

December 4, 2018

SPECIAL 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

Norma J. Camacho, Chief Executive Officer
Nina Hawk, Chief Operating Officer, Water Utility
Rick Callender, Chief of External Affairs
Stanly Yamamoto, District Counsel
Garth Hall, Deputy Operating Officer, Water Supply Division
Katherine Oven, Deputy Operating Officer, Water Utility Capital Division
Christopher Hakes, Deputy Operating Officer, Dam Safety & Capital Delivery Division
Jerry De La Piedra, Assistant Officer, Water Supply Division Deputy's Office
Cindy Kao, Imported Water Manager, Imported Water Unit
Melih Ozbilgin, Senior Water Resources Specialist, Imported Water Unit
Medi Sinaki, Senior Engineer – Water Quality
Bradly Arnold, Senior Engineer – Imported Water Unit
Tracy Hemmeter, Senior Project Manager, Water Supply Planning & Conservation Unit
Metra Richert, Senior Water Resources Specialist, Water Supply Planning & Conservation Unit

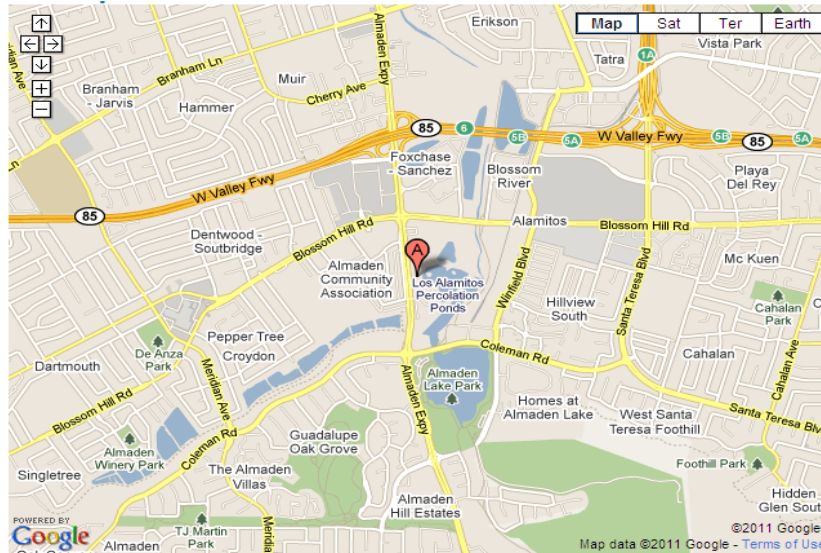
A regular meeting of the Santa Clara Valley Water District (SCVWD) Water Storage Exploratory Committee is to be held on **Friday, December 7, 2018, at 11:30 a.m.** in the Headquarters Building Boardroom located at the Santa Clara Valley Water District, 5700 Almaden Expressway, San Jose, California. Refreshments will be served.

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

Enclosures



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



From Oakland:

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

From Morgan Hill/Gilroy:

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

From Sunnyvale:

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

From San Francisco:

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

From Downtown San Jose:

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

From Walnut Creek, Concord and East Bay areas:

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



Santa Clara Valley Water District Water Storage Exploratory Committee Meeting

**HQ Boardroom
5700 Almaden Expressway
San Jose CA 95118**

REGULAR MEETING AGENDA

**Friday, December 7, 2018
11:30 AM**

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

All public records relating to an item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the Office of the Clerk of the Board at the Santa Clara Valley Water District Headquarters Building, 5700 Almaden Expressway, San Jose, CA 95118, at the same time that the public records are distributed or made available to the legislative body. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to attend Board of Directors' meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 265-2600.

Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown Act.

**Santa Clara Valley Water District
Water Storage Exploratory Committee
REGULAR MEETING
AGENDA**

Friday, December 7, 2018

11:30 AM

HQ Boardroom

1. CALL TO ORDER:

1.1. Roll Call.

2. CLOSED SESSION:

2.1. ANTICIPATION OF LITIGATION – Initiation of Litigation Pursuant to Government Code Section 54956.9(d)(4) – Three Potential Cases (Pacheco Reservoir Expansion Study)

2.2. EXISTING LITIGATION – Government Code Section 54956.9(d)(1) SCVWD v. Giovannotto Land & Cattle, LLC, Santa Clara Co. Superior Court, No. 18CV337188

2.3. CONFERENCE WITH REAL PROPERTY NEGOTIATORS – Government Code Section 54956.8

Setting Negotiation Parameters for Price and Terms of Payment for Acquiring Property Interest from multiple property owners

(APNs: 86515007, 86510023, 86511020, 86511021, 86511019, 86510010, 86515008, 86515009, 86515008, 86515009, 89857001, 89857002, 89849001, 89849003, 89811003, 89811008, 89811021, 89811022, 89811004, 89811023, 89811020, 89811016, 89813001, 89848001, 89849001, 89849003, 89811003, 89811008, 89811021, 89811022, 89811004, 89811023, 89811020, 89811016, 89813001, 89848001) in Santa Clara County

3. Time Open for Public Comment on any Item not on the Agenda.

Notice to the public: This item is reserved for persons desiring to address the Committee on any matter not on this agenda. Members of the public who wish to address the Committee on any item not listed on the agenda should complete a Speaker Form and present it to the Committee Clerk. The Committee Chair will call individuals in turn. Speakers comments should be limited to two minutes or as set by the Chair. The law does not permit Committee action on, or extended discussion of, any item not on the agenda except under special circumstances. If Committee action is requested, the matter may be placed on a future agenda. All comments that require a response will be referred to staff for a reply in writing. The Committee may take action on any item of business appearing on the posted agenda.

4. APPROVAL OF MINUTES:

4.1. Approval of Minutes. [18-1062](#)

Recommendation: Approve the November 7, 2018, Meeting Minutes.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 110718 WSEC DRAFT Mins](#)

Est. Staff Time: 5 Minutes

5. ACTION ITEMS:

5.1.. Update on Proposed Sites Reservoir Project. [18-1063](#)

Recommendation: A. Receive and discuss information on the Sites Reservoir Project; and
B. Provide feedback and direction regarding communication with the Board.

Manager: Garth Hall, 408-630-2750

Attachments: [Attachment 1: Draft 2019 Project Agreement](#)
[Attachment 2: Maxwell Water Intertie Map](#)
[Attachment 3: Sites Reservoir Project Map](#)
[Attachment 4: Governance Structure](#)
[Attachment 5: PowerPoint Presentation](#)

Est. Staff Time: 15 Minutes

5.2. Update on San Luis Low Point Improvement Project. [18-1065](#)

Recommendation: Receive and discuss information on San Luis Low Point Improvement Project.

Manager: Christopher Hakes, 408-630-3796

Attachments: [Attachment 1: PowerPoint](#)

Est. Staff Time: 15 Minutes

5.3. Update on Shasta Dam and Reservoir Enlargement Project. [18-1066](#)

Recommendation: Receive updates from Staff on the Shasta Dam and Reservoir Enlargement Project.

Manager: Garth Hall, 408-630-2750

Attachments: [Attachment 1: Project Factsheet](#)
[Attachment 2: Project Timeline](#)
[Attachment 3: Staff PowerPoint](#)

Est. Staff Time: 15 Minutes

- 5.4. Update on Los Vaqueros Reservoir Expansion Project (LVE Project). [18-1064](#)
Recommendation: Receive and discuss information on Los Vaqueros Reservoir Expansion Project (LVE Project).
Manager: Jerry De La Piedra, 408-630-2257
Attachments: [Attachment 1: LVE Project](#)
Est. Staff Time: 10 Minutes

- 5.5. Review Water Storage Exploratory Committee Work Plan and the Committee's Next Meeting Agenda. [18-1068](#)
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 2018 Work Plan](#)
Est. Staff Time: 5 Minutes

6. Clerk Review and Clarification of Committee Requests.

This is an opportunity for the Clerk to review and obtain clarification on any formally moved, seconded, and approved requests and recommendations made by the Committee during the meeting.

7. ADJOURN:

- 7.1. Adjourn to Regular Meeting

File No.: 18-1062

Agenda Date: 12/7/2018

Item No.: 4.1.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Approval of Minutes.

RECOMMENDATION:

Approve the November 7, 2018, Meeting Minutes.

SUMMARY:

A summary of Committee discussions, and details of all actions taken by the Committee, during all open and public Committee meetings, is transcribed and submitted for review and approval.

Upon Committee approval, minutes transcripts are finalized and entered into the District's historical records archives and serve as historical records of the Committee's meetings.

ATTACHMENTS:

Attachment 1: 110718 WSEC Draft Minutes

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711



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

DRAFT MINUTES

**WEDNESDAY, NOVEMBER 7, 2018
12:30 PM**

(Paragraph numbers coincide with agenda item numbers)

A regular meeting of the Water Storage Exploratory Committee (Committee) was held on November 7, 2018, in the Headquarters Building Boardroom at the Santa Clara Valley Water District, 5700 Almaden Expressway, San Jose, California.

1. CALL TO ORDER

A regular meeting of the Santa Clara Valley Water District Water Storage Exploratory Committee was called to order by Chair Gary Kremen at 12:30 p.m. on November 7, 2018.

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.

Staff members in attendance were: Kurt Arends, Glenna Brambill, Jerry De La Piedra, Anthony Fulcher, Christopher Hakes, Garth Hall, Nina Hawk, Tracy Hemmeter, Brian Hopper, Cindy Kao, Eric Leitterman, Bill Magleby, Katherine Oven and Metra Richert.

Guest in attendance was: Doug Muirhead, Resident of City of Morgan Hill.

Committee Chairperson Kremen confirmed that the Committee would adjourn to Closed Session for consideration of Item 2.

2. CLOSED SESSION:

ANTICIPATION OF LITIGATION – INITIATION OF LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(4) – FOUR POTENTIAL CASES (PACHECO RESERVOIR EXPANSION STUDY)

Upon return to Open Session, the same Committee members and staff were present.

2.1 DISTRICT COUNSEL’S REPORT:

Mr. Anthony Fulcher Senior Assistant District Counsel, reported on Item 2, that the Committee met in Closed Session with all members present, and took no reportable action.

3. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON AGENDA

There was no one present who wished to speak.

4. APPROVAL OF MINUTES

4.1 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 October 1, 2018, Special Meeting Santa Clara Valley Water District (SCVWD) Water Storage Exploratory Committee as presented.

5. ACTION ITEMS

5.1 ANNUAL OPERATIONS OF THE ANDERSON RESERVOIR SYSTEM

Mr. Kurt Arends requested this item be pulled with the following explanation given to the Committee Members: Staff is not recommending any changes to Anderson Operations from what the Board directed last year. Before considering any future changes, staff would get input from the public before making any recommendation to the Board.

5.2 ANDERSON OPERATIONS DURING CONSTRUCTION

Mr. Kurt Arends reviewed the materials as outlined in the agenda item along with a powerpoint presentation handout.

Directors Gary Kremen and Richard P. Santos had questions about construction date, action plan with the cities and asked that the Committee receive any updates.

Mr. Christopher Hakes, Mr. Garth Hall, and Ms. Nina Hawk were available to answer questions.

Mr. Doug Muirhead, Resident of City of Morgan Hill asked about recycled water.

No action taken.

5.3 CALERO RESERVOIR EXPANSION ANALYSIS

Mr. Christopher Hakes reviewed the materials as outlined in the agenda item and was available to answer questions.

Directors Gary Kremen, Richard P. Santos and John L. Varela had questions about yield, benefits of restoring storage capacity, thoughts on continuing this project, review of water rates and a comparison on today’s dollars to assist with decision-making.

Mr. Garth Hall, Ms. Nina Hawk and Ms. Tracy Hemmeter were available to answer questions.

Mr. Doug Muirhead, Resident of City of Morgan Hill spoke on public education and sediment removal costs.

No action taken.

5.4 UPDATE ON PROPOSED SITES RESERVOIR PROJECT

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

The Committee discussed, WIIN Act, funding, JPA and asked that staff return with updated information for next meeting.

Ms. Nina Hawk, Mr. Eric Leitterman, Mr. Garth Hall, and were available to answer questions.

No action taken.

5.5 UPDATE ON LAS VAQUEROS RESERVOIR EXPANSION PROJECT (LVE PROJECT)

Ms. Metra Richert reviewed the materials as outlined in the agenda item.

Ms. Nina Hawk, Mr. Garth Hall and Ms. Tracy Hemmeter were available to answer questions.

The Committee asked staff to hold off on the action item taken at the October 1, 2018, meeting regarding the funding approval until further information is provided. Also asked that staff add visual slides for the next meeting.

No action taken.

5.6 INVESTIGATION OF OUT-OF-COUNTY GROUNDWATER STORAGE AND BANKING OPPORTUNITIES

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

Mr. Garth Hall and Ms. Nina Hawk gave further clarification on semi tropic connections, Sustainable Groundwater Management Act (SGMA) and capital project costs.

No action taken.

5.7 UPDATE ON SAN LUIS RESERVOIR EXPANSION

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

Mr. Christopher Hakes answered question on Low Point value. Ms. Nina Hawk noted that San Luis Delta Mendota Water Authority (SLDMWA) sent letter of support.

No action taken.

5.8 PACHECO RESERVOIR EXPANSION PROJECT UPDATE

Mr. Christopher Hakes reviewed the materials as outlined in the agenda item and was available to answer questions.

Mr. Doug Muirhead, resident of City of Morgan Hill spoke on public outreach and information on Pacheco stakeholder groups.

No action taken.

5.9 REVIEW OF 2018 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 next meeting should be scheduled for December 2018 work with the Board Scheduler for available dates and times. The Committee asked to add information on Shasta for next meeting.

6. CLERK REVIEW AND CLARIFICATION OF COMMITTEE ACTIONS

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

7. ADJOURNMENT

Chair Director Gary Kremen adjourned the meeting at 3:02 p.m.

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

Approved:

File No.: 18-1063

Agenda Date: 12/7/2018

Item No.: 5.1..

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Update on Proposed Sites Reservoir Project.

RECOMMENDATION:

- A. Receive and discuss information on the Sites Reservoir Project; and
- B. Provide feedback and direction regarding communication with the Board.

SUMMARY:

Santa Clara Valley Water District (District) staff continues to review District involvement in the Sites Reservoir Project (Project), which proposes to construct a 1.8 million acre-feet 'off-stream' reservoir in the Coastal Range foothills near the Town of Maxwell in Colusa County, north of the Sacramento-San Joaquin River Delta (Delta). Phase 1 of the Project, which focused on development of the Proposition 1 funding application and development of draft environmental documentation, is targeted for completion at the end of March 2019. Project proponents are currently seeking funding commitments for the remainder of calendar year 2019 to begin work on Phase 2 of the Project.

Items to be addressed during Phase 2 include allocation of storage rights and water supply yield to remaining participants, securing water rights from the State Water Resources Control Board, integration of the Project with the State Water Project (SWP) and Central Valley Project (CVP), and Project governance. Phase 2 efforts will likely include additional planning, preliminary engineering and design, environmental review, and permitting; however, the specific tasks and schedule have not yet been determined. It is anticipated the entirety of Phase 2 will span calendar years 2019 through 2023.

Calendar Year 2019 Funding Request for Phase 2 - Updated Work Plan

The Sites Joint Powers Authority (Sites JPA) initially requested participants make a combined funding commitment for Phase 2 of up to \$350 million to fund costs through 2023; however, in response to concerns over such a large funding commitment, the Sites Reservoir Project Committee (Reservoir Committee) adopted a new approach at its November 16, 2018 meeting that seeks annual funding commitments. The current request is to fund the water user share of the calendar year 2019 budget of \$35 million. The commitment would be made through execution of a 2019 Project Agreement, which is provided in draft form as Attachment 1 and is substantially similar to the Project Agreement the District signed to participate in Phase 1. Key terms include the continued ability to influence the development of the project through participation in the Reservoir Committee and first right to contract for water supply and storage capacity made available by the finished Project commensurate with a

participant's financial contributions. District staff are currently reviewing the document and working with the Sites project team to incorporate comments.

The total 2019 budget is \$35 million and includes anticipated Water Storage Investment Program (WSIP) early funding and Water Infrastructure Improvements for the Nation (WINN) act funding. The portion of the budget to be funded by water agencies is \$16 million, of which the District's share is about 10.3%, or \$1.6 million, as shown in Exhibit A of the 2019 Project Agreement.

The reduction in the initial funding obligation was made possible by reducing the 2019 scope of work to focus on defining Project operations (e.g., financial and operational integration with existing facilities) and other key efforts, including finalizing the EIR/EIS, coordinating with the Division of Safety of Dams, and analyzing power issues. Approximately \$2 million of the \$16 million 2019 budget is set aside for partial reimbursement of those agencies who are opting out of the Project, consistent with a policy adopted by the Reservoir Committee at initiation of Phase 1 work.

The Sites JPA requests that project participants commit to their share of Phase 2 funding for calendar year 2019 by February 2019 in order that work may begin in April 2019. Funding commitments for subsequent work efforts during Phase 2 will be requested at the end of calendar year 2019 and on an annual basis thereafter.

Updated Participation Estimate

The Sites WSIP application originally indicated an interest from the participating water agencies for 404,411 acre-feet of an estimated yield of 500,000 acre-feet. According to Exhibit A, participation among water agencies is expected to decrease to 234,074 acre-feet.

This reduction in water agency participation relative to total participation in the Project may lead to a gap in funding for the Project. The combined water agency interest is for 47 percent of the estimated yield. Assuming a 13 percent interest from the state and a 25 percent interest from the federal government, this would leave a 15 percent gap in funding. This potential gap will need to be addressed in Phase 2 and Phase 3 of the Project, either by increasing participation in the Project, or resizing the Project to better match participation.

Approval of USDA Loan

On November 27, 2018, the U.S. Department of Agriculture (USDA) approved a \$449 million loan for the Project, with a locked-in interest rate of 3½ percent. Funds from the loan can only be spent on Project facilities that are part of the Maxwell Intertie shown in Attachment 2. Because of limitations on what kinds of activities the funds can be spent on, the Sites JPA plans to wait until at least early 2022 before deciding whether to begin executing the loan.

Background

The proposed Project location relative to the District and Project facilities are shown in Attachment 3. The Project proposes diversion and storage of surplus water supplies from the Sacramento River. The total cost of the Project is anticipated to be \$5.5 billion (capital cost in 2015 dollars) according to estimates provided by the Sites JPA to the California Water Commission (CWC).

On July 26, 2016, the Board approved participation in Phase 1 (initial phase) of the Project, which committed the District to participate in the Reservoir Committee, a subset of the Sites JPA with a governance structure shown in Attachment 4, and to support an application for California Proposition 1 funding under the WSIP. The District reserved a 4.8 percent share of the Project (District Share) at a Phase 1 cost not to exceed \$1.44 million. Phase 1 District costs at end of calendar year 2018 are expected to be approximately \$997,000.

Public Benefit Funding

The CWC approved \$816 million in WSIP-eligible state funding, currently representing around 13 percent of Project interests. Additionally, the Project could be eligible for up to 25 percent of Project interests covered by the Reclamation and federal WIIN Act funding. Reclamation and WIIN Act contributions will be based on recommendations of a Federal Feasibility Report investigating Project viability, and exact financial contributions have not yet been defined. Both state and federal funding will pay for 'Public Benefits' shares of the Project which would be used for environmental and recreational purposes and which would be separate from water supply benefits provided to water user participants. The Sites JPA anticipates \$40.8 million and \$75 million in WSIP and WIIN 'early funding' could be used towards Phase 2 costs, respectively.

Project Governance

The Sites JPA is comprised of Sacramento Valley water agency and landowner interests and was formed on August 26, 2010 to pursue the development and construction of the Project. The Sites JPA delegates authority to the Reservoir Committee, which has effectively become responsible for design and analysis of Sites Reservoir facilities and financing. The District, as well as other State Water Contractor Participants (SWC Participants) and some Sites JPA participants, serve on the Reservoir Committee. The governance structure with a list of current participants is shown in Attachment 4. Staff anticipates that the governance structure may be evaluated and adjusted during Phase 2. District staff has communicated to the Sites Executive Director that the District will require a stronger role in Project governance than that afforded under the Reservoir Committee if and when the District makes further significant funding to the Project.

Potential District Benefits

Project water supply and operational benefits could be realized by diverting surplus water into Sites Reservoir during high river flow events for later release to participants, in conjunction with operation of Oroville and Shasta Reservoirs. District Staff anticipates that the Project could provide the following benefits to the District, if it is able to divert and store water as proposed with operations integrated with the SWP and CVP:

- An increase in water supply, primarily in dry years, that would be delivered as SWP project supplies;
- Storage rights in Sites reservoir proportional to the District Share; and
- Improvement in Shasta Reservoir storage levels and cold-water pool that may provide fishery benefits and help stabilize CVP deliveries.

The extent to which these benefits can be realized depends on several issues that have yet to be

resolved, including permit requirements, potential participation by the US Bureau of Reclamation (Reclamation) and other agencies, and integration of operations with the SWP and CVP as well as with other Sacramento Valley users and projects. In addition, there is uncertainty regarding the intention of other participants to continue supporting the project in Phase 2.

Next Steps

The Sites JPA is requesting that the District make a funding commitment by February 2019 to support Phase 2 work efforts beginning in April 2019. District staff are currently working with Reservoir Committee partners to finalize the 2019 Project Agreement. Modeling and analysis efforts are also underway to assess appropriate adjustments, if any, to the District Share going forward. Once additional critical information becomes available, District staff will update the Board's Committee.

ATTACHMENTS:

- Attachment 1: Draft 2019 Project Agreement
- Attachment 2: Maxwell Water Intertie Map
- Attachment 3: Sites Reservoir Project Map
- Attachment 4: Governance Structure
- Attachment 5: Staff PowerPoint

UNCLASSIFIED MANAGER:

Garth Hall, 408-630-2750

SITES PROJECT AUTHORITY

2019 RESERVOIR PROJECT AGREEMENT

DATED AS OF [APRIL] 1, 2019

BY AND AMONG

SITES PROJECT AUTHORITY

AND

THE PROJECT AGREEMENT MEMBERS LISTED HEREIN

DRAFT

Draft 2019 Project Agreement

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EXHIBIT C NOTIFICATIONS C-1

DRAFT

Draft 2019 Project Agreement

THIS 2019 RESERVOIR PROJECT AGREEMENT is made effective as of April 1, 2019, by and among (a) the Sites Project Authority (the “Authority”) and (b) certain Members and/or Non-Member Participating Parties, listed on the attached **Exhibit A** and is made with reference to the following facts:

RECITALS

A. Various public agencies in the Sacramento River Watershed created the Authority in 2010. Various public agencies in the Sacramento River Watershed, including certain Project Agreement Members, previously entered into the Fourth Amended and Restated Sites Project Authority Joint Exercise of Powers Agreement, dated November 21, 2016, pursuant to which they are developing the Sites Reservoir Project, which is contained in the CalFed Bay-Delta program Programmatic Record of Decision, August 28, 2000. The Joint Powers Agreement provides a mechanism for “Project Agreements” (as defined in the Joint Powers Agreement) to undertake specific work activities for the development of the Sites Reservoir Project. On August 20, 2018, the Authority’s Board of Directors also adopted Bylaws for Phase 2 of the Sites Reservoir Project, which also address Project Agreements and their management through Reservoir Project Committees.

B. On April 11, 2016, certain Authority Members of the Authority entered into the PHASE 1 RESERVOIR PROJECT AGREEMENT which was amended and restated as of November 21, 2016.

C. The Authority and certain Project Agreement Members have undertaken a process to negotiate a 2019 Reservoir Project Agreement to undertake specific work activities.

D. The Project Agreement Members wish to continue development of the Project pursuant to a Work Plan approved by the Authority on _____, 2018 and the Reservoir Project Committee on _____, 2018 and a summary of which is described in **Exhibit B** attached hereto. The Project will be undertaken in the name of the Authority and in accordance with the Authority’s stated Mission as set forth in the fourth Recital of the Joint Powers Agreement. The Project Agreement Members are entering into this Project Agreement to satisfy the requirements of Article VI of the Joint Powers Agreement.

E. All members of the Authority have also been given the opportunity to enter into this Project Agreement. The form of this Project Agreement was determined to be consistent with the Joint Powers Agreement and the Bylaws and approved by the Authority’s Board of Directors on August 20, 2018.

F. The Authority and the Project Agreement Members acknowledge that one of the Authority’s goals, in addition to providing environmental benefits, is to develop and make both a water supply and storage capacity available to water purveyors and landowners within the Sacramento River watershed, and in other areas of California, who are willing to purchase either or both a water supply and storage capacity from the Sites Reservoir Project, and that the Project Agreement Members should have a preference to the water supply or storage capacity.

G. The Authority and the Project Agreement Members acknowledge that the approval and execution of this Project Agreement does not commit the Authority, the Project Agreement Members or any other party to any definite course of action regarding the Sites Reservoir Project. As set forth in Section 6(a) of this Project Agreement, there are no assurances that the Sites Reservoir

Draft 2019 Project Agreement

Project will be constructed. One of the prerequisites that would need to be fulfilled before the Sites Reservoir Project could be constructed is the completion of environmental review under the California Environmental Quality Act (“CEQA”). As part of this environmental review, the Authority, as the lead agency that is conducting the review, reserves all of its rights, responsibilities, obligations, powers, and discretion under the provisions of CEQA to: (i) evaluate the environmental impacts of the Sites Reservoir Project; (ii) deny and disapprove the Sites Reservoir Project if the environmental review reveals significant environmental impacts that cannot feasibly be mitigated; (iii) adopt feasible mitigation measures and/or an alternative to the Sites Reservoir Project to avoid or lessen significant environmental impacts; or (iv) determine that any significant environmental impacts that cannot feasibly be mitigated are outweighed by the economic, social or other benefits of the Sites Reservoir Project.

AGREEMENT

THEREFORE, in consideration of the facts recited above and of the covenants, terms and conditions set forth herein, the parties agree as follows:

Section 1 **Definitions**

“Authority” means the Sites Project Authority, a joint exercise of powers agency created pursuant to the Joint Powers Agreement.

“Authority Members” means the members of the Authority executing the Joint Powers Agreement, as such members may change from time-to-time in accordance with Section 3.3, Section 7.12 and Section 7.2 of the Joint Power Agreement.

“Board” means the Board of Directors of the Authority.

“Bylaws” means the Bylaws for Phase 2 of the Sites Reservoir Project adopted by the Authority on August 20, 2018, as such Bylaws may be amended or supplemented from time-to-time in accordance therewith.

“Committee” means the Reservoir Project Committee described in Section 3 of this Project Agreement.

“Fiscal Year” means the fiscal year of the Authority, which currently begins on January 1 of each calendar year and ends on December 31 of each calendar year, or such other twelve month period which may be designated by the Authority as its Fiscal Year.

“Joint Power Agreement” means the Fourth Amended and Restated Sites Project Authority Joint Exercise of Powers Agreement, dated November 21, 2016, as such agreement may be amended or supplemented from time-to-time in accordance therewith.

“Law” means Articles 1 through 4 (commencing with Section 6500), Chapter 5, Division 7, Title 1 of the California Government Code, as amended or supplemented from time-to-time.

“Material Change Item” shall have the meaning ascribed thereto in the Bylaws.

Draft 2019 Project Agreement

“Participation Percentage” means the Participation Percentages as set forth in **Exhibit A** hereto, as such Participation Percentages may be modified in accordance herewith.

“2019 Budget” means the 2019 Budget approved by the Committee on _____, 2018 and the Authority on _____, 2018, as such 2019 Budget may be amended or supplemented from time-to-time in accordance with the Joint Powers Agreement, this Project Agreement and the Bylaws.

“Project” or “Sites Reservoir Project” means the Sites Reservoir Project as described in **Exhibit B** hereto, as modified from time-to-time in accordance therewith.

“Project Agreement” means this Project Agreement, dated as of [April] 1, 2019, by and among the Authority and the Project Agreement Members listed on **Exhibit A** from time-to-time, as such Project Agreement may be amended or supplemented from time-to-time in accordance herewith.

“Project Agreement Members” means (a) the Authority Members listed in the attached **Exhibit A**, (b) the Non-Member Participating Parties listed in the attached **Exhibit A** and (c) additional Authority Members or Non-Member Participating Parties who execute this Project Agreement from time-to-time pursuant to Section 10 hereof.

“Work Plan” means the activities described in **Exhibit B** hereto as such description may be amended or supplemented from time-to-time.

Section 2 **Purpose**

The purpose of this Project Agreement is to permit the Authority and the Project Agreement Members to continue development of the Project in the name of the Authority consistent with the Joint Powers Agreement. The activities undertaken to carry out the purposes of this Project Agreement shall be those, and only those, authorized by the Authority and the Committee in accordance with this Project Agreement, the Joint Powers Agreement and the Bylaws. Without limiting in any way the scope of the activities that may be undertaken under this Project Agreement, such activities shall include funding the Authority’s costs undertaken to carry out the directions of the Committee. Notwithstanding any other provision of this Project Agreement, no activity undertaken pursuant to this Project Agreement shall conflict with the terms of the Joint Powers Agreement or the Bylaws, nor shall this Project Agreement be construed in any way as creating an entity or combination of entities that is separate and apart from the Authority.

Section 3 **Reservoir Project Committee**

(a) **Committee Membership.** The business of the Project Agreement Members under this Project Agreement shall be conducted by a Committee consisting of one member appointed by each Project Agreement Member. Appointment of each member of the Committee shall be by action of the governing body of the Project Agreement Member appointing such member, and shall be effective upon the appointment date as communicated in writing to the Authority. Project Agreement Members may also appoint one or more alternate Committee members, which alternate(s) shall assume the duties of the Committee member in case of absence or unavailability of such member. Project Agreement Members may also appoint an alternate Committee member from a different Project Agreement Member for convenience in attending Committee meetings, who may

Draft 2019 Project Agreement

cast votes for such Project Committee Members, provided that no person shall represent more than five other Project Committee Members and more than 20% of the weighted vote as provided in Subsection 3(g) at any given meeting; provided however, that if the appointing Project Committee Member is an officer of the Committee, the appointed alternate Committee member shall not assume the capacity of such officer position. In order to serve as an alternate Committee member, a written evidence of such designation shall be filed with the Committee Secretary. Each member and alternate member shall serve on the Committee from the date of appointment by the governing body of the Project Agreement Member he/she represents and at the pleasure of such governing body.

(b) Officers. The Committee shall select from among its members a Chairperson, who shall annually act as presiding officer, and a Vice Chairperson, to serve in the absence of the Chairperson. There also shall be selected a Secretary, who may, but need not be, a member of the Committee and a Treasurer. All elected officers shall be elected and remain in office at the pleasure of the Committee, upon the affirmative vote of at least a majority of the total weighted vote as provided at Subsection 3(g);

(c) Treasurer. The Authority Treasurer shall serve as the Committee's Treasurer and shall act as the Committee's liaison to the Authority's General Manager and Authority Board on financial matters affecting the Committee. The Treasurer shall prepare and provide regular financial reports to the Committee as determined by the Committee. The Treasurer shall not be required to be a member of the Board of Directors of the Authority.

(d) General Manager. The Authority's General Manager shall (1) serve as the Project Director responsible for advancing the Sites Reservoir Project, (2) be a non-voting member of the Committee, (3) ensure coordination of activities between the Authority and Committee, (4) convene, on an as needed basis, legal representatives from the Project Agreement Members and Authority Members to advise the General Manager on legal matters that will be reported to the Committee and Authority on a timely basis, and (5) coordinate the activities between the Committee and both the United States Bureau of Reclamation and Department of Water Resources.

(e) Meetings. The Chairperson of the Committee or a majority of a quorum of the members of the Committee are authorized to call meetings of the Committee as necessary and appropriate to conduct its business under this Project Agreement. All such meetings shall be open to the public and subject to the requirements set forth in the Ralph M. Brown Act (Government Code Sections 54950 et seq.).

(f) Quorum. A majority of the Committee members based on the weighted vote provided in Subsection 3(g) shall constitute a quorum of the Committee.

(g) Voting. Notwithstanding any provisions of the Bylaws that might be construed otherwise, for purposes of this Project Agreement, the voting rights of each Project Agreement Member shall be determined as follows:

(i) an equal number of voting shares for each Project Agreement Member as defined in **Exhibit A**, that being for each Project Agreement Member, 1 divided by the total number of Project Agreement Members, multiplied by 50%; plus

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(ii) an additional number of voting shares for each Project Agreement Member equal to its respective Participation Percentage described in **Exhibit A**, multiplied by 50%, using the version of **Exhibit A** in effect at the time the Committee votes.

The resulting weighted total of all voting shares shall equal 100. An Example of this weighted voting incorporating the formulas for determining participating percentages is attached at **Exhibit A**.

(h) Decision-making Thresholds. In accordance with Section 5.7 of the Bylaws, for purposes of this Project Agreement, approval by the Committee for material and non-material changes shall be as follows: for actions other than Material Change Items, action of the Committee shall be taken upon the affirmative vote of at least a majority of the total weighted vote as provided in Subsection 3(g); for Material Change Items, action shall be taken upon the affirmative vote of at least 75% of the total weighted vote as provided at Subsection 3(g).

(i) Delegation of Authority/Powers and Limitations Thereon. Subject to the direction of the governing bodies of the Project Agreement Members, the Committee shall undertake all actions necessary for carrying out this Project Agreement, including but not limited to setting policy for the Project Agreement Members acting under this Project Agreement with respect to the Project; recommending actions to be undertaken in the name of the Authority under this Project Agreement; determining the basis for calculation of the Participation Percentages for each fiscal year, and the timing required for payments of obligations hereunder; authorizing expenditure of funds collected under this Project Agreement within the parameters of the Work Plan and budget; and such other actions as shall be reasonably necessary or convenient to carry out the purposes of this Project Agreement. This Section 3(i) is subject to any and all limitations set forth in the Joint Powers Agreement and Bylaws, including but not limited to, any action that constitutes a material change as defined at Section 12.3 of the Bylaws requiring the approval of both the Committee and the Authority Board, and actions specified in Section 10 of the Bylaws which remain exclusively with the Authority Board.

Section 4 **Funding**

(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. On November 19, 2018, the Board approved the Fiscal Year 2019 operating budget. The Work Plan, including annual budget, dated November 19, 2018, is attached at Exhibit B, along with the budget approval process and requirements. The Project Agreement Members shall contribute their respective pro-rata share of the budgeted sums in accordance with Section 5 of this Project Agreement.

(b) Fiscal Responsibilities. Exhibit B specifies the Authority's requirements regarding the fiscal responsibilities of the Committee.

(c) Allocation of Project Agreement Expenses. The Project Agreement Members agree that all expenses incurred by them and/or by the Authority under this Project Agreement are the costs of the Project Agreement Members and not of the Authority or the Project Agreement Members of the Authority that do not execute this Project Agreement, and shall be paid by the Project Agreement Members; provided, however, that this Section shall not preclude the Project Agreement Members from accepting voluntary contributions and/or Authority Board's pre-approval of in-kind services from other Authority Members, or Project Agreement Members, and applying

Draft 2019 Project Agreement

such contributions to the purposes hereof. The Project Agreement Members further agree to pay that share of any Authority costs reasonably determined by the Authority's Board to have been incurred by the Authority to administer this Project Agreement. Before the Authority's costs of administering this Project Agreement become payable, the Authority will provide its calculation of such costs to the Committee, which will have the right to audit those costs and provide comments on the calculation to the Authority Board. The Authority Board shall consider the Committee's comments, if any, including the results of any such audit, in a public meeting before the Authority Board approves a final invoice for such costs.

Section 5 Participation Percentages

Each Project Agreement Member shall pay that share of costs for activities undertaken pursuant to this Project Agreement, whether undertaken in the name of the Authority or otherwise, equal to such Project Agreement Member Participation Percentage as established in this Section 5. The initial Participation Percentages of the Project Agreement Member are set forth in the attached **Exhibit A**. These initial Participation Percentages are for the purpose of establishing the Reservoir Project Agreement Members respective responsibilities for costs under this Project Agreement and other amounts contained in the approved Fiscal Year budget and Phase 2 budget target, which is defined as the "Reservoir Total" on **Exhibit B**. The Participation Percentages of each Project Agreement Member will be modified by the Committee from time to time as the result of the admission of a new Project Agreement Member to this Project Agreement or the withdrawal of a Project Agreement Member, and **Exhibit A** shall be amended to reflect all such changes. Such amended **Exhibit A** shall, upon approval by the Committee, be attached hereto and upon attachment, shall supersede all prior versions of **Exhibit A** without the requirement of further amendment of this Project Agreement.

Section 6 Future Development of the Sites Reservoir Project

(a) The Project Agreement Members acknowledge that the Sites Reservoir Project is still in the conceptual stage and there are no assurances that the Sites Reservoir Project will be constructed or that any water supplies will be developed as a result of this Project Agreement. **Exhibit B** includes a partial list of some of the risks and uncertainties that underlie the lack of assurances. The Project Agreement Members therefore recognize that they are not acquiring any interest in the Sites Reservoir Project other than their interest in the specific permitting, design, engineering and other materials that will be in the Work Plan Project as described in **Exhibit B**, and that the Project Agreement Members are not acquiring under this Project Agreement any interest in any future water supply or access to any other services from the Sites Reservoir Project except as provided hereunder.

(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, commensurate with and in proportion to that Project Agreement Member's participation and financial contribution to the Sites Reservoir Project, 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 15, 2019], shall be granted rights 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 prior to the rights of those becoming parties to this

Draft 2019 Project Agreement

Project Agreement after that date. 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 such Project Agreement Member.

Section 7 Indemnity and Contribution

(a) Each Project Agreement Member, including Authority Members acting in their capacity as Project Agreement Members, shall indemnify, defend and hold the Authority, Authority Members and other Project Agreement Members and their directors, trustees, officers, employees, and agents harmless from and against any liability, cause of action or damage (including, without limitation, reasonable attorneys' fees) arising out of the performance of this Project Agreement multiplied by each Project Agreement Member's Participation Percentage. Notwithstanding the foregoing, to the extent any such liability is caused by the negligent or intentional act or omission of an Authority Member or a Project Agreement Member, such Authority Member or Project Agreement Member shall bear such liability.

(b) Each Project Agreement Member, including Authority Members acting in their capacity as Project Agreement Members, shall indemnify, defend and hold the Authority and the members of the Authority that do not execute this Project Agreement and their directors, trustees, officers, employees and agents harmless from and against any liabilities, costs or expenses of any kind (including, without limitation, reasonable attorney's fees) arising as a result of the activities described in or undertaken pursuant to this Project Agreement multiplied by each Project Agreement Member's Participation Percentage. All assets, rights, benefits, debts, liabilities and obligations attributable to activities undertaken under this Project Agreement shall be assets, rights, benefits, debts, liabilities and obligations solely of the Project Agreement Members in accordance with the terms hereof, and shall not be the assets, rights, benefits, debts, liabilities and obligations of the Authority or of those members of the Authority that have not executed this Project Agreement. Members of the Authority not electing to participate in the Project Agreement shall have no rights, benefits, debts, liabilities or obligations attributable to the Project Agreement.

Section 8 Term

(a) No provision of this Project Agreement shall take effect until this Project Agreement has been duly executed and delivered by the Authority and by [one] Project Agreement Member.

(b) The term of this Project Agreement shall continue until the later of _____, [2019, 2020].

Section 9 Withdrawal From Further Participation

To withdraw from this Project Agreement, a Project Agreement Member shall give the Authority and other Project Agreement Members written notice of such withdrawal not less than 30 days prior to the withdrawal date. As of the withdrawal date, all rights of participation in this Project Agreement shall cease for the withdrawing Project Agreement Member. The financial obligation as prescribed in the Bylaws' Section 5.10 in effect on the withdrawal date, shall consist of the withdrawing Member's share of the following costs: (a) payment of its share of all non-contract

Draft 2019 Project Agreement

costs incurred prior to the date of the written notice of withdrawal, and (b) those contract costs associated with funds approved in either contract amendments or task orders that were approved prior to the date of the written notice of withdrawal for which the contractor's work extends beyond the withdrawal date. However, a withdrawing member shall have no liability for any change order or extensions of any contractor's work that the remaining Project Agreement Members agree to after the withdrawing Member provides written notice of withdrawal. Withdrawal from this Project Agreement shall not be considered a Material Change Item and shall not be subject to the Dispute Resolution process provided for in Section 12.3.5 of the Bylaws.

Section 10 Admission of New Project Agreement Members

Additional Members of the Authority and Non-Member Participating Parties may become Project Agreement Members upon (a) confirmation of compliance with the membership requirements established in the Bylaws, (b) the affirmative vote of at least 75% of the total weighted vote as provided at Subsection 3(g) of the then-current Project Agreement Members, (c) the affirmative vote of at least 75% of the total number of Directors of the Authority, and (d) upon such conditions as are fixed by such Project Agreement Members.

Section 11 Amendments

This Project Agreement may be amended only by a writing executed by the Authority and at least 75% of the total weighted vote as provided in Subsection 3(g) of the then-current Committee members.

Section 12 Assignment; Binding on Successors

Except as otherwise provided in this Project Agreement, the rights and duties of the Project Agreement Members may not be assigned or delegated without the written consent of the other Project Agreement Members and the Authority, which consent shall not be unreasonably withheld. Any attempt to assign or delegate such rights or duties in contravention of this Project Agreement shall be null and void. Project Agreement Members may assign and delegate their rights and duties under this Project Agreement to other Project Agreement Members, and they may assign, sell, trade, or exchange all or a fraction of the potential benefits (e.g. acre-feet of water supply, megawatt-hours of power) they expect to receive through their participation in this Project Agreement. Any approved assignment or delegation shall be consistent with the terms of any contracts, resolutions, indemnities and other obligations of the Authority then in effect. This Project Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Authority and the Project Agreement Members.

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Section 13 **Counterparts**

This Project Agreement may be executed by the Authority and each Project Agreement Member in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Facsimile and electronic signatures shall be binding for all purposes.

Section 14 **Merger of Prior Agreements**

This Project Agreement and the exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understanding between the parties relating to the subject matter hereof. This Project Agreement is intended to implement, and should be interpreted consistent with, the Joint Powers Agreement.

Section 15 **Severability**

If one or more clauses, sentences, paragraphs or provisions of this Project Agreement shall be held to be unlawful, invalid or unenforceable, the remainder of the Project Agreement shall not be affected thereby.

Section 16 **Choice of Law**

This Project Agreement shall be governed by the laws of the State of California.

Section 17 **Notices**

Notices authorized or required to be given under this Project Agreement shall be in writing and shall be deemed to have been given when mailed, postage prepaid, or delivered during working hours, to the addresses set forth **Exhibit E** (“**Notifications**”), or to such other address as a Project Agreement Member may provide to the Authority and other Project Agreement Members from time to time.

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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: _____

Name:

Title:

DRAFT

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EXHIBIT A

PROJECT AGREEMENT MEMBERS

Participant	Participation (Annualized Acre-Foot)	
	Preliminary	Percent
American Canyon, City of	~4,000	1.7%
Antelope Valley-East Kern Water Agency	~500	0.2%
Carter Mutual Water Company ‡	~500	0.2%
Coachella Valley Water District	~10,000	4.3%
Colusa County	~10,000	4.3%
Colusa County Water District	~13,100	5.6%
Desert Water Agency	~6,500	2.8%
Glenn-Colusa Irrigation District	~5,000	2.1%
Metropolitan Water District of S. CA	~50,000	21.4%
Pacific Resources Mutual Water Company ‡	~20,000	8.5%
Reclamation District 108	~5,000	2.1%
San Bernardino Valley Municipal Water District	~21,400	9.1%
San Geronio Pass Water Agency	~14,000	6.0%
Santa Clara Valley Water District	24,000	10.3%
Santa Clarita Valley Water Agency	~5,000	2.1%
TC-4: Cortina Water District	~300	0.1%
TC-4: Davis Water District	~2,000	0.9%
TC-4: Dunnigan Water District	~2,774	1.2%
TC-4: LaGrande Water District	~1,000	0.4%
Westside Water District	~15,000	6.4%
Wheeler Ridge-Maricopa Water Storage District	14,000	6.0%
Zone 7 Water Agency	~10,000	4.3%
Potential new participants	TBD	%
Total:	234,074	100.0%

NOTE: Any annualized amounts listed for Phase 2 are preliminary and are based on best estimates received after participants' respective review of the draft financing plan and draft Phase 2 Reservoir Project Agreement. These amounts do not represent the results of any action having been taken by the participants' respective governing body to formally execute the Phase 2 Reservoir Project Agreements. Final participation amounts will be established after interim financing terms and conditions have been provided and incorporated into the final Phase 2 Reservoir Project Agreement.

‡ 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.

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EXHIBIT B

2019 WORK PLAN

[TO COME FROM AUTHORITY]

DRAFT

Draft 2019 Project Agreement

EXHIBIT C

NOTIFICATIONS

[TO COME FROM AUTHORITY]

DRAFT

C-1

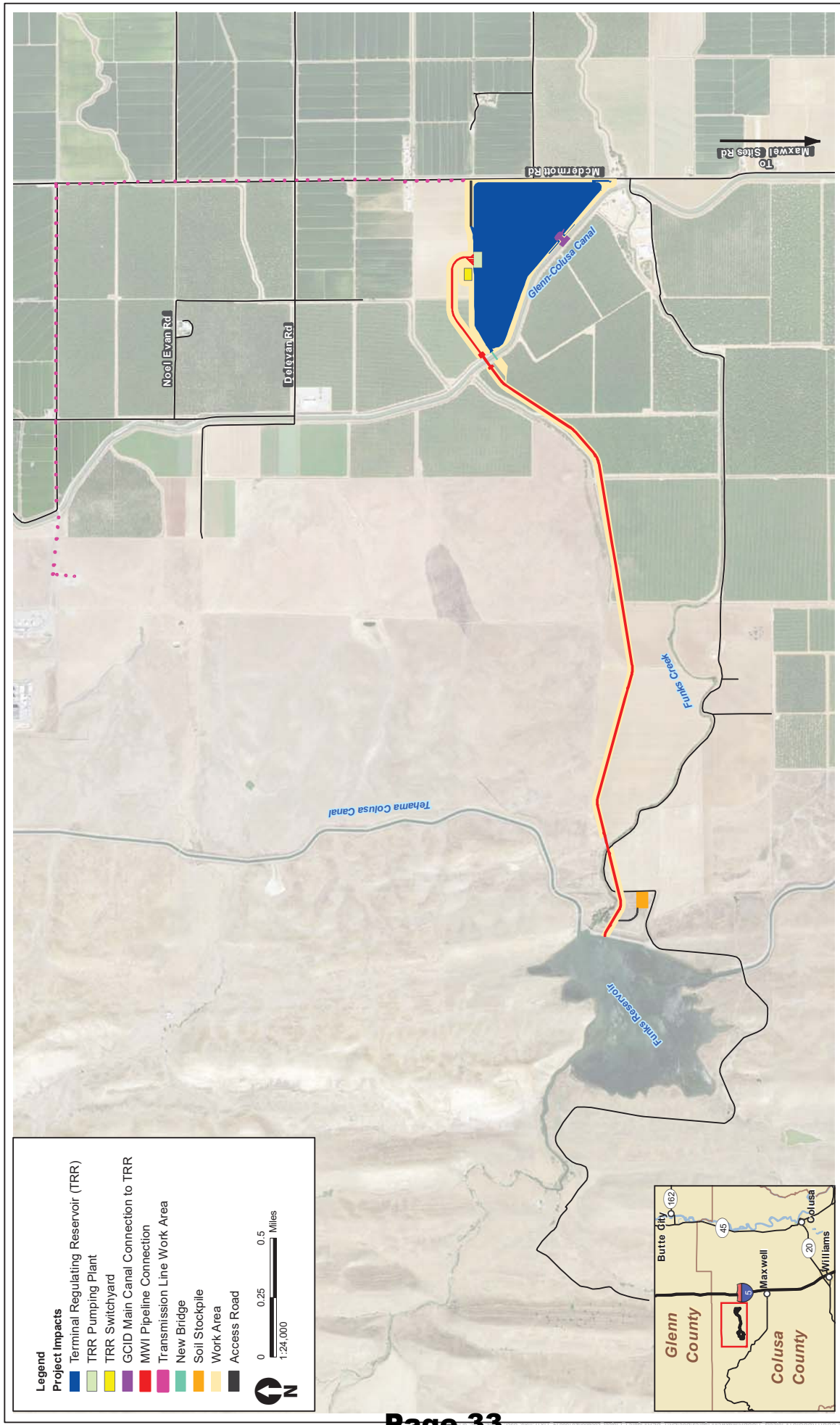


Figure 1-1
Maxwell Water Intertie Project Overview

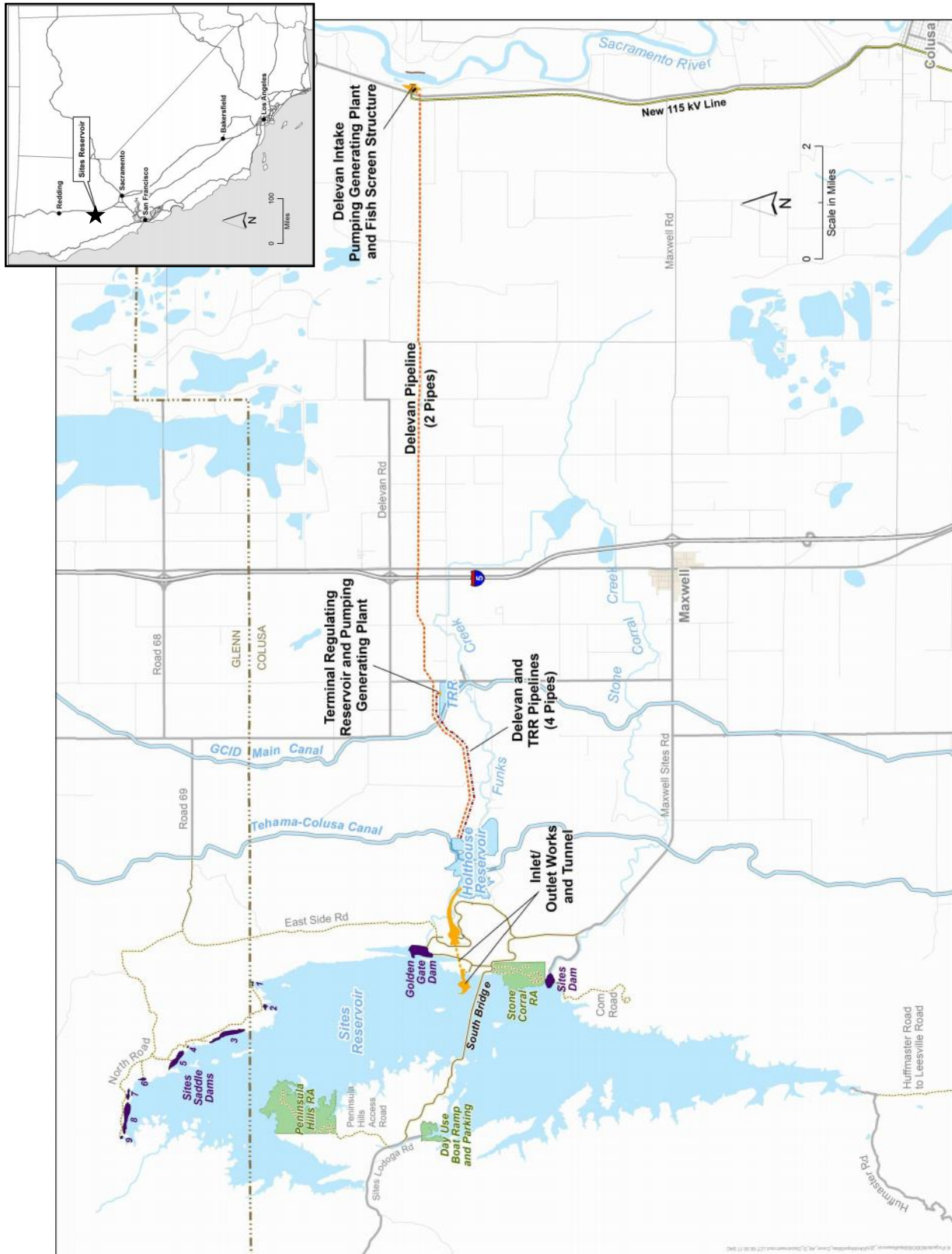
Legend

Project Impacts

- Terminal Regulating Reservoir (TRR)
- TRR Pumping Plant
- TRR Switchyard
- GCID Main Canal Connection to TRR
- MWI Pipeline Connection
- Transmission Line Work Area
- New Bridge
- Soil Stockpile
- Work Area
- Access Road

0 0.25 0.5 Miles
1:24,000

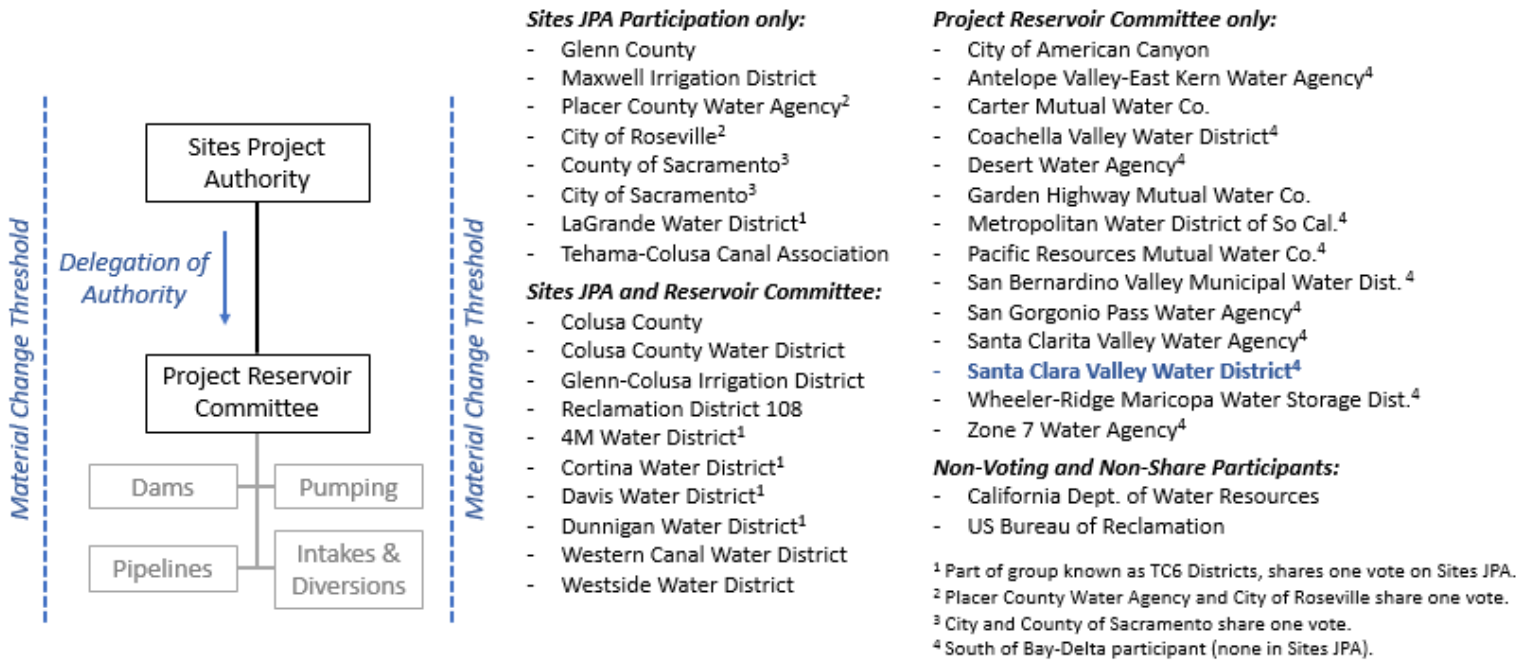
Sites Reservoir Project Map



From public Proposition 1 WSIP Application ('A4_Drawings' sub-section) document.

Sites Authority and Reservoir Committee Structure

Below is a general diagram showing the roles of the Sites Project Authority (Sites JPA) and the Project Reservoir Committee (Reservoir Committee), adapted from Sites Project documentation.



Sites JPA roles and responsibilities:

- Applicant for Proposition 1 Water Storage Investment Program (WSIP) application.
- CEQA lead agency, and work with USBR as NEPA lead agency.
- Hold title to any water rights issued by State Water Resources Control Board (SWRCB).
- Obtain permits and acquire property, easements and rights-of-way.
- Be owner of record for dam safety requirements and regulatory obligations.
- Work with DWR and USBR for Project operations and coordination with SWP and CVP.
- May delegate (or rescind) responsibilities of Project Reservoir Committee.

Reservoir Committee roles and responsibilities:

- Comply with terms and conditions established by Sites JPA in Reservoir Project Agreement.
- Maintain sufficient reserves to ensure positive cash flow.
- For Phase 1, manage the studies and related materials that will be required in the WSIP application.
- For Phase 2, studies and materials required for additional planning, preliminary engineering and design, and environmental review.

Decision Making:

Each decision-making body has discretion to make decisions within limits of their authorities. Limits are defined as thresholds that may result in a Material Change from baseline conditions approved by Sites JPA.

- *Sites JPA:* Chartering documents and bylaws.
- *Reservoir Committee:* Bylaws and compliance with terms and conditions delegated by Sites JPA in the Reservoir Project Agreement.

Material Change provisions:

- Budgets: operating and target, including line-item transfers or adjustments.
- Eligibility to receive funds from WSIP.
- Impact to water rights and/or annualized yield.
- Changes in Participants' levels of funding commitment that may shift additional costs to other participants.
- Dam safety permits and compliance.
- Changes in scope, schedule, or cost – both up-front and O&M.
- Change in pumping power (or renewable generation).
- Comply or require extreme measures to comply with OSHA requirements.
- Shifting or significant risk.
- Changes in environmental mitigation or compliance obligations.
- Changes in facility performance or reliability.

Update on Proposed Sites Reservoir Project

Water Storage Exploratory Committee

December 7, 2018



Santa Clara Valley
Water District



Recommendation

- ▶ Receive and discuss information on the Sites Reservoir Project.
- ▶ Provide feedback and direction regarding communication with the Board.

Project Location and Description

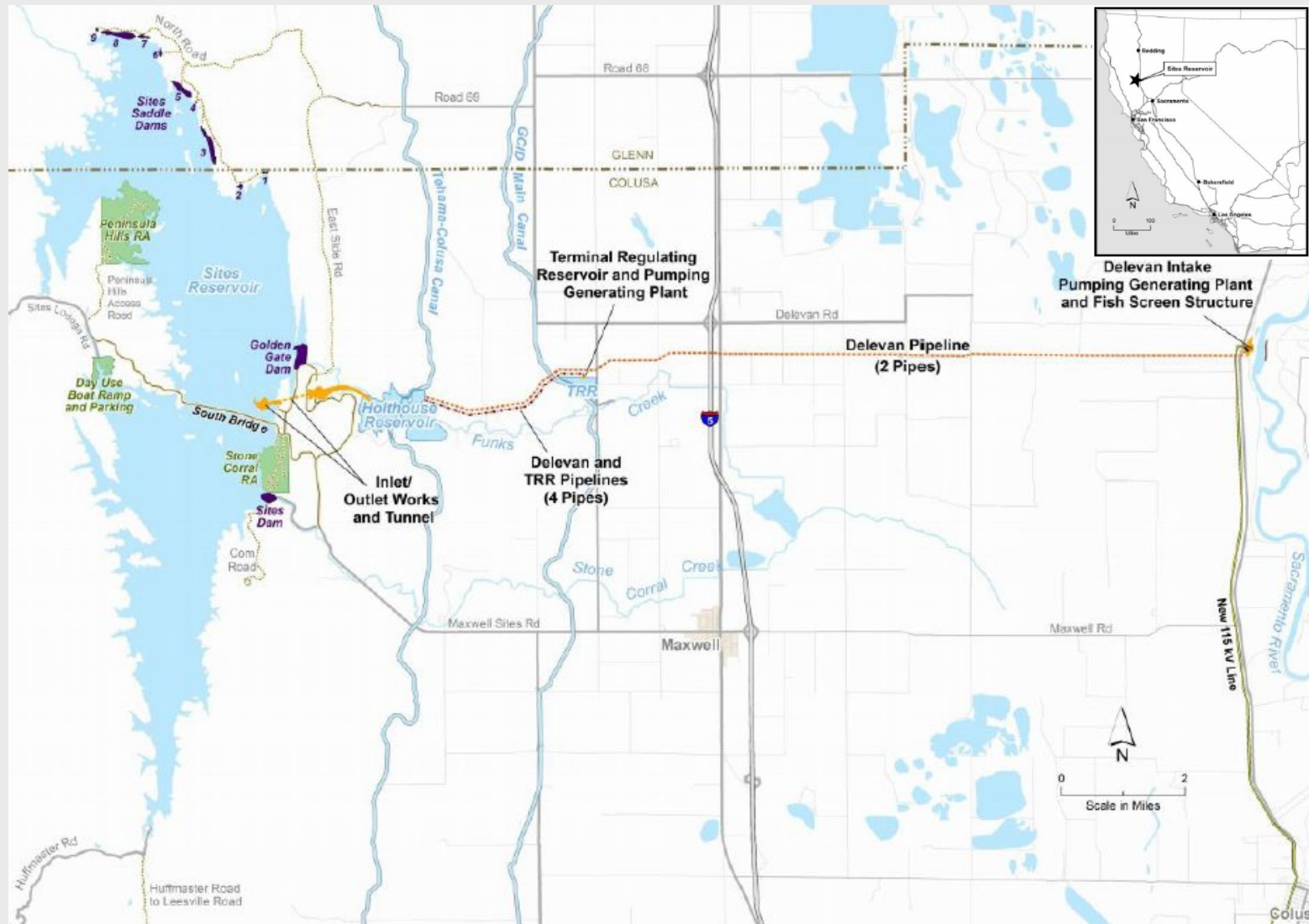


Image from Sites Proposition 1 Application (A4_Drawings' sub-section)

Phase 2 Work Plan and Budget CY 2019

- ▶ Total Budget: \$35 million
 - ▶ Funding from Water Agencies: \$16 million
 - ▶ WIIN Act Funding: \$9 million
 - ▶ WSIP Funding: \$10 million

- ▶ District cost share \$1.6 million
 - ▶ Approximately 10% of water agencies' share

- ▶ Work Focus:
 - ▶ Defining Project Operations
 - ▶ Finalizing EIR/EIS
 - ▶ Coordination with DSOD
 - ▶ Analyzing power issues

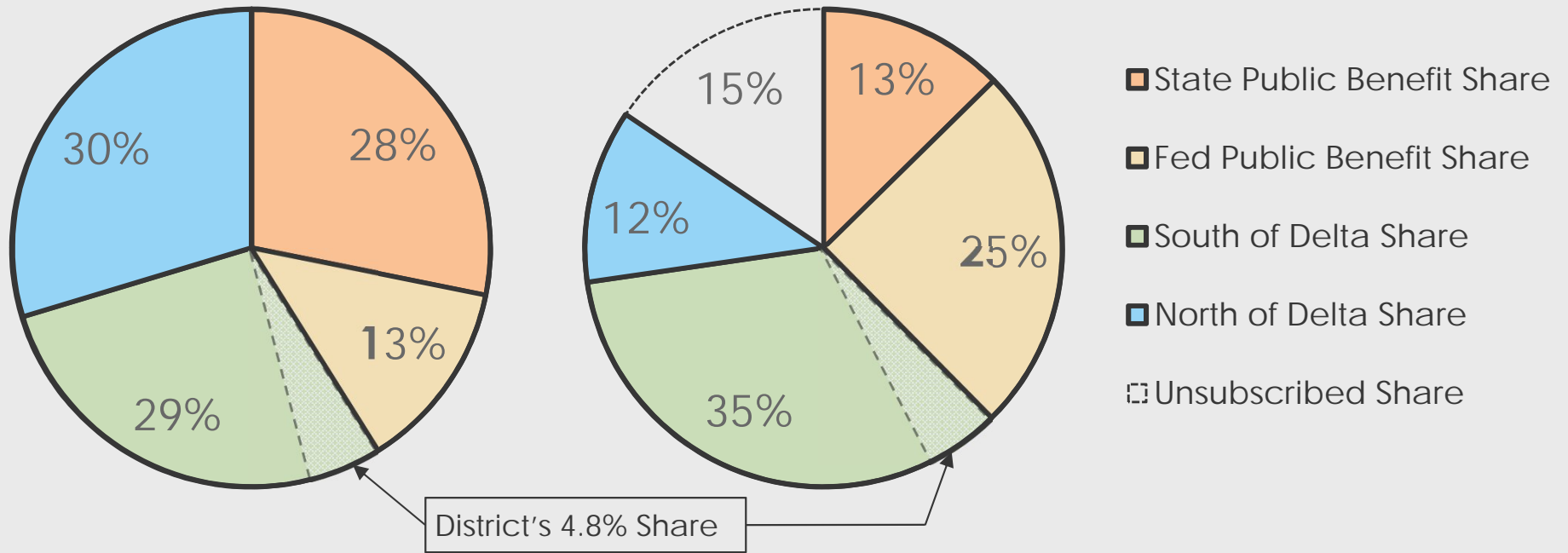
Draft 2019 Project Agreement

- ▶ Substantially similar to Phase 1 Project Agreement
- ▶ Ability to influence Project through Reservoir Committee.
- ▶ First right to contract for water supply and storage from finished project.

Project Participation

WSIP Application

November 2018 Estimate



- Public Benefit shares based on estimated funding relative to the project cost.
- Water Agencies' shares based on requested acre-feet of yield relative to an assumed total project yield of 500,000 acre-feet.

Approval of USDA Loan

- ▶ Project may borrow up to \$449 million
 - ▶ Interest rate locked in at 3⁵/₈%
- ▶ Funds may only be spent on Maxwell Intertie

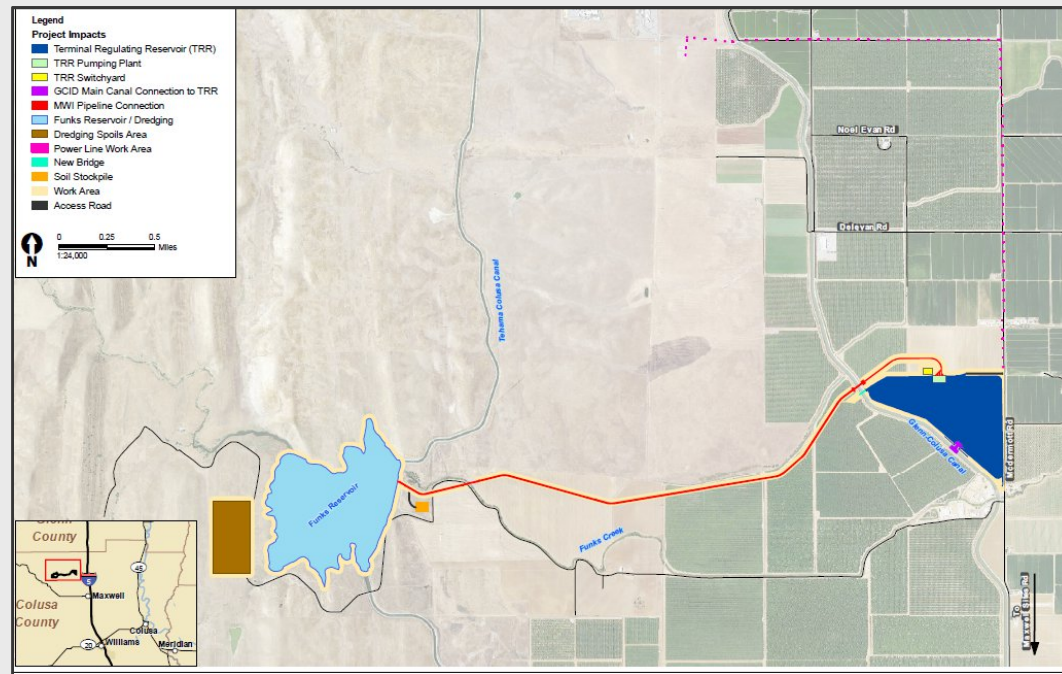


Image from Environmental Assessment for Maxwell Intertie Project

Recommendation (recap)

- ▶ Receive and discuss information on the Sites Reservoir Project.
- ▶ Provide feedback and direction regarding communication with the Board.

File No.: 18-1065

Agenda Date: 12/7/2018

Item No.: 5.2.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Update on San Luis Low Point Improvement Project.

RECOMMENDATION:

Receive and discuss information on San Luis Low Point Improvement Project.

SUMMARY:

Background

San Luis Reservoir, via San Felipe Division facilities, is the primary delivery route for the District's Central Valley Project (CVP) supplies. During the summer and fall, the low-point problem occurs when water levels decline to the point that algae blooms in the surface waters and can be drawn into the CVP San Felipe Division's intakes (at about 300,000 acre-feet (AF) storage level). In these circumstances, the District has difficulty treating San Luis Reservoir water with its existing treatment facilities, and the algae can cause taste and odor and filter clogging issues. In extreme drawdown conditions, delivery of water to the District through the San Felipe Division intakes can be interrupted or reduced since these intakes are at a higher elevation than the intakes for the other State Water Project (SWP) and CVP contractors.

Status Update

Since 2000, the District has been working with the U.S. Bureau of Reclamation (Reclamation) to explore various options as part of a comprehensive plan to address the low point issue. These options are being analyzed as part of a forthcoming Draft Feasibility Report (FR) and Environmental Impact Statement /Environmental Impact Report (EIR/EIS), which is being prepared by Reclamation. The Public Draft EIS/EIR is expected to be released mid to late February, 2019.

Staff anticipates that the Fourth Administrative Draft FR and EIR/EIS will be released on December 3, 2018 and the alternatives being evaluated will include:

1. No-action - The existing baseline condition.
2. Lower San Felipe Intake - Lowering of San Felipe intake would be accomplished by adding a new intake structure at the deep end of the reservoir and connecting to the existing intake structure with an underwater pipeline or a tunnel.
3. Advanced Water Treatment - The treatment alternative would retrofit the Santa Teresa Water

Treatment Plant to better treat algae-laden water for taste and odor.

4. San Luis Reservoir Expansion - The San Luis Reservoir Expansion would raise the water surface elevation by 10 feet to gain approximately 120,000 AF additional storage for the Central Valley Project (CVP) contractors.
5. Pacheco Reservoir Expansion - This is the same project that the District developed for the Water Storage Investment Program (WSIP) application, which would expand the existing Pacheco Reservoir from 6,000 AF to up to 140,000 AF.

The anticipated December 2018 version of the Administrative Draft FR and EIR/EIS will be reviewed by Reclamation, the District, and other Cooperating Agencies, as well as the Solicitor, Reclamation Regional Director, Reclamation Commissioner, and Deputy Secretary of Interior. Following the Deputy Secretary's review, the Draft Reports will be released to the Public for review as well.

At this time, an evaluation is underway to determine if the Pacheco Reservoir Expansion Alternative option will have the highest National Economic Development (NED) benefit (annualized benefits minus annualized costs) of all the alternatives being considered. If the Pacheco Reservoir Expansion Alternative becomes the "NED alternative," the opportunity for transitioning the Project to the Water Infrastructure Improvements for the Nation (WIIN) Act feasibility could potentially increase.

ATTACHMENTS:

Attachment 1: PowerPoint

UNCLASSIFIED MANAGER:

Christopher Hakes, 408-630-3796

The background of the slide is a light blue gradient with several realistic water droplets of various sizes scattered across it. The droplets have highlights and shadows, giving them a three-dimensional appearance.

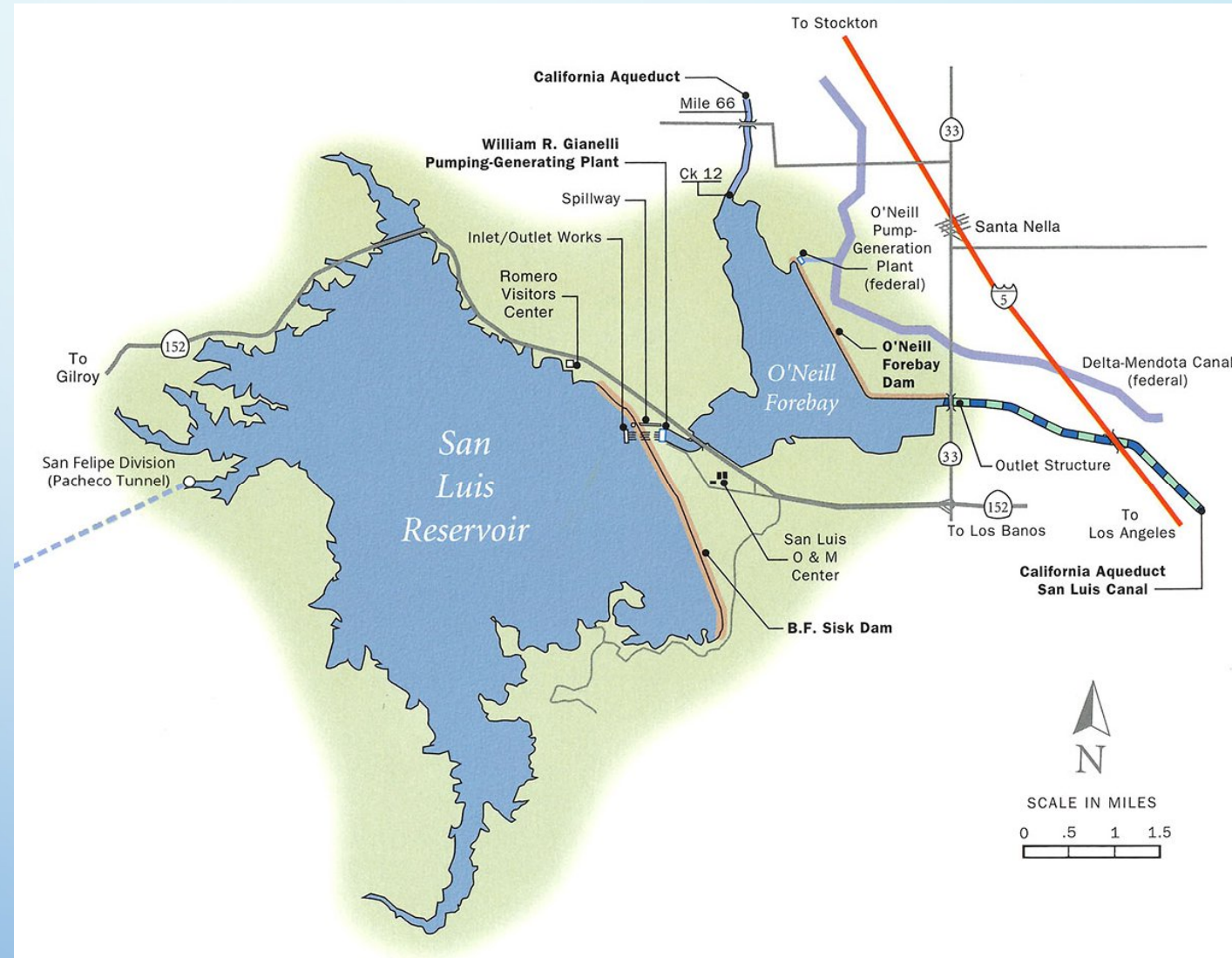
SAN LUIS LOW POINT IMPROVEMENT PROJECT UPDATE

WATER STORAGE EXPLORATORY COMMITTEE
DECEMBER 7, 2018

SAN LUIS LOW POINT IMPROVEMENT PROJECT UPDATE

AGENDA

- Problem Definition and Planning Objective
- Project Status
- Alternatives Evaluated
- Current Schedule
- Benefit to SCVWD



SAN LUIS LOW POINT IMPROVEMENT PROJECT UPDATE

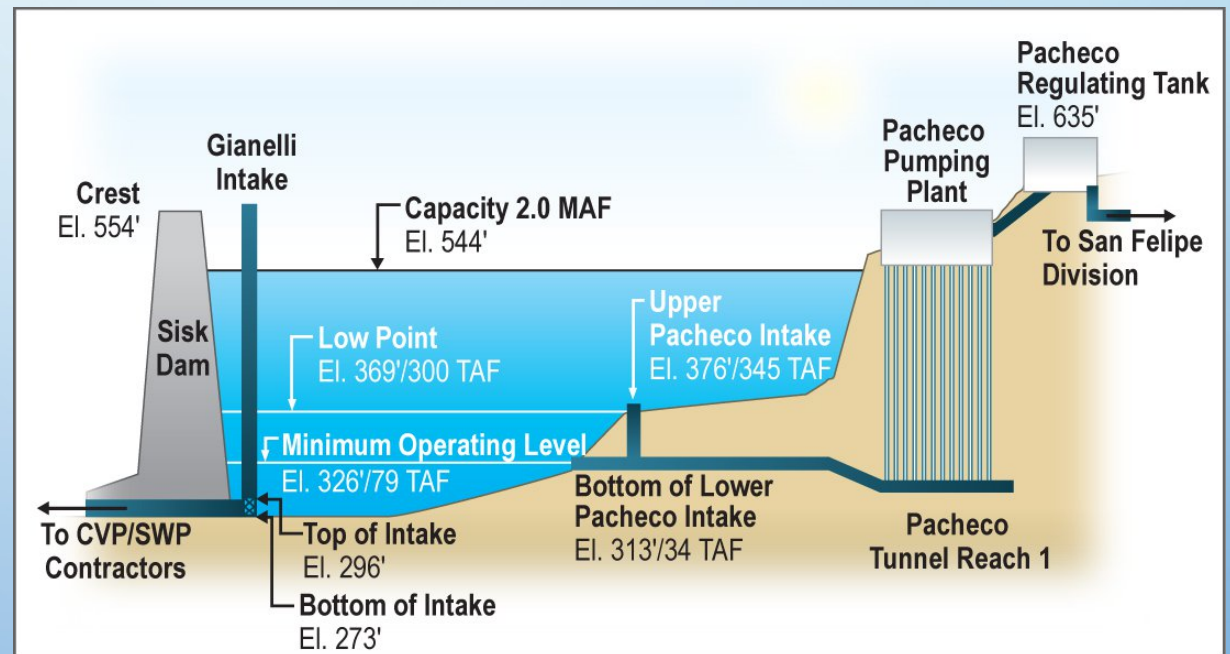
Problem Definition:

Algae blooms when storage equal or less than 300 TAF

- Risk of Supply Interruption to SCVWD
- Water Quality Problems
- Conflict between SLR Operational Flexibility and Low Point Constraint

Planning Objective:

Optimize Water Supply
Benefit of San Luis
Reservoir while reducing
Additional Risks to Water
Users



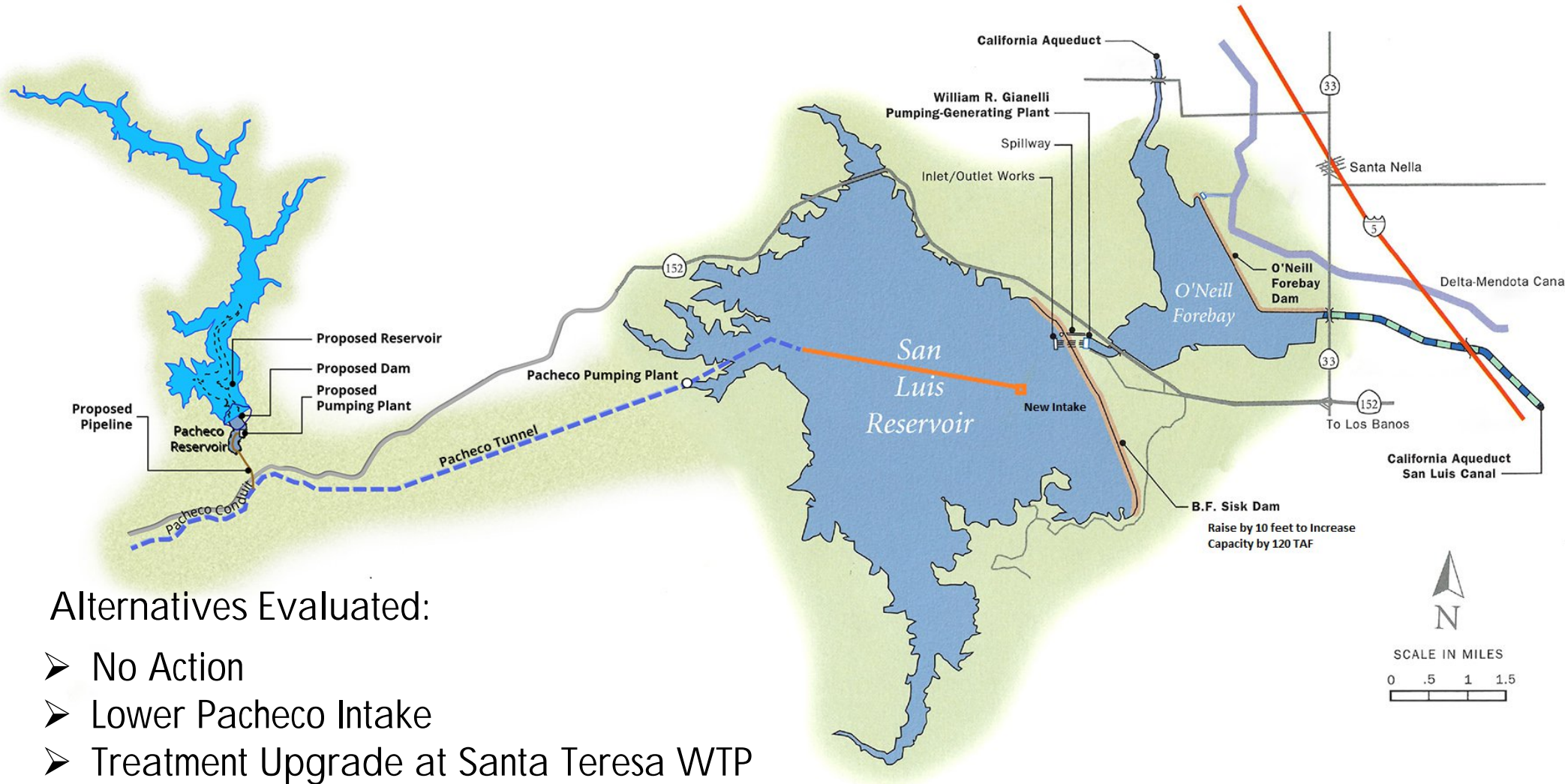
SAN LUIS LOW POINT IMPROVEMENT PROJECT UPDATE

Project Status:

- Completed:
 - ✓ Appraisal Report
 - ✓ Plan of Study
 - ✓ Initial Alternatives Information Report (IAIR)
 - ✓ Environmental Scoping Report
 - ✓ Plan Formulation Report (PFR)
 - ✓ San Luis Expansion Draft Appraisal Study
- Underway:
 - ❑ Draft Feasibility Report and EIS/EIR for Release to Public in February, 2019



SAN LUIS LOW POINT IMPROVEMENT PROJECT UPDATE



Alternatives Evaluated:

- No Action
- Lower Pacheco Intake
- Treatment Upgrade at Santa Teresa WTP
- San Luis Reservoir Expansion (CVP Only)
- Pacheco Reservoir Expansion

SAN LUIS LOW POINT IMPROVEMENT PROJECT UPDATE

Updates for the Fourth Administrative Draft FR and EIR/EIS

- Add Pacheco Reservoir Expansion Alternative
- Evaluate CVP-only Expansion of San Luis Reservoir
- Update Cost/Benefit of All Alternatives to 2018 dollars
- Revise EIR/EIS to Current Reclamation Guidelines
 - 150-Page limit plus Appendices

Schedule

- Cooperating Agency Draft Release: December 3, 2018
- Solicitor and Regional Director Review Draft: TBD
- Commissioner Review Draft: TBD
- Deputy Secretary Review Draft: TBD
- Public Review Draft: February 2019 (est.)

Benefit to SCVWD

If the Pacheco Reservoir Expansion Alternative becomes the “NED alternative”, the opportunity for transitioning the Project to WIIN Act feasibility could potentially increase.

File No.: 18-1066

Agenda Date: 12/7/2018

Item No.: 5.3.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Update on Shasta Dam and Reservoir Enlargement Project.

RECOMMENDATION:

Receive updates from Staff on the Shasta Dam and Reservoir Enlargement Project.

SUMMARY:

This memo provides an update on the Shasta Dam and Reservoir Enlargement Project (Project) as requested by the Water Storage Exploratory Committee on November 7, 2018.

The Project was first studied by the U.S. Bureau of Reclamation (Reclamation) as part of the Shasta Lake Water Resources Investigation authorized by Congress in the 1980's. In March 2018, Congress appropriated \$20 million in Water Infrastructure Improvements for the Nation (WIIN) Act funding for the engineering design and pre-construction work on the Project, which has revived interest in the Project. The Project would include an 18.5-foot dam raise that would increase the full pool depth by 20.5 feet and the maximum storage capacity by 634,000 acre-feet (AF).

Potential benefits of the Project include additional water storage for the environment and water users, increased flood protection, additional hydropower generation capabilities, and increased cold water pool in Shasta Lake for protection of anadromous fish in the Sacramento River.

Reclamation will be looking to secure cost-share partners to fund about 50 percent of the project costs by summer 2019. District staff is monitoring the process and will evaluate the opportunity for the District to participate as a cost-share partner.

Background

Shasta Dam and Lake is owned and operated by Reclamation as a major storage component of the Central Valley Project (CVP). As the largest reservoir in California, Shasta Lake has a capacity of 4.55 million acre-feet, and provides about 40 percent of the CVP's total reservoir storage capacity. Shasta Dam is located in Shasta County on the upper Sacramento River about 9 miles northwest of the City of Redding (Figure 1). It was originally constructed in 1945 and is currently 602 feet tall. The reservoir is operated to maintain cold water pool and temperature targets on the Sacramento River to protect anadromous fish, meet water quality and outflow targets for



Figure 1. Shasta Dam Location and Central Valley Project and State Water Project Service Areas.1 the Sacramento-San Joaquin Delta, manage floodwater, store surplus winter runoff for irrigation and municipal and industrial (M&I) water supply, and generate hydropower. In 1997, Shasta Dam was

modified to include a temperature control device to improve management of water temperature downstream of the dam.

The Project was one of five surface water storage studies recommended in the July 2000 CALFED Bay-Delta Program Programmatic Environmental Impact Statement/Report and August 2000 Programmatic Record of Decision.

In 2015, Reclamation released a Shasta Dam and Reservoir *Final Feasibility Report* (Feasibility Report) and *Final Environmental Impact Statement and Appendices* (FEIS) identifying an alternative with an 18.5 foot dam raise as the “National Economic Development (NED) Plan” and the “Preferred Alternative” in the Feasibility Report and FEIS, respectively. Under the Preferred Alternative, storage capacity would be increased by 634,000 AF and the reservoir would be operated with the objectives to improve water temperature for anadromous fish and increase water supply reliability during drought years. Of the additional 634,000 AF of storage, 191,000 AF would be reserved for environmental commitments. The Preferred Alternative also includes augmentation of up to 10,000 tons per year of spawning gravel and restoration of habitat in the upper Sacramento River. The Preferred Alternative assumes integration of Shasta Reservoir operations into the State Water Project (SWP) and CVP such that total water delivery for SWP and CVP contractors would increase by an average of 51,300 acre-feet per year.

In March 2018, Congress appropriated \$20 million in WIIN Act funding for preliminary engineering design work for what is now called the Shasta Dam and Reservoir Enlargement Project. The project is currently being modified to include only CVP contractors as cost-share partners and beneficiaries but is otherwise essentially the same as what was described as the Preferred Alternative in the FEIS. The water supply modeling and estimate of benefits are currently being updated, and Reclamation is evaluating whether additional environmental analysis is needed. The total increase in water supply for beneficiaries is expected to remain about the same. District Staff will inform the Board when more information is available.

Funding

According to the 2015 Feasibility Report, the total cost of the project is estimated to be \$1.4 billion (in 2014 dollars). Of this amount, approximately 49 percent of the costs would be allocated to the CVP purpose of Fish and Wildlife Enhancement, and therefore be borne by the federal government. The remaining costs would be shared among those CVP water and power customers willing to provide funding. Reclamation is currently seeking cost-share partners to cover the remaining costs of the project.

The 2018 appropriation of WIIN Act funding is being used for ongoing pre-construction activities including the engineering design, coordination with various federal, state, and local agencies, and consultations with other interests. A summary of Reclamation’s activities related to the Project is included as Attachment 1 to this memo.

Project Timeline

Reclamation plans to secure the cost-share partners by August 2019 and issue the Record of Decision for the Project by September 2019. The first construction-related contracts are expected to

be awarded in December 2019 and construction is scheduled for completion in early 2024. Reclamation's timeline for the Project is included as Attachment 2 to this memo.

While Reclamation's timeline is fairly aggressive, there are some issues that could delay the Project. For example, the Winnemem Wintu Tribe has opposed the Project because it would flood cultural sites sacred to them. State officials have also opposed the enlargement of the dam, saying that it could violate the California State Wild and Scenic Rivers Act by further inundating the McCloud River. These issues will need to be resolved before the Project can be completed.

ATTACHMENTS:

Attachment 1: Project Factsheet
Attachment 2: Project Timeline
Attachment 3: Staff PowerPoint

UNCLASSIFIED MANAGER:

Garth Hall, 408-630-2750

Contact: Public Affairs, 916-978-5100, mppublicaffairs@usbr.gov, September, 2018

Shasta Dam & Reservoir Expansion Project

Background

Shasta Dam is a federally-owned facility and the largest reservoir in California. The federal government has been studying the idea of raising Shasta Dam on and off since the 1980s.

Enlarging the reservoir will:

- Provide an additional 630,000 acre-feet of stored water for the environment and for water users.
- Improve water supply reliability for agricultural, municipal and industrial, and environmental uses.
- Reduce flood damage.
- Improve water temperatures and water quality in the Sacramento River below the dam for anadromous fish survival.



Aerial view of Shasta Dam and Reservoir

2018 Activities

Pre-construction activities are ongoing following Congressional approval of \$20 million Water Infrastructure for Improvements to the Nation (WIIN) Act funding in March 2018.

Activities include:

- Engineering design for 18 ½ feet dam raise.
- Coordination with various federal, state, railroad and local agencies.
- Consultations with tribal interests, land-owners, government and non-government agencies, and preparing various required documents.
- Identifying non-federal cost share partner(s).
- Public involvement and stakeholder outreach.

Timeline

Reclamation expects to award the first construction-related contracts in early December 2019.

Funding

Total cost of the project is estimated at \$1.4 billion (in 2014 dollars).

Remaining expenditures (other than concrete dam raise only) include:

- Land resource management work such as, interagency agreements and land acquisition planning.
- Design activities for facilities to be relocated, including: Roads, railroad, bridges and marinas.

Shasta Dam Raise & Enlargement Project

Key Anticipated Actions

Now:	Design and Pre-Construction <ul style="list-style-type: none">• \$20 Million through the WIIN Act• Planning for Real Estate Impacts
Spring 2019:	Award Land Consultant Contract
Summer 2019:	Begin Lands Process Surveys
August 2019:	Secure 50% Cost-Share Partner
September 2019:	Issue Record of Decision
December 2019:	Award Dam Raise Construction Contract
February 2024:	Fill Reservoir



Update on Shasta Dam and Reservoir
Enlargement Project
Water Storage Exploratory Committee
December 7, 2018



Recommendation

- ▶ Receive updates from staff on the Shasta Dam and Reservoir Enlargement Project

Project Location



Santa Clara Valley
Water District

Existing Shasta Dam and Reservoir

- ▶ Shasta Reservoir is the largest Central Valley Project Reservoir
- ▶ The capacity of 4.55 million acre-feet represents 40 percent of CVP storage
- ▶ Operated to provide flood control, water supply, hydropower, and environmental flows

Shasta Dam and Reservoir Enlargement Project

- ▶ The Project would raise the height of the dam 18.5 ft, increasing storage by 634,000 acre-feet
- ▶ 191,000 acre-feet of this storage reserved for the environment
- ▶ Water supply yields are expected to increase by an average of 51,300 acre-feet

Project Costs and Funding

- ▶ The total cost of the Project is estimated to be \$1.4 billion in 2014 dollars
- ▶ The federal government is expected to provide almost a 50% cost share
- ▶ Reclamation is now seeking cost share partners for the remaining costs
- ▶ \$20 million in WIIN Act Funding is currently being used for pre-construction design activities



Project Timeline – Next Steps

- ▶ August 2019: Secure cost share partners
- ▶ September 2019: Issue Record of Decision
- ▶ December 2019: Award construction contract
- ▶ February 2024: Complete construction

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File No.: 18-1064

Agenda Date: 12/7/2018

Item No.: 5.4.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Update on Los Vaqueros Reservoir Expansion Project (LVE Project).

RECOMMENDATION:

Receive and discuss information on Los Vaqueros Reservoir Expansion Project (LVE Project).

SUMMARY:

Santa Clara Valley Water District (District) staff has continued to review the LVE Project, which is an off-stream reservoir located in Contra Costa County and operated by Contra Costa Water District (CCWD). Originally constructed in 1998 with a capacity of 100,000 AF, it was expanded to 160,000 AF in 2012. The proposed LVE Project would expand the reservoir to 275,000 AF and add a new pipeline (Transfer-Bethany Pipeline) connecting CCWD's system to State Water Project facilities (California Aqueduct and South Bay Aqueduct). With the construction of the Transfer-Bethany Pipeline, water could be moved from CCWD's intakes in the Delta, with or without storage in Los Vaqueros Reservoir, to the District's system, without relying on the South-of-Delta pumps.

Total construction cost of the expansion is estimated to be approximately \$980 million (in 2015 dollars). CCWD received the maximum eligibility award of \$459 million from the California Water Commission (CWC) as part of Water Storage Investment Program (WSIP) Proposition 1 funding. CWC authorized \$13.65 million in early funding for planning and design of the proposed LVE Project. CCWD has also requested \$10 million in federal funding for planning and design through the FY19 Water Infrastructure for Improvements to the Nation (WIIN) Act. CCWD will need more money from partners to continue with environmental, federal feasibility, financial evaluation, governance, permitting and design efforts and to be used as matching local funds required for WSIP and WIIN. The total near-term cost to local partners is estimated at \$3 million as part of a Multi-Party Cost-Share Agreement. Costs will be divided evenly between the local partners, in which \$200,000 to \$355,000 will be sought from the District depending on whether any local partners drop out of the LVE Project. This contribution would be in addition to the District's prior payment of \$100,000 to support CCWD's Proposition 1 application and would carry the LVE Project through the end of 2019 and the formation of a Joint Powers Authority (JPA). The current Local Agency Partner (LAP) participants are:

1. Alameda County Water District (ACWD)
2. Bay Area Water Supply & Conservation Agency (BAWSCA)
3. Byron Bethany Irrigation District (BBID)
4. City of Brentwood (Brentwood)

5. Del Puerto Water District (DPWD)
6. East Bay Municipal Utility District (EBMUD)
7. East Contra Costa Irrigation District (ECCID)
8. Grassland Water District (GWD)
9. Santa Clara Valley Water District (SCVWD)
10. San Francisco Public Utilities Commission (SFPUC)
11. San Luis & Delta Mendota Water Authority (SLDMWA)
12. San Luis Water District (SLWD)
13. Westland Water District (WWD)
14. Zone 7 Water Agency (Zone 7)

CCWD hosted a webinar on September 25, 2018 to discuss modeling performed for the LVE Project, which serves as a basis for the financial model. A separate webinar was held on October 11, 2018 to discuss the first version of the financial model. The financial model divides costs by the relative usage of each of the new and expanded facilities and adds a cost for use of existing CCWD and EBMUD facilities. The model allows local partners to consider how much benefit is received given the costs. Under current modeling, the District provides excess supplies to the LVE Project, which can be distributed to other partners, primarily San Francisco and the Refuges. The first version of the financial model does not account for these transfers or exchanges and thus the District's costs are shown to be much greater than the benefits. Staff held a meeting with CCWD and the financial consultant about equitably allocating these costs and this will be incorporated into the next version of the financial model due out in December. A webinar was held on November 19, 2018 to review CCWD and EBMUD user fees. Each agency has identified usage fees for its existing facilities that would be used as part of the LVE Project. These fees include facility usage, conveyance, power, repair and rehabilitation, and operation and maintenance. Fees are typically based on an agency's proportional use of the facility capacity converted to a per acre-foot cost or a flat annual fee assigned to each agency. Legal, finance, imported water, and water supply planning staff are reviewing the fee structure and allocation and will provide comments in early December. The District's Water Utility Enterprise staff will evaluate those comments and provide CCWD with feedback regarding those fees.

Staff will continue working with CCWD and other potential partners to evaluate the District's participation level in the LVE Project, including how much, if any, dedicated storage to reserve in the reservoir and use of the Transfer Bethany Pipeline, in order to balance District needs with potential costs.

Staff has also held preliminary discussions with the other South Bay Aqueduct Contractors about non-participants use of the South Bay Aqueduct which could result from the LVE Project. Staff is preparing a set of guiding principles to be considered by management.

Project Governance

CCWD's financial consultant will work with the LVE Project partners to develop a term sheet for a JPA agreement, anticipated to be established in 2019. The partners are still discussing whether to hire independent counsel to represent them individually during the JPA agreement negotiations. Once

the JPA is established, design and construction responsibilities will transition from CCWD to the JPA.

Schedule for Partnership Negotiations

Key near-term meetings and decision points on the LVE Project include the following:

- Fall 2018 - CCWD to execute early funding agreement with CWC
- December 2018 - Version 2 of Financial Model available
- Winter 2018/2019 - Execute Multi-Party Cost-Share Agreement
- Winter 2018/2019 - Partners & CCWD negotiate key terms of cost and governance
- Spring 2019 - Decision to form JPA
- Summer 2019 - Finalize JPA

ATTACHMENTS:

Attachment 1: LVE Project

UNCLASSIFIED MANAGER:

Jerry De La Piedra, 408-630-2257

DECEMBER 7, 2018

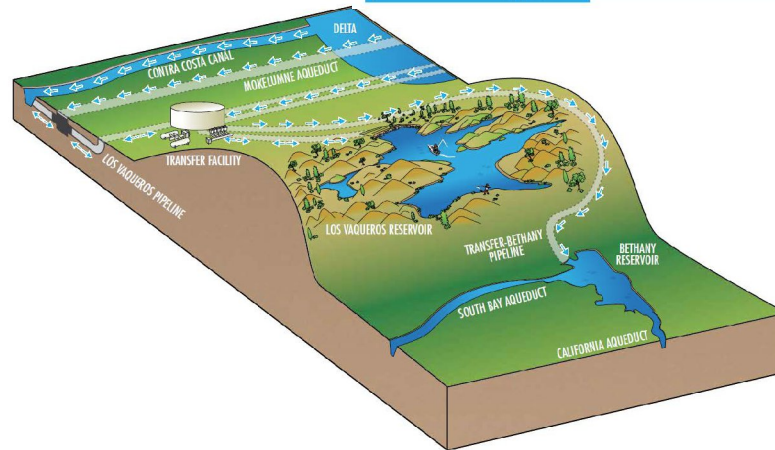
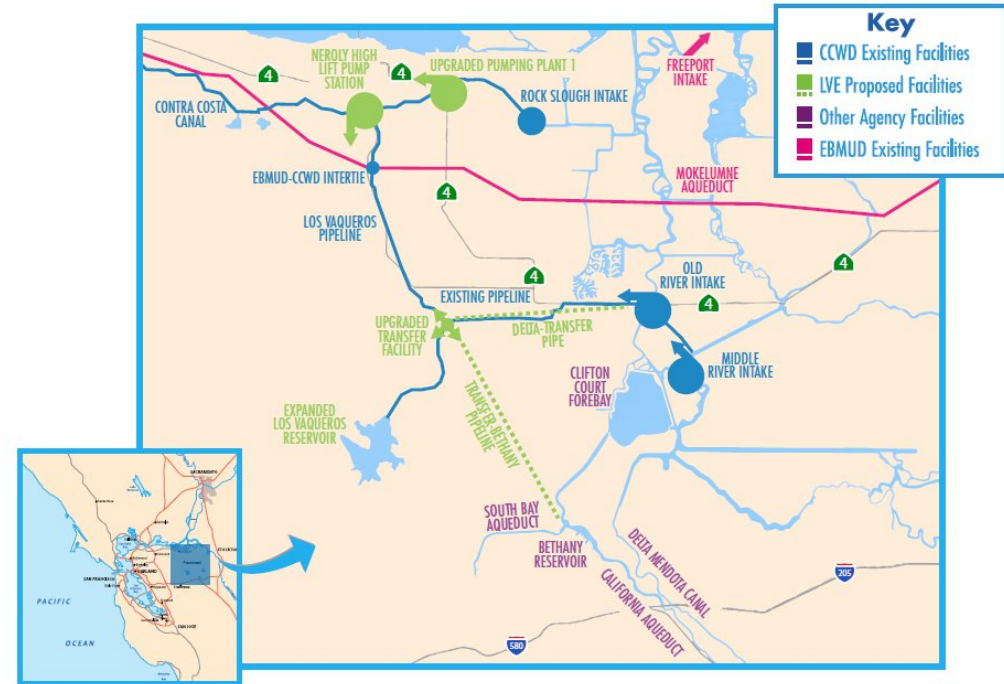
Los Vaqueros Expansion Project

Water Storage Committee



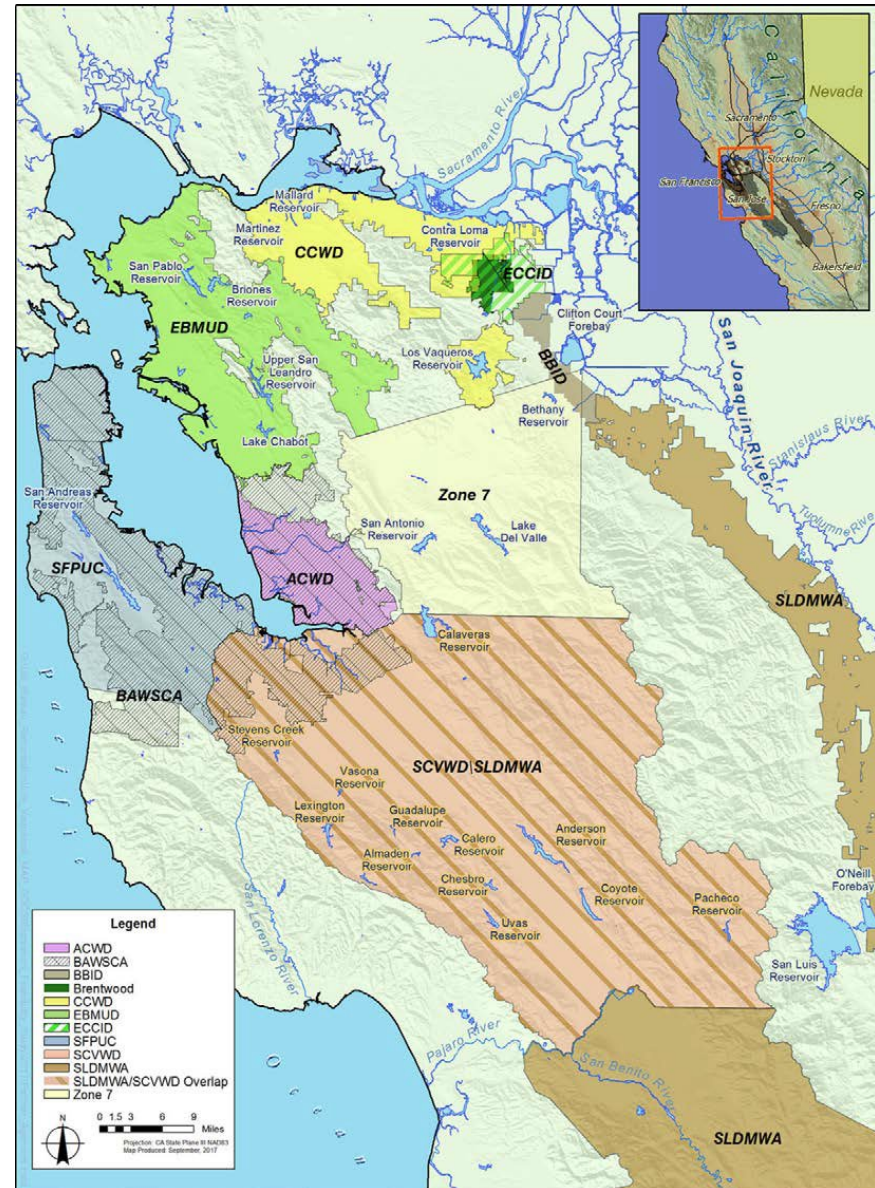
Project Description

- Water is pumped into the system from one of four existing intakes
- Water is sent to an upgraded Transfer Facility pump station
- From the Transfer Facility, water can be delivered directly to local agency partners and wildlife refuges or pumped into an expanded Los Vaqueros Reservoir for later delivery



Local Agency Partners (LAPs)

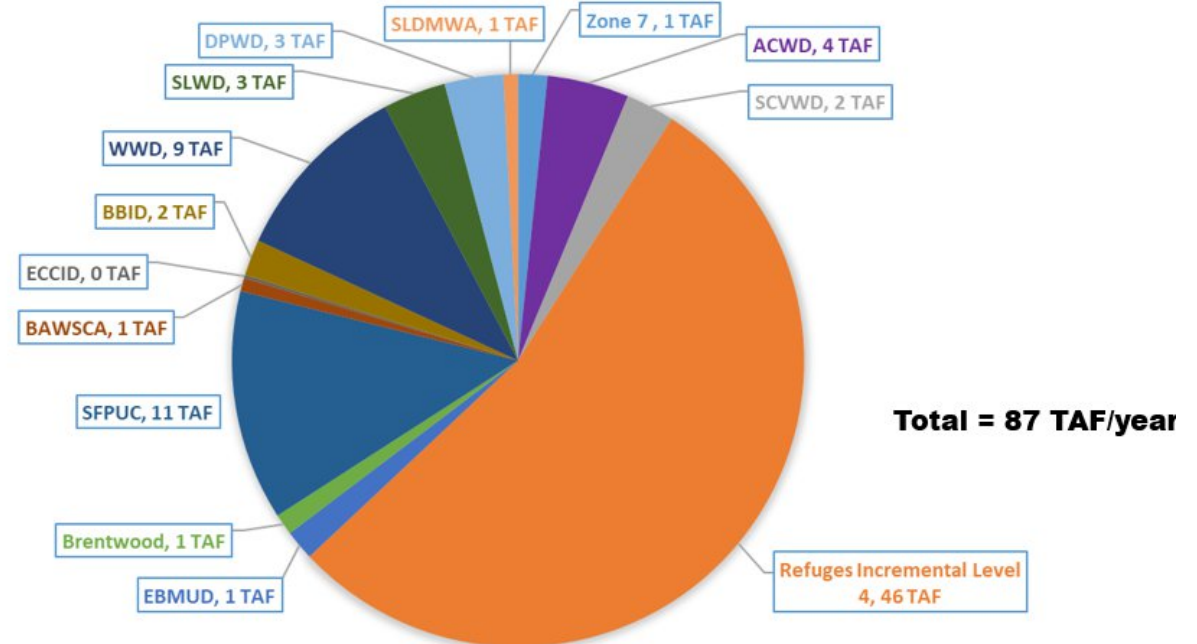
1. Alameda County Water District
2. Bay Area Water Supply & Conservation Agency
3. Byron Bethany Irrigation District
4. City of Brentwood
5. Del Puerto Water District
6. East Bay Municipal Utility District
7. East Contra Costa Irrigation District
8. Grassland Water District (Refuge)
9. Santa Clara Valley Water District
10. San Francisco Public Utilities Commission
11. San Luis & Delta-Mendota Water Authority
12. San Luis Water District
13. Westlands Water District
14. Zone 7 Water Agency



District Operations and Benefits

- Store surplus water into Los Vaqueros System
 - Unused carryover
 - Delta surplus
 - Unused purified water capacity
- Storage for dry and critical dry years
 - 10,000 AFY in drought conditions
 - Average take is 2,000 AFY
- Provide surplus water to other LAPs
- Provides operational flexibility via Transfer-Bethany Pipeline (TBP)

PHASE 2 LOS VAQUEROS RESERVOIR EXPANSION PROJECT
LONG-TERM AVERAGE ANNUAL WATER DELIVERIES TO PARTNERS



Project Funding & Cost Share Agreement

Project Costs

- Estimated project cost: \$980 million
- Awarded \$459 million in Prop. 1 funding
 - Early funding: \$13.65 million
- SCVWD cost: TBD

Multi-party Cost Share Agreement

- Cost dependent on the number of participating LAPs
- SCVWD portion ranges from \$200,000-\$350,000
- “Bridge” funding through 2019 until formation of Joint Powers Authority (JPA)

Next Steps

- Submit feedback on CCWD & EBMUD user fees – Dec. 2018
- Release Version 2.0 proforma financial model – Dec. 2018
- LAPs execute multi-party cost share agreement – Winter 2018/2019
- CCWD to execute Early Funding Agreement with Water Commission – Winter 2018/2019
- Form committee to select outside counsel to form JPA – Winter/Spring 2019

Questions

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File No.: 18-1068

Agenda Date: 12/7/2018

Item No.: 5.5.

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:

File No.: 18-1068

Agenda Date: 12/7/2018
Item No.: 5.5.

Attachment 1: Water Storage Exploratory Committee 2018 Work Plan

UNCLASSIFIED MANAGER:
Michele King, 408-630-2711

2018 Work Plan: Water Storage Exploratory Committee

Update: November 2018

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

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
1	Review of the Water Supply Benefits and Costs of the Anderson Reservoir Seismic Retrofit Project	May 17	<ul style="list-style-type: none"> Review of the Water Supply benefits and costs of the Anderson Reservoir Seismic Retrofit Project. 	<p>Accomplished May 17, 2018: The Committee reviewed the Water Supply benefits and costs of the Anderson Reservoir Seismic Retrofit Project and took no action.</p>
2	<p>Update on the Proposed Pacheco Reservoir Expansion Project</p> <p>a. Update on the California Water Commission Review Process</p> <p>b. Update on Communication with Agencies, Stakeholders and Interested Parties</p> <p>c. Consideration of Proposed Term Sheet with the District, San Benito County Water District and the Pacheco Pass Water District</p> <p>d. Update on Procurement for Engineering Design and Environmental Documentation, as well as Project Management</p>	May 17	<ul style="list-style-type: none"> Receive an update on the Proposed Pacheco Reservoir Expansion Project a. Update on the California Water Commission Review Process, b. Update on Communication with Agencies, Stakeholders and Interested Parties, c. Consideration of Proposed Term Sheet with the District, San Benito County Water District and the Pacheco Pass Water District, d. Update on Procurement for Engineering Design and Environmental Documentation, as well as Project Management. 	<p>Accomplished May 17, 2018: The Committee received an update on the Proposed Pacheco Reservoir Expansion Project; a. Update on the California Water Commission Review Process, b. Update on Communication with Agencies, Stakeholders and Interested Parties, c. Consideration of Proposed Term Sheet with the District, San Benito County Water District and the Pacheco Pass Water District, and d. Update on Procurement for Engineering Design and Environmental Documentation, as well as Project Management and took no action.</p>
3	Update on the Proposed Sites Reservoir Project	<p>May 17</p> <p>August 15</p> <p>November 7</p> <p>December 7</p>	<ul style="list-style-type: none"> Receive an update on the proposed sites reservoir project. 	<p>Accomplished May 17, 2018: The Committee received an update on the proposed sites reservoir project and took no action.</p>

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1

Page 1 of 6

2018 Work Plan: Water Storage Exploratory Committee

Update: November 2018

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
				<p>Accomplished August 15, 2018: The Committee received an update on the proposed Sites Reservoir Project and took no action.</p> <p>Accomplished November 7, 2018: The Committee received an update on the proposed Sites Reservoir Project and took no action.</p>
4	Update on the Los Vaqueros Expansion Project	May 17 November 7 December 7	<ul style="list-style-type: none"> Receive an update on the Los Vaqueros Expansion Project. 	<p>Accomplished May 17, 2018: The Committee received an update on the Los Vaqueros Expansion Project and took no action.</p> <p>Accomplished November 7, 2018: The Committee received an update on the Los Vaqueros Expansion Project and noted that the action taken on October 1, 2018, for funding should be placed on hold until further information is received.</p>
5	Review of Other Potential Storage Projects including Temperance Flat Proposition 1 Application	May 17	<ul style="list-style-type: none"> Review other potential storage projects including Temperance Flat Proposition 1 Application. 	<p>Accomplished May 17, 2018: The Committee reviewed other potential storage projects including Temperance Flat Proposition 1 Application and took no action.</p>
6	Review of 2018 Water Storage Exploratory Committee Work Plan	May 17 August 15 October 1 Special Meeting November 7 December 7	<ul style="list-style-type: none"> Review the Committee's 2018 Work Plan. 	<p>Accomplished May 17, 2018: The Committee reviewed the Committee's 2018 Work Plan and took no action.</p> <p>Accomplished August 15, 2018: The Committee reviewed the Committee's 2018 Work Plan and took no action.</p>

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1

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2018 Work Plan: Water Storage Exploratory Committee

Update: November 2018

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
				<p>Accomplished October 1, 2018: The Committee reviewed the Committee's 2018 Work Plan and took no action.</p> <p>Accomplished November 7, 2018: The Committee reviewed the Committee's 2018 Work Plan and took no action.</p>
7	Pacheco Reservoir Expansion Project Status	August 15	<ul style="list-style-type: none"> Review, discuss, and provide input regarding the status of the Pacheco Reservoir Expansion Project. 	<p>Accomplished August 15, 2018: The Committee discussed the status of the Pacheco Reservoir Expansion Project and took no action.</p>
8	Update on Los Vaqueros Reservoir Expansion Project, in Preparation of Future Decisions regarding Project Funding and Participation Levels	August 15	<ul style="list-style-type: none"> Receive an update on Los Vaqueros Reservoir Expansion Project, in Preparation of Future Decisions regarding Project Funding and Participation Levels. 	<p>Accomplished August 15, 2018: The Committee received an update on the Los Vaqueros Reservoir Expansion Project, in Preparation of Future Decisions regarding Project Funding and Participation Levels and took no action.</p>
9	Investigation of Statewide Groundwater Storage and Banking Opportunities	August 15	<ul style="list-style-type: none"> Receive and discuss information on staff investigation of groundwater storage and banking opportunities. 	<p>Accomplished August 15, 2018: The Committee discussed staff investigation of groundwater storage and banking opportunities and took no action.</p>

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1

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2018 Work Plan: Water Storage Exploratory Committee

Update: November 2018

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
10	Closed Session Anticipation of Litigation – Initiation of Litigation Pursuant to Government Code Section 54956.9(d)(4) – Four Potential Cases (Pacheco Reservoir Expansion Study)	October 1 Special Meeting November 7	<ul style="list-style-type: none"> Discuss Closed Session Anticipation of Litigation – Initiation of Litigation Pursuant to Government Code Section 54956.9(d)(4) – Four Potential Cases (Pacheco Reservoir Expansion Study). 	<p>Accomplished October 1, 2018: Closed Session Anticipation of Litigation – Initiation of Litigation Pursuant to Government Code Section 54956.9(d)(4) – Four Potential Cases (Pacheco Reservoir Expansion Study).</p> <p>Accomplished November 7, 2018: Closed Session Anticipation of Litigation – Initiation of Litigation Pursuant to Government Code Section 54956.9(d)(4) – Four Potential Cases (Pacheco Reservoir Expansion Study).</p>
11	Pacheco Reservoir Expansion Project Timeline Overview	October 1 Special Meeting	<ul style="list-style-type: none"> Receive and discuss Pacheco Reservoir Expansion Project Timeline Overview. 	<p>Accomplished October 1, 2018: The Committee discussed Pacheco Reservoir Expansion Project Timeline Overview and took no action.</p>
12	California Water Commission - Proposition 1 Water Storage Investment Program Funding Process Update	October 1 Special Meeting	<ul style="list-style-type: none"> Receive update on the California Water Commission - Proposition 1 Water Storage Investment Program Funding Process. 	<p>Accomplished October 1, 2018: The Committee discussed California Water Commission - Proposition 1 Water Storage Investment Program Funding Process Update and took no action:</p>
13	Governance Representation for both Sites Reservoir and Los Vaqueros Reservoir	October 1 Special Meeting	<ul style="list-style-type: none"> Review and discuss Governance Representation for both Sites Reservoir and Los Vaqueros Reservoir. 	<p>Accomplished October 1, 2018: The Committee discussed Governance Representation for both Sites Reservoir and Los Vaqueros Reservoir and took the following action:</p> <ul style="list-style-type: none"> The Committee unanimously approved to have the Board consider approval of a cost-share agreement of approximately \$200,000 for the LVE project.

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1

Page 4 of 6

2018 Work Plan: Water Storage Exploratory Committee

Update: November 2018

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
14	Calero Reservoir Expansion Analysis	October 1 Special Meeting November 7	<ul style="list-style-type: none"> Update on the Calero Reservoir Expansion Analysis. 	<p>Accomplished October 1, 2018: The Committee moved this agenda item to the next meeting.</p> <p>Accomplished November 7, 2018: The Committee received an update on the Calero Reservoir Expansion Analysis and took no action.</p>
15	Pacheco Reservoir Expansion Project Update	November 7 December 7	<ul style="list-style-type: none"> Receive an update on Pacheco Reservoir Expansion Project. 	<p>Accomplished November 7, 2018: The Committee received an update on the Pacheco Reservoir Expansion Project Update and took no action.</p>
16	Annual Operations of the Anderson Reservoir System.	November 7	<ul style="list-style-type: none"> Receive an update on Annual Operations of the Anderson Reservoir System. 	<p>Accomplished November 7, 2018: Mr. Kurt Arends requested this item pulled with the following explanation given to the Committee Members: Staff is not recommending any changes to Anderson Operations from what the Board directed last year. Before considering any future changes, staff would get input from the public before making any recommendation to the Board.</p>
17	Anderson Operations During Construction	November 7	<ul style="list-style-type: none"> Receive an overview of the Anderson Operations During Construction. 	<p>Accomplished November 7, 2018: The Committee received an overview of the Anderson Operations during construction and took no action.</p>

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1

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2018 Work Plan: Water Storage Exploratory Committee

Update: November 2018

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
18	Investigation of Out-of-County Groundwater Storage and Banking Opportunities	November 7	<ul style="list-style-type: none"> Receive an update on the Investigation of Out-of-County Groundwater Storage and Banking Opportunities. 	<p>Accomplished November 7, 2018: The Committee received information on the Investigation of Out-of-County Groundwater Storage and Banking Opportunities and took no action.</p>
19	Update on San Luis Reservoir Expansion	November 7	<ul style="list-style-type: none"> Receive an overview of the San Luis Reservoir Expansion. 	<p>Accomplished November 7, 2018: The Committee received an overview of the San Luis Reservoir Expansion and took no action.</p>
20	Update on San Luis Low Point Improvement Project	December 7	<ul style="list-style-type: none"> Receive an update on the San Luis Low Point Improvement Project 	
21	Update on Shasta Reservoir Expansion	December 7	<ul style="list-style-type: none"> Receive an update on Shasta Reservoir Expansion. 	

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1

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