

June 24, 2021

MEETING NOTICE**WATER STORAGE EXPLORATORY COMMITTEE****Board Members of the Water Storage Exploratory Committee**

Director Gary Kremen, Committee Chair

Director Richard P. Santos

Director John L. Varela

Staff Support of the Water Storage Exploratory Committee

Rick Callender, Esq., Chief Executive Officer

Melanie Richardson, Assistant Chief Executive Officer

Aaron Baker, Chief Operating Officer, Water Utility

Rachael Gibson, Chief of External Affairs

Sue Tippets, Interim Chief Operating Officer, Watersheds

J. Carlos Orellana, District Counsel

Brian Hopper, Senior Assistant District Counsel

Vincent Gin, Deputy Operating Officer, Water Supply Division

Christopher Hakes, Deputy Operating Officer, Dam Safety & Capital Delivery Division

Heath McMahon, Deputy Operating Officer, Water Utility Capital Division

Don Rocha, Deputy Administrative Officer, Office of Government Relations

Gregory Williams, Interim Deputy Operating Officer, Raw Water Division

Emmanuel Aryee, Assistant Officer, Dam Safety & Capital Delivery Division

Kirsten Struve, Assistant Officer, Water Supply Division

Erin Baker, Asset Management Manager

Cindy Kao, Imported Water Manager, Imported Water Unit

Ryan McCarter, Pacheco Project Manager, Pacheco Project Delivery Unit

Metra Richert, Unit Manager, Water Supply Planning & Conservation Unit

Charlene Sun, Treasury and Debt Manager

Andrew Garcia, Senior Water Resources Specialist, Imported Water Unit

Samantha Greene, Senior Water Resources Specialist, Water Supply Planning & Conservation Unit

A special meeting of the Santa Clara Valley Water District (SCVWD) Water Storage Exploratory Committee is to be held on **Wednesday, June 30, 2021, at 11:00 a.m.** [Join Zoom Meeting https://valleywater.zoom.us/j/98246045660](https://valleywater.zoom.us/j/98246045660).

Enclosed are the meeting agenda and corresponding materials for your convenience.

Enclosures



WATER STORAGE EXPLORATORY COMMITTEE MEETING

Join Zoom Meeting

<https://valleywater.zoom.us/j/98246045660>

Meeting ID: 982 4604 5660

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Santa Clara Valley Water District Water Storage Exploratory Committee Meeting

Teleconference
Join Zoom Meeting
<https://valleywater.zoom.us/j/98246045660>

SPECIAL MEETING AGENDA

Wednesday, June 30, 2021
11:00 AM

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

WATER STORAGE EXPLORATORY
COMMITTEE

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

During the COVID-19 restrictions, all public records relating to an open session 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 to the public through the legislative body agenda web page at the same time that the public records are distributed or made available to the legislative body, or through a link in the Zoom Chat Section during the respective meeting. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to participate in the legislative body's meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 265-2600.

Mr. Vincent Gin
Mr. Christopher Hakes
(Staff Liaisons)

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

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

**Santa Clara Valley Water District
Water Storage Exploratory Committee**

**SPECIAL MEETING
AGENDA**

Wednesday, June 30, 2021

11:00 AM

Teleconference

IMPORTANT NOTICES

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

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

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

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

Under the Brown Act, members of the public are not required to provide identifying information in order to attend public meetings. Through the link below, the Zoom webinar program requests entry of a name and email address, and Valley Water is unable to modify this requirement. Members of the public not wishing to provide such identifying information are encouraged to enter "Anonymous" or some other reference under name and to enter a fictional email address (e.g., attendee@valleywater.org) in lieu of their actual address. Inputting such values will not impact your ability to access the meeting through Zoom.

Join Zoom Meeting

<https://valleywater.zoom.us/j/98246045660>

**Dial by your location
+1 669 900 9128 US (San Jose)
Meeting ID: 982 4604 5660**

1. CALL TO ORDER:

1.1. Roll Call.

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

Notice to the Public: Members of the public who wish to address the Committee on any item not listed on the agenda should access the "Raise Hand" tool located in Zoom meeting link listed on the agenda. Speakers will be acknowledged by the Committee Chair in order requests are received and granted speaking access to address the Committee. Speakers comments should be limited to two minutes or as set by the Chair. The law does not permit Committee action on, or extended discussion of, any item not on the agenda except under special circumstances. If Committee action is requested, the matter may be placed on a future agenda. All comments that require a response will be referred to staff for a reply in writing. The Committee may take action on any item of business appearing on the posted agenda.

3. APPROVAL OF MINUTES:

3.1. Approval of Minutes.

[21-0723](#)

Recommendation: Approve the April 5, 2021, Meeting Minutes.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 04052021 DRAFT WSEC Mins](#)

Est. Staff Time: 5 Minutes

4. ACTION ITEMS:

- 4.1. Pacheco Reservoir Expansion Project Update. [21-0724](#)
- Recommendation: Receive and discuss information regarding the Pacheco Reservoir Expansion Project (PREP). This is an information-only item and no action is required.
- Manager: Christopher Hakes, 408-630-3796
- Est. Staff Time: 15 Minutes
- 4.2. Groundwater Bank Update. [21-0725](#)
- Recommendation: Receive and discuss information regarding potential groundwater storage projects.
- Manager: Vincent Gin, 408-630-2633
- Attachments: [Attachment 1: Matrix Comparison of Storage Projects](#)
[Attachment 2: Groundwater Bank Update PowerPoint](#)
- Est. Staff Time: 15 Minutes
- 4.3. Los Vaqueros Reservoir Expansion Project Update. [21-0726](#)
- Recommendation: Receive, discuss, and provide feedback regarding the:
- A. Creation of a Joint Powers Authority for the construction and operation of the Los Vaqueros Reservoir Expansion Project,
 - B. Third Amendment to the 2019 Multi-Party Cost-Share Agreement to fund planning and design into 2022.
- Manager: Kirsten Struve, 408-630-3138
- Attachments: [Attachment 1: JPA Agreement \(v.13\) 6-16-21](#)
[Attachment 2: Draft Amendment No.3 Multiparty Agreement v.01](#)
- Est. Staff Time: 15 Minutes

4.4. Standing Items Information.

[21-0727](#)

- Recommendation:
- A. This agenda item allows the Committee to receive verbal or written updates and discuss the following subjects. These items are generally informational; however, the Committee may request additional information from staff:
 - B. This is informational only and no action is required.
Staff may provide a verbal update at the 6-30-2021, meeting if there is reportable/updated information.
 - 1. Update on Los Vaqueros Reservoir Expansion Project (LVE) Transfer Bethany Pipeline (TBP) and Update on Management of South Bay Aqueduct (SBA) Facilities (6-30-2021, agenda item)
 - 2. Del Puerto (No Update)
 - 3. Water Banking Opportunities including but not limited to Pleasant Valley Water District (6-30-2021, agenda item)
 - 4. Pacheco/San Luis Reservoir Low Point (6-30-2021, agenda item)
 - 5. Semitropic (Update upon request)
 - 6. Sites (Verbal Update-6-30-2021)
 - 7. B.F. Sisk Dam Raise Project
 - 8. Shasta (No Update)

Manager: Michele King, 408-630-2711

Est. Staff Time: 10 Minutes

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

[21-0728](#)

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 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. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL:

- 7.1. PENDING LITIGATION Government Code Section 54956.9(d)(1)
SCVWD v. Jin, Santa Clara County Superior Court, Case No. 19CV352227
- 7.2. District Counsel Report on Closed Session.

8. ADJOURN:

- 8.1. Adjourn to Regular Meeting to be called to order in compliance with the State Emergency Services Act, the Governor's Emergency Declaration related to COVID-19, and the Governor's Executive Order N-29-20.



Santa Clara Valley Water District

File No.: 21-0723

Agenda Date: 6/30/2021
Item No.: 3.1.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Approval of Minutes.

RECOMMENDATION:

Approve the April 5, 2021, 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: 04052021 WSEC Draft Mins

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711



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

DRAFT MINUTES

**MONDAY, APRIL 5, 2021
11:00 AM**

(Paragraph numbers coincide with agenda item numbers)

A special meeting of the Water Storage Exploratory Committee (Committee) was held on April 5, 2021, via Zoom.

1. CALL TO ORDER

The Water Storage Exploratory Committee was called to order by Chair Director Gary Kremen at 11:00 a.m.

1.1 ROLL CALL

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

Valley Water Staff in attendance were: Lisa Bankosh, Mark Bilski, John Bourgeois, Glenna Brambill, Bart Broome, Debra Butler, Rick Callender, Keila Cisneros, Melissa Fels, Andrew Garcia, Vincent Gin, Samantha Greene, Andrew Gschwind, Mike Haggerty, Christopher Hakes, Garth Hall, Brian Hopper, Cindy Kao, Jessica Lovering, Ryan McCarter, Heath McMahan, Carmen Narayanan, Steven Peters, Melanie Richardson, Metra Richert, Jennifer Schmidt, Kirsten Struve, Charlene Sun, Darin Taylor, and Beckie Zisser.

Guests in attendance were: Kurt Arends (Alameda County Water District-ACWD), Douglas Brown (Stradling Yocca Carlson & Rauth), Stephen A. Jordan (BAWSCA and Purissima Hills Water District). Howard Justus (Sargent Quarry), Katja Irvin Sierra Club Loma Prieta Chapter Water Committee, Danielle McPherson (BAWSCA), Marguerite Patil (Contra Costa Water District {CCWD}), and Hon. Brian Schmidt (Green Foothills).

Public in attendance were: Tess Byler, Ryan Dupuis, Jeffrey Harvey, Tim Heffington, Alison Kastama, Robin Kohn, David Niese, and Marc Wheeler.

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

There was no one present who wished to speak.

3. APPROVAL OF MINUTES

3.1 APPROVAL OF MINUTES

It was moved by Director Richard P. Santos, second by Director John L. Varela, and by roll call and unanimous vote carried to approve the minutes of the February 26, 2021, meeting of the Water Storage Exploratory Committee as presented.

4. ACTION ITEMS

4.1 PACHECO RESERVOIR EXPANSION PROJECT WORKSHOP TOPICS

Mr. Christopher Hakes reviewed the materials as outlined in the agenda item.

The Water Storage Exploratory Committee discussed the following:

partnerships/agencies/locations, reservoir storage, real estate, eminent domain, ballot/bond measures, water transferring, water conveyance, drinking water emphasized, valley impacts, “pitching”/messaging regarding the water supply costs and benefits to customers is critical, letting the Board assist with the legislative items, climate changes, recycling water, postpone or extend project, recommend concentrating on the sales-focus literature, and O&M finances.

Mr. Rick Callender, Mr. Darin Taylor, Mr. Garth Hall, Mr. Brian Hopper and Mr. Bart Broome were available to answer questions

Comments received:

- Dr. Alex Horne’s letter (Page 7 of agenda packet) was acknowledged,
- Ms. Katja Irvin Sierra Club Loma Prieta Chapter Water Committee, she sees the many difficulties raised by staff relating to land acquisitions, permitting, cost-share partnerships, WSIP deadlines. Possibility that WSIP funding may be lost if Valley Water waits until the end of year and if Water Commission requirements can’t be met. She suggested Valley Water cancels the project which may free up WSIP funds that can go to other needed storage projects that are less damaging to the environment (groundwater storage projects rather than surface water projects). She also noted there are alternative ways to meet objectives of reliability and emergency supply, and
- Mr. Steve Jordan agrees more water storage created now with larger projects that would provide water to the County. Also, suggested revisiting the list of agencies who endorsed the project and reach out to them again.

The Water Storage Exploratory Committee took no action. However, next steps staff will be working on are prioritizing partnerships and gathering as much information for the Board and Committee on Pacheco Reservoir as possible!

Attachment 1

Page 2 of 3

4.2 SARGENT RANCH DISCUSSION

Mr. Howard Justus presented an overview of the handout.

The Water Storage Exploratory Committee discussed the following: concerns with the ranch, quarry, oil/gas on the lands, species, Pajaro River, costs, mitigation, partnership, outreach, Pacheco Reservoir Project nexus, Valley Habitat Plan, study impacts, open space, developing, potential golf course, suggested having the full Board receive the Sargent Ranch presentation, and the Committee receiving presentations from Open Space and Habitat Agencies.

Comments received:

- Hon. Brian Schmidt of Green Foothills concerned with the effects of the quarry and asked Valley Water to be cautious moving forward.
- Ms. Katja Irvin Sierra Club Loma Prieta Chapter Water Committee agrees with Hon. Schmidt.

Mr. John Bourgeois and Ms. Lisa Bankosh were available to answer questions.

The Water Storage Exploratory Committee took no action.

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE ACTIONS

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

6. ADJOURNMENT

Chair Director Gary Kremen adjourned the meeting at 12:38 p.m.

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

Approved:



Santa Clara Valley Water District

File No.: 21-0724

Agenda Date: 6/30/2021
Item No.: 4.1.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Pacheco Reservoir Expansion Project Update.

RECOMMENDATION:

Receive and discuss information regarding the Pacheco Reservoir Expansion Project (PREP). This is an information-only item and no action is required.

SUMMARY:

As the PREP Team completes the project planning phase, significant progress is being made on the draft Environmental Impact Report (EIR) and engineering design. Updates to the project funding and financing are provided below.

Water Infrastructure Finance and Innovation Act (WIFIA)

The PREP Team has been working closely with the treasury unit on the upcoming application for WIFIA financing after receiving invitation to apply in April 2021. Per EPA guidance, we will be submitting a follow-up Letter of Intent to the EPA to secure additional WIFIA financing from the 2021 funding round, to ensure we will receive the full \$1.2B WIFIA loan to fund 49% of the current project cost. The loan application will be submitted by April 2022 with close on the \$1.2B loan by Dec 2022.

Partnerships

Project partnership discussions have progressed with one interested agency which has initiated specific analysis of storage, transfer, and exchange scenarios. The team continues modeling of different operations to provide storage and exchange benefits to other potential partners. The PREP Team is engaging with consultants specializing in water marketing and economics to develop a scope of work for assistance with partnership opportunities, negotiations, and further analysis.

Water Storage Investment Program (WSIP)

As the January 1, 2022 Proposition 1 conditional funding deadline approaches the PREP Team is preparing the following three required eligibility requirements:

1. All feasibility studies are complete - Staff is working to update previous feasibility studies with new project information and completion in the coming months.
2. Draft environmental documentation is available for public review - The PREP team is undergoing development of the draft EIR with several sections undergoing reviews and being compiled into the full document set for release in November 2021.
3. The Director of the Department of Water Resources (DWR) receives commitments from not less than 75 percent of the non-public benefit cost shares of the project - Staff is preparing a full Board Resolution to be enacted in November 2021 for commitment to fund 75 percent of the non-WSIP funded portion of the project.

ATTACHMENTS:

None.

UNCLASSIFIED MANAGER:

Christopher Hakes, 408-630-3796



Santa Clara Valley Water District

File No.: 21-0725

Agenda Date: 6/30/2021

Item No.: 4.2.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Groundwater Bank Update.

RECOMMENDATION:

Receive and discuss information regarding potential groundwater storage projects.

SUMMARY:

On February 26, 2021, a draft “comparison matrix” was presented to the Water Storage Exploratory Committee (Committee) to help guide discussions of groundwater banking projects by presenting the key risks and qualitative benefits of each project in a consistent format. Since then staff have set up regular conversations with management from the agencies responsible for these projects and reviewed additional information regarding each project’s development.

During this process, it became clear that a long-term water exchange partnership between the Buena Vista Water Storage District (Buena Vista) and Santa Clara Valley Water District (Valley Water) would be more beneficial to both parties than development of water bank. Therefore, staff is no longer considering the development of a groundwater bank in the Buena Vista service area, though staff will continue working with Buena Vista to develop a long-term exchange agreement.

Previous versions of the matrix had considered a Pleasant Valley Water District (PVWD) groundwater bank. At this time PVWD is waiting to receive comments from the Department of Water Resources (DWR) on their Groundwater Sustainability Plan (GSP) before moving forward with the development of this project. PVWD has agreed to restart conversations on the project once this happens, which is expected to be in Q1 2022.

The comparison matrix has been revised to provide an update to the Committee on the two remaining groundwater banking projects under staff consideration (Attachment 1):

- AVEK 'High Desert' Groundwater Bank
- McMullin 'Aquaterra' Groundwater Bank

AVEK 'High Desert'- Recent Progress

Staff are working with Antelope Valley-East Kern Water Agency (AVEK) to develop an agreement for a pilot banking program to test AVEK’s ability to return banked supplies to Valley Water by exchange, similar to Semitropic water bank, and by delivery of stored water in San Luis Reservoir. A final agreement is expected by the end of summer.

AVEK and IWU staff anticipate subsequent discussion on terms related to a long-term banking program, as part of the High Desert Water Bank - Phase 2. The Water Storage Exploratory Committee will be updated with banking program terms and details as those discussions progress this Fall.

Aquaterra- Recent Progress

The McMullin Area Groundwater Sustainability Agency (McMullin) is drafting a feasibility report and conducting a water quality analysis to confirm the viability of the project and to prepare for environmental review. Staff expects to receive data from these analysis by early July for internal evaluation. In the meantime, staff will work with McMullin to develop a preliminary partnership agreement.

The Department of Water Resources (DWR) is currently reviewing Groundwater Sustainability Plans (GSPs), including the one submitted by McMullin on January 28, 2020. While DWR completed its initial review of four other GSPs earlier this month, DWR is not expected to complete its review of the McMullin GSP until December 2021 at the earliest. Staff will continue to monitor the status of the McMullin GSP and will consider any findings by DWR in its evaluation of Aquaterra.

Staff will continue to evaluate both projects as more information becomes available and will continue regular coordination with the various agencies as the projects are further developed.

Background:

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

Additional groundwater banking projects have the potential to improve Valley Water's water supply reliability while improving the flexibility of our out-of-county stored water.

ATTACHMENTS:

- Attachment 1: Matrix Comparison of Storage Projects
- Attachment 2: Groundwater Bank Update PowerPoint

UNCLASSIFIED MANAGER:

Vincent Gin, 408-630-2633

Comparison of Potential New Groundwater Banking Projects

	McMullin Area 'Aquaterra' Groundwater Bank	AVEK 'High Desert' Groundwater Bank
<i>Managing Agencies</i>	McMullin Area Groundwater Sustainability Agency	Antelope Valley East Kern Water Agency
<i>Key Risk Considerations</i>	<ul style="list-style-type: none"> • Analysis of water quality & SGMA implications needed • Land acquisition not complete • Exchange agreements and partnerships not formalized • Reclamation has less experience with similar exchange agreements • County ordinance currently allows only in-county agencies to bank • Operated by local GSA with SGMA compliance requirements 	<ul style="list-style-type: none"> • High energy costs • Disputed SWP cost allocation • Limited SWP dry year exchange capacity competing with other southern CA water banks • Exchange agreements and partnerships not formalized
<i>Qualitative Benefits and Other Considerations</i>	<ul style="list-style-type: none"> • Closest bank to San Luis Reservoir • Adjacent to Mendota Pool and Delta Mendota Canal • Plentiful CVP exchange capacity to support withdrawals • High dry year reliability • Many potential return mechanisms • Terms negotiable • Greater feasibility for direct Physical Pump Back 	<ul style="list-style-type: none"> • Adjudicated basin, less complex management • Direct partnership with SWP contractor • DWR has approved similar exchange agreements • Up to 14 TAF Table A exchange return mechanism in San Luis Reservoir • Terms negotiable • Limited Term Pilot Option
<i>Schedule</i>	<p style="text-align: center;"><i>Tentative Schedule:</i></p> <ul style="list-style-type: none"> • Feasibility Analysis; Q3 2021 • Planning/Prelim. Partnership Agreement; Q3 2021 • Initial Permitting, Cost Analysis, Develop Agreements; Q1 2022 • Enviro. Permitting, Final Design, Final Agreements; 2022 • Final Permitting, Construction; 2023 • Project Start Up; Q3/Q4 2023 	<p style="text-align: center;"><i>Tentative Schedule:</i></p> <ul style="list-style-type: none"> • Project Siting Selection, Q2 2021 • Land Acquisition Option Agreements, Q4, 2021 • Feasibility Study, Q4, 2021 • Conceptual Design and Cost Estimate, Q3, 2022 • Environmental Review, Q2, 2023 • Financing Agreements, Q2, 2023 • Project Start Up, Q2/Q3, 2023

<i>Approximate Banking Cost (2021 Dollars)</i>	Capital: Est. \$300 Mil Total Storage Capacity: Est. 400 TAF Put Capacity: Est. 104 TAF/Yr Take Capacity: Est. 73 TAF/Yr	Capital: Est. \$100 Mil Total Storage Capacity: Est. 200 TAF Put/Take Capacity: Est. 40 TAF/Yr
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Valley Water

Clean Water • Healthy Environment • Flood Protection



Groundwater Bank Update

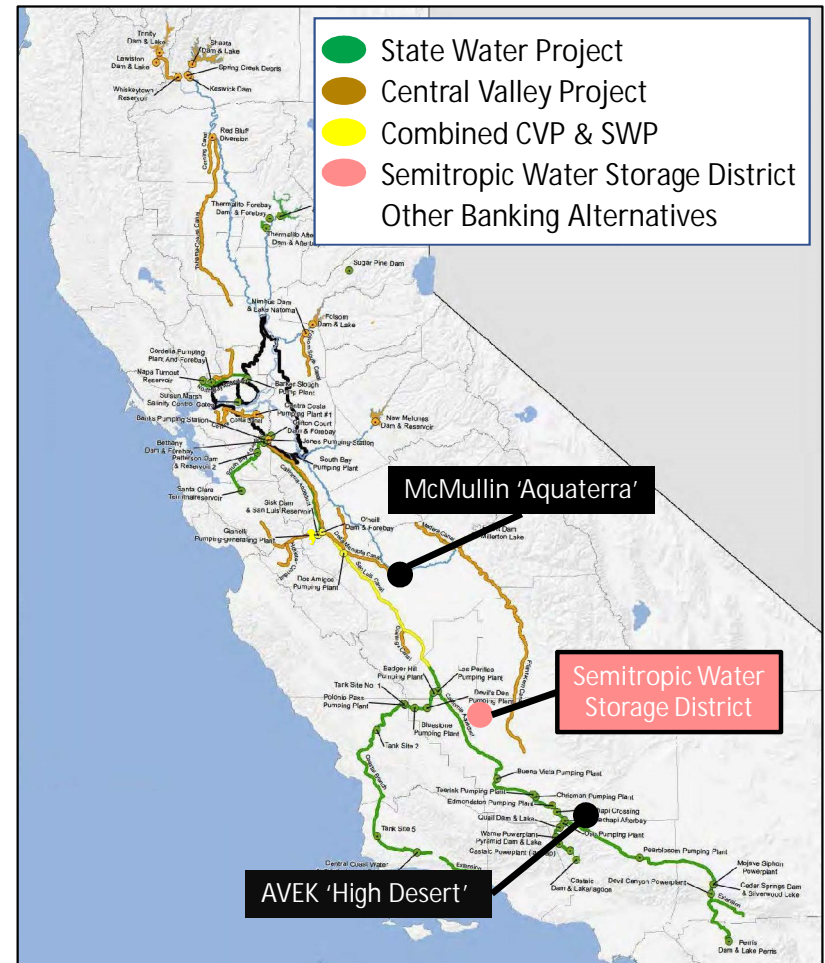
Presented by: Imported Water Unit



Alternative Groundwater Banking Projects

Location of Potential New Groundwater Banks:

- AVEK 'High Desert' Groundwater Bank
- McMullin Area 'Aquaterra' Groundwater Bank



Status of Groundwater Bank Development

4

AVEK 'High Desert'

- Pilot Program Term Sheet Complete + Agreement Under Discussion
- Long-Term Program Parameters Under Evaluation
- AVEK 'Right Sizing' Based on Interest

McMullin Area 'Aquaterra'

- Initial Feasibility Study Substantially Complete
- Baseline Water Quality Measurements + Geologic Borings
- Groundwater Banking and Groundwater Export Policy Adopted
- Draft Planning / Partnership Agreement Under Development

Key Risks and Benefits

	McMullin	AVEK
RISKS	<ul style="list-style-type: none"> • Minimal Water Quality Data • County Groundwater Ordinance • SGMA Implications TBD • Land acquisition/Easements needed 	<ul style="list-style-type: none"> • High Energy Costs • Limited Dry Year Exchange Capacity • Disputed SWP cost allocation
BENEFITS	<ul style="list-style-type: none"> • Close to San Luis Reservoir • Potential for Plentiful CVP exchange capacity • High dry year reliability • Potential for Direct Recovery 	<ul style="list-style-type: none"> • Adjudicated; Minimal Regulatory Risk • Direct SWP Contractor Partnership • Potential Table A exchange in SLR • DWR has Approved Similar Exchange Agreements

b

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Santa Clara Valley Water District

File No.: 21-0726

Agenda Date: 6/30/2021

Item No.: 4.3.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Los Vaqueros Reservoir Expansion Project Update.

RECOMMENDATION:

Receive, discuss, and provide feedback regarding the:

- A. Creation of a Joint Powers Authority for the construction and operation of the Los Vaqueros Reservoir Expansion Project,
- B. Third Amendment to the 2019 Multi-Party Cost-Share Agreement to fund planning and design into 2022.

SUMMARY:

The Santa Clara Valley Water District (Valley Water) continues to evaluate participating in the Los Vaqueros Reservoir Expansion Project (LVE Project) led by Contra Costa Water District (CCWD). This memo provides an update on the draft Joint Powers Authority (JPA) Agreement and multi-party cost-sharing agreement.

Background

CCWD estimates the total LVE Project development and construction costs to be \$827 million in 2018 dollars. Federal and local environmental review is complete and did not receive legal challenges or significant public opposition.

Valley Water continues to work with CCWD and local area partners (LAPs) to evaluate long-term participation levels, and associated water storage and/or supply benefits, costs, and risks. As reported in previous agenda memoranda and most recently at the February 26, 2021 Water Storage Exploratory Committee, Valley Water is investigating participation scenarios using Transfer Bethany Pipeline conveyance only (no storage), shared storage in the reservoir, or dedicated storage. Participation in reservoir storage includes the Transfer Bethany Pipeline. Previous 100-year lifecycle cost estimates have ranged from \$50 million to \$635 million depending on Valley Water's participation scenario and the participation of other partners. Lifecycle cost is all costs over a 100-year period in present value dollars. Costs include cash contributions, debt service, usage fees paid to East Bay Municipal Utility District (EBMUD) and CCWD for use of their existing facilities, and fees associated with operating the new facility such as power, repair and replacement, operations and maintenance, and JPA administration costs. Project yield in the modeling done to date ranges from 1,000 acre-feet per year (AFY) to 5,000 AFY and is primarily from the project's ability to capture and convey surplus Delta supplies. Further refinement of project benefits will depend on service

agreement terms and the participation level of other LAPs. Once service agreements are finalized and associated benefit evaluations are completed, updated costs and yields will be reported to the committee.

Formation of a Joint Power Authority

LAPs, including CCWD, have been working to develop a JPA to operate the LVE Project. Until the JPA is formed, CCWD is leading the project planning, which includes environmental review and initial design. After JPA formation, project planning, construction, and post-construction activities will transition to the JPA. Post-construction activities include operating the facilities, ensuring adequate funding, facility maintenance and repair, and delivering project water. The JPA will have a Board of Directors with a representative from each JPA member agency.

The development of the JPA Agreement (Agreement) has been led by an independent counsel (Lagerlof, LLP) working with a Legal Working Group made up of legal staff from CCWD and the LAPs. At the Water Storage Exploratory Committee meeting of October 30, 2020, the Committee appointed Director Kremen to coordinate with staff and Valley Water's counsel regarding the draft JPA. Staff are briefing Director Kremen, as Chair of the WSEC, on the draft Agreement so that he may convey concerns over any of the draft terms.

More recently, the Legal Working Group has enlisted the assistance of outside bond counsel to provide input on the draft agreement to avoid any future problems with financing. The June 16, 2021, draft Agreement is attached as Attachment 1. The JPA Legal Working Group has continued to meet to discuss the language of the Agreement. Recent work has been focused on:

- Capacity Usage Rights (Section 1.1.8);
- Addition of New Members (Section 3.3.1.1);
- Closed Session (Section 3.8);
- Related Activity Issues (Section 6.1);
- San Francisco Certification of Funds (Section 7.12);
- Adding a 1-year Suspension Period for Failure to Appropriate Funds (Section 7.13);
- Further Revisions to Offramp Provisions (Section 8.3-8.4); and
- Breach and Enforcement Provisions (Sections 9.2-9.3).

Additional issues remain for discussion. A further JPA Legal Working Group meeting is scheduled for early July, and the JPA language may be finalized later that month. Staff will continue to brief and solicit input from Director Kremen, as Chair of the WSEC, before the referenced July meeting. The final draft will be presented to the WSEC for review before it goes to the full Board for approval. CCWD has identified the summer of 2021 as the target date for LAPs to approve the JPA. To maintain eligibility for the Water Storage Infrastructure Program funding, the California Water Commission (CWC) has indicated that it is preferable to have formed the JPA by the fall 2021 CWC project meeting. In case the JPA is not formed before the fall 2021 CWC meeting, CCWD is preparing a letter of support from the LAPs to present to the CWC.

The CCWD Board authorized execution of the JPA Agreement on April 7 and appointed President

Lisa Borba to represent CCWD as Director on the JPA Board of Directors and Vice President Ernie Avila to serve as Alternate on May 19th.

Multi-Party Cost Sharing Agreement

Since project planning started in 2016, it has been funded by cost share agreements funded equally by all LAPs. Valley Water approved approximately \$1.3 million towards cost sharing agreements in 2016 and 2019 to fund LVE Project planning and design. The 2019 Multi-Party Cost Share Agreement (MPA) has been amended twice to extend the timeline and add funding. The current MPA provides funding for project planning and design through the end of the 2021 calendar year.

CCWD has recently circulated a draft of Amendment 3 to the MPA to extend the agreement beyond the current termination date of December 31, 2021 and provide additional cost sharing for planning and design activities in 2022. The target date for approval is the fall of 2021. The draft Amendment 3 sets forth a total cost share not to exceed \$5,956,055 to be divided equally among the LAPs. A party's individual share would not exceed \$850,865. This draft Amendment 3 is attached as Attachment 2.

The MPA is intended to be replaced with an Interim Funding Agreement through the JPA once the JPA is formed and ready to take on financial management on behalf of the LAPs. Valley Water staff is still analyzing the terms of the draft Amendment 3 and will provide initial comments to CCWD and the other LAPs in July.

Next Steps and Decision Points

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

Late Summer - Fall 2021: WSEC Committee and Board meetings to consider extension of the MPA and Valley Water's participation in JPA. Valley Water can decide not to approve the MPA extension and/or not join the JPA, either of which will result in Valley Water's withdrawal from the LVE Project.

Mid 2022: Final award hearing with the CWC for Water Storage Investment Program (WSIP) funding.

End of 2022: JPA executes Service Agreements (storage and/or conveyance services) with CCWD and the LAPs. The JPA executes Facilities Usage Agreements with CCWD and EBMUD for existing facilities (i.e., establishes user fees). Valley Water can decide not to approve a Service Agreement and exit the LVE Project. Final funding agreement is executed with CWC.

2023: Construction is expected to start on the initial LVE Project elements.

2023 - 2025: Construction of Transfer-Bethany Pipeline.

2027 - 2029: Construction of dam raise, pumping facilities, and other conveyance improvements.

2030: LVE Project is expected to be in full operation.

After the JPA is formed and Service Agreements are approved there are still opportunities to withdraw from the LVE Project, including:

1. if the Engineer's estimate is too high,
2. if other partners withdraw,
3. if state or federal funding is withdrawn or comes with unacceptable conditions,

4. if unacceptable permit conditions are attached to the project, or
5. if a LAP cannot obtain a long-term water supply.

Once bonds are issued for the construction of any specific component, withdraw from the LVE Project must be approved by the JPA Board.

ATTACHMENTS:

Attachment 1: Draft JPA Agreement (6-16-21)

Attachment 2: Draft Amendment 3 to the Cost Share Agreement

UNCLASSIFIED MANAGER:

Kirsten Struve, 408-630-3138

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

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

RECITALS

- A. Each Member is a public agency authorized and empowered to contract for the joint exercise of powers under Articles 1 through 4, Chapter 5, Division 7, Title 1 (commencing with Section 6500) of the Government Code of the State of California; and
- B. Each Member has the power to plan for, design, construct, operate, maintain, repair, and replace water-related facilities, as contemplated in the Project, as defined in Section 1.1.26, below; and
- C. The Members desire to use any and every power common to them for the purpose of designing, and for their potential participation in, constructing, operating, repairing and maintaining the Project, or taking such other actions that will make the use of the Project more efficient or effective in providing the Members and their respective ratepayers a more reliable and affordable water supply, but nothing in this Agreement shall provide any power to Contra Costa Water District to unilaterally suspend the delivery of Project benefits to a Member; and
- D. Contra Costa Water District’s Board of Directors adopted Resolution No. 21-006 at a regularly scheduled meeting on April 7, 2021 that found and determined the Project, as contemplated by this Agreement, is consistent with the applicable principles of that district included in Resolution 03-24, adopted on June 25, 2003; and
- E. The Members desire, by means of this Agreement, to establish a new public agency that is separate and apart from each of the Members, to provide for its governance and administration, and to create a structure for Members to assist in the design, construction, operation, and administration of the Project as Members may elect, and for related purposes. This Agreement does not legally bind or otherwise commit the Authority or the Members to participate in or otherwise proceed with the Project. The Members will comply with the California Environmental Quality Act (“CEQA”), as applicable, prior to participating or otherwise proceeding with the Project. The Members further acknowledge the Project has been the subject of prior review in compliance with CEQA and that Contra Costa Water District, as lead agency, has completed and certified an environmental impact report concerning the Project.
- F. Establishing and joining the Authority are administrative and organizational actions that will not result in a direct physical change in the environment or a reasonably foreseeable indirect change to the environment, and thus is not a project as defined by CEQA Guidelines section 15378(b)(5).

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

**ARTICLE 1
GENERAL PROVISIONS**

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

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

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

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

1.1.4 Agreement means this Joint Exercise of Powers Agreement.

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

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

1.1.7 Bonds means bonds, notes, commercial paper, and any other evidence of indebtedness of the Authority authorized and issued pursuant to the Act, any indebtedness issued or incurred by the Authority pursuant to any act supplementary to the Act, including, but not limited to, refunding bonds authorized and issued pursuant to Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

1.1.8 Capacity Usage Rights means the Authority's rights to Project water transmission and storage capacity, which the Authority may then assign to each Member under the terms of the Service Agreements. Each Member's share of Capacity Usage Rights held by the Authority shall be the basis for each Member's share of Project costs.

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

1.1.10 CCWD-Provided Facility means an existing facility owned and operated by CCWD with excess capacity that has been made available for use by the Authority in accordance with the Facilities Usage Agreement between CCWD and the Authority. CCWD-Provided Facilities are listed and identified in Exhibit B, as it may be subsequently amended to reflect changes to the Project in accordance with Section 8.2, below; provided that inclusion of a CCWD-Provided Facility on Exhibit B does not give the Authority any Capacity Usage Rights to use that facility, except as provided in the Facilities Usage Agreement between CCWD and the Authority.

1.1.11 Costs of Service mean the costs of Services included in the payments, or other non-monetary benefits, the Authority will receive from Members pursuant to the Service Agreements

or any Related Activity Agreement based on Capacity Usage Rights. The Costs of Service, which shall be as fully described and specified in the respective Service Agreements or any Related Activity Agreement, include, but are not limited to, all Project capital costs and operating expenses, such as Project development costs; debt service, to the extent applicable under any agreed upon financing vehicle, including interest, on any Bonds; amounts payable to CCWD and EBMUD under the Facilities Usage Agreements; operations and maintenance costs of the Project or of any Related Activity; Authority administrative expenses; capital reserve payments; and payments to a renewal and replacement fund the Authority will establish.

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

1.1.13 Director means a member of the Board appointed to the Board pursuant to Section 2.2 of this Agreement or a duly appointed alternate acting for the appointed Board member in his or her absence.

1.1.14 Early Funding Agreement means the agreement between the California Water Commission and CCWD, dated December 20, 2018 and as amended on July 24, 2020, and as it may subsequently be amended, to partially fund Project development activities. The Early Funding Agreement cannot be assigned to the Authority.

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

1.1.16 EBMUD-Provided Facility means an existing facility owned and operated by EBMUD, that may be made available for use by the Authority in accordance with, and to the extent provided by, the Facilities Usage Agreement between EBMUD and the Authority. EBMUD-Provided Facilities are listed and identified in Exhibit B as it may be subsequently amended to reflect changes to the Project in accordance with Section 8.2, below; provided that inclusion of an EBMUD-Provided Facility on Exhibit B does not give the Authority any Capacity Usage Rights to use that facility, except as provided in the Facilities Usage Agreement between EBMUD and the Authority.

1.1.17 Effective Date means the date the last Member signs this Agreement, as CCWD shall confirm in written notice to the Members.

1.1.18 Facilities Usage Agreement means the agreements entered into by the Authority and CCWD as to CCWD-Provided Facilities and, as may be applicable, any New Facilities and Modified Facilities for which CCWD is designated as the operator on Exhibit B hereto; and by the Authority and EBMUD as to EBMUD-Provided Facilities and, as may be applicable, any New Facilities and Modified Facilities for which EBMUD is designated as the operator on Exhibit B hereto. Each Facilities Usage Agreement shall provide the Authority with Capacity Usage Rights in some or all of those facilities in exchange for making payments to CCWD or EBMUD, as applicable. Each Facilities Usage Agreement shall specify the nature and extent of Capacity Usage Rights conveyed, the terms and conditions under which those rights may be exercised, and the payment to be made in return for obtaining or exercising Capacity Usage Rights. The Authority may assign its Capacity Usage Rights obtained through Facilities Usage Agreements to one or more Members through the Service Agreements.

1.1.19 Final Funding Agreement means the agreement entered into by the Authority and the California Water Commission under which the California Water Commission agrees to provide funding of approximately \$435 million (subject to adjustment) to partially finance design and construction of the Project and the Authority agrees to construct the Project and comply with related contractual obligations in providing public benefits.

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

1.1.21 Interim Funding Agreement means the agreement entered into among the Members and the Authority, following formation of the Authority, to provide an interim source of funding for Project development costs, including the initial expenses related to the formation of the Authority, prior to the time where permanent sources of Authority revenues are in place. The Interim Funding Agreement is separate from the Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning, as amended among the agencies who will become Members, which has provided funding for Project-related functions prior to formation of the Authority, and from the Service Agreements, which are expected to provide funding to the Authority once it is in a position to provide Services to the Members. It is contemplated the above-referenced Cost Share Agreement, as amended, will provide funding before formation of the Authority, the Interim Funding Agreement will provide funding in the early stages after formation of the Authority and the Service Agreements will provide permanent, ongoing funding for the Authority.

1.1.22 Member means any of the members of the Authority, as listed on Exhibit A hereto, and any other entity added to this Agreement by a subsequent amendment to Exhibit A that executes this Agreement. As used herein, the term "Member" shall not include the Department of Water Resources, which pursuant to Water Code Section 79759(b), shall be an ex officio non-voting member of the Authority.

1.1.23 Modified Facilities means existing facilities owned by CCWD or EBMUD that will be modified as part of the Project, funded in whole or in part through the Authority's proportional share of the costs of development, design, construction, operations and maintenance which are expected to be financed or paid through the Service Agreements the Members enter into with the Authority, and through Design & Construction Agreements and O & M Agreements between the Authority and CCWD and EBMUD, as applicable, or through one or more Related Activity Agreements among those Members benefitting from specific Modified Facility(ies). The Modified Facilities are identified on Exhibit B hereto, as it may be subsequently amended to reflect changes to the Project in accordance with Section 8.2, below; provided that inclusion of a Modified Facility on Exhibit B does not give any Member other than CCWD or EBMUD, as the operator of that facility, any Capacity Usage Rights to use that facility, except as provided in any Facilities Usage Agreement. A Modified Facility may also be referred to as a "specific component" of the Project for purposes of describing specific Modified Facilities to be included in particular financings the Authority will undertake.

1.1.24 New Facilities means facilities necessary for the Project that are expected to be financed by the Authority and designed, built, owned, operated and maintained by CCWD or EBMUD through Design & Construction Agreements and O & M Agreements between the Authority and CCWD and EBMUD, as applicable, or through one or more Related Activity Agreements among those Members benefitting from specific New Facility(ies). The Authority may also own New Facilities. New Facilities which are owned by the Authority may be operated by a Member or by the Authority, as the Board shall determine with the written agreement of the Member to be charged with operational responsibility. The Authority, including CCWD and EBMUD in their capacity as Members, is expected to be solely responsible for all costs and liabilities related to the New Facilities. The New Facilities are identified on Exhibit B hereto, as it may be subsequently amended to reflect

changes to the Project in accordance with Section 8.2, below; provided that inclusion of a New Facility on Exhibit B does not give any Member other than CCWD or EBMUD, as the operator of that facility, any Capacity Usage Rights to use that facility, except as provided in any Facilities Usage Agreement. A New Facility may also be referred to as a “specific component” of the Project for purposes of describing specific New Facilities to be included in particular financings the Authority will undertake.

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

1.1.26 Project means generally the second phase of the efforts to expand existing conveyance facilities, and construct new conveyance facilities, at the Los Vaqueros Reservoir owned and operated by CCWD. The Project will expand Los Vaqueros Reservoir to a capacity up to 275,000 acre-feet and will interconnect CCWD’s intake system to new and existing conveyance facilities that will serve the Members to create a regional system. The Project is expected to provide statewide public benefits, including ecosystem benefits to the Project Service Area, including south-of-Delta wildlife refuges, drought and non-drought emergency water supply benefits for the Members, and recreation benefits. The Project is also expected to provide benefits to regional water supply agencies that are Members located within the Project Service Area, integration with state and federal water systems, Central Valley Project operational flexibility, and enhanced opportunities for sustainable groundwater and recycled water management. The Project includes the components specified in Exhibit B hereto as to be more specifically described in subsequent agreements, including New Facilities, Modified Facilities, CCWD-Provided Facilities and EBMUD-Provided Facilities. The Project may include any Related Activity approved by the Board and facilities associated therewith.

1.1.27 Project Service Area means the San Francisco Bay Area (consisting of the counties of Alameda, Contra Costa, Marin, Napa, San Benito, San Francisco, San Mateo, Santa Clara, Solano and Sonoma) and the Central Valley Project service area (as it may be modified from time to time).

1.1.28 Recreational Facilities means those facilities owned, managed and controlled by CCWD that provide recreational opportunities in the Watershed for fishing, boating and hiking, and educational opportunities. The Recreational Facilities are included as a Modified Facility for purposes of this Agreement, which CCWD shall continue to own, manage and control. Funding issues with respect to Recreational Facilities shall be addressed in a Member’s Service Agreement.

1.1.29 Related Activity means an effort, not deemed to be of general benefit to all Members, but consistent with this Agreement’s purposes and the Authority’s objectives, which is undertaken through the Authority by a subset of Members which choose to voluntarily participate in the particular Related Activity, and with respect to which only such participating Members shall receive benefits or incur financial or other obligations.

1.1.30 Related Activity Agreement means the agreement entered into among the Authority and those Members participating in a Related Activity, which sets forth the Authority’s and participating Members’ rights and obligations with respect to that Related Activity.

1.1.31 Reservoir System means the Los Vaqueros Dam, Reservoir, the other CCWD-Provided Facilities listed on Exhibit B, related buildings and structures and any appurtenant facilities.

1.1.32 Reservoir System Operator means CCWD in its capacity as the owner and operator of the Reservoir System.

1.1.33 Services mean the services of the Project provided to the Members pursuant to the respective Service Agreements, consisting, in general, of water storage and conveyance through the various facilities to which the Authority has contracted to have access and use in accordance with each Member's share of Capacity Usage Rights held by the Authority pursuant to the Facilities Usage Agreements. Specific services to be provided to Members will depend on Members' requests, water delivery priorities specified in the Service Agreements, hydrological conditions and permit and regulatory conditions.

1.1.34 Service Agreement means an agreement entered into by a Member and the Authority pursuant to which the Authority provides Services to the Member and the Member is obligated to make payments, or provide other non-monetary benefits to the Authority with respect to the costs thereof, as consideration for those Services, all in accordance with the terms and conditions of any such Service Agreement. It is the intent of the Members that the Service Agreements shall allocate the Costs of Service among the Members in proportion to their anticipated use of Project facilities and other benefits a Member derives from the Project in accordance with its share of Capacity Usage Rights as expressed by the "beneficiary pays" principle. It is also the intent of the Members that the Service Agreements will also allocate costs in a manner to negate any cross-subsidy among Members (i.e., where any Member obtains an unreasonable financial benefit through financial contributions of another Member or other Members), taking into consideration any grant funding the Authority or any Member has received for Project-related costs.

1.1.35 Watershed means the Los Vaqueros Watershed, which is owned and managed by CCWD, consisting of approximately 20,000 acres of protected watershed land that surrounds the Los Vaqueros Reservoir. CCWD shall continue to own and manage the Watershed throughout the term of this Agreement.

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

1.2.1. The Members represent a diverse group of public agencies engaged in water management, conservation, and/or delivery in the Project Service Area. This area's regional water systems are vulnerable to water shortages due to emergencies such as earthquakes, fire, or drought, and to dry year supply decreases due to insufficient regional storage.

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

1.2.3. The Authority is created to enable public agencies responsible for water distribution to work collaboratively with a regional focus to improve water supply reliability through the development and operation of the Project.

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

1.3.1 Provide governance of the Project by the Members;

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

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

1.3.4 Acquire and maintain sufficient Capacity Usage Rights in water storage and conveyance facilities as may be necessary to provide Services to the Members, consistent with the terms of all Project-related agreements; and

1.3.5 Ensure reliable delivery of water to the Members consistent with the terms of the Service Agreements and Facilities Usage Agreements, such that the Members are provided with the contemplated benefits from their respective investments in the Project.

1.4 Creation of Authority. Pursuant to the Act, there is hereby created a public agency known as the "Los Vaqueros Reservoir Joint Powers Authority." The Authority shall be a public agency separate and apart from the Members.

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

1.6 Powers of Authority.

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

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

- (a) To make and enter into contracts;
- (b) To employ agents and employees;
- (c) To lease, acquire, construct, manage, maintain or operate any building, works or improvements;
- (d) To acquire, hold or dispose of property or the right to use property or facilities;
- (e) To supervise and manage the Project so as to deliver state, federal, and Member benefits commensurate with state, federal, and Member investment in the Project consistent with contractual obligations;
- (f) To incur debts, liabilities, or obligations which do not constitute a debt, liability, or obligation of any Member;
- (i) To receive gifts, contributions, and donations of property, funds, services, and other forms of assistance from persons, firms, corporations, and governmental entities, provided that the Authority consents to such gifts, contributions, and donations;

- (j) To prescribe the duties, compensation, and other terms and conditions of employment of other agents, officers, and employees;
- (k) To adopt reasonable rules and regulations for the conduct of the day-to-day operations of the Authority;
- (l) To apply for, accept, receive, and disburse grants and loans from local, state, or federal agencies or from individuals or businesses;
- (m) To sue and be sued in its own name;
- (n) To fund and maintain adequate reserve funds to support debt and operational requirements;
- (o) To invest money in its treasury, pursuant to Government Code Section 6505.5 *et seq.*, that is not required for the immediate necessities of the Authority, as the Authority determines advisable, in the same manner and on the same conditions as local agencies, pursuant to Section 53601 of the Government Code;
- (p) To enter into state funding agreements and federal funding agreements relating to the Project, and assume rights and obligations pursuant to these agreements;
- (q) To finance Project development activities;
- (r) To enter into Design & Construction Agreements and O & M Agreements with CCWD and EBMUD, as applicable;
- (s) To enter into Facilities Usage Agreements with CCWD and EBMUD;
- (t) To enter into an Administrative Agreement with the Administrator;
- (u) To enter into agreements with individuals or entities providing program management, Water Supply Manager, legal, financial, accounting, auditing, and other services as required;
- (v) To enter into agreements with the California Department of Water Resources, the California Department of Fish and Wildlife, the United States Department of Interior, Bureau of Reclamation, and other local, state or federal entities as may be required to comply with the requirements of any state or federal funding agreements and to implement the Project, including the administration of public benefits;
- (w) To issue Bonds;
- (x) To deliver Services to the Members, and receive payment from the Members, pursuant to the Service Agreements;
- (y) To exercise any and all powers which are provided for in the Act and in Government Code Section 6584 *et seq.*, including, without limitation Government Code Section 6588, as they exist on the Effective Date of this Agreement or may hereafter be amended;

- (z) To take action by resolution, ordinance, or motion, as approved by the Board as specified herein;
- (aa) To carry out and enforce all provisions of this Agreement with respect to the activities necessary to undertake the development, construction, and operation of the Project;
- (bb) To conduct such other activities as are necessary and appropriate to the above; and
- (cc) To exercise any power necessary or incidental to the foregoing powers.

1.6.3 Limitation on Powers. Notwithstanding the general and specific powers listed in Sections 1.6.1 and 1.6.2, the Authority shall not have any power to modify CCWD's role in owning, managing and operating the Watershed and Los Vaqueros Reservoir System, and Recreational Facilities.

1.7 Intent of the Agreement. Nothing in this Agreement shall be interpreted to limit or restrict a Member's operations of its water systems and facilities, including such operations that may involve areas outside of the Project Service Area. The Members acknowledge that entering into this Agreement does not constitute a commitment to carry out the Project, but such commitments to construct and implement the Project may be undertaken in the future through the execution of subsequent agreements, including, but not limited to, the Service Agreements.

1.8 Manner of Exercising Authority Powers. In accordance with Government Code Section 6509, the Authority shall exercise its powers in the manner by which CCWD exercises its powers, except to the extent this Agreement or the Act specifically provide otherwise.

ARTICLE 2 BOARD OF DIRECTORS

2.1 Creation. The Authority shall be governed by a Board of Directors, which is hereby established, consisting of one (1) Director for each Member, along with one (1) Director appointed by the Department of Water Resources, which is required by law to be a non-voting ex officio member of the Authority pursuant to Water Code Section 79759(b). The governing board shall be known as the "Board of Directors of the Los Vaqueros Reservoir Joint Powers Authority." All voting power shall reside in the Board and be exercised as specified in Section 3.3, below. By establishing the Authority and creating the Board, the Members do not intend to create any incompatibility between the service of a Member's governing body member on the Member's governing body, and his or her service as a Director of the Authority, and this Agreement shall be interpreted, if and where necessary, so that no such incompatible office exists.

2.2 Directors.

2.2.1 Directors Appointed; Term. Within thirty (30) days of the Effective Date of this Agreement, each Member shall designate and appoint, by a formal action of its governing body, either one (1) member of its governing body (provided that any Member which itself consists of one or more member agencies may appoint any member of one of its member agencies' governing bodies), or a management-level employee of the Member, or of any member agency of a Member, to act as its representative on the Board; and one (1) other governing body member or Member employee, either by name or position title, to act as an alternate to that Director so appointed. If a Director's or alternate's membership on the appointing Member's governing body ceases or that

person ceases to be on the governing body of a Member's member agency, if applicable, or if the Director or alternate is an employee of the Member, or of a Member's member agency, and the Director's or alternate's employment by the Member ceases, his or her membership on the Board or position as an alternate, as applicable, shall also immediately cease. The alternate appointed by each Member shall have the authority to attend and participate in any meeting of the Board, but shall only be allowed to vote at any meeting of the Board when the regular Director is absent. At any meeting of the Board when the regular Director is absent, the alternate shall have the full authority of the Member to vote on any issue before the Board. Each Director shall hold office until his or her successor is selected by the appointing Member, except where immediate cessation of Board membership is expressly provided for by this section. Directors shall serve at the pleasure of the governing board of the appointing Member and may be removed at any time, with or without cause, in the sole discretion of the appointing Member's governing board. If a Director ceases to serve on the Board, the Member that appointed that Director shall select that Director's replacement, and may allow the alternate then serving to fill that Director's position on a temporary or permanent basis, in that Member's discretion; provided that any alternate who is a non-managerial employee of a Member may only serve in the Director's position on a temporary basis, until that Member permanently fills that Director position in accordance with the requirements set forth above.

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

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

2.3.1 Fulfill the Authority's purposes;

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

2.3.3 Approve the engagement of a Program Manager, Water Supply Manager, and other consultants and advisors, including those related to issuance of any Bonds;

2.3.4 Approve annual or two-year budgets;

2.3.5 Approve agreements through which Project will be implemented;

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

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

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

**ARTICLE 3
MEETINGS OF THE BOARD**

3.1 Meetings. The Board shall meet at least monthly, and more frequently as the Board deems necessary to conduct the Authority's business. The Board shall provide for the date, hour, and place of its regular meetings by Resolution of the Board filed with the governing body of each Member. The Board may suspend the holding of regular meetings so long as there is no need for Authority business. The Board shall hold its first meeting within sixty (60) days after the Effective Date. The Board may meet by teleconference or by video conferencing, and in joint session with other public agencies and advisory bodies in accordance with California law.

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

3.3 Voting.

3.3.1 Simple Majority Votes. Subject to the veto rights provided in Section 3.3.4, below, and the provisions of Section 3.4, below, each Director representing his or her appointing Member shall have one vote. Except as otherwise provided by law or as set forth in Sections 3.3.2 and 3.3.3, below, all actions of the Board, including, but not limited to, approval of Authority budgets under Article 7, below, and approval of the issuance or refunding of Bonds shall be approved on the affirmative vote of a majority of the total number of Directors of the Authority pursuant to Section 2.1. In the event of a tie vote among the Directors, the matter will not be considered to have passed.

3.3.1.1 The approval of the admission of a new Member will be by simple majority vote, subject to Sections 3.3.1.1.1, 3.3.1.1.2 and 3.3.1.1.3, below.

3.3.1.1.1 If the admission of a new Member may have an adverse and material effect, as described in Section 3.3.1.1.3, on a current Member, the Director appointed by the affected Member may request that the Members meet and confer, and then the Members shall meet and confer in good faith to attempt to address the claimed adverse and material effect. The Director appointed by the affected Member who declared that the admission of a new Member will have an adverse and material effect shall, as soon as practicable thereafter, provide relevant information to substantiate the adverse and material effect on the Member. In addition, the affected Member's governing body shall adopt a resolution setting forth specific findings of all adverse and material effects which are expected to result from the proposed admission of the new Member. The meet and confer session shall occur at the next Board meeting, or as soon thereafter as Authority staff, the Administrator, the Executive Director (if one has been appointed), or the Members can obtain any further information, in addition to the information provided by the Director appointed by the affected Member, as needed to determine if the claimed adverse and material effect can be confirmed and eliminated. If confirmed adverse and material effects cannot be eliminated, then the proposed new Member will not be admitted to the Authority.

3.3.1.1.2 The Members to this Agreement recognize that the Authority was created, in part, to provide benefits to regional water supply agencies located within the Project Service Area, including to address water supply and emergency water needs in urban, exurban, agricultural and refuge service areas, and that certain state funding arrangements are based on the regional benefits of the Project to the Project Service Area. The Parties also acknowledge that the current Members represent a diverse coalition of parties, which together are able to deliver regional impacts and benefits from the Project. Therefore, if a Member withdraws from the Authority pursuant this Agreement, and the withdrawal results in the loss of benefit to a particular service area,

then any regional wholesale customer, supplier, or member agency of a current or former Member in the service area impacted by the withdrawing Member will have a priority to seek to join the Authority as a new Member over other agencies that are not directly connected to a current or former Member in the impacted service area and, if approved by a majority of the Members, will have a right of first refusal to join the Authority.

3.3.1.1.3 For purposes of this subdivision, an “adverse and material effect” means one or more of the following: (a) a decision that would unreasonably increase the affected Member’s operational costs as compared to that Member’s existing operational costs; (b) a decision that would decrease capacity of a Project facility used by the affected Member; (c) a decision that would materially restrict the affected Member in its ability to provide an adequate water supply within its service area, including, but not limited to, causing the affected Member to violate any operational permit or water rights permit or license; and/or (d) a decision that would result in a material adverse impact on the quality of water conveyed from the Project.

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

3.3.2.1 Approval of an amendment to the Agreement other than to Exhibits A or B; provided that amendments described in Section 3.3.3.6 must have unanimous Board approval; and provided further that if the proposed amendment relates to Section 7.12, then any such amendment’s approval must include a vote of approval by the SFPUC;

3.3.2.2 Termination of a Member’s membership pursuant to Section 9.2;
and

3.3.2.3 Termination of the Agreement.

3.3.3 Items Requiring Unanimous Approval. Notwithstanding Sections 3.3.1 and 3.3.2, above, the following actions of the Board must be unanimously approved by the Board:

3.3.3.1 Commencement of litigation by the Authority relating to the funding or operation of the Project; or against any Member to interpret or enforce this Agreement or otherwise relating to the Member’s obligations concerning the Project; provided that the Member against whom that litigation is contemplated shall not be included in that unanimous vote requirement;

3.3.3.2 Approval of any additional funding contributions under Section 7.7.2, below;

3.3.3.3 Any disproportionate disbursement to a Member or Members made upon termination of this Agreement, as described in Section 8.5, below;

3.3.3.4 Any decision by the Board to approve the creation of positions of employment for the Authority;

3.3.3.5 Approval of any contract with Cal-PERS or any other public retirement system; and

3.3.3.6 Approval of an amendment to the Agreement which would change the requirement for unanimous approval of an action listed in Section 3.3.3, or which relates to the veto right provided by Section 3.3.4.

3.3.3.7 Approval of the incurrence of debt in connection with a Related Activity pursuant to Section 6.1.

3.3.4. Veto Rights of CCWD and EBMUD.

3.3.4.1 Notwithstanding any other provision of this Agreement, for any proposed decision by the Board that either CCWD or EBMUD determines would have an adverse and material effect, as described in Section 3.3.4.4, upon a CCWD-Provided Facility or an EBMUD-Provided Facility, respectively, or upon one or more New Facilities or Modified Facilities owned and operated by CCWD or EBMUD, CCWD or EBMUD, as applicable in connection with the facility(ies) to be affected, acting through the Director it appointed, shall have the right to veto that decision in accordance with the provisions of this Section 3.3.4.

3.3.4.2 The Director appointed by the affected Member (i.e., either CCWD or EBMUD) shall exercise the veto by declaring an intention to veto a proposed decision during a Board meeting at the time the matter is discussed or considered for action. If such intent is declared, the Board may (i) proceed immediately with a vote on the matter, or (ii) by majority vote, delay the vote on that matter to a future meeting to allow the development of an alternative or modified recommended action.

3.3.4.3 If the Board elects to hold a vote, the Director appointed by the affected Member may veto the proposed action, which veto shall be final and conclusive. In the event of such a veto, the Authority shall not proceed with the action specified in that proposed decision. If the Board elects to delay the matter to a future meeting, the Members shall meet and confer in good faith to attempt to develop a revised action which addresses the adverse and material effect. The Director appointed by the affected Member which declared its intent to exercise the veto shall, as soon as practicable after declaring its intent to veto, provide relevant information to substantiate the adverse and material effect on the affected Member which is expected to result from the Authority's proposed action. In addition, that Member's governing body shall adopt a resolution setting forth specific findings of all adverse and material effects which are expected to result from the Authority's proposed action. The meet and confer session shall occur at the next Board meeting, or as soon thereafter as Authority staff, the Administrator, the Executive Director (if one has been appointed), or the Members can obtain any further information, in addition to the information provided by the Director appointed by the affected Member which declared its intent to veto, or clarifying direction as needed to propose an alternative or modified recommended action. Any revised action proposed to the Board shall be subject to the veto rights described in this section. No proposed action shall be delayed pursuant to this section more than once, except with the consent of the Director affected by the affected Member which declared its intent to veto the action.

3.3.4.4 For purposes of this subdivision, an "adverse and material effect" includes the following: (a) a decision that would unreasonably increase the affected Member's operational costs as compared to that Member's existing operational costs; (b) a decision that would decrease capacity of the subject facility; (c) a decision that would materially restrict the affected Member in its operation of the subject facility or in its ability to provide an adequate water supply within its service area, including, but not limited to, causing the affected Member to violate any operational permit or water rights permit or license; and/or (d) a decision that would result in a material adverse impact on the quality of water conveyed from the Project.

3.4 Effect of Recusal. If any Director recuses himself or herself from voting on any matter before the Board where the Director, in the Director's sole discretion, determines it is inappropriate for that Director to participate in the vote on that matter, then that Director shall not be counted as a voting Director, such that the total number of voting Directors is reduced by one in calculating the

required quorum and in calculating the total number of votes that may be cast and utilized in determining any applicable threshold for the Board's approval of that matter.

3.5 Special Voting Rules Applicable to Grassland Water District. Due to the fact that Grassland Water District will not be making monetary contributions to the Authority, Grassland Water District shall only be entitled to vote on non-financial matters and those financial matters that concern the administration of public benefits or the delivery of ecosystem benefits to south-of-Delta refuges. In any situation where Grassland Water District is not permitted to vote, for purposes of the determination of the vote needed for approval, Grassland Water District shall not be counted as a voting Member, including for purposes of determining whether a quorum is present pursuant to Section 3.6, such that the total number of voting Members is reduced by one in calculating total number of votes that may be cast and utilized in determining any applicable threshold for the Board's approval of any such action.

3.6 Quorum. A majority of the Directors shall constitute a quorum for the transaction of business, but subject to the voting approval requirements specified in Section 3.3.

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

3.8 Closed Session. Closed sessions of the Board shall be confidential. However, confidential information from closed sessions may be disclosed to each Member's governing body as permitted and limited by Government Code Section 54956.96. The Board may include provisions in the Authority's Bylaws to implement this section. In addition, when any closed session is held pertaining to any matter in which a Member holds a position adverse to the Authority (including, but not limited to pending or potential litigation or ongoing real estate negotiations), the Director appointed by that adverse Member shall be recused from any such closed session. Prior to the Authority conducting any closed session involving the liability claims or potential litigation where a Member may have a position adverse to the Authority, the Authority and Member shall comply with any meet and confer requirements set forth in this Agreement; provided, however, that the Authority may waive, by majority vote of the Board, any such meet and confer requirement in the event a statute of limitation would otherwise expire.

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

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

ARTICLE 4 OFFICERS AND EMPLOYEES OF THE AUTHORITY

4.1 Chair. At the Board's first meeting, and then in its first meeting of each calendar year or as soon thereafter as practicable, it shall elect one of the Directors as Chair of the Board. The term of office for the Chair shall be one year, or until his or her successor is elected. A Chair may not serve more than four (4) consecutive terms as Chair, and the foregoing term limit shall also apply to the Member on whose behalf the Chair is serving, such that no Member shall be allowed to have any Director or combination of Directors serve on its behalf as Chair for more than four (4) consecutive terms. The Chair of the Board shall preside at all meetings and shall perform such other duties as are specified by the Board through order, resolution or motion. Subject to the foregoing,

the position of Chair shall be elected on the basis of the individual Director and not on the basis of the underlying Member with which the Chair is affiliated.

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

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

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

4.5 Administrator.

4.5.1 Generally. The Board shall select the Administrator, which shall provide management and administrative services for the Authority, as more specifically described in Section 4.5.2, below. CCWD shall serve as the initial Administrator, and its rights and responsibilities in that role shall be set forth in the Administrative Agreement, or other agreement between CCWD and the Authority. The Board may, in its discretion, upon the termination or assignment of the Administrative Agreement, appoint a subsequent Administrator to replace CCWD, may transfer some or all of the

Administrator's duties to the Executive Director appointed under Section 4.6, below, or may combine the Administrator's position with the Executive Director; subject, however, to ensuring that any contractual obligations CCWD has undertaken with respect to the administration of the Project, including under the Early Funding Agreement, are met. Until such time as an Executive Director is appointed, the Administrator shall oversee and manage any consultants and (if any) employees of the Authority, and the Administrator shall report to the Board. After an Executive Director is appointed, the Administrator shall report to the Executive Director and be subject to the Executive Director's supervision, subject to compliance with any existing contractual obligations of the Administrator.

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

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

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

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

4.5.5 Independent Contractor; Authority Employees. Until such time, if any, as the Administrator is hired as an Authority employee, as provided under this Agreement and to the extent allowed by law, the Administrator shall be retained as an independent contractor and not an employee of Authority. No employee or agent of the Administrator shall become an employee of the Authority, except as may be agreed in writing. Any Administrator employees or agents assigned to provide services under this Agreement shall remain under the exclusive control of the Administrator, subject to Section 4.6 if an Administrator's employee serves as Executive Director. The Authority may only create positions of employment with unanimous approval by the Board.

4.6 Executive Director. The Board may appoint an Executive Director to work with the Administrator in connection with the duties specified under Section 4.5.2, above. Upon the appointment of an Executive Director, the Board may transfer any of the Administrator's duties to the Executive Director, as may be feasible based on applicable contractual limitations set forth in the Early Funding Agreement. As determined by the Board, the Executive Director may be an independent contractor; an employee of the Administrator, of a Member or of a non-Member firm or entity; or, upon unanimous approval of the Board, an employee of the Authority. It is contemplated that the Executive Director would report directly to the Board and would manage Authority activities, oversee and manage the Authority's consultant and (if any) employees, ensure that the Board receives appropriate and timely information, supervise the Administrator, including coordinating Project activities with the Administrator, and ensure that the Authority provides services and fulfills its obligations to the Members in accordance with the respective Service Agreements and in accordance with all other Project-related agreements.

4.7 Authority Attorney.

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

4.7.2 Duties. The attorney for the Authority or a designated deputy shall attend all meetings of the Board; provided, however, that the absence of the Authority attorney shall not affect the validity of any meeting. The attorney shall take charge of all suits and other legal matters to which the Authority is a party or in which it is legally interested. The attorney shall provide legal counsel to the Authority and its Board, ensure the legal sufficiency of all contracts, ordinances, resolutions, and other legal instruments of the Authority, and perform such other duties as the Board specifies, including, but not limited to, obtaining specialized legal services.

4.8 Program Manager. The Board may engage one or more persons or entities to provide program management services as a Program Manager, who shall report to the Executive Director or Administrator if no Executive Director has been appointed. The Program Manager shall coordinate with the Administrator and/or Executive Director regarding various design and construction activities for the Project, including coordination with CCWD and EBMUD in accordance with the Design and Construction Agreement and O & M Agreements with respect to decisions likely to have a cost impact on the Authority and the Members. Such coordination shall include, but not be limited to, budget tracking, scheduling and quality control/quality assurance, with the understanding that CCWD and EBMUD have primary responsibility for the design and construction of their respective facilities, as will be specified in the Design & Construction Agreements. The Program Manager, in consultation with the Executive Director and subject to Board approval in accordance with Authority policies, may contract for additional services that may be required.

4.9 Water Supply Manager. The Board may engage one or more persons or entities to provide the services as a Water Supply Manager, who shall report to the Executive Director or Administrator if no Executive Director has been appointed. The Water Supply Manager shall oversee the operations of the Project in coordination with CCWD as to CCWD-Provided Facilities and any Modified Facilities or New Facilities that CCWD operates, and with EBMUD as to EBMUD-Provided Facilities and any Modified Facilities or New Facilities that EBMUD operates. The Water Supply Manager shall coordinate with all Members who are South Bay Aqueduct Contractors, as well as the SFPUC, regarding operations that will foreseeably impact South Bay Aqueduct facilities. The Water Supply Manager's duties shall include scheduling necessary diversions and deliveries of stored water in response to Members' requests on behalf of the Members, coordinating Members' storage and conveyance needs with CCWD's system operator, tracking the delivery of Services to the Members, and ensuring compliance with all Project agreements, reporting requirements and coordinated operations agreements with the United States Department of Interior, Bureau of Reclamation and the California Department of Water Resources. The Water Supply Manager shall perform his or her duties in accordance with the terms of the Service Agreements and the Facilities Usage Agreements, as well as with operating protocols to be adopted by the Board. The operating protocols shall not unreasonably restrict: (1) CCWD's or EBMUD's ability to manage their respective facilities; or (2) the exercise of the Authority's Capacity Usage Rights expressed in any Facilities Usage Agreement, and as allocated to the Members in the respective Service Agreements. Any Water Supply Manager decision shall be subject to an appeal process to be established by the Board.

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

4.11 Additional Officers and Employees. The Board shall have the power to appoint additional officers as it deems necessary, and to make modifications to the Authority's organization chart. The Executive Director, upon consultation with the Board and with the Board's required approval, as applicable relative to the hiring of any Authority employees, shall have the power to hire and terminate employees, assistants, contractors, consultants, and others, as the Executive Director deems appropriate, but subject to the terms of any applicable agreement and to the Authority's bylaws or policies.

ARTICLE 5 COMMITTEES

5.1 Committees. The Board, by a majority vote, may form committees for any purpose. Any such Board action to create a committee shall include the purpose of the committee and details concerning the appointment of the chair and members of such committee.

ARTICLE 6 PROJECT OPERATIONS

6.1 Related Activity. Upon approval by a majority of the Board, one or more of the Members may establish a Related Activity that such Member or Members will undertake through the Authority for matters not deemed to be of general benefit to all Members, provided that no Member shall be involved in any such Related Activity without the approval of its governing body. A specific written Related Activity Agreement between the Member or Members who consented to participate in the specific Related Activity and the Authority shall be established for each Related Activity to set forth the respective obligations, functions, and rights of the participating Members and of the Authority. A budget for each Related Activity shall be established in accordance with Section 7.3, below. The Directors representing the Member or Members who will be involved in financing and implementing the specific Related Activity, or their respective designees, shall constitute a "Related Activity Committee," for purposes of administration and implementation of the specific Related Activity. Notwithstanding the foregoing, no debt shall be incurred by the Authority for a specific Related Activity without the unanimous consent of the Board, and of the Related Activity Committee. Any contributions approved by the Related Activity Committee and approved by the participating Member or Members shall be paid by the participating Member or Members. Such contributions by a Related Activity's Members shall be held and accounted for separately from other Authority monies and any Related Activity expenses or liabilities shall be paid from such monies held on account of that Related Activity. To the extent allowed by law, the Member or Members participating in any Related Activity shall indemnify and hold harmless the Authority and the Members not participating in the Related Activity from any and all claims, demands, damages, liabilities, fines, expenses and related costs and fees, including attorneys' and experts' fees, arising from or related to the particular Related Activity, except to the extent of the Authority's or non-participating Member's negligent or intentional acts or omissions. A Related Activity shall not have a material adverse effect impact on any Member that is not participating in the Related Activity. The unanimous consent of the Board to incur debt for a Related Activity as required pursuant to this Section 6.1 shall be conclusive evidence that such Related Activity has been determined not to have a material adverse effect on any Member that is not participating in such Related Activity.

6.2 CCWD Facilities. In accordance with the voting provisions set forth in Section 3.3.4, above, CCWD will retain a veto right with respect to any decision by the Board that would have an adverse and material effect on either or both of the following: (i) a New Facility or Modified Facility for which CCWD is designated as the builder and operator on Exhibit B hereto, and/or (ii) a CCWD-Provided Facility. CCWD may authorize the Authority to take actions and/or make decisions with respect to those facilities in accordance with the applicable Facilities Usage Agreement, Design & Construction Agreements and O & M Agreements.

6.3 EBMUD Facilities. In accordance with the voting provisions set forth in Section 3.3.4, above, EBMUD will retain a veto right with respect to any decision by the Board that would have an adverse and material effect on either or both of the following: (i) a New Facility or Modified Facility for which EBMUD is designated as the builder and operator on Exhibit B hereto, and/or (ii) an EBMUD-Provided Facility. EBMUD may authorize the Authority to take actions and/or make decisions with respect to those facilities in accordance with the applicable Facilities Usage Agreement, Design & Construction Agreements and O & M Agreements.

**ARTICLE 7
FINANCES**

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

7.2 Budget. The Board shall adopt a budget (the "Budget") prior to the start of each Fiscal Year. The Budget may be adopted on a single Fiscal Year or bi-annual basis, in the Board's discretion. The Budget shall include components to fund the Authority's administrative and operational costs, debt service on any Bonds and any capital improvements; provided the Authority shall provide the Members with the draft capital component of the Budget at least six (6) months prior to the start of the Fiscal Year(s) to which the proposed Budget relates. The Board may update and revise the Budget as necessary throughout the period to which the Budget applies. The Budget shall equitably allocate expenses under the Budget to a Member in proportion to that Member's proportionate use of Project facilities, operational priorities and other benefits, as determined in accordance with the Member's Service Agreement, or if a Member's Service Agreement is not in place, the Interim Funding Agreement or any other funding agreement specified by the Board in accordance with Section 7.7, below. The Budget shall take into account any non-monetary contributions being received from Grassland Water District. The Authority shall coordinate with CCWD regarding the establishment of the capital components of the Budget to ensure that costs are properly allocated as between the Authority and CCWD. The contributions approved by the Board shall be paid by the Member Agencies pursuant to Section 7.5, below. Any Member which has opted under Section 7.6, below, to self-fund its share of a specific portion of Project capital costs through a lump sum contribution, rather than financing that contribution through participating in the Authority's Bonds, shall not be required to make further payments under the capital component of the Budget until that lump sum contribution is exhausted and further contribution from that Member is necessary to meet that Member's share of Authority capital costs that would be payable under the Budget. Any funds contributed by a Member that are not used in a Fiscal Year shall roll over to the subsequent Fiscal Year's Budget.

7.3 Specific Related Activity Budgets. In addition to the foregoing Budget, Authority staff, in consultation with the applicable Related Activity Committee, shall develop a budget for any Related Activity established in accordance with Section 6.1, above. The Related Activity Committee shall recommend such Related Activity budget for approval by the Board, which may then approve that Related Activity budget by majority vote in accordance with Section 3.3.1. Any contributions approved by the Related Activity Committee and approved by the participating Members shall be paid by the participating Member Agencies pursuant to Section 7.5, below.

Each Related Activity budget shall include, without limitation, the following:

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

if any.

7.4 Failure to Obtain Budget Approvals. In the event the Board does not approve the Budget or any Related Activity budget prior to the start of a Fiscal Year, the Authority shall continue to operate at the level of expenditure as authorized below:

7.4.1. Operating Expenses. The operational cost components of the Budget shall be set at the expenditure level authorized by the last approved Budget, and the allocation of such Costs of Service to each Member shall be in proportion to the allocation of such costs in the last approved Budget. Any shortfall in revenues for such operational cost components will be made up from available reserves dedicated by the Board for such a purpose, and if those available reserves are insufficient to cover the shortfall, any other available reserve funds not designated by the Board for other purposes or otherwise not legally restricted may be used to meet that shortfall. Such reserves shall be drawn from among the Members in proportion to the allocation of Costs of Service in the last approved Budget. In the event that a shortfall in available funds exceeds available unrestricted reserves of the Authority, such resulting unfunded shortfall shall be carried forward into the subsequent Fiscal Year. Members shall have no obligation to cure such unfunded shortfall other than as may be provided in the applicable Service Agreement or, if applicable, Related Activity Agreement. As used herein, "reserves" shall mean any available unrestricted cash or investments.

7.4.2. Debt Service. The debt service component of the Budget shall automatically be established at the required level necessary to meet the Authority's annual debt service requirements, including any revenue coverage covenants and the allocation of any applicable Costs of Service to each Member shall be in proportion to the allocation of such costs in the last approved Budget.

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

7.5 Payments of Amounts Due; True-Up of Costs. The payments owed for contributions from each Member to the Authority shall conform to amounts payable, or any non-monetary contributions to be provided to the Authority, under each Member's Service Agreement and in accordance with the Budget approved by the Board pursuant to Section 7.2, above, and any Related Activity Budget under Section 7.3, above. Amounts to be paid to the Authority may be divided into a fixed, annual component and a variable component payable on a monthly or other periodic basis as authorized by the Board.

7.6 Member Self-Funding of Project Capital Costs. Notwithstanding any other provision of this Agreement, a Member may elect to self-fund its share of capital costs for specific Project components to be constructed, with the proportion and timing of that self-funding determined under the Member's Service Agreement, in lieu of participating in the issuance of Bonds for that Project component. Any such self-funded payments, including remaining unexpended funds deposited in a previous Fiscal Year, shall be used to offset that Member's share of Project capital costs applicable to that specific Project component that are included in the applicable component of the Budget, until such time as the self-funded amount has been exhausted. In the event the Authority, in its discretion, determines an additional funding contribution from a Member who has self-funded is needed, then the Authority may provide written notice to that Member of the need to deposit additional monies with the Authority, in such amounts as the Authority, acting through its Administrator or Executive Director, shall determine in its reasonable discretion. The Member shall deposit that amount within six (6) months of receipt of notice from the Authority. The Authority shall refund or credit to a Member who has self-funded any remaining unexpended funds contributed by that Member within

sixty (60) days of the completion of the specific component of the Project for which that Member has made self-funded payments, unless the Board finds and determines that the return or credit of such unexpended funds would adversely impact the Authority's financial condition. ,

7.7 Funds, Accounts and Reports. There shall be strict accountability of all funds and reporting of all receipts and disbursements, including through operation and maintenance and capital reserve accounts.

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

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

7.7.2 Interim Funding Plans. The Members intend for the Authority to fund initial Authority costs through the Interim Funding Agreement, and other agreements and revenue sources available to the Authority for such purposes. Notwithstanding the foregoing, in the event the Board unanimously determines that certain costs cannot be funded through such revenue sources and additional monies are required to be contributed by the Members, each Member agrees that it will contribute to a fund or budget approved by the Board in such proportion as the Board shall reasonably determine, as set forth in this article, taking into consideration any non-monetary contributions being received from Grassland Water District. Notwithstanding the foregoing, any financial obligation of the City and County of San Francisco, acting through the San Francisco Public Utilities Commission as a Member of the Authority, payable pursuant to this section is subject to Section 7.12.

7.7.3 Long-Term Funding Plans. The Members intend that all Authority activities will ultimately be funded through various Service Agreements, and Related Activity Agreements, if any, under which the Members will pay or otherwise contribute for services provided by the Authority. The Members intend that the aforementioned agreements will, when taken together, be sufficient to fund all activities of the Authority, including, but not limited to, all administrative, capital

and/or debt service expense, and operation and maintenance costs of the Authority, the Project and Related Activities.

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

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

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

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

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

7.11 Reserve Accounts. The Authority and each Member shall establish in that Member's Service Agreement, or in any Related Activity Agreement, and each Member shall pay into, reserve accounts established for administrative, operational, debt service and capital costs. The respective Service Agreements and, if applicable, Related Activity Agreements, shall specify how the reserve accounts will be replenished in the event such reserves are used. The Authority shall hold those reserves to provide readily available funds in the event a Member is not able to pay its share of the applicable type of costs as provided in that Member's Service Agreement and herein.

7.12 San Francisco Certification of Funds, Budget and Fiscal Provisions.

7.12.1 The financial obligations of the City and County of San Francisco (the "City," acting through the SFPUC as a Member of the Authority) under this Agreement, including all related agreements such as a Service Agreement to which it is a party or a Related Activity Agreement to which it is a party, are subject to and contingent upon the budget and fiscal provisions of the City and County of San Francisco's Charter, except as provided in Section 7.12.2, below. For each budgetary cycle of the City, charges may accrue to the SFPUC for such budgetary cycle only after the prior written certification of the City's Controller, and the amount of the SFPUC's financial obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization, as required under Charter Sections 3.105 and 9.113. The SFPUC's financial obligations under this Agreement will terminate without penalty, liability or expense of any kind to the SFPUC at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year, subject to the one (1) year suspension process described in this Section 7.12.1. If funds are appropriated for a portion of the fiscal year, the SFPUC's financial obligations under this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated, subject to the one (1) year suspension process described in this Section

7.12.1. The SFPUC has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. This section controls against any and all other provisions of this Agreement, except Section 7.12.2 and Section 8.4.2. In the event the City fails to appropriate adequate funds in any fiscal year to meet the City's financial obligations under this Agreement, or fails to timely obtain the certification described in Section 7.12.2 relating to funding commitments for the Project or a Related Activity, the Authority may, in the sole discretion of the Authority's Board of Directors, suspend any benefits the City would receive from this Agreement until such time as all financial obligations owed to the Authority under this Agreement are satisfied, provided that the Authority has first given the City a minimum of sixty (60) days' advance written notice of such suspension. If the City does not satisfy its financial obligations under this Agreement following receipt of the Authority's written notice for a period of one (1) year from the effective date of the suspension, the City shall be deemed to have withdrawn from the Authority. The Authority shall not impose interest on the City's financial obligations under this Agreement during this one (1) year period. If the SFPUC is deemed to have withdrawn from the Authority under this Section 7.12.1, the SFPUC's financial obligations under this Agreement shall not be governed by the provisions of Section 8.4.1, but Section 8.4.2 shall apply and the SFPUC shall be responsible for its share of the costs incurred by the Authority up until the end of the last fiscal year for which funds were appropriated, or the end of the term for which funds were last appropriated in the event that funds are appropriated for a portion of the fiscal year.

7.12.2 Notwithstanding Section 7.12.1, the financial obligations of the City under a Service Agreement to which it is a party or a Related Activity Agreement to which it is a party, may include an SFPUC commitment to (1) participate in Bonds issued to fund the Project's capital costs, (2) participate in Bonds issued to fund a Related Activity's capital costs or (3) indebtedness evidencing the SFPUC's obligation to fund the City's share of capital costs of the Project or the Related Activity, as applicable, specified in the related Service Agreement or Related Activity Agreement. Notwithstanding Section 7.12.1, above, any SFPUC funding commitment described in (1), (2), or (3) in the previous sentence shall be subject to the requirement in San Francisco Charter Section 9.111 that the City Controller certifies that sufficient unencumbered balances are expected to be available in the proper fund to meet all SFPUC payment obligations as they become due, as well as the terms and conditions contained in any debt instrument, which may include a pledge by the SFPUC of certain SFPUC rate revenues, which certification must be obtained prior to the time the Authority commits to issue Bonds for the Project or Bonds for a Related Activity, as applicable, and shall not be subject to the budgetary provisions of Charter Sections 3.105 and 9.113.

7.13 One-Year Suspension Period. If any Member fails to appropriate adequate funds in any fiscal year to meet that Member's financial obligations under this Agreement, the Authority may, in the sole discretion of the Authority's Board of Directors, suspend any benefits that Member would receive from this Agreement until such time as all of that Member's financial obligations owed to the Authority under this Agreement are satisfied, provided that the Authority has first given that Member a minimum of sixty (60) days' advance written notice of such suspension. If that Member does not satisfy its financial obligations under this Agreement following receipt of the Authority's written notice for a period of one (1) year from the effective date of the suspension, that Member shall be deemed to have withdrawn from the Authority. The Authority shall not impose interest on that Member's financial obligations under this Agreement during this one (1) year period.

7.14 No Commitment to Bond Financing. The execution of this Agreement is not a commitment to participate in any Bonds or to incur debt which will occur, if at all, at a later date.

ARTICLE 8 TERMINATION / AMENDMENT; WITHDRAWAL

8.1 Duration and Termination. Subject to the terms of any agreement between the Authority or CCWD and any state or federal agency, this Agreement shall continue in full force and effect until terminated by action taken by at least three-quarters (3/4ths) (seventy-five percent (75%)) of the Board and ratified by at least three-quarters (3/4ths) (seventy-five percent (75%)) of the governing bodies of the Members. If at any time there are only two (2) Members of the Authority and one (1) of those Members intends to withdraw, the other Member's written consent to terminate this Agreement shall not be unreasonably conditioned or delayed. Notwithstanding the prior provisions of this Section 8.1, this Agreement and the Authority shall continue to exist for the purpose of disposing of all claims, distribution of assets, and all other functions necessary to conclude the affairs of the Authority, and the Authority shall have a continuing obligation following termination of this Agreement with respect to the payment of debt service on any Bonds or other outstanding financial commitments of the Authority.

8.2 Amendment. This Agreement may be amended at any time by action taken by at least three-quarters (3/4ths) of the Board and ratified by at least three-quarters (3/4ths) (seventy-five percent (75%)) of the governing bodies of the Members; provided that if the proposed amendment is to change the requirement for unanimous approval of an action required under Section 3.3.3 or relates to the veto right provided by Section 3.3.4, then any such amendment must have unanimous Board approval; and provided further that if the proposed amendment relates to Section 7.12, then any such amendment's approval must include a vote of approval by the SFPUC; and provided further that Exhibit B to this Agreement may be amended by the Administrator or Executive Director, with majority vote of the Board approving such amendment to Exhibit B, to reflect changes to the Project's facilities approved by the Board. Exhibit A shall be updated by the Administrator or Executive Director as necessary to reflect any changes in the Members that occurs with the Board approval required herein for new Members or withdrawing Members.

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

8.3.1 Failure to Execute Interim Funding Agreement. In the event a Member does not execute the Interim Funding Agreement or other agreement provided under Section 7.7.2 to provide interim funding to the Authority within eight (8) weeks after that Member receives the execution version of that agreement, or such later date as the Board shall establish, or does not agree in writing to make the financial contributions described in Section 7.7.2 within twelve (12) weeks of receiving a written demand from the Authority for it do so, that Member shall be deemed to have withdrawn from the Authority and shall have no further rights or obligations under this Agreement, except as provided in Section 8.4.

8.3.2 Failure to Execute Service Agreement. In the event a Member decides not to proceed with the completion of its Service Agreement and provides written notice to the Authority of that decision, or does not execute its Service Agreement within twelve (12) weeks after that Member receives the execution version of that agreement, or such later date as the Board shall establish, that Member shall be deemed to have withdrawn from the Authority and shall have no further rights or obligations under this Agreement, except as provided in Section 8.4. The Authority shall not issue any Bonds until the later of: (a) all Service Agreements, and any other agreements with CCWD that are pre-requisites to execution of the Service Agreements, have been executed; or (b) the time for the last Member to execute its Service Agreement under this Section 8.3.2 has lapsed and either all other Members have executed their respective Service Agreements, or have been deemed to have withdrawn from the Authority by reason of their failure to timely execute the Service Agreement as provided in this Section 8.3.2.

8.3.3 Engineer's Estimate is Too Expensive. Subject to Section 8.3.8, in the event that a Member concludes the engineer's estimate for any work on a specific component of the Project is too expensive, then a Member may initiate a meet and confer process among the Members' respective staffs to discuss those cost issues, which meeting shall take place within thirty (30) days after the Member gives notice of its desire for that meeting. If upon conclusion of that meet and confer process the Member that initiated that process is not satisfied with the estimate, then that Member may withdraw from the Authority upon at least sixty (60) days' written notice to the other Members.

8.3.4 Withdrawal of Other Member. Subject to Section 8.3.8, in the event that another Member has withdrawn from the Authority under this Section 8.3 and the result of such withdrawals has made remaining in the Authority either cost prohibitive for a Member or adversely affects the operational feasibility of the Project for that Member, then any other Member may withdraw from the Authority upon at least sixty (60) days' written notice to the other Members.

8.3.5 Revocation or Unacceptable Conditioning of State or Federal Funding. In the event the State of California or the federal government withdraws any previously approved funding for a specific component of the Project or conditions such funding in a manner a Member deems unacceptable prior to the first to occur of: (i) the time when the Authority first issues any Bonds for capital costs associated with the Project, or (ii) the Authority executes the Final Funding Agreement, then any Member may withdraw from the Authority upon at least sixty (60) days' written notice to the other Members.

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

8.3.7 Water Supply Conditions for Withdrawal. Subject to Section 8.3.8, in the event a Member determines that it cannot timely obtain: (i) long-term water supply for the Project, including any necessary water rights, upon terms it finds reasonable and consistent with its needs and objectives; (ii) any rights or entitlements needed to acquire or convey such a water supply; or (iii) agreements with the California Department of Water Resources, the South Bay Aqueduct (SBA) Contractors or any other entity to allow for the conveyance of water supplies through the SBA or other conveyance facility for use by the Member or any of its wholesale customers, that Member may withdraw from the Authority upon at least sixty (60) days' written notice to the other Members.

8.3.8 Approval once Bonds are Issued or Final Funding Agreement is Executed. Notwithstanding the foregoing subsections in this Section 8.3, after the first to occur of: (i) the Authority first issues any Bonds for capital costs associated with the Project, or (ii) the Authority executes the Final Funding Agreement, then a Member may withdraw from the Authority only if (a) approved by at least seventy-five percent (75%) of the total number of Directors, who must find and determine in connection with such approval that there would be no adverse and material effect, as defined in this Section 8.3.8, or (b) if some or all of the other Members have agreed to assume the withdrawing Member's obligations under such Bonds to finance Project facilities described on Exhibit B, and/or have agreed to assume the withdrawing Member's outstanding payment of capital costs to which it has committed in its Service Agreement. For purposes of this Section 8.3.8, "adverse and material effect" means any effect that would result in a downgrade or suspension on the rating of the Bonds or cause delays or increased costs with respect to construction of the Project. Where the withdrawal of a Member pursuant to this Section 8.3.8 does not occur with the approval of the Board in accordance with subdivision (a), then notwithstanding the assumption of the withdrawing Member's obligations with respect to any Bonds or payment of capital costs, as applicable, if the

Member or Members assuming those obligations fails or fail to make the assumed portion of any debt service payment or capital costs, as applicable, the withdrawing Member shall be obligated for any such shortfall in payment, for as long as such Bonds remain outstanding or until construction of the Project component has been completed, as applicable. Notwithstanding any withdrawal permitted under subdivision (b) of this Section 8.3.8, a Member, or its successor if applicable, shall remain obligated under this Agreement to make any payments with respect to any specific component of the Project to which that Member previously committed, either as self-funded or under any Bonds. Such a withdrawing Member shall have no obligation under this Agreement for any financial commitments for any specific component of the Project in which the withdrawing Member did not commit to participate prior to its withdrawal. The Authority shall not issue Bonds for any specific component of the Project before all construction bids for that component have been received and any meet and confer process undertaken pursuant to Section 8.3.3 has concluded.

8.4 Effect of Withdrawal.

8.4.1 A withdrawal from the Authority constitutes a withdrawal of that Member's representative Director from the Board and from any committee on which that Director is serving, including in the event a Member's obligations under any Bonds have been assumed by another Member as stated in Section 8.3.8, above, so that the assuming Member does not obtain a second Director position by reason of its assumption of those obligations. If at any time there are only two (2) Members, any desired withdrawal shall be subject to the termination provisions of this Agreement. Unless otherwise agreed upon by all of the remaining Members, the withdrawal of a Member shall not terminate its responsibility to contribute its share of any obligation incurred by the Authority on or before the date the withdrawing Member gives written notice of intent to withdraw, as determined by the Board based upon that Member's obligations under the Interim Funding Agreement, its respective Service Agreement (if the Member has executed that agreement), or otherwise under this Agreement, or to perform any other obligation arising from a separate agreement or other legally binding obligation, including amounts determined by the Board for (1) liabilities and claims accrued during the time prior to that Member giving written notice of intent to withdraw, or is deemed to have withdrawn (including any future obligations arising from retirement benefits for past and existing employees of the Authority, if any), or (2) budgeted expenses for the Budget period in which notice of intent to withdraw is given. A withdrawing Member therefore shall remain obligated to pay its portion of debt service on any outstanding obligations for which such Member was obligated to pay prior to withdrawal, or remain obligated to pay any portion of ongoing capital costs for a Project component in which the withdrawing Member was participating prior to such withdrawal.

8.4.2 Except as the withdrawing Member may agree in writing with the Authority, the withdrawing Member shall automatically relinquish all rights as a Member under this Agreement, on the effective date of the withdrawal and shall not accrue any financial obligations under this Agreement or any other Project-related agreement after the date that notice of intent to withdraw is given. The withdrawing Member's share of Project rights and benefits shall be distributed among the remaining Members in proportion to their allocations of such rights and benefits as of the effective date of the withdrawal, unless the Members otherwise agree to a different distribution; provided, however, that the distribution of the withdrawing Member's share of Project rights and benefits shall not occur until such time as the Board confirms the proportionate distribution of those rights and benefits or approves the plan for such distribution.

8.4.3 For any Member that has self-funded any financial obligation to the Authority for a specific component of the Project and subsequently withdrawn from the Authority, the Board shall determine an equitable allocation of such monies previously paid to the Authority and return to that withdrawing Member any uncommitted funds, provided that any such refund may be structured to ensure it does not materially adversely impact the Authority's financial condition. The Board's determination of that equitable allocation shall take into consideration the amount of Project costs that

have been paid through payment of principal under any Bonds issued in the period since the withdrawing Member self-funded its financial obligation.

8.5 Disbursement Upon Termination; Post-Termination Liabilities. Upon termination of this Agreement and after payment of all liabilities, costs, expenses, and charges validly incurred under this Agreement, the Board may, in its discretion and by a unanimous vote of the then-current Directors, distribute all remaining assets of the Authority based on an apportionment the Board deems equitable. In the event the Board cannot reach a unanimous vote on that distribution, then the Members shall proceed in accordance with Section 11.2 to attempt to resolve any disputed issue in connection with the distribution of assets. Any further liabilities of the Authority that may accrue after termination of this Agreement shall be allocated among the former Members in the same proportion as the Authority's expenses are allocated under the Budget at the time of the termination; provided that the Board shall take into consideration any non-monetary contributions Grassland Water District may provide with respect to its share of such liabilities.

ARTICLE 9 BREACH AND MEMBERSHIP TERMINATION

9.1 Compliance with Agreement. Each Member shall comply with the terms of this Agreement and fulfill its obligations hereunder, as well as under its Service Agreement and Facilities Usage Agreement, including all financial obligations it undertakes in connection with the Project.

9.2 Breach of Agreement. In the event the Board determines a Member has breached any obligation under this Agreement by failing to perform any obligation hereunder or failing to pay any required contribution, payment or advance, the Authority shall give that Member written notice of that breach and an opportunity for **one (1) year [or] sixty (60) days** to cure that breach, or, such longer period of time as the Board determines is reasonable, in its sole and absolute discretion, to cure the breach. If that Member fails to cure that breach within that **one (1) year [or] sixty (60) day** or longer period, then that Member may have its rights under this Agreement terminated and may be excluded from further participation in the Authority by the vote of at least three-quarters (seventy-five percent (75%)) of the total number of Directors. Any such termination shall be deemed a withdrawal from the Authority for the purposes of Section 8.4, and such defaulting Member shall continue to be liable for its obligations to the extent and as provided in Section 8.4, including, but not limited to, such defaulting Member's obligation to pay its share of any debt service on any outstanding Bonds, or its share of any capital costs relating to a specific Project component. Notwithstanding the foregoing, if the Member's breach relates to a failure to pay administrative and/or operational expenses, that Member shall not be subject to termination until such time as that Member's funds held by the Authority as administrative and/or operational reserves are exhausted. For the purposes of this Section 9.2, any failure by the SFPUC to appropriate adequate funds in any Fiscal Year to meet the SFPUC's obligation under its Service Agreement or other financial obligations under this Agreement, as described in Section 7.12.2, above, is not a breach of this Agreement.

9.3 Enforcement. If a Member defaults in any undertaking contained in this Agreement, that default shall not excuse such Member or any other Member from fulfilling its obligations under this Agreement and each Member shall continue to be liable for the performance of all conditions herein contained. Each Member hereby declares that this Agreement is entered into for the benefit of the Authority created hereby and for each Member and hereby grants to the Authority the right to enforce by whatever means, legal and equitable, the Authority deems appropriate in consideration of all obligations of each of the Members hereunder. The foregoing provisions in this Section 9.3 do not pertain to any failure by the SFPUC to appropriate adequate funds in any Fiscal Year to meet the SFPUC's obligation under its Service Agreement or other financial obligations under this Agreement, as described in Section 7.12.2, above. Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the exercise of one right or remedy shall

not impair the right of the Authority to any or all other remedies.

ARTICLE 10 SPECIAL PROVISIONS

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

10.2 Liability of Authority and Members.

10.2.1 To the full extent authorized by Government Code Section 6508.1, the debts, liabilities, and obligations of the Authority, with the exception of retirement liabilities of the Authority if the Authority contracts with a public retirement system, shall be the debts, liabilities, and obligations solely of the Authority and not the debts, liabilities, and obligations of any of the Members or any of their respective members, officers, directors, employees, or agents. The Authority, its Directors, officers, employees, staff, and agents shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement.

10.2.2 No Member, its officers, directors, or employees shall be responsible for any action taken or omitted by any other Member, or its members, officers, directors, or employees. To the extent allowed by law, the Members repudiate the provision for joint and several tort liability provided under Government Code Section 895.2, and agree, pursuant to Government Code Section 895.4, that each Member shall fully indemnify and hold harmless each other Member and its agents, officers, employees, and contractors from and against all claims, damages, losses, judgments, liabilities, expenses, and other costs, including litigation costs and attorney fees, arising out of, resulting from, or in connection with any negligent or wrongful act or omission of such Member in the performance of this Agreement, and the Members intend that each Member provide indemnity or contribution in proportion to that Member's responsibility for any such claim, damage, loss, judgment, liability, expense or other cost, as determined under principles of comparative negligence.

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

10.4 Retirement System. The Authority shall not enter into a contract with the California Public Employees' Retirement System or any other public retirement system without the unanimous approval of the Board and ratification by all of the governing bodies of the Members. The Members acknowledge that if the Authority enters into any such contract, as referenced in Section 10.2, above, the Members may have responsibility under Government Code Section 6508.2 for the Authority's retirement liabilities in the event this Agreement is terminated or the Authority terminates that contract. In such a situation, the Members shall attempt to reach mutual agreement on the allocation of those liabilities among the Members, and understand that if they are unable to

reach such a mutual agreement, those liabilities shall be allocated among the Members in the same proportion as the Authority's expenses are allocated under the Budget at the time of the termination of this Agreement or of the retirement system contract.

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

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

10.7 No Policy Advocacy. The Authority shall only engage in policy advocacy or legislative, lobbying, or governmental affairs activities directly related to the Project, including third party funding and financial issues. Such functions may also be performed by individual Members in their sole discretion.

ARTICLE 11 MISCELLANEOUS PROVISIONS

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

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

11.3 Notices. Notices required or permitted hereunder shall be sufficiently given if made in writing and delivered either personally, by registered or certified mail, postage prepaid, by nationally-recognized overnight courier, or by e-mail to the respective Members, at the addresses provided in Exhibit C attached hereto. With respect to delivery by e-mail, any such e-mail message shall be sent using a system that provides reasonable assurance: (i) that the message was sent; (ii)

that the message was delivered to the recipient's information processing system, and (iii) of the time and date the message was delivered to the recipient, along with a verifiable electronic record of the exact content of the message sent. The Members may from time to time change the address to which notice may be provided by providing notice of the change to the other Members.

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

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

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

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

11.8 Construction of Language. It is the intention of the Members that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid. Additionally, any dispute concerning determination of an "adverse and material effect" pursuant to Section 3.3.4 shall be determined under an arbitrary and capricious standard in connection with the affected Member's exercise of its veto right.

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

11.10 Successors. Subject to Section 11.11, this Agreement shall be binding upon and shall inure to the benefit of the successors of the Members.

11.11 Assignment. A Member may not assign its membership in the Authority without the consent of all of the other Members. Any assignment of a membership in the Authority made under this Section 11.11 upon the consent of all of the other Members will not result in the novation of the assignor Member's obligations with respect to this Agreement, the Member's Service Agreement or any other agreement which may obligate the assignor Member, unless such novation is agreed to in writing by such consenting Members, the assignee and the assignor Member. Notwithstanding the foregoing, a Member may assign its rights to utilize the Project in accordance with the provisions of its Service Agreement and any applicable Facilities Usage Agreement; but in such a case, the assignor Member that holds those rights will remain obligated for the payment of debt service, capital costs or operating expenses to the extent such costs are not paid by the assignee. In addition, any such assignment of rights to use of the Project must be consistent with the Project's permits and approvals and be limited to use within the Project Service Area.

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

11.13 Integration. This Agreement constitutes the full and complete Agreement of the Members regarding the creation and administration of the Authority.

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

SIGNATURES ON FOLLOWING PAGE(S)

DRAFT

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

Robert Shaver, General Manager
Alameda County Water District

Date

Approved as to Form:
Patrick Miyaki, General Counsel

Date

California Department of Water Resources

Date

Approved as to Form:
_____, Deputy Attorney General

Date

Stephen J. Welch, General Manager
Contra Costa Water District

Date

Approved as to Form:
Douglas E. Coty, General Counsel

Date

Clifford C. Chan, General Manager
East Bay Municipal Utility District

Date

Approved as to Form:
_____, General Counsel

Date

_____ Ric Ortega, General Manager Grassland Water District	_____ Date
_____ Approved as to Form: Ellen Wehr, General Counsel	_____ Date
_____ Michael Carlin, Acting General Manager San Francisco Public Utilities Commission	_____ Date
_____ Approved as to Form: Catherine Malina, Deputy City Attorney San Francisco	_____ Date
_____ Federico Barajas, Executive Director San Luis & Delta-Mendota Water Authority	_____ Date
_____ Approved as to Form: Rebecca Akroyd, General Counsel	_____ Date
_____ Rick Callender, General Manager Santa Clara Valley Water District	_____ Date
_____ Approved as to Form: _____, General Counsel	_____ Date

Valerie Pryor, General Manager
Zone 7 Water Agency

Date

Approved as to Form:
_____, General Counsel

Date

California Department of Water Resources

Date

Approved as to Form:
_____, _____

Date

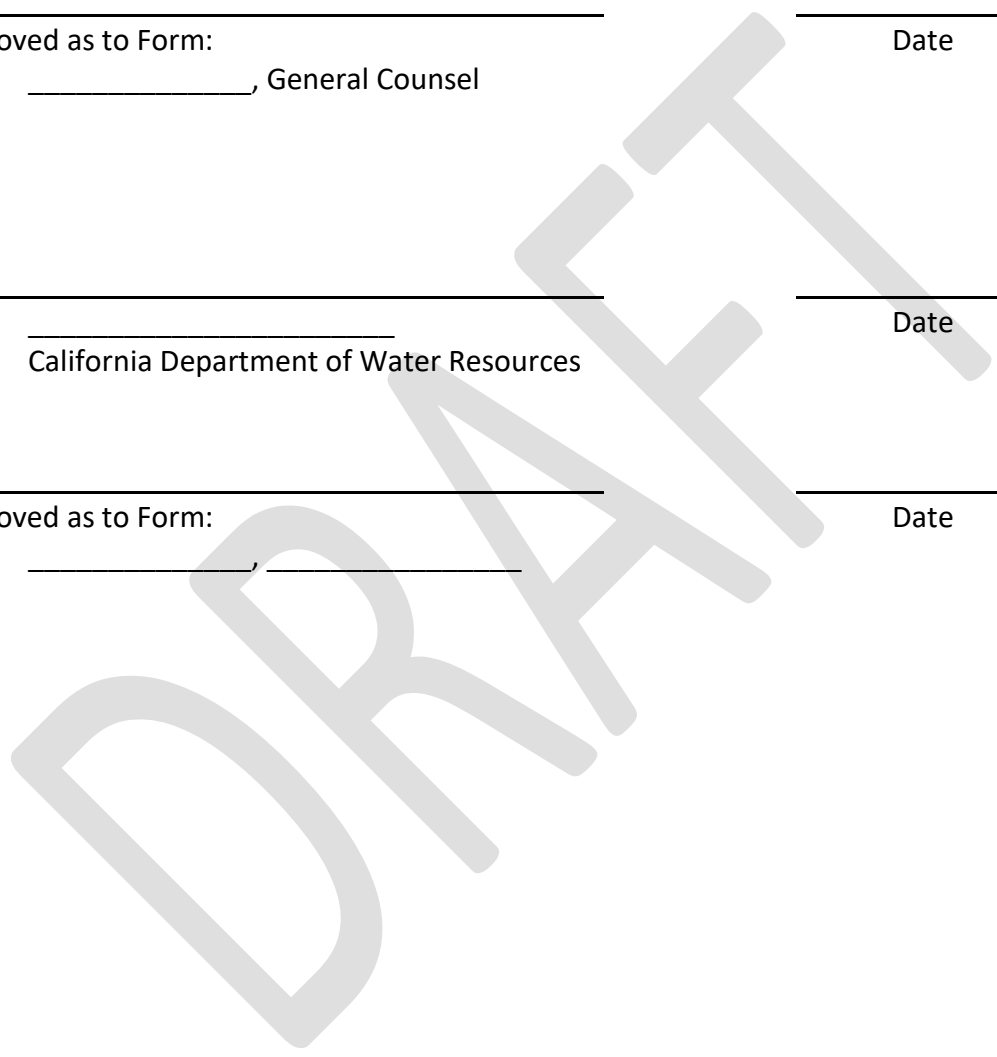


EXHIBIT A
AUTHORITY MEMBERS

- Alameda County Flood Control & Water Conservation District, Zone 7
 - Alameda County Water District
 - Contra Costa Water District (to include City of Brentwood*)
 - East Bay Municipal Utility District
 - Grassland Water District
 - Santa Clara Valley Water District
 - San Francisco Public Utilities Commission (to include Bay Area Water Supply & Conservation Agency*)
 - San Luis & Delta-Mendota Water Authority, consisting of:
 - Byron-Bethany Irrigation District
 - Del Puerto Water District
 - Panoche Water District
 - Westlands Water District
- [NOTE: The number and list of SLDMWA-member agencies participating through SLDMWA may change without requiring amendment of this Exhibit A or the Agreement]
- Department of Water Resources (ex officio, non-voting pursuant to Water Code Section 79759(b))

*The City of Brentwood and the Bay Area Water Supply & Conservation Agency are not signatory parties to the JPA, and are not bound by, and do not independently benefit from, its terms and conditions. Rather, these parties contract for project benefits through their wholesale providers.

**EXHIBIT B
LIST OF FACILITIES***

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

*This Exhibit B lists those facilities that have been included in various Project application and agreement documents. Some facilities listed on Exhibit B will provide differing levels of benefits (or no benefits) to certain Members. The Service Agreements and Facilities Usage Agreements will address those specific levels of benefits and related cost allocations. Facilities listed in this Exhibit B are subject to modification as to the nature and type of the facility, and additional facilities may be added to Exhibit B prior to JPA formation as circumstances may warrant, including obtaining of additional state or federal grant funding. No rights to the use of any facility are provided by reason of the listing of that facility on Exhibit B. Such rights of use are only provided through the Facilities Usage Agreements and Service Agreements to be entered into.

DRAFT

EXHIBIT C
MEMBER ADDRESSES

Member	Addresses
Alameda County Water District	43885 S. Grimmer Blvd., Fremont, California 94538
California Department of Water Resources	1416 9 th Street, Room 1115-1, Sacramento, California 95814 P. O. Box 942836, Room 1115-1, Sacramento, California 94236-0001
Contra Costa Water District	1331 Concord Avenue, Concord, California 94520 P.O. Box H20 Concord, California 94524
East Bay Municipal Utility District	375 Eleventh Street, M.S. 407, Oakland, California 94607
San Luis & Delta Mendota Water Authority	15990 Kelso Road, Byron, California 94514 P.O. Box 2157, Los Baños, California 93635
Grassland Water District	200 W. Willmott Avenue, #5501, Los Baños, California 93635
San Francisco Public Utilities Commission	525 Golden Gate Avenue, 10 th Floor San Francisco, California 94102
Santa Clara Valley Water District	5750 Almaden Expressway, San Jose, California 95118
Zone 7 Water Agency	100 N. Canyon Parkway, Livermore, California 94551

**Amendment No. 3 to the
Cost Share Agreement for
Los Vaqueros Reservoir Expansion Project Planning**

The Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning between Contra Costa Water District (CCWD) and Alameda County Flood Control and Water Conservation District, Zone 7 (Zone 7); Alameda County Water District (ACWD); East Bay Municipal Utility District (EBMUD); Grassland Water District (GWD); San Francisco Public Utilities Commission (SFPUC); San Luis & Delta-Mendota Water Authority (SLDMWA); and Santa Clara Valley Water District (Valley Water) (collectively, "Local Agency Partners"), dated April 30, 2019 and amended on June 22, 2020 and December 2, 2020 (referred to hereafter as the "Agreement"), shall hereby be amended by this Amendment No. 3. The Agreement, together with Amendment No. 1, No.2 and this Amendment No. 3, may be referenced hereafter as the "Agreement as amended".

RECITALS

WHEREAS, Contra Costa Water District and the Local Agency Partners (collectively, "Parties") entered into the Agreement dated April 30, 2019, to provide for the cost-sharing of the funding requirements for the planning of the Los Vaqueros Reservoir Expansion Project ("Project"); and

WHEREAS, pursuant to Sections 5 and 17 of the Agreement, the Agreement was amended on June 22 and December 2, 2020 to extend the term of the Agreement to the earlier of the completion of the work contemplated therein or December 31, 2021, unless the term is modified consistent with Section 17 of the Agreement; and

WHEREAS, on December 9, 2020 Bartle Wells Associates provided the Parties with the final report of the evaluation of the proposed EBMUD usage fees; and

WHEREAS, on August 12, 2020 the Secretary of the Interior sent written notification to Congress that the Final Federal Feasibility Report was complete, and that the Secretary concurred with the determination of feasibility; and

WHEREAS, on September 3, 2020 the tolling period for California Environmental Quality Act challenges expired with no legal challenges; and

WHEREAS, the 2021 federal budget included an additional \$7.845 million to fund pre-construction activities for the Project and \$4.1 million to fund construction of Pumping Plant No.1 Replacement; and

WHEREAS, as of February 12, 2021, CCWD and DWR have entered into a Memorandum of Understanding for the Phase 2 Los Vaqueros Reservoir Expansion Project; and

WHEREAS, as of March 18, 2021, CCWD and EBMUD have entered into a Memorandum of Understanding to Consider the Provision of Temporary Water Conveyance Services During Los Vaqueros Reservoir Expansion Project Construction; and

WHEREAS, on March 19, 2021, CCWD sent a letter of intent to the Local Agency Partners documenting the progress made on the usage fees, and which the Local Agency Partners subsequently signed; and

WHEREAS, as of April 9, 2021, Reclamation and CCWD have entered into a Memorandum of Agreement for the Preconstruction Phase of the Phase 2 Los Vaqueros Reservoir Expansion Project and Sharing of Costs; and

WHEREAS, the South Bay Aqueduct Contractors completed a study evaluating the potential capacity in the South Bay Aqueduct available for use by BAWSCA and the SFPUC, the results of which indicate that there may be sufficient additional capacity available to deliver Project supplies depending on the timing, quantity of supplies conveyed, and location of the potential turnout; and

WHEREAS, on April 7, 2021, CCWD's Board of Directors authorized execution of the Joint Exercise of Powers Agreement; and

WHEREAS, Parties have collectively paid a total of \$8,915,003 to date in addition to in-kind services to support work in the Agreement; and

WHEREAS, the Parties wish to again amend the Agreement to include additional purposes in the Agreement with a detailed supplemental scope of work and budget for activities funded by this Amendment No.3; to further extend the term of the Agreement to the earlier of (i) the completion of the work contemplated therein, (ii) until this Agreement is superseded by an interim funding agreement, which may be negotiated among the Parties to the JPA, or (iii) December 31, 2022 to include additional roles and responsibilities for certain Parties to the Agreement; and to amend the cost and payment terms of the Agreement in order to fund additional activities necessary; and

NOW, THEREFORE, the Parties agree that the above recitals are incorporated in and made part of the Agreement, and, pursuant to Section 17 of the Agreement, do hereby amend the Agreement as follows:

1. Section 1 (Purpose)

In addition to purposes a through l, as provided for in the Agreement, the following purposes and additional paragraphs shall be included in the Agreement as amended.

- m) initial administration of the Los Vaqueros Reservoir Joint Powers Authority;
- n) development of a Backstop Water Service Agreement between CCWD and EBMUD;
- o) conceptual plan for recreational facilities;
- p) inspection of Los Vaqueros and Transfer Pipelines and the Contra Costa Canal between Pumping Plant No. 2 and 4;
- q) risk management support;
- r) evaluation of alternative water supplies for CCWD during construction;
- s) development of design & construction agreements for Project facilities;

As of the effective date of Amendment No. 3 to the Agreement, purposes a, b, d, g, f and j, as provided for in the Agreement, have been achieved and do not require additional funding.

Work to achieve Purposes c, e, h, i, k, l, and m thru s will be advanced under the Agreement as amended. Work completed by the Consultant Team and CCWD staff to achieve these purposes will be partially funded by this Amendment No. 3 to the Agreement.

A detailed supplemental scope of work and budget for activities funded by this Amendment No. 3 are included in Exhibit A-3 and Exhibit B-3, respectively, which are attached hereto and incorporated herein as if fully set forth in this Amendment No. 3 to the Agreement.

2. Section 2 (Roles & Responsibilities)

In addition to the existing roles and responsibilities of the Parties described in the Agreement, the following additional roles and responsibilities for certain Parties shall be included in the Agreement as amended.

2.1 Contra Costa Water District Responsibilities

- a-w) as described in the Agreement;
- x) will serve as the initial administrator for the JPA;
- y) will work cooperatively with EBMUD to develop a Backstop Water Service Agreement;
- z) will advance the design of recreation facilities;
- aa) will inspect Los Vaqueros and Transfer Pipelines and the Contra Costa Canal between Pumping Plant No. 2 and 4;
- bb) will procure risk management support services;
- cc) will evaluate need for alternative water supplies during construction;
- dd) will work cooperatively with EBMUD to advance EBMUD facilities that may ultimately receive CWC funding;
- ee) will develop design & construction agreements for Project facilities;
- ff) will work cooperatively with SFPUC to secure a source of water supply for SFPUC that could be diverted, stored and conveyed by the Project;

2.2 East Bay Municipal Utility District Responsibilities

- a-m) as described in the Agreement; and
- n) will work cooperatively with CCWD to develop a Backstop Water Service Agreement;
- o) will work cooperatively with CCWD to advance EBMUD facilities that may ultimately receive CWC funding;
- p) will develop design & construction agreements for Project facilities;

2.9 San Francisco Public Utilities Commission

- a) will work cooperatively with CCWD to secure a source of water supply for SFPUC that could be diverted, stored, and conveyed by the Project;

3. Section 3 (Cost & Payment)

Section 3 shall be amended such that the following terms shall, as applicable, supplement and/or supersede the corresponding terms in the Agreement in their entirety.

The payments are intended to provide sufficient funding for advancing the completion of the additional Scope of Work as provided for in Exhibit A-3 and the Budget provided for in Exhibit B-3.

- a) Total costs to fund work hereunder are identified in Exhibit B-3. The CCWD and Local Agency Partners' collective total share of the cost shall not exceed \$5,956,055 ("Total Cost Share").

- b) Notwithstanding anything to the contrary in the Agreement as amended, CCWD and the Local Agency Partners, excluding GWD, shall be responsible for providing the Total Cost Share in accordance with Exhibit B-3. In no event shall any Party's individual share of the Total Cost Share exceed \$850,865, excluding GWD. Timing and quantity of payment for each Local Agency Partner shall not vary from what is put forth in Exhibit B-3 unless CCWD and the Local Agency Partners voluntarily agree to modifications pursuant to Sections 3(d)(iii) and 17 of the Agreement. The Total Cost Share described herein is exclusive of any joint defense or litigation cost share amounts which may be determined in a subsequent written agreement entered into pursuant to Section 9 of the Agreement.
- c) The SFPUC's payments as a Local Agency Partner under the Agreement as amended, are subject to and contingent upon the budget and fiscal provisions of the City and County of San Francisco's Charter and the budget decisions of its Mayor and Board of Supervisors. No SFPUC funds will be available hereunder until prior written authorization certified by the City's Controller. The Controller cannot authorize payments unless funds have been certified as available in the budget or in a supplemental appropriation. This Agreement shall automatically terminate, without liability to the City, if funds are not properly appropriated by the Mayor and Board of Supervisors or certified by the Controller. The SFPUC's obligations hereunder shall never exceed the amount certified by the Controller for the purpose and period stated in such certification. The SFPUC, its employees and officers are not authorized to request services that are beyond the scope of those expressly described herein, unless a written amendment is approved as required by law. As to the SFPUC only, this Section 3(c) controls against any conflicting provision of the Agreement as amended.
- d) CCWD and the Local Agency Partners will split the Total Cost Share equally over two payments. CCWD will invoice each of the Local Agency Partners, and itself, for their individual shares of the Total Cost Share detailed in Exhibit B-3.
- (i) Two invoices are anticipated according to the schedule below:
 - 1. January 3, 2022
 - 2. July 1, 2022
 - (ii) Payment from the Local Agency Partners shall be remitted within sixty (60) days after invoice submittal.
 - (iii) Funds contributed by the Local Agency Partners shall be committed by CCWD and expended only for work required to further the purposes of this Agreement.
 - (iv) If a sufficient number of Parties withdraw from the Agreement or fail to execute Amendment No. 3 before the second invoice such that the Local Agency Partners' individual cost shares change substantially, or the individual cost shares approach or exceed the maximum financial responsibility for each Party (determined herein as \$850,865), each remaining Local Agency Partner, at its sole discretion consistent with Section 3(b) of this Agreement, shall determine whether to withdraw from the Agreement. CCWD and the Local Agency Partners who do not

choose to withdraw will work together to develop an amendment that substantially conforms to this Agreement. If no mutually agreeable amendment can be developed, the remaining Parties will terminate this Agreement.

- (v) If a new Local Agency Partner is added, consistent with Section 12 of this Agreement, each subsequent invoice for each Local Agency Partner will be adjusted to reflect the cost share of the new partner and the total number of Local Agency Partners. The adjustments contemplated herein shall reflect any “catch-up” contribution required of the newly added Local Agency Partner in addition to the contributions to be made on a prospective basis. “Catch-up” contributions shall be calculated based on the then total value of the of the Local Agency Partners’ individual monetary shares paid pursuant to the Agreement as amended prior to the date of the new member’s signing of the Agreement.
- (vi) If funds remain after work under this Agreement is completed, each Local Agency Partner will determine whether its pro-rata share of the remaining funds shall be returned or contributed to future work consistent with Section 7 of this Agreement. Each Local Agency Partner shall advise CCWD of its determination within sixty (60) days of receiving notice from CCWD of the completion of the work, or the remaining funds shall automatically be contributed towards future work.
- (vii) In-kind services may include labor costs and overhead costs for staff who are providing in-kind services for Project activities under this Agreement, including but not limited to data collection, document review, communications, stakeholder outreach, management of third-party consultant contracts, and attending Project meetings. In-kind services will contribute toward the non-State funding match required by the Early Funding Agreement, as it may be amended from time to time. In-kind services, pursuant to Section 2.7(d) of this Agreement, are contributed at the discretion of each Local Agency Partner with no minimum or maximum in-kind contribution limits.

5. Section 5 (Term)

Section 5 shall be amended such that the following term shall modify the corresponding term in the Agreement as amended by Amendment No. 3:

The Agreement as amended shall terminate on the earliest occurring of the following events: (i) completion of the work contemplated herein; (ii) the effective date of an interim funding agreement which is negotiated between the Parties and intended as a successor to the Agreement as amended; or, (iii) on December 31, 2022, unless the Term is further modified consistent with Section 17 of this Agreement.

7. Section 11 (Federal Funding)

Section 11 shall be amended such that the following term shall supersede and replace the corresponding term in the Agreement in its entirety:

Amendment No. 3 to the Cost Share Agreement for LVE Project Planning

Attachment 2
Page 5 of 7

With support from the Local Agency Partners, CCWD is seeking a total of \$223 million in federal funding for design, pre-construction, and construction activities through the Water Infrastructure Improvements for the Nation (WIIN) Act or other federal legislation. CCWD is in the process of developing an Assistance Agreement for the provision of up to \$7.2 million in federal funding for pre-construction activities. If additional federal funding for the Project is appropriated by Congress, Reclamation would receive the requested funding and the funds would support ongoing work. Some portion of the federal funds may be directly applied to the scope of work contained in Exhibit A-3. The federal funds could be credited towards any Non-Program Cost Share as required in the Early Funding Agreement as described in Section 10 of this Agreement.

Effective date of Amendment No. 3.

Amendment No. 3, including the financial contribution provisions herein, shall be effective as of the date of signature by CCWD and each subsequent Local Agency Partner signatory.

Except as amended by this Amendment No. 3, the Agreement as previously amended shall continue in full force and effect. This Amendment No. 3 may be executed in counterparts, each of which shall be deemed an original but all of which taken together shall constitute Amendment No. 3.

Edward Stevenson, General Manager
Alameda County Water District

Date

Stephen J. Welch, General Manager
Contra Costa Water District

Date

Clifford C. Chan, General Manager
East Bay Municipal Utility District

Date

Ric Ortega, General Manager
Grassland Water District

Date

Michael Carlin Acting Manager
San Francisco Public Utilities Commission

Date

Approved as to Form
Deputy City Attorney San Francisco

Date

Federico Barajas, Executive Director
San Luis & Delta-Mendota Water Authority

Date

Rick Callender, Chief Executive Officer
Santa Clara Valley Water District

Date

Valerie Pryor, General Manager
Zone 7 Water Agency

Date



Santa Clara Valley Water District

File No.: 21-0727

Agenda Date: 6/30/2021

Item No.: 4.4.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Standing Items Information.

RECOMMENDATION:

A. This agenda item allows the Committee to receive verbal or written updates and discuss the following subjects. These items are generally informational; however, the Committee may request additional information from staff:

B. This is informational only and no action is required.

Staff may provide a verbal update at the 6-30--2021, meeting if there is reportable/updated information.

1. Update on Los Vaqueros Reservoir Expansion Project (LVE) Transfer Bethany Pipeline (TBP) and Update on Management of South Bay Aqueduct (SBA) Facilities (6-30-2021, agenda item)
2. Del Puerto (No Update)
3. Water Banking Opportunities including but not limited to Pleasant Valley Water District (6-30-2021, agenda item)
4. Pacheco/San Luis Reservoir Low Point (6-30-2021, agenda item)
5. Semitropic (Update upon request)
6. Sites (Verbal Update-6-30-2021)
7. B.F. Sisk Dam Raise Project
8. Shasta (No Update)

SUMMARY:

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

ATTACHMENTS:

None.

UNCLASSIFIED MANAGER:

File No.: 21-0727

Agenda Date: 6/30/2021
Item No.: 4.4.

Michele King, 408-630-2711



Santa Clara Valley Water District

File No.: 21-0728

Agenda Date: 6/30/2021

Item No.: 4.5.

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 any work plan assignments by the Board.

BACKGROUND:

Governance Process Policy-8:

The District Act provides for the creation of advisory boards, committees, or committees by resolution to serve at the pleasure of the Board.

Accordingly, the Board has established Advisory Committees, which bring respective expertise and community interest, to advise the Board, when requested, in a capacity as defined: prepare Board policy alternatives and provide comment on activities in the implementation of the District's mission for Board consideration. In keeping with the Board's broader focus, Advisory Committees will not direct the implementation of District programs and projects, other than to receive information and provide comment.

Further, in accordance with Governance Process Policy-3, when requested by the Board, the Advisory Committees may help the Board produce the link between the District and the public through information sharing to the communities they represent.

ATTACHMENTS:

Attachment 1: WSEC 2021 Work Plan

File No.: 21-0728

Agenda Date: 6/30/2021
Item No.: 4.5.

UNCLASSIFIED MANAGER:
Michele King, 408-630-2711

2021 Work Plan: Water Storage Exploratory Committee

Update: June 2021

The annual work plan establishes a framework for committee discussion and action during the annual meeting schedule. The committee work plan is a dynamic document, subject to change as external and internal issues impacting the District occur and are recommended for committee discussion.

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
1	<p>Standing Items:</p> <ol style="list-style-type: none"> 1. Update on Los Vaqueros Reservoir Expansion Project (LVE) Transfer Bethany Pipeline (TBP) and Update on Management of South Bay Aqueduct (SBA) Facilities 2. Del Puerto 3. Water Banking Opportunities including but not limited to Pleasant Valley Water District 4. Pacheco/ San Luis Reservoir Low Point 5. Semitropic 6. Sites 7. B.F. Sisk Dam Raise Project 8. Shasta 	<p>2-26-2021 6-30-2021</p>	<ul style="list-style-type: none"> • Receive quarterly reports on standing items. (Information) 	<p>Accomplished February 26, 2021: The Committee received updates on the following projects:</p> <ul style="list-style-type: none"> • <u>Del Puerto</u>: Staff is tracking this project • <u>Groundwater Banking</u>: See Agenda 4.3. • <u>Semitropic</u>: <ul style="list-style-type: none"> ✚ annual operations requesting maximum contractual amount of 31,500 af of water (intend to meet request but are sensitive to the exchange capacity and potential limitations), ✚ staff is working with closely with DWR, contacting other SBA Contractors and met with Semitropic • <u>Sites</u>: No Report. • <u>B.F. Sisk Dam</u>: <ul style="list-style-type: none"> ✚ December 18, 2020, Reclamation released final EIR/Supplemental EIS ✚ December 30, 2020, Feasibility report approved by The Secretary of the Interior ✚ Congress--eligible for funds under the WIIN Act. ✚ Reclamation and The Authority continuing to work on Endangered Species Act compliance, permitting, preconstruction planning and ✚ On target for project to begin in 2025 • <u>Shasta</u>: No Report.

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1

Page 1 of 3

2021 Work Plan: Water Storage Exploratory Committee

Update: June 2021

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
2	Review of 2021 Water Storage Exploratory Committee Work Plan	2-26-2021 6-30-2021	<ul style="list-style-type: none"> Review the Committee's 2021 Work Plan. 	Accomplished February 26, 2021: The Committee reviewed the Committee's 2020 work plan and took no action.
3	Update on Delta Conveyance Project	2-26-2021	<ul style="list-style-type: none"> Receive an update on Delta Conveyance Project. 	Accomplished February 26, 2021: The Committee received a presentation from Ms. Carolyn (Carrie) Buckman of the California Department of Water Resources (DWR) and took no action.
4	Update on Los Vaqueros Reservoir Expansion Project: (Joint Powers Authority, Usage Fee Letter of Intent, and Investment Scenarios)	2-26-2021 6-30-2021	<ul style="list-style-type: none"> Receive, discuss, and provide feedback regarding the creation of a Joint Powers Authority for the construction and operation of the Los Vaqueros Reservoir Expansion Project, Draft Letter of Intent regarding usage fees and Investment scenarios. 	Accomplished February 26, 2021: The Committee received an update and discussed the creation of a Joint Powers Authority for the construction and operation of the Los Vaqueros Reservoir Expansion Project, Draft Letter of Intent regarding usage fees and Investment scenarios and took no action.
5	Groundwater Bank Update (Comparison Matrix)	2-26-2021 6-30-2021	<ul style="list-style-type: none"> Receive and discuss information regarding potential groundwater storage projects. (Comparison Matrix) 	Accomplished February 26, 2021: The Committee received an update and discussed information regarding potential groundwater storage projects-Comparison Matrix and took no action.
6	Update on Pacheco Reservoir Financing, Partners, and Public Private Partnership	2-26-2021	<ul style="list-style-type: none"> Receive update on Pacheco Reservoir Financing, Partners, and Public Private Partnership. 	Accomplished February 26, 2021: The Committee received an update on Pacheco Reservoir Financing, Partners, and Public Private Partnership, and took no action.

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1

Page 2 of 3

2021 Work Plan: Water Storage Exploratory Committee

Update: June 2021

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
7	Pacheco Reservoir Expansion Project Workshop Topics.	4-5-2021	<ul style="list-style-type: none"> Receive a presentation on the Pacheco Reservoir Expansion Project Workshop topics. 	<p>Accomplished April 5, 2021: The Committee received a presentation on the Pacheco Reservoir Expansion Project Workshop topics and took no action, However, next steps staff will be working on are prioritizing partnerships and gathering as much information for the Board and Committee on Pacheco Reservoir as possible!</p>
8	Sargent Ranch Discussion.	4-5-2021	<ul style="list-style-type: none"> Discuss Sargent Ranch-special presentation 	<p>Accomplished April 5, 2021: The Committee received a presentation from Mr. Howard Justus on Sargent Ranch and took no action.</p>
9	Pacheco Reservoir Expansion Project Update (San Luis Reservoir Low Point Projects)	6-30-2021	<ul style="list-style-type: none"> Receive and discuss information regarding the status of Pacheco Reservoir Expansion Project (San Luis Reservoir Low Point Projects) 	
10	Update on Los Vaqueros Reservoir Expansion Project:	6-30-2021	<ul style="list-style-type: none"> Receive an update on Los Vaqueros Reservoir Expansion Project 	

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1
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