate in preparation and public release of the PREP specific Draft Environmental Impact Report (EIR) in late 2021.

Components of the Draft EIR being prepared include the project description and the preliminary project alternatives for environmental impact analysis. Plans for a public scoping meeting this fall are underway which will include a presentation of the preliminary project alternatives and other project

features.

On October 13, 2020, the Pacheco Project Delivery and Treasury/Debt/Grants Management Units submitted a Letter of Intent (LOI) to the U.S. Environmental Protection Agency (EPA) to be considered for an invitation to apply for a loan under its Water Infrastructure Finance and Innovation Act (WIFIA) loan program to fund up to 49% of eligible PREP capital costs. The federal WIFIA loan program has been identified as a preferential, low-cost option for borrowing funds to finance the development, design, and construction of the PREP. Submission of the LOI doesn't obligate Valley Water to enter into a loan agreement. A successful LOI would result in the opportunity to apply for a WIFIA loan. The EPA will announce projects selected in three months.

ATTACHMENTS:

Attachment 1: PowerPoint Presentation

UNCLASSIFIED MANAGER:

Christopher Hakes, 408-630-3796

Unique Opportunity for Ecosystem Enhancement,
Improved Water Supply Reliability, and Emergency
Water Supply

Valley Water – Water Storage Exploratory Committee
October 30, 2020

Pacheco Reservoir Expansion Project Update: Preliminary Project Alternatives

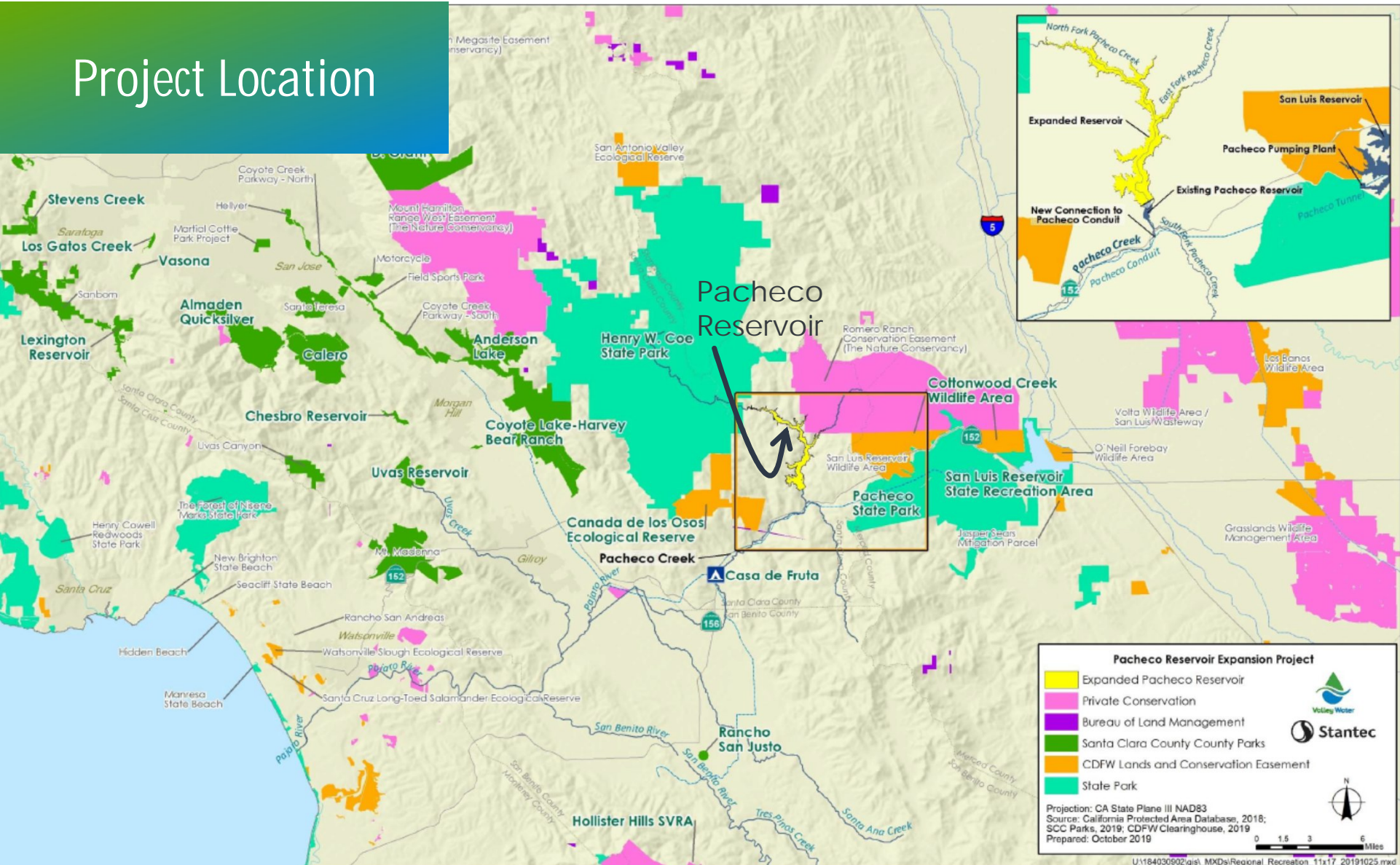
Presented by: Pacheco Project Delivery Unit Manager



Project Partners



Project Location

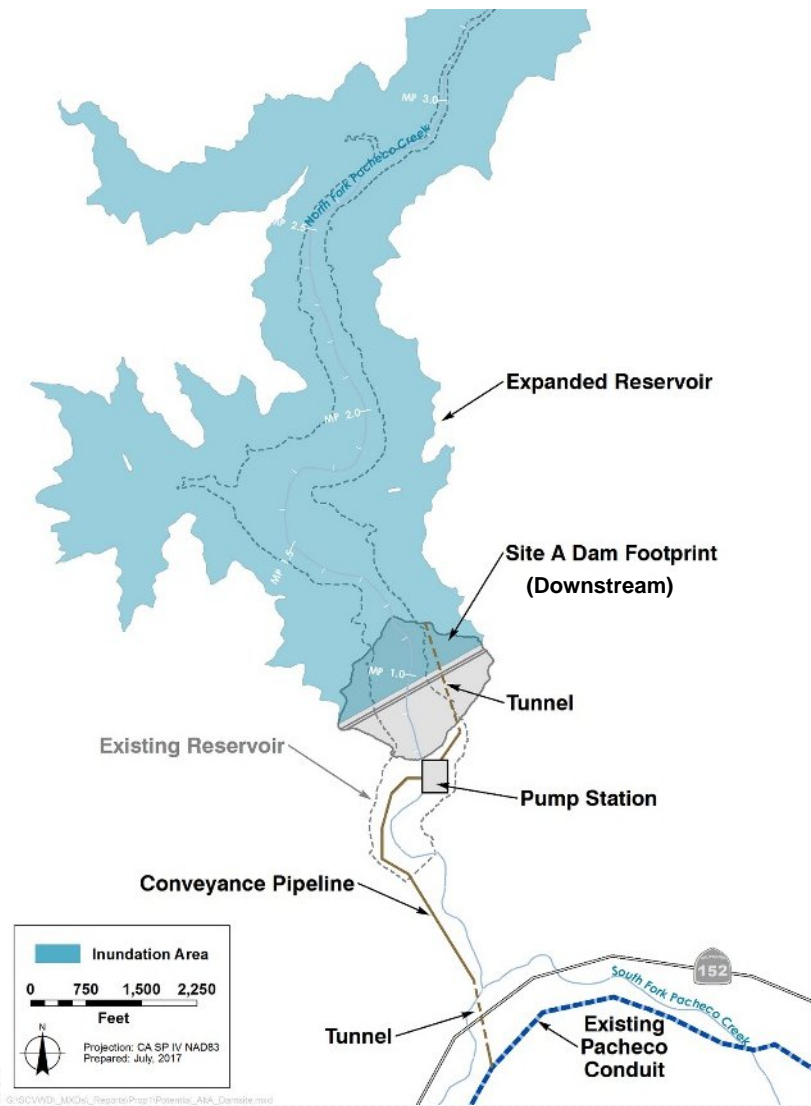


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WSIP Application Concept

- Dam – approximately 300 feet high, one location under consideration
- Reservoir – up to 140 thousand acre-feet (TAF)
- Spillway – capable of passing the Maximum Probable Flood
- Intake/Outlet Works – large diameter pipe connection to Pacheco Conduit, smaller outlet pipe to Pacheco Creek
- Pump Station & Conveyance Pipeline – to transfer water to and from Pacheco Conduit
- Roadways – access to and from SR 152

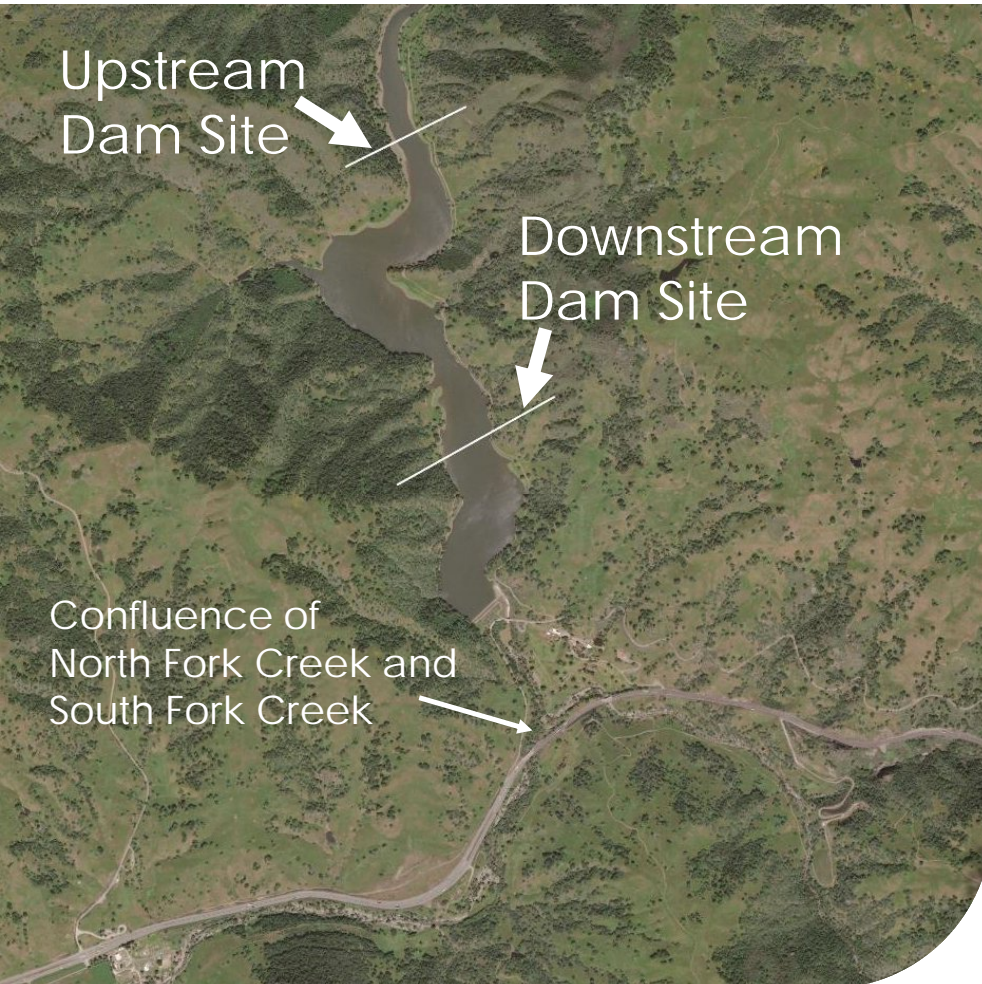


Primary Variations Between Alternatives

- Dam Site Location
- Reservoir Size
- Dam Type



Pictured above: Earthfill Dam Construction in Bay Area



Dam Site Location

Two Dam Site Locations

- Downstream Dam Site
1.0 mile upstream from confluence
- Upstream Dam Site
2.2 miles upstream from confluence
Narrower geographic features



Pictured above: Earthfill Dam at Downstream Dam Site with 140,000 acre-feet Expanded Reservoir

Reservoir Size

Two Reservoir Sizes

- 140,000 acre-feet
Downstream Dam Site
Upstream Dam Site
- 96,000 acre-feet
Upstream Dam Site

7

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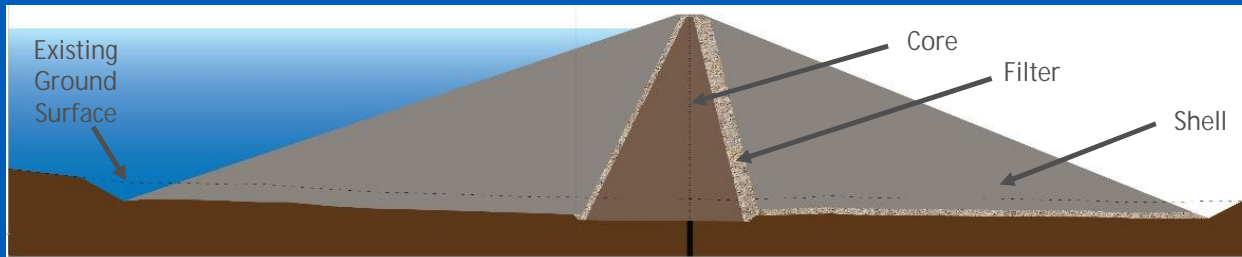
Dam Types

Two Dam Types

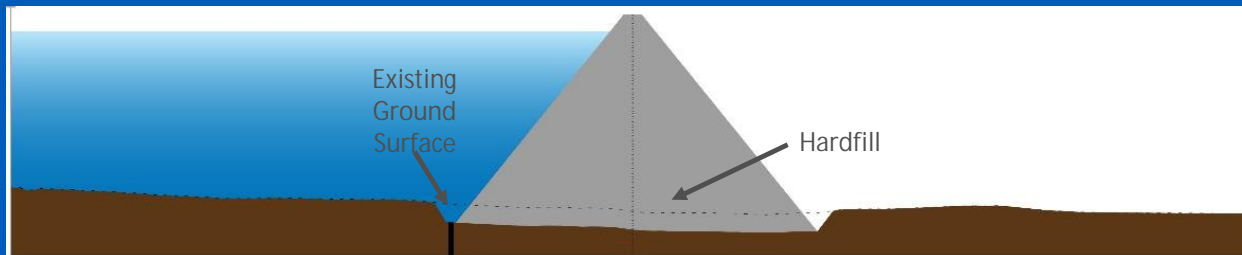
- Earthfill Dam
 - ✓ Zoned, compacted earth fill
 - ✓ Dam, spillway, inlet/outlet separate structures

- Hardfill Dam
 - ✓ Roller-compacted rock with cement
 - ✓ Spillway and inlet/outlet integrated into dam structure

Typical Earthfill Dam Cross Section



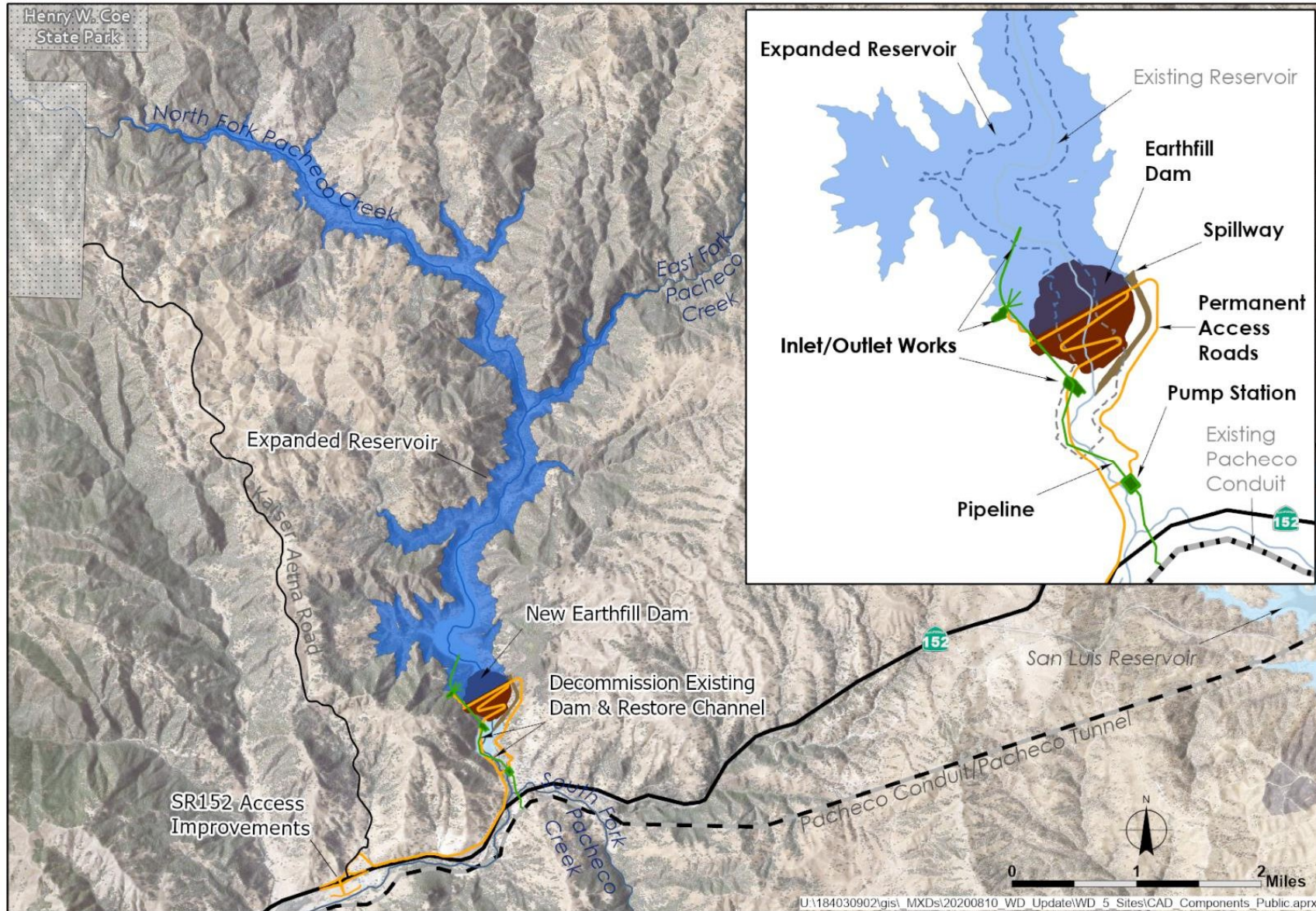
Typical Hardfill Dam Cross Section



Preliminary Alternative

1

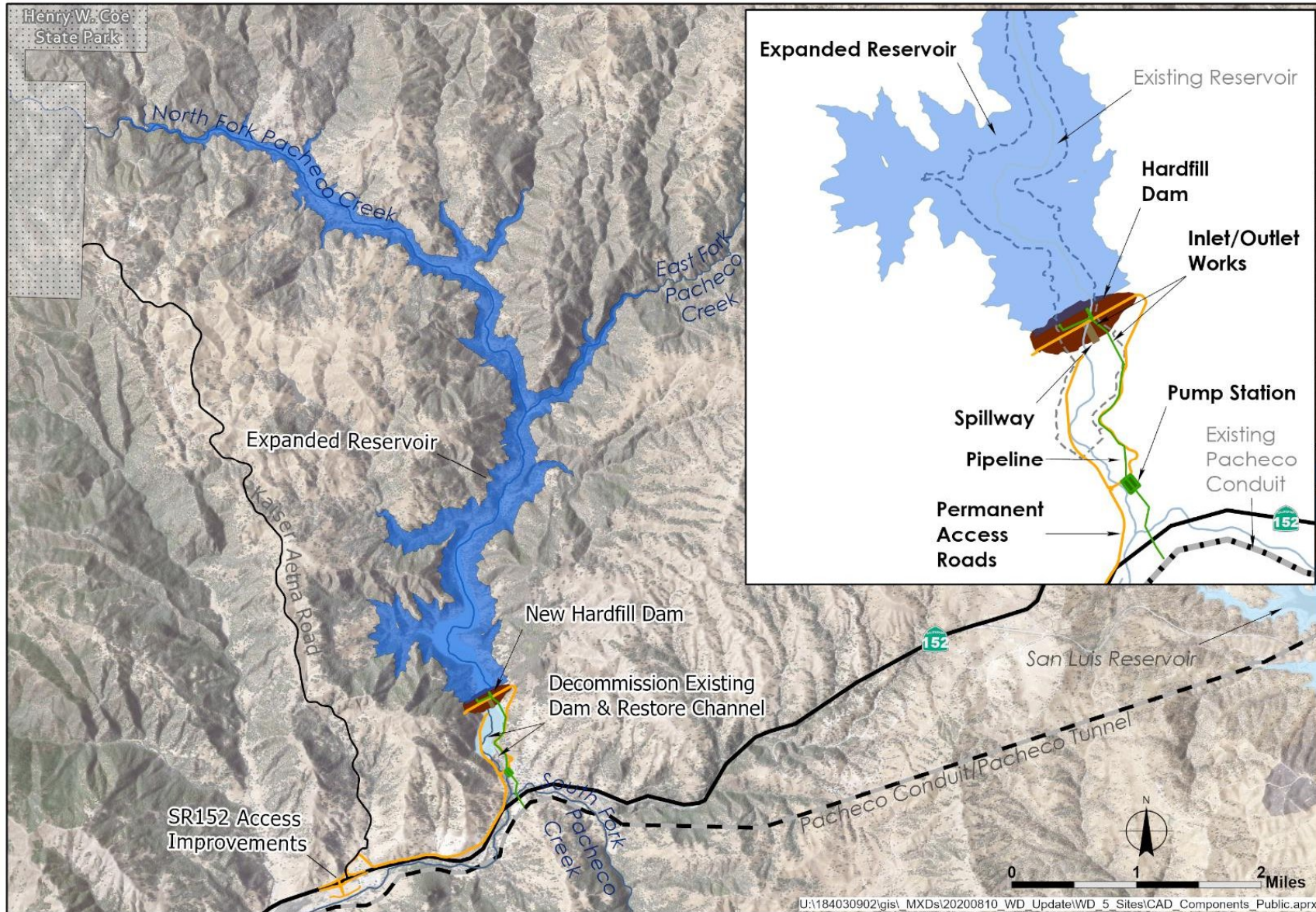
- ✓ Downstream Site
- ✓ Earthfill Dam
- ✓ 140,000 AF



Preliminary
Alternative #

2

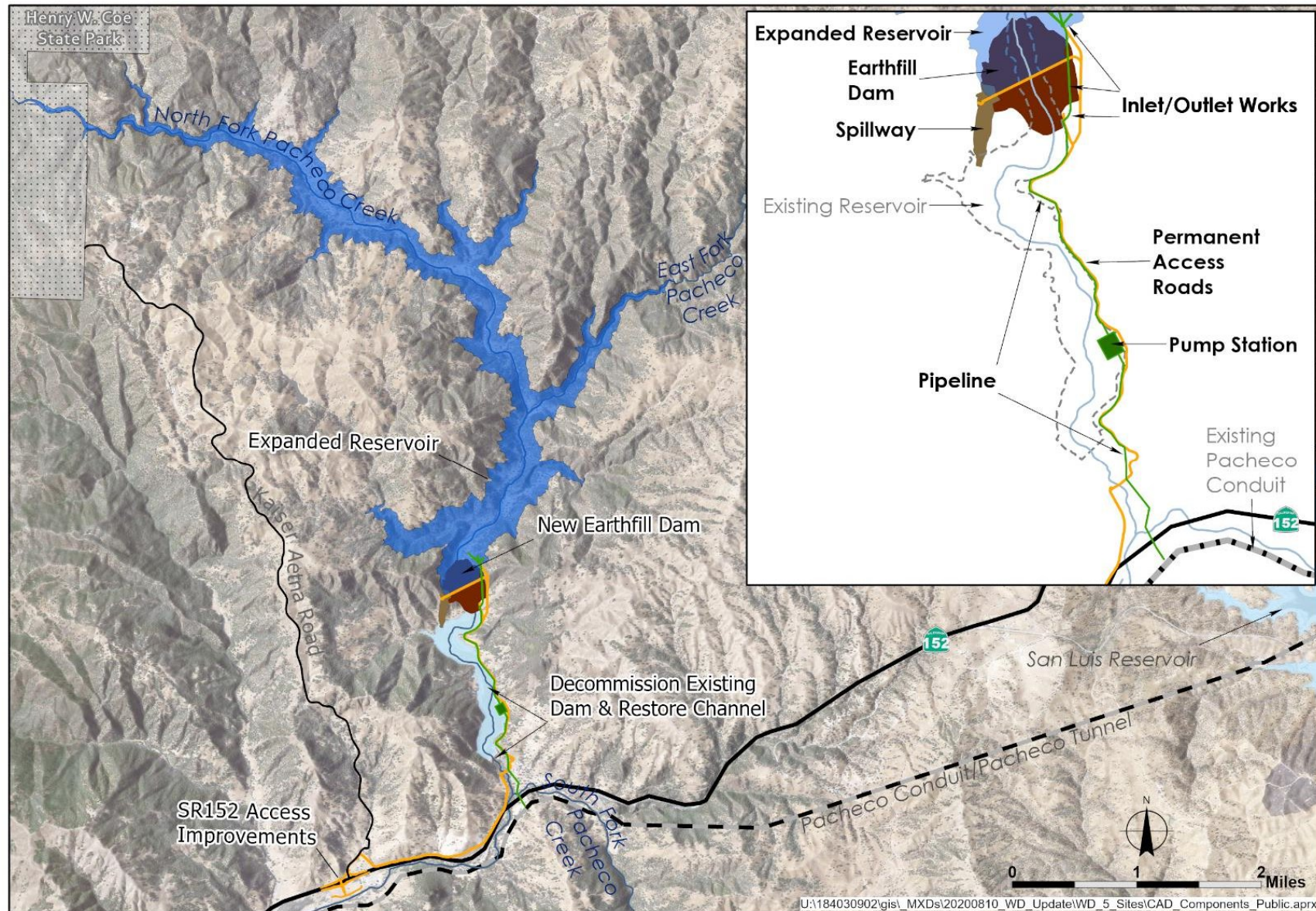
- ✓ Downstream Site
- ✓ Hardfill Dam
- ✓ 140,000 AF



Preliminary Alternative

3

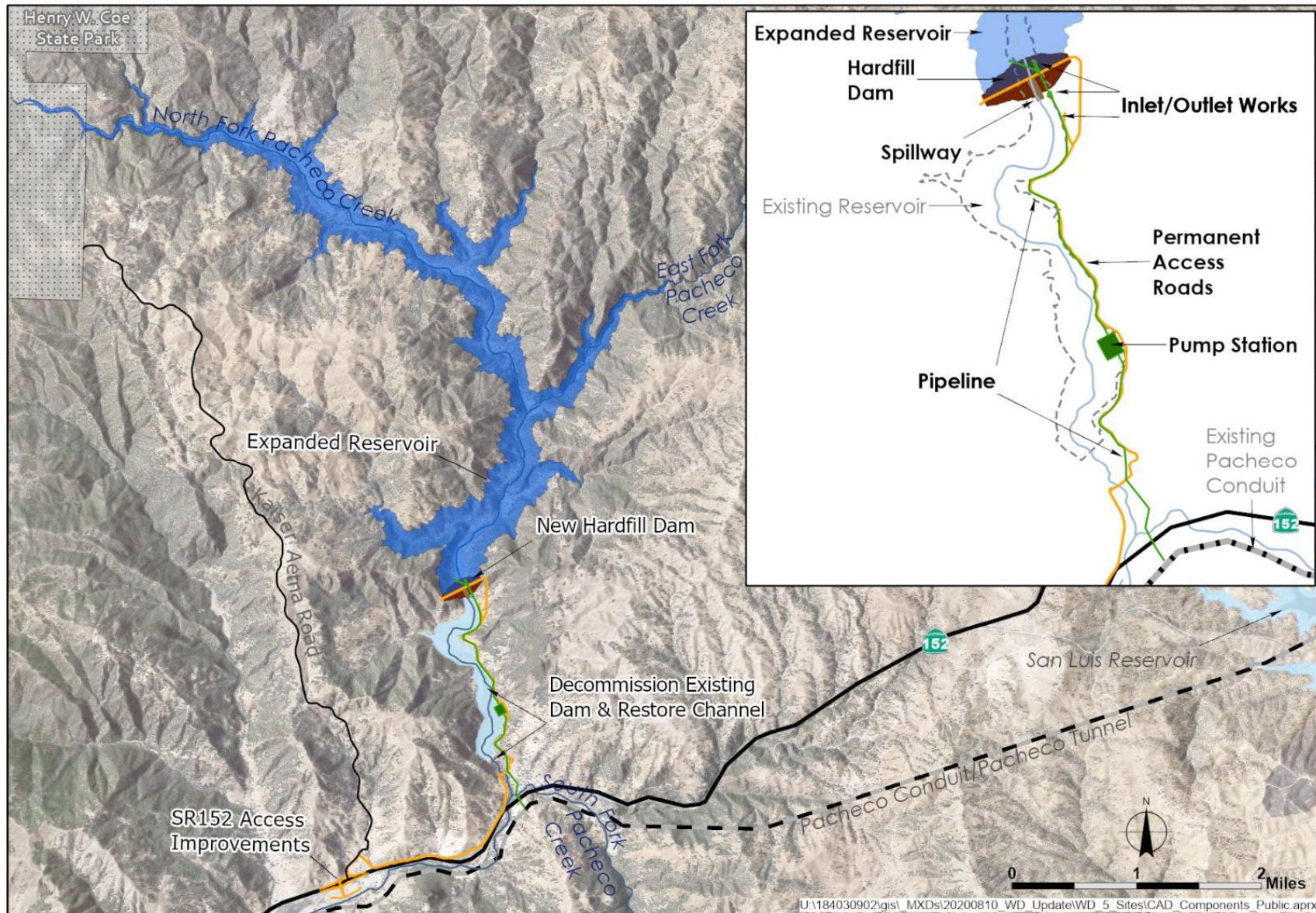
- ✓ Upstream Site
- ✓ Earthfill Dam
- ✓ 140,000 AF



Preliminary
Alternative #

4

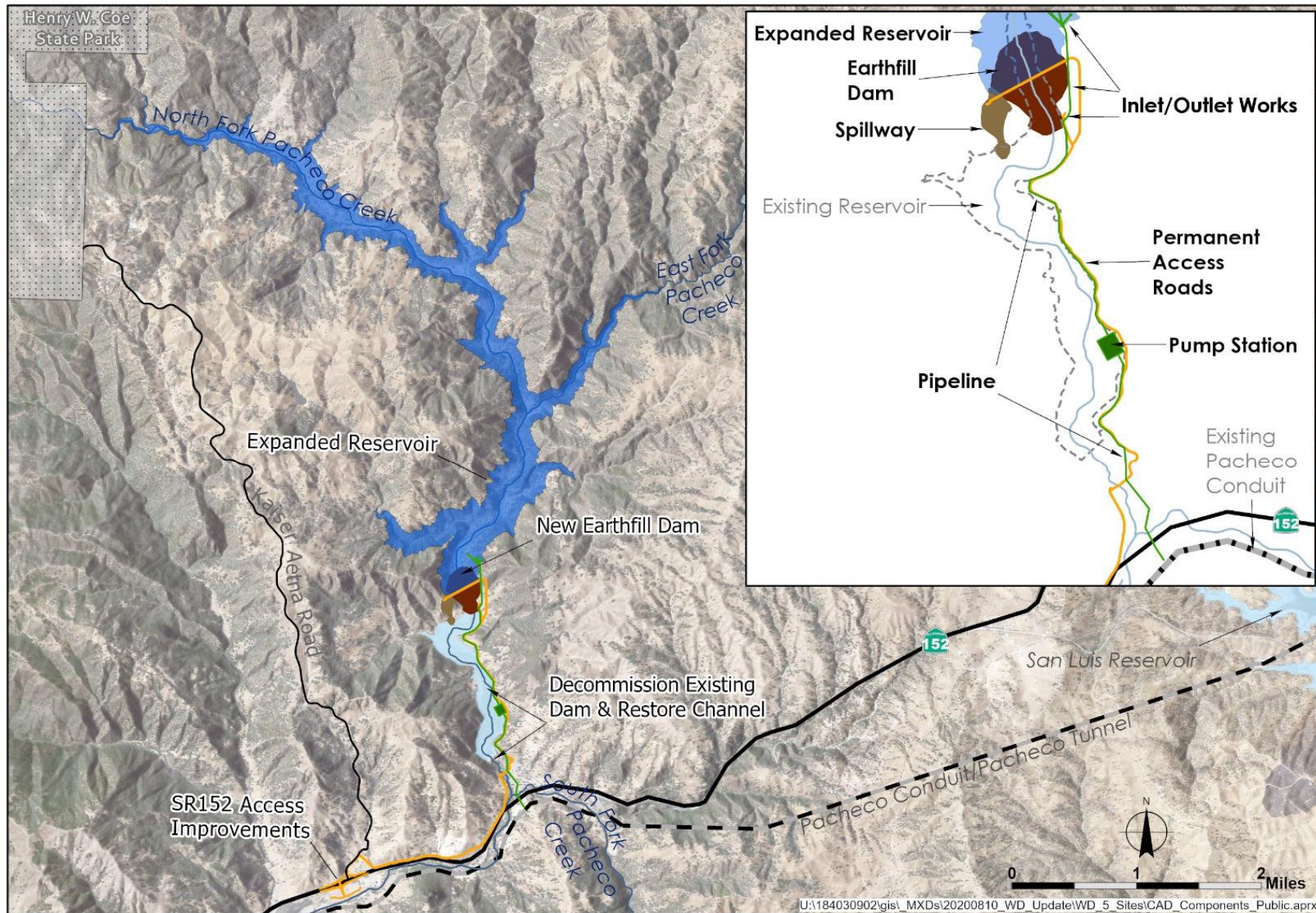
- ✓ Upstream Site
- ✓ Hardfill Dam
- ✓ 140,000 AF



Preliminary Alternative

5

- ✓ Upstream Site
- ✓ Earthfill Dam
- ✓ 96,000 AF



Summary of Preliminary Alternatives

14

Preliminary Alternative #	Facilities Variations			Notes
	Dam Site Location	Expanded Reservoir Size	Dam Type	
1	Downstream	140,000 AF	Earthfill	<ul style="list-style-type: none"> • Similar to WSIP application • Spillway and inlet/outlet works are separate from dam
2	Downstream	140,000 AF	Hardfill	<ul style="list-style-type: none"> • Spillway and inlet/outlet works are integrated into dam • Potentially shorter construction duration • Technical/permitting challenges
3	Upstream	140,000 AF	Earthfill	<ul style="list-style-type: none"> • Narrower dam (less embankment volume) • Spillway and inlet/outlet works are separate from dam • Encroaches into Henry Coe Park at full pool
4	Upstream	140,000 AF	Hardfill	<ul style="list-style-type: none"> • Narrower dam (less embankment volume) • Spillway and inlet/outlet works are integrated into dam • Potentially shorter construction duration • Technical/permitting challenges • Encroaches into Henry Coe Park at full pool
5	Upstream	96,000 AF	Earthfill	<ul style="list-style-type: none"> • Narrower and smaller dam • Spillway and inlet/outlet works are separate from dam • Provides 31% less reservoir capacity

Questions?

<https://www.valleywater.org/pachecoexpansion>



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Santa Clara Valley Water District

File No.: 20-0979

Agenda Date: 10/30/2020

Item No.: 4.4.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Potential Water Storage Projects (Comparison Matrix).

RECOMMENDATION:

Receive and discuss draft comparison matrix of potential storage projects to diversify from Semitropic groundwater bank.

SUMMARY:

Santa Clara Valley Water District (Valley Water) staff have been exploring different groundwater banking opportunities as well as surface storage projects to diversify and potentially expand its storage capabilities. This effort is relevant given that implementation of the Sustainable Groundwater Management Act (SGMA) regulations and increasing water quality issues may impact long term operations of the Semitropic groundwater bank. Furthermore, California's Fourth Climate Change Assessment Technical Reports indicate that future water supplies will likely come in concentrated and shorter wet periods that will result in large surpluses of water that may require additional storage facilities to capture. At the same time, sea level rise will likely increase salinity intrusion into the Delta, which may reduce the availability of State Water Project (SWP) and Central Valley Project (CVP) supplies during drier years, increasing Valley Water's reliance on stored supplies.

At the October 13, 2020 meeting of the Water Storage Exploratory Committee (Committee), a draft "comparison matrix" was presented to help guide Valley Water's discussions and banking project review in a consistent format. The Committee requested the "comparison matrix" be updated to include both groundwater banking projects and surface storage projects. Attachment 1 is an updated working draft version of this comparison matrix that needs further development. When the projects are adequately defined, they will be tentatively rated against one another based on the best available information using the objectives and criteria described in Attachment 2.

Attachment 2 was updated in order to effectively evaluate the ability of surface storage projects to provide diversification from Valley Water's investment in the Semitropic groundwater bank. The objectives and evaluation criteria are currently in draft form; additional refinements and modifications are anticipated.

The comparison matrix incorporates information on four prospective groundwater banking projects and four surface storage projects that are currently under investigation:

Groundwater Banking Projects	Surface Storage Projects
AVEK 'High Desert' Groundwater Bank	Los Vaqueros Expansion
Buena Vista WSD Groundwater Bank	Sites Reservoir
Pleasant Valley WD Groundwater Bank	Pacheco Reservoir Expansion
Mid-Valley Groundwater Bank	San Luis Reservoir Expansion

ATTACHMENTS:

Attachment 1: Matrix Comparison of Storage Projects

Attachment 2: Storage Projects Objectives & Evaluation Criteria

UNCLASSIFIED MANAGER:

Vincent Gin, 408-630-2633

Preliminary Matrix Comparison of Storage Projects – October 2020 DRAFT

	Semitropic Groundwater Bank	AVEK 'High Desert' Groundwater Bank	Buena Vista WSD Groundwater Bank	Pleasant Valley WD Groundwater Bank	Mid-Valley Groundwater Bank	Los Vaqueros Expansion	Sites Reservoir – 3.2% Option	Pacheco Reservoir Expansion	San Luis Reservoir Expansion	
<i>WSMP Benefits</i>	Existing Project	WSMP Alternative Project 'Groundwater Bank' - Project to optimize the use of existing supplies and infrastructure				WSMP Alternative Project to optimize the use of existing supplies and infrastructure	WSMP Alternative Project to Secure Existing Supplies and Infrastructure	WSMP Project to optimize the use of existing supplies and infrastructure	Not included in WSMP	
<i>Status</i>	Established/Functional	Proposed by AVEK/ Under development & review	Proposed by Buena Vista/ Under development & review	Proposed by PVWD/ Under development & review	Proposed by MAGSA/ Under development & review	Planning & Design/ Environmental Review Complete	Proposed by Sites JPA/ Under Development/ Environmental Planning Permitting	Proposed by Valley Water	Proposed by SLDMWA/ USBR Under Development	
<i>Location</i>	Northern Kern County	Antelope Valley/Mojave	Northern Kern County	Fresno County near Coalinga	Fresno County near Kerman	Contra Costa County	Glenn/Colusa County near Maxwell	Santa Clara County	Merced County	
<i>Real Property</i>	Owned	Land Acquisition / Negotiations Scheduled Summer 2021	To Be Determined	To Be Determined	Land / Easement Acquisition Scheduled 2022 - 2024	N/A	Land Acquisition/Negotiations on Schedule	Land Acquisition pending release of EIR	Hwy 152 / Schedule TBD	
<i>Term of Agreement</i>	Expires 12/31/35	To Be Negotiated	To Be Negotiated	To Be Negotiated	To Be Negotiated	JPA Operated, Term TBD	To Be Negotiated	N/A	TBD	
<i>Governance</i>	<i>Managing Agencies</i>	Semitropic Water Storage District	Antelope Valley East Kern Water Agency	Kern County Water Agency	Pleasant Valley Water District	McMullin Area Groundwater Sustainability Agency	Los Vaqueros JPA	Sites Project Authority (Sites JPA)	Valley Water	USBR/SLDMWA
	<i>Owner</i>	Semitropic WSD	Antelope Valley East Kern Water Agency	Kern County Water Agency	Pleasant Valley Water District	McMullin Area Groundwater Sustainability Agency	CCWD	Sites Project Authority (Sites JPA)	Valley Water	TBD
	<i>Participation Mechanism</i>	Existing Contract with Priority Rights	Contract (Priority)	Contract (Priority)	Contract (Priority)	Contract (Priority)	JPA; TBD	JPA; TBD (Governance Role or Contract)	Owner/Operator	TBD
<i>Operations</i>	<i>Max Storage</i>	350,000 AF	Tentative 200,000 AF plus (under evaluation)	No Defined Limit	Under development	Under development; estimated 200 TAF	TBD	45,000 AF	140,000 AF	TBD
	<i>Annual Put Limit</i>	31,675 AF/yr.	Tentative 40,000 AF/yr. (under evaluation)	Proposed 120,000 AF/yr. Maximum	Under development	Under development	N/A	Under development	N/A	N/A
	<i>Put Conveyance</i>	SWP/CVP Direct and In-Lieu Recharge	SWP/CVP Direct and In-Lieu Recharge	SWP/CVP Direct and In-Lieu Recharge	SWP/CVP Direct and In-Lieu Recharge	SWP/CVP Direct and In-Lieu Recharge	CCWD/EBMUD Diversions	SWP/CVP Exchange Sites Sac. River Direct	San Felipe Conduit	SWP/CVP Direct
	<i>Storage Water Types</i>	SWP, CVP, Non-Project	SWP, CVP, Non-Project	SWP, CVP & CVP-Friant Non-Project	CVP & SWP, Non-Project	CVP & SWP	CVP & SWP	New Water & Non-Project. (SWP/CVP under development)	Local, CVP, Possibly SWP	SWP, CVP, Non-Project
	<i>Annual Take Limit</i>	31,675 AF/yr. Minimum	Tentative 40,000 AF/yr. (under evaluation)	Proposed One-tenth of return obligation in a 'return year'	Under development	Under development	N/A	Under development	N/A	Under development
	<i>Take Conveyance</i>	SWP Supply Exchange	SWP Supply Exchange	SWP Supply Exchange	CVP Supply Exchange w/other undefined water agency	Under development, Exchange w/ Exchange Contractor + Refuge CVP supplies, SWP Supply Exchange	Transfer Bethany Pipeline to SBA or thru California Aqueduct to San Luis Reservoir	SWP Supply Exchange	Thru existing conveyance on San Felipe Division facilities maintained by VW	CVP Supply

Preliminary Matrix Comparison of Storage Projects – October 2020 DRAFT

Losses	Storage	10% Leave-Behind	10% Leave-Behind	Proposed 50% to 75% Leave-Behind during 50%-80% SWP allocation years	Under development	Under development	Annual Evaporation - TBD	Annual Evaporation - TBD	Annual Evaporation - TBD	Annual Evaporation - TBD
	Conveyance	None	None	None	5% Estimated	Under development	None	Carriage Loss (20-35%)	None	Minimal; TBD
Costs	Total Project Cost	~\$135 Million (1995 dollars)	Under development, up to \$195 Million	Under development	Under development	Under development	Est. 900 Million	Est. \$3 Billion	Est. \$1.3 Billion	Est. 910 Million
	Put Costs	\$89/AF (CPI-adjust)	None	None	Under development	Under development	Under development	Under development (likely N/A)	Pumping cost from conduit	Same as existing CVP/SWP
	Take Costs	\$89/AF (CPI-adjust)	Proposed \$100/AF (CPI-adjust)	None	Under development	Under development	Under development	Under development (likely N/A)	None	Same as existing CVP/SWP
	VW Capital Investment	~\$47 Million (1995 dollars)	Under development – Est. \$60 - \$100 Mil	Estimated \$50 Mil not including permitting	Under development	Under development	TBD	Est. \$125 Million	TBD	TBD
	Recurring O&M	Approx. \$2.4 Mil/yr. Flat (Covers Put/Take Costs)	Approx. 10% capital costs/yr.	None	Under development	Under development	TBD	Approx. \$800,000 /yr. (Covers Variable Energy Costs)	TBD	TBD
	Other Costs	Variable pumping/ energy (credited back) treatment recovery costs	- Variable pumping/energy recovery costs - 'Minimum Recovery Usage Fees', proposed minimum annual rolling average \$715,000 - Annual Management Costs	Variable pumping/energy recovery costs	Under development	Under development	TBD	- Repair and Replacement	None	Under development
Issues	SGMA	Kern County SB 'High Priority'	Adjudicated, No Issues	Kern County SB 'High Priority'	Pleasant Valley SB 'Medium Priority'	Kings County SB 'High Priority'	N/A	N/A	N/A	N/A
	Water Quality	Moderate-Poor Quality (TDS/Arsenic/1,2,3-TCP)	Generally Good Quality	Poor Quality (High TDS/Nitrates/Arsenic)	Poor Quality (High TDS/Sulfates)	Under development (potential issues with Arsenic, TDS)	None – CCWD manages for WQ	Delta Dependent	Delta and SLR Dependent	Delta Dependent
	Conveyance limitations	SWP exchange capacity limitations in dry years; KCWA approval required	SWP exchange capacity limitations in dry years	SWP exchange capacity limitations in dry years; KCWA approval required	No direct connection to SWP or CVP facilities; will require an exchange partner and new facilities	Potential exchange with SJREC and Refuges (~18 TAF/month May-Sept thru Mendota Pool)	CCWD conveyance tied to operation of Transfer Bethany Pipeline capacity	SWP conveyance capacity in SOD	None	TBD
Pro's	- Effective operation over the past 23 years - Outperformed on Put's and Take's in numerous years, including 2014-2015 during drought	- Less groundwater management issues in adjudicated basin. - Direct partnership with SWP contractor, no need for KCWA approval - AVEK willing to exchange their entire Table A allocation	- Sound conjunctive management with adequate surface water supplies including Kern River entitlement - Minimal observed historical subsidence	- Small subbasin managed by a single GSA/District - Location closer to CA and DMC than other banking projects - CVP contractors to exchange supplies may be a benefit	- Good location adjacent to Mendota Pool and Delta Mendota Canal; allows for less extensive infrastructure and potentially lower costs - Plentiful CVP exchange capacity to support withdrawals	- Option for conveyance in addition to possible storage - Transfer Bethany Pipeline allows for regional projects - Project links directly to California Aqueduct - Could provide a regional option for diversifying from current gw bank	- New Water Source - Dry year yield Coordination with USBR may indirectly improve CVP reliability at no additional cost - Conditionally approved for \$816 million Prop 1 Grant Funding - Approved for \$450 Million USDA Loan	- May provide significant environmental benefits and local emergency water supply - Minimal opposition from NGO's and permitting agencies	- Added capacity to existing facility - May provide additional CVP supplies	

Preliminary Matrix Comparison of Storage Projects – October 2020 DRAFT

<p align="center"><i>Con's</i></p>	<ul style="list-style-type: none"> - Uncertainty regarding reliability under SGMA - Limited exchange of KCWA Table A - Cost increases possible with energy/treatment - KCWA control of storage and recovery - Limited exchange capacity in dry years 	<ul style="list-style-type: none"> - High energy costs with disputed cost allocation - Limited exchange capacity in dry years 	<ul style="list-style-type: none"> - Expensive in terms of dollars and water lost - Proposal commits first 120,000 AF/yr to be banked in BV limiting 'flexibility' - Withdrawal of water is constrained and may not be aligned with VW needs - Kern River flood control may impact storage/recovery 	<ul style="list-style-type: none"> - Not connected to SWP or CVP system, other water agency partner(s) needed for storage and recovery - Poor GW quality - Project is currently poorly defined 	<ul style="list-style-type: none"> - Uncertainty regarding future reliability under SGMA 	<ul style="list-style-type: none"> - CCWD maintains priority use of system - Without Transfer Bethany pipeline, relies on untested CVP supply exchange - CVP exchange will result in conveyance costs 	<ul style="list-style-type: none"> - Concerns over governance role in large project - Relies on conveyance across Delta - Requires coordination with DWR and USBR 	<ul style="list-style-type: none"> - Operations may be limited by agreement with State agencies to ensure State benefits in order to secure Prop 1 funding 	<ul style="list-style-type: none"> - USBR may impose constraints on use of storage and water - SWP/DWR may not support the project
<p align="center"><i>Other Considerations</i></p>	<ul style="list-style-type: none"> - If Semitropic fails to perform, Semitropic may pay VW to retain VW's water supplies 	<ul style="list-style-type: none"> - Project is in initial stages; land acquisition, engineering design and construction has not yet been initiated; however, MWD is developing an adjacent bank with AVEK so information sharing can facilitate development. 	<ul style="list-style-type: none"> - Unclear capital investment terms for \$50Mil estimate 	<ul style="list-style-type: none"> - Development on hold until GSP submission in 2022 	<ul style="list-style-type: none"> - Project is in initial stages; additional analysis of geology, water quality, SGMA limitations is needed. - Land acquisition and other partnerships need to be developed - Terms are yet to be developed but are negotiable 	<p align="center">Under development</p>	<ul style="list-style-type: none"> - Transfer exchanges may be possible with other participants - Potential Environmental benefits in Delta 	<ul style="list-style-type: none"> - Permitting work still needs to be completed - Local environmental benefits, Potential Delta environmental benefits - Local supply source in case of Delta emergency 	<ul style="list-style-type: none"> - Alternative Configurations: CVP-only, SWP-CVP, Investor directed - Option for 90% M&I controlled storage
<p align="center"><i>Tentative Rating – Subject to Change</i></p>		<p align="center">TBD</p>	<p align="center">TBD</p>	<p align="center">TBD</p>	<p align="center">TBD</p>	<p align="center">TBD</p>	<p align="center">TBD</p>	<p align="center">TBD</p>	<p align="center">TBD</p>

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WATER STORAGE PROJECT OBJECTIVES

1. **Cost Effectiveness for Valley Water(responsibility to our Customers)**

Executive Limitation 4.2 states that the Board Appointed Officers shall “Spend in ways that are cost-efficient.” New projects should be competitive in price to other projects and other imported water supplies.

2. **Optimize Project Location**

The location should allow for direct delivery to and from the project facility, minimize conveyance losses, minimize conveyance and energy costs, and ensure reliable operations. Consideration should be given to projects South-of-Delta to ensure accessibility of stored water. in the event of a Delta outage or other emergency.

3. **Minimize Regulatory Constraints to Operations**

Preferred projects will have the least operational uncertainty with respect to existing regulations or anticipated future regulations. Consideration should be given to various water rights, storage, and conveyance agreements required for stable operations.

4. **Promote Projects that are Feasible and able to be Constructed**

Preferred projects should be in areas with good water quality for constituents of concern, provide adequate storage capacity, allow for efficient storage and recovery of water, be financially and politically feasible, and have a defined schedule for construction. Planning analysis to-date and best available information should indicate project construction is technically feasible.

5. **Improve Water Supply Reliability or Provide Other Benefits**

Projects should diversify Valley Water’s storage portfolio to provide storage for Wet year water, provide Dry year yield, provide local emergency supplies, provide local and Delta environmental benefits, ability to respond to a Delta outage or other emergency, and minimize losses of stored water whether by leave-behind or evaporation. This objective also should consider other tertiary benefits unique to individual projects, when possible.

6. **Promote Projects that Increase Operational Flexibilities and Supply Management Tools**

Integration with existing projects can improve current conjunctive management and provide certainty that the water supply benefits of the project will be realized when Valley Water needs them. A project should offer the ability to store various water types, facilitate transfers of various water types and provide a synergistic effect with current or future projects.

7. **Provide Sufficient District Control Over Supplies and Operations**

Preferred projects should allow Valley Water to adapt to changes in water supplies by providing a high degree of control including directly controlled supplies and supplies developed in partnership with other local and regional agencies.

8. **Consider and Adapt to Climate Change**

CEO Interpretation S.2.7 of Ends Policy E-2 “there is a reliable, clean water supply for current and future generations” calls for Valley Water to “incorporate climate change mitigation and adaptation into District planning efforts.” A project should allow for adaption to potential changes in future water supplies, including potentially reduced CVP and SWP imported supplies and concentrated shorter wet periods that may increase reliance on stored supplies.

CRITERIA FOR EVALUATING PROJECTS

Criteria	Scoring Guidelines (Assign Score of 1 to 5)
Cost (Present Value Cost per Acre-Foot of Storage) <i>(Omitted from Rating-Under Dev)</i>	(5) <\$800 (comparable to SJREC dry year transfer program) (3) \$800 - \$1,200 (expensive but 'guaranteed' water in low allocation year types) (1) >\$1200
Optimize Project Location	(5) Located close to Valley Water Service Area AND CVP or SWP Project conveyance feature(s) (3) Located close to Valley Water Service Area OR CVP or SWP Project conveyance feature(s) (1) Located far from Valley Water Service Area or CVP or SWP Project conveyance feature(s)
Regulatory Constraints on Operations	(5) Minimal regulatory risks (3) Some regulatory risk (1) Significant regulatory risk
Feasibility (Current Level of Project Development and Technical Feasibility)	(5) Defined schedule and Feasibility Study complete (3) Defined schedule but technical feasibility not confirmed, no studies or exploratory work complete (1) Undefined schedule and/or no studies or exploratory work complete
Project Feasibility	(5) Minimal outside agency opposition and permitting challenges AND plan of finance with committed partners (3) Some outside agency opposition and permitting challenges OR plan of finance with committed partners (1) Significant outside agency opposition and permitting challenges, or no plan for financing
Improve Water Supply Reliability	(5) Provides improved water supply reliability during extended (3-6 year) drought AND other benefits including but not limited to minimal storage losses, storage for wet year water, new water supply (3) Provides other benefits including but not limited to minimal storage losses, storage for wet year water, new water supply (1) Inability to improve water supply reliability during an extended drought or no other tertiary benefits
Other Benefits (Emergency Supplies and Environmental Benefits)	(5) Local and Delta environmental benefits AND the ability to respond to a Delta outage or other emergency (3) Local and Delta environmental benefits OR the ability to respond to a Delta outage or other emergency (1) No local or Delta environmental benefits and inability to respond to a Delta outage or other emergency
Maximize Operational Flexibility	(5) Allows storage of various water types (CVP/SWP/Other) AND direct withdrawal or project water (CVP/SWP) exchange with storage and recovery when needed in all water year types (3) Allows storage of various water types (CVP/SWP/Other) OR direct withdrawal or project water (CVP/SWP) exchange with storage and recovery in all water year types (1) No direct project water (CVP/SWP) exchange, limited capacity and time duration to fill or recover, and limited to no recovery in low project allocations.
Increase Supply Management Tools (Synergy with Current or Future Projects)	(5) Improves benefits or efficacy of current or future projects (3) Maintains benefits or efficacy of current or future projects (1) Reduces benefits or efficacy of current or future projects
District Control Over Supplies and Operations (Governance)	(5) Valley Water owns and operates the project or share of facility AND directly controls supplies or supplies developed with other agencies (3) Valley Water owns and operates the project or share of facility OR directly controls supplies or supplies developed with other agencies (1) Valley Water is afforded limited or no control of stored water
Climate Change Resiliency	(5) Benefits improve with climate change. (3) Benefits remain the same regardless of climate (1) Benefits decrease with climate change

How to use:

- Evaluate a project and assign it a score of 1 to 5 for each of the criteria based on the scoring guidelines.
- Sum the scores for each criterion to determine a project's score.
- Repeat process with other projects and compare the results. The higher a project's score the more suitable it is to Valley Water's needs.



Santa Clara Valley Water District

File No.: 20-0965

Agenda Date: 10/30/2020

Item No.: 4.5.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Standing Items Information.

RECOMMENDATION:

- A. This agenda item allows the Committee to receive verbal or written updates and discuss the following subjects. These items are generally informational; however, the Committee may request additional information from staff:
 - B. This is informational only and no action is required.
Staff may provide a verbal update at the 10-30-2020, meeting if there is reportable/updated information.
1. Update on Los Vaqueros Reservoir Expansion Project (LVE) Transfer Bethany Pipeline (TBP) and Update on Management of South Bay Aqueduct (SBA) Facilities
(10-30-2020, agenda item)
 2. Lake Del Valle
 3. Del Puerto
 4. Water Banking Opportunities including but not limited to Pleasant Valley Water District
(10-30-2020, agenda item)
 5. Pacheco/San Luis Reservoir Low Point (discuss Pacheco Authority and Proposition 1 Water Storage Investment Program Update) *(10-30-2020, agenda item)*
 6. Semitropic
 7. Sites *(10-30-2020, agenda item)*
 8. B.F. Sisk Dam Raise Project
 9. Shasta

SUMMARY:

Standing Items will allow regular reports from staff on subjects that may be of interest to the committee members.

ATTACHMENTS:

None.

File No.: 20-0965

Agenda Date: 10/30/2020
Item No.: 4.5.

UNCLASSIFIED MANAGER:
Michele King, 408-630-2711



Santa Clara Valley Water District

File No.: 20-0966

Agenda Date: 10/30/2020

Item No.: 4.6.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Review Water Storage Exploratory Committee Work Plan and the Committee's Next Meeting Agenda.

RECOMMENDATION:

Review the Committee's Work Plan to guide the Committee's discussions regarding policy alternatives and implications for Board deliberation.

SUMMARY:

The Committee's 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 committees 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: WSEC 2020 Work Plan

Attachment 2: Next Meeting's Proposed Agenda

File No.: 20-0966

Agenda Date: 10/30/2020
Item No.: 4.6.

UNCLASSIFIED MANAGER:
Michele King, 408-630-2711

2020 Work Plan: Water Storage Exploratory Committee

Update: October 2020

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.

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
1	<p>Standing Items:</p> <ol style="list-style-type: none"> 1. Update on Los Vaqueros Reservoir Expansion Project (LVE) Transfer Bethany Pipeline (TBP) and Update on Management of South Bay Aqueduct (SBA) Facilities 2. Lake Del Valle 3. Del Puerto 4. Water Banking Opportunities including but not limited to Pleasant Valley Water District 5. Pacheco/ San Luis Reservoir Low Point 6. Semitropic 7. Sites 8. B.F. Sisk Dam Raise Project 9. Shasta 	<p>1-15-2020 10-14-2020 10-30-2020</p>	<ul style="list-style-type: none"> • Receive quarterly reports on standing items. (Information) 	<p>Accomplished January 15, 2020: The Committee took the following action:</p> <ul style="list-style-type: none"> • That the Board consider the Committee's recommendation to the Board to accelerate the partnerships discussion for the Pacheco Reservoir Expansion Project. <p>Board received this information on February 25, 2020 and took the following action: Approved the Water Storage Exploratory Committee's recommendation.</p> <p>Pacheco and San Luis Reservoir Low Point Projects will be joined as one work plan item</p> <p>Accomplished October 14, 2020: The Committee received quick updates on Los Vaqueros Reservoir Expansion Project (LVE) B.F. Sisk Dam Raise Project and Shasta.</p>
2	<p>Review of 2020 Water Storage Exploratory Committee Work Plan</p>	<p>1-15-2020 07-13-2020 8-21-2020 10-14-2020 10-30-2020</p>	<ul style="list-style-type: none"> • Review the Committee's 2020 Work Plan. 	<p>Accomplished January 15, 2020: The Committee reviewed the Committee's 2020 work plan and took no action.</p> <p>Accomplished July 13, 2020: The Committee reviewed the Committee's 2020 work plan and took no action.</p> <p>Accomplished August 21, 2020: The Committee reviewed the Committee's 2020 work plan and took no action.</p>

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1

Page 1 of 3

2020 Work Plan: Water Storage Exploratory Committee

Update: October 2020

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
				Accomplished October 14, 2020: The Committee reviewed the Committee's 2020 work plan and took no action.
3	Del Puerto Canyon Reservoir Update	07-13-2020	<ul style="list-style-type: none"> Receive information regarding the status of Del Puerto Canyon Reservoir. 	Accomplished July 13, 2020: Special guests Mr. Chris White and Ms. Anthea Hansen gave a presentation of the Del Puerto Canyon Reservoir. The Committee took no action.
4	Update on Los Vaqueros Reservoir Expansion Project: Storage, Transfer-Bethany Pipeline, and South Bay Aqueduct Capacity	07-13-2020 08-21-2020 10-30-2020	<ul style="list-style-type: none"> Receive and discuss information regarding the Los Vaqueros Reservoir Expansion Project: Storage, Transfer-Bethany Pipeline, and South Bay Aqueduct Capacity Recommend update as action item for next Board of Directors meeting. 	<p>Accomplished July 13, 2020: The Committee received an update on the Los Vaqueros Reservoir Expansion Project: Storage, Transfer-Bethany Pipeline, and South Bay Aqueduct Capacity and discussed taking the following action: The Committee recommended to approve staff's recommendation to bring Amendment 2 to the 2019 Multi-Party Agreement to the Board of Directors for its consideration by roll call vote and Directors voting aye! One footnote, Committee requested that updated information come back to the Committee before going to the full Board.</p> <p>Accomplished August 21, 2020: The Committee received an update on the Los Vaqueros Reservoir Expansion Project: Storage, Transfer-Bethany Pipeline, and South Bay Aqueduct capacity and discussed taking no action.</p>
5	Update on the B.F. Sisk Dam Raise Project	07-13-2020	<ul style="list-style-type: none"> Receive and discuss information on the B.F. Sisk Dam Raise Project. 	Accomplished July 13, 2020: The Committee received an update on the B.F. Sisk Dam Raise Project and discussed taking no action.

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1

Page 2 of 3

2020 Work Plan: Water Storage Exploratory Committee

Update: October 2020

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
6	Second Amendment to 2019 Reservoir Project Agreement for Continued Participation in the Sites Reservoir Project	07-13-2020 08-21-2020 10-30-2020	<ul style="list-style-type: none"> Receive and discuss information regarding Sites Reservoir Project. 	<p>Accomplished July 13, 2020: The Committee received an update on the Sites Reservoir Project and discussed without taking action, however, before taking action, requested more information on the agreement/project for further discussion at the next meeting.</p> <p>Accomplished August 21, 2020: The Committee received an update on the Sites Reservoir Project and discussed taking no action. The Committee still has some concerns and questions so that staff will bring back for the next meeting.</p>
7	Update on Pacheco/San Luis Reservoir Low Point Projects	07-13-2020 10-30-2020	<ul style="list-style-type: none"> Receive and discuss information regarding the status of Pacheco/San Luis Reservoir Low Point Projects. 	<p>Accomplished July 13, 2020: The Committee received an update on the Pacheco/San Luis Reservoir Low Point Projects and discussed taking no action.</p>
8	Semitropic Groundwater Bank Update	10-14-2020	<ul style="list-style-type: none"> Receive and discuss information regarding the status of Semitropic Groundwater Bank 	<p>Accomplished October 14, 2020: The Committee received an update on the status of Semitropic Groundwater Bank and discussed taking no action.</p>
9	Potential Groundwater Banking Projects (Comparison Matrix)	10-14-2020 10-30-2020	<ul style="list-style-type: none"> Receive and discuss information regarding ongoing development of staff comparison tools to analyze and compare potential groundwater banking projects. 	<p>Accomplished October 14, 2020: The Committee received an update of ongoing development of staff comparison tools to analyze and compare potential groundwater banking projects and discussed taking no action. However, have staff update the matrix as much as possible (evaluate wider range of investments of the portfolio, expand framework and criteria) for the next meeting.</p>

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1

Page 3 of 3

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