February 19, 2019

MEETING NOTICE

WATER STORAGE EXPLORATORY COMMITTEE

Board Members of the Water Storage Exploratory Committee
Director Gary Kremen, Committee Chair
Director Richard P. Santos
Director John L. Varela

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

A meeting of the Santa Clara Valley Water District (SCVWD) Water Storage Exploratory Committee is to be held on Friday, February 22, 2019, at 10:00 a.m. in the Headquarters Building Boardroom located at the Santa Clara Valley Water District, 5700 Almaden Expressway, San Jose, California. Refreshments will be served.

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

Enclosures
From Oakland:

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

From Morgan Hill/Gilroy:

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

From Sunnyvale:

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

From San Francisco:

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

From Downtown San Jose:

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

From Walnut Creek, Concord and East Bay areas:

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

HQ Building Boardroom
5700 Almaden Expressway
San Jose CA  95118

REGULAR MEETING
AGENDA

Friday, February 22, 2019
10:00 AM

<table>
<thead>
<tr>
<th>Time</th>
<th>Item Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10:00 AM</td>
<td>Regular Meeting</td>
</tr>
</tbody>
</table>

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

   1.1. Roll Call.

2. **CLOSED SESSION:**

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

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

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

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

4. **APPROVAL OF MINUTES:**

4.1. Approval of Minutes.  

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

   Manager: Michele King, 408-630-2711  

   Attachments: Attachment 1: 120718 WSEC DRAFT Mins  

   Est. Staff Time: 5 Minutes  

5. **ACTION ITEMS:**
5.1. Pacheco Reservoir Expansion Project Update.  

Recommendation: This is an information only item and no action is required. However, the Committee may provide comments for Board consideration.

Manager: Christopher Hakes, 408-630-3796

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

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

B. Develop a recommendation to the full Board regarding participation in the multi-party cost-share agreement.

Manager: Jerry De La Piedra, 408-630-2257

Attachments:  
Attachment 1: Staff PowerPoint  
Attachment 2: LVE Project Map  
Attachment 3: Modeling Scenario  
Attachment 4: Risk Ranking Report  
Attachment 5: Draft Multiparty Cost Sharing Agreement
5.3. Sites Project Authority 2019 Reservoir Project Agreement for Continued District Participation in the Sites Reservoir Project.

Recommendation: A. Receive update and report on the Sites Reservoir Project;
B. Recommend that the Board authorize the CEO to execute the Sites Project Authority 2019 Reservoir Project Agreement for Phase 2 Year 1 participation;
C. Recommend a specific District participation level (up to 4.8%) in the entire Sites Reservoir Project.
D. Recommend that the Board authorize the District to participate in funding Phase 2 Year 1 Sites Reservoir Project costs, as necessary to preserve the recommended participation level; and
E. Recommend that the Board direct staff to continue engagement in Sites Reservoir Committee and to negotiate future funding participation to include a stronger governance role.

Manager: Garth Hall, 408-630-2750
Attachments: 
Attachment 1: 2019 Reservoir Project Agreement
Attachment 2: Agreement Exhibit A, Project Agreement Members
Attachment 3: Joint Powers Agreement
Attachment 4: Project Map
Attachment 5: Sites Authority and Reservoir Committee Structure
Attachment 6: Project Overview – Phase Level Schedule
Attachment 7: List of Sites Project Supporters
Attachment 8: PowerPoint

5.4. Semitropic and Other Potential Groundwater Banking Programs.

Recommendation: Receive and discuss information regarding status of Semitropic groundwater bank and other potential banking programs.

Manager: Garth Hall, 408-630-2750

5.5. 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.

Manager: Michele King, 408-630-2711
Attachments: Attachment 1: 2019 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. **ADJOURN:**

7.1. Adjourn.
COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:
Approval of Minutes.

RECOMMENDATION:
Approve the December 7, 2018, Meeting Minutes.

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

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

ATTACHMENTS:
Attachment 1: 120718 WSEC Draft Minutes

UNCLASSIFIED MANAGER:
Michele King, 408-630-2711
A regular meeting of the Water Storage Exploratory Committee (Committee) was held on December 7, 2018, in the Headquarters Building Boardroom at the Santa Clara Valley Water District, 5700 Almaden Expressway, San Jose, California.

1. CALL TO ORDER
A regular meeting of the Santa Clara Valley Water District Water Storage Exploratory Committee was called to order by Chair Director Gary Kremen at 11:31 a.m. on December 7, 2018.

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

Staff members in attendance were: Emmanuel Aryee, Glenna Brambill, Rick Callender, Jerry De La Piedra, Anthony Fulcher, Christopher Hakes, Nina Hawk, Brian Hopper, Cindy Kao, Eric Leitterman, Kathleen Low, Metra Richert, Eli Serrano, Sue Turner and Bhavani Yerrapotu.

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

2. CLOSED SESSION:
2.1. ANTICIPATION OF LITIGATION – INITIATION OF LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(D)(4) – THREE POTENTIAL CASES (PACHECO RESERVOIR EXPANSION STUDY)

2.2. EXISTING LITIGATION – GOVERNMENT CODE SECTION 54956.9(D)(1)
SCVWD V. GIOVANNOTTO LAND & CATTLE, LLC, SANTA CLARA CO. SUPERIOR COURT, NO. 1 8CV337188
2.3. CONFERENCE WITH REAL PROPERTY NEGOTIATORS – GOVERNMENT CODE SECTION 54956.8
SETTING NEGOTIATION PARAMETERS FOR PRICE AND TERMS OF PAYMENT FOR ACQUIRING PROPERTY INTEREST FROM MULTIPLE PROPERTY OWNERS (APNS: 86515007, 86510023, 86511020, 86511021, 86510019, 86510010, 86515008, 86515009, 86515008, 86515009, 89857001, 89857002, 89849001, 89849003, 89849008, 89811021, 89811022, 89811004, 89811023, 89811020, 89811016, 89813001, 89848001, 89849001, 89849003, 89811003, 89811008, 89811021, 89811022, 89811004, 89811023, 89811020, 89811016, 13001, 89848001) IN SANTA CLARA COUNTY

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

DISTRCT COUNSEL'S REPORT:
Mr. Brian Hopper, Senior Assistant District Counsel, reported on Item 2, that the Committee met in Closed Session with all members present, and took no reportable action.

3. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON AGENDA
There was no one present who wished to speak.

4. APPROVAL OF MINUTES
4.1 APPROVAL OF MINUTES
It was moved by Director Gary Kremen, seconded by Director Richard P. Santos and unanimously carried to approve the minutes of the November 7, 2018, meeting of the Santa Clara Valley Water District (SCVWD) Water Storage Exploratory Committee as presented.

5. ACTION ITEMS
5.1 UPDATE ON PROPOSED SITES RESERVOIR PROJECT
Ms. Cindy Kao reviewed the materials as outlined in the agenda item. Ms. Nina Hawk gave an update on a briefing from the ACWA conference.

Director Kremen asked about the Sacramento-Delta tunnel location.

Mr. Eric Leitterman was available to answer questions.

No action taken.

5.2 UPDATE ON SAN LUIS LOW POINT IMPROVEMENT PROJECT
Mr. Christopher Hakes reviewed the materials as outlined in the agenda item.

The Committee discussed: water quality issues, fourth feasible study-EIR-EIS, Pacheco intake, new intake, raising of Sisk Dam and economic analyses.

Mr. Rick Callender and Ms. Nina Hawk were available to answer questions.

No action taken.
5.3 UPDATE ON SHASATA DAM AND RESERVOIR ENLARGEMENT PROJECT
Ms. Cindy Kao reviewed the materials as outlined in the agenda item.

Directors Gary Kremen, John L. Varela and Richard P. Santos had concerns on the following: Potential sites, reclamation-CVP projects, costs, potential opposition, looking into risk factors, new congress introducing new earmarks and taking proactive approaches.

Ms. Nina Hawk and Mr. Rick Callender were available to answer questions.

No action taken.

5.4 UPDATE ON LAS VAQUEROS RESERVOIR EXPANSION PROJECT (LVE PROJECT)
Ms. Metra Richert reviewed the materials as outlined in the agenda item.

The Committee discussed deadlines of the project and possible mutual meetings with participants.

Mr. Jerry De La Piedra and Ms. Nina Hawk were available to answer questions.

No action taken.

5.5 REVIEW OF 2018 WATER STORAGE EXPLORATORY COMMITTEE WORK PLAN AND THE COMMITTEE’S NEXT MEETING AGENDA
Ms. Glenna Brambill reviewed the materials as outlined in the agenda item.

6. CLERK REVIEW AND CLARIFICATION OF COMMITTEE ACTIONS
Ms. Glenna Brambill noted there were no action items for Board consideration.

7. ADJOURNMENT
Chair Director Gary Kremen adjourned the meeting at 12:55 p.m.

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

Approved:
COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:
Pacheco Reservoir Expansion Project Update.

RECOMMENDATION:
This is an information only item and no action is required. However, the Committee may provide comments for Board consideration.

SUMMARY:

Background and Funding

On August 14, 2017, the District submitted an application to the California Water Commission (CWC) for California Proposition 1 Water Storage Investment Program (WSIP) funding for the Pacheco Reservoir Expansion Project (Project).

The CWC conditionally approved the District’s full funding request of $484.55 million on July 24, 2018, which included an Early Funding award of $24.2 million. The Early Funding award was authorized by the CWC to reimburse the District for funds expended starting August 14, 2017 for efforts related to the completion of the Environmental Documentation and Permitting for the Project.

Staff completed negotiations with the CWC regarding the requirements of the Early Funding Agreement and it was fully executed on December 10, 2018. Staff has been providing quarterly reports to the CWC as required and is preparing the District’s initial invoice for cost reimbursement.

The District continues to explore additional project funding and low cost financing through the Federal Water Infrastructure Improvements for the Nation (WIIN) Act, the Water Infrastructure Finance and Innovation Action (WIFIA), and other and Federal and State funding and financing programs. The project has been included as an alternative within the San Louis Reservoir Low Point Improvement Project (SLLPIP) led by the United States Bureau of Reclamation (USBR). If the Pacheco Reservoir Expansion alternative is determined to be the alternative that provides the highest National Economic Development (NED) score within the SLLPIP, a nexus can be established for potential partial federal funding of the Pacheco Reservoir Expansion Project.

Consultant Procurement

On November 20, 2018, the Board approved the two Consultant Services Agreements for this project. The first contract was for program management services and the second for planning,
design, and environmental consultant services and permitting support (PDEC). These agreements have been executed and a kickoff meeting was held with both consultants on December 10, 2018. Efforts are underway on various project management and planning activities including: completion of project mapping; refining project schedule sequencing and details; development of draft work plans, draft project objectives, data needs memorandums; and initiation of phase one evaluations. A draft field investigation workplan for one of the properties has been developed and a second is under development. These draft field investigation workplans will be used to negotiate with property owners for access to perform geotechnical and environmental field activities.

Public Outreach
Staff is engaged in concurrent discussions with property owners to facilitate long-term site access while negotiating access for required geotechnical and environmental field activities. Unfortunately, recent inclement weather has damaged the sole access road into the existing dam and reservoir facility, delaying the District’s ability to complete on-site phase 1 investigations. As a result, long-term site access for in-person tours may not by established until summer of 2019 in the event that a negotiated settlement cannot be reached and legal action is required. Once long-term site access is established, in-person tours to accommodate key stakeholder groups will be scheduled as weather and conditions permit. A video production agency has been contracted to produce an online interactive tour. To expedite the production timeframe, the framework and other components of the online tour will be developed to the extent possible without onsite visuals or footage. Once access is authorized, and the access road to the site is repaired, onsite high resolution photos and videos will be captured and added to complete the tour.

Currently, interested community members are directed to the Pacheco Reservoir Expansion website and encouraged to sign up for proactive project communications updates. The website highlights project details and key benefits via expert testimony videos, related documentation, and customized animation elements. The project FAQ’s are currently being refreshed. Communications material will continue to be updated as the project progresses.

ATTACHMENTS:
None

UNCLASSIFIED MANAGER:
Christopher Hakes, 408-630-3796
COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

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

RECOMMENDATION:
A. Receive and discuss information on Los Vaqueros Reservoir Expansion Project (LVE Project).
B. Develop a recommendation to the full Board regarding participation in the multi-party cost-share agreement.

SUMMARY:
Santa Clara Valley Water District (District) staff have continued to review the LVE Project, which proposes to expand an off-stream reservoir located in Contra Costa County and operated by Contra Costa Water District (CCWD) (Attachment 2). Originally constructed in 1998 with a capacity of 100,000 AF, it was expanded to 160,000 AF in 2012. The LVE Project would further expand the reservoir to 275,000 AF and add a new pipeline connecting CCWD’s system to the California Aqueduct. Regardless of whether the District stores water in the Los Vaqueros Reservoir, imported water could be moved from CCWD’s intakes in the Delta to the District’s system without relying on the South-of-Delta pumps.

The total construction cost of the expansion is estimated to be approximately $980 million (in 2015 dollars). CCWD received the maximum eligibility award of $459 million from the California Water Commission (CWC) as part of WSIP funding. CWC authorized $13.65 million in early funding for planning and design. CCWD has also requested $10 million in federal funding for planning and design through the FY19 Water Infrastructure for Improvements to the Nation (WIIN) Act. However, CCWD needs more money from partners to continue with environmental, federal feasibility, financial evaluation, governance, permitting, and design efforts and to be used as matching local funds required for WSIP and WIIN. The total near term cost to local partners is estimated at $3 million as part of a Multi-Party Cost-Share Agreement. Costs will be divided evenly between the local partners. The project started with 14 local partners; since then Eastern Contra Costa Irrigation District has dropped out, and some members have consolidated under the San Luis & Delta Mendota Water Authority (Authority), including Westlands Water District, Del Puerto Water District, and San Luis Water District. Therefore, there are currently ten (10) local partners. The District would be required to contribute between $283,000 to $355,000, depending on further consolidation under the Authority (e.g., Byron Bethany Irrigation District) or whether any additional local partners drop out of the Project. This contribution would be in addition to our prior payment of $100,000 to support CCWD’s Proposition 1 application and would carry the LVE Project through the end of 2019 and the formation
of a Joint Powers Authority (JPA). The current Local Agency Partner (LAP) participants are:

1. Alameda County Water District (ACWD)
2. Bay Area Water Supply & Conservation Agency (BAWSCA)
3. Byron Bethany Irrigation District (BBID)
4. City of Brentwood (Brentwood)
5. East Bay Municipal Utility District (EBMUD)
6. Grassland Water District (GWD)
7. Santa Clara Valley Water District (SCVWD)
8. San Francisco Public Utilities Commission (SFPUC)
9. Zone 7 Water Agency (Zone 7)
10. San Luis & Delta Mendota Water Authority (Authority)
   10.1. Del Puerto Water District (DPWD)
   10.2. San Luis Water District (SLWD)
   10.3. Westland Water District (WWD)

CCWD hosted a webinar on September 25, 2018 to discuss CalSim modeling done for the Project, which serves as a basis for the financial model. A separate webinar was held on October 11, 2018 to discuss the first version of the financial model. A subsequent webinar was held on January 22, 2019 to discuss the second version of the financial model which incorporated a new CalSim simulation based on revised LAP service requests. The financial model divides costs by the relative usage of each of the new and expanded facilities and adds a cost for the use of existing CCWD facilities. The model allows local partners to consider how much benefit is received given the costs. Under current modeling, the District provides excess supplies to the Project, which can be distributed to other partners, primarily San Francisco and the Refuges. The District would be reimbursed for any water supplied to the Project.

A webinar was held on November 19, 2018 to review CCWD and EBMUD user fees. Each agency has identified usage fees for project facilities that are either existing, upgraded, or new as part of the LVE Project. These fees include facility usage, conveyance, power, repair and rehabilitation, and operation and maintenance. Fees are typically based on an agency’s proportional use of the facility capacity converted to an acre-foot cost or a flat annual fee. Staff worked with legal, finance and imported water to review the fee structure and allocations, and provided CCWD comments in early January 2019. Additionally, staff is participating with other LAPs (ACWD and BAWSCA) in hiring a third-party financial consultant to review the user fees, the kick-off meeting for this effort is scheduled for February 15, 2019.

Staff continues working with CCWD and other potential partners to evaluate the District’s participation level in the Project, including how much, if any, dedicated storage to reserve in the reservoir and use of the Transfer Bethany Pipeline (Attachment 3). This evaluation aims to balance District needs with the potential cost. Staff have also had preliminary discussions with the other South Bay Contractors about non-participants use of the South Bay Aqueduct which could result from the Project.

The LVE Project risks were initially evaluated in the Risk Ranking Report from summer 2017 (Attachment 4). Evaluation criteria included cost, implementation, operations, and stakeholder risks. The report ranked the LVE project risk as high. Based on direction from the Board on November 20,
2018, staff did an abbreviated risk analysis of the projects under consideration. The new risk analysis considered the probabilities and consequences of projects not achieving their projected water supply yields by 2040, the planning horizon for the Master Plan. The results were similar to the results reported in the 2017 Risk Ranking Report. The notable difference was that the risk ranking for LVE Project is lower than the 2017 result, going from a high risk to medium risk, due to increased certainty in funding and additional information on project benefits.

Potential District Benefits
Water supply and operational benefits could be realized by diverting State Water Project (SWP), Central Valley Project (CVP), and/or surplus water without relying on the South-of-Delta pumps for direct delivery or pumped into an expanded Los Vaqueros Reservoir for later delivery. Staff anticipates the LVE Project could provide the following benefits to the District:

- An increase in water supply, primarily in dry years;
- The ability to bank SWP and CVP contract supplies in an expanded Los Vaqueros Reservoir;
- The project’s expanded storage and conveyances may provide alternate points of diversion for the District during periods when SWP and CVP exports are restricted by regulatory requirements that do not apply to CCWD diversions;
- Imported water could be routed from CCWD to the California Aqueduct through a new Transfer-Bethany Pipeline; and
- Transfer-Bethany Pipeline could support other regional projects (e.g., desalination, refinery recycled water exchange, BARR water market).

Project Governance
CCWD’s financial consultant will work with the LVE Project partners to develop a JPA agreement, anticipated to be established in 2019. The partners are still discussing whether to hire independent counsel to represent them individually during JPA negotiations. Once the JPA is in place, design and construction responsibilities will transition from CCWD to the JPA.

Schedule for Partnership Negotiations
CCWD is requesting that the District make a funding commitment (Attachment 5) to support the next phase of work efforts, including environmental, federal feasibility, financial evaluation, governance, permitting and design efforts and to be used as matching local funds required for WSIP and WIIN. Staff continues to work with CCWD to clarify the roles and responsibilities concerning use of the South Bay Aqueduct by non-State Water Project contractors. This language will be included in the final version of the Multi-Party Cost-Sharing Agreement.

Key near-term meetings and decision points on the LVE Project include the following:
- Winter 2018/2019 - LAPs execute the multi-party cost-share agreement
- Spring/Summer 2019 - Third party consultant review of user fees
- Spring/Summer 2019 - Decision to form JPA
- Spring/Summer 2019 - Form committee to select outside counsel to form JPA
- Summer 2019 - Partners & CCWD negotiate key terms of cost and governance
- Winter 2019 - Finalize JPA

**ATTACHMENTS:**
Attachment 1: Staff PowerPoint  
Attachment 2: LVE Project Map  
Attachment 3: Modeling Scenario  
Attachment 4: Risk Ranking Report  
Attachment 5: Draft Multi-Party Cost-Sharing Agreement

**UNCLASSIFIED MANAGER:**  
Jerry De La Piedra, 408-630-2257
Staff Recommendations

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

• Provide staff direction related to bringing the multi-party cost-share agreement to the full Board.
Project Description

• Water is pumped into the system from one of four existing intakes

• Water is sent to an upgraded Transfer Facility pump station

• From the Transfer Facility, water can be delivered directly to local agency partners and wildlife refuges or pumped into an expanded Los Vaqueros Reservoir for later delivery

• Water is delivered via the Transfer-Bethany Pipeline to the South Bay Aqueduct
Local Agency Partners (LAPs)

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

- Store surplus water into Los Vaqueros System
  - Unused carryover
  - Delta surplus
  - Unused purified water capacity
- Storage for dry and critical dry years
  - 10,000 AFY in drought conditions
  - Average take is 2,000 AFY
- Provide surplus water to other LAPs
- Provides operational flexibility via Transfer-Bethany Pipeline (TBP)
2017 Risk Ranking Report

Categories:
- Cost
- Implementation
- Operations
- Stakeholder

2019 Revised Risk Ranking
- Evaluated probability and consequence of projects not achieving project yields by 2040.

<table>
<thead>
<tr>
<th>Project</th>
<th>Risk Ranking Analysis</th>
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<tbody>
<tr>
<td>Los Vaqueros Reservoir</td>
<td>2017: High</td>
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Project Support
• Currently no vocal opposition

Project Costs
• Estimated total project cost: $980 million
• Awarded $459 million in Prop. 1 funding
  • Early funding: $13.65 million
• District capital cost: TBD

Multi-party Cost Share Agreement
• Cost dependent on the number of participating LAPs; currently 10 LAPs
• SCVWD portion ranges from $280,000-$355,000
• “Bridge” funding through 2019 until formation of Joint Powers Authority (JPA)
Next Steps

- Winter 2018/2019 - LAPs execute multi-party cost share agreement
  - All other LAPs have executed the agreement
- Spring/Summer 2019 - Third party consultant review of user fees
- Spring/Summer 2019 – Decision to form JPA
- Spring/Summer 2019 – Form committee to select outside counsel to form JPA
- Summer 2019 – Partners & CCWD negotiate key terms of cost and governance
- Winter 2019 – JPA Formation
Recommendation (recap)

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

• Provide staff direction related to bringing the multi-party cost-share agreement to the full Board.
PHASE 2 LOS VAQUEROS RESERVOIR EXPANSION PROJECT
LONG-TERM AVERAGE ANNUAL WATER DELIVERIES TO PARTNERS

Total = 87 TAF/year
Results of Pairwise and Traditional Risk Analyses
Contents

OVERVIEW ........................................................................................................................... 2
RISK ELEMENTS.................................................................................................................... 2
PAIRWISE RISK ANALYSIS ................................................................................................... 4
  PAIRWISE RISK ANALYSIS BY RISK ELEMENT ................................................................. 4
  PAIRWISE RANKING RESULTS ............................................................................................ 10
RISK SEVERITY AND LIKELIHOOD ANALYSIS ................................................................ 12
TOTAL PROJECT RISK CALCULATION ............................................................................ 14
PROJECT RISK SUMMARY AND CONCLUSIONS ............................................................... 17

Appendices
A. Project Descriptions
B. Methodology
OVERVIEW
Santa Clara Valley Water District (District) staff conducted a risk analysis of the projects being considered for inclusion in the 2017 Water Supply Master Plan (WSMP; Figure 1). The WSMP is the District’s strategy for providing a reliable and sustainable water supply in a cost-effective manner. The WSMP process includes assessing the existing water supply system, estimating future supplies and demands, identifying and evaluating projects to fill gaps between supplies and demands, and recommending a strategy for long-term water supply reliability. This risk analysis helps evaluate the types, severity, and likelihood of risk associated with each WSMP project so that the District Board of Directors and community better understand the uncertainties associated with each project’s ability to meet future water demands.

This report summarizes the results of the risk analysis developed to quantitatively assess the types and level of risk impacting each project. Project descriptions and cost estimates are in Appendix A - Project Descriptions. Appendix B details the methodology used to conduct the risk analysis.

RISK CATEGORIES
During an Expert Panel meeting on June 8, 2017, staff and panel experts discussed different types of project risks. Afterwards, staff grouped the risks into four risk categories: Cost, Implementation, Operations, and Stakeholders. The types (or elements) of risk are summarized in Table 1 by risk category. At four meetings, one for each risk category, District subject matter experts discussed risk elements within the risk category and then conducted pairwise and traditional risk analyses of the 2017 WSMP projects. Many risks spanned the categories, but the aspects of the risk were distinct in each meeting. For example, the capital costs risk was considered during the Cost and Stakeholders risk meetings, but the Costs meeting considered the uncertainty of the capital cost estimates for each project while the Stakeholders meeting considered whether higher capital costs could result in greater stakeholder opposition. Table 1 summarizes the risks by risk category.
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<th>Risk Category</th>
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| **Costs**     | • Capital costs, including quality of cost estimate  
                • Costs of regulatory compliance  
                • Match requirements and cost-sharing  
                • Counter-party risk/ability of partners to pay costs  
                • Stakeholders and rate payer ability to pay  
                • Financing and funding security  
                • Scheduling issues  
                • Economic fluctuations and instability  
                • Potential for stranded assets |
| **Implementation** | • Phasing potential  
                        • Project duration and schedule  
                        • Reoperation requirements  
                        • Land availability  
                        • Constructability (e.g., structural issues, technology)  
                        • Managerial capacity (knowledge and resource availability)  
                        • Range of implementation options  
                        • Regulatory requirements  
                        • Project planning maturity |
| **Operations** | • Climate change  
                   • Yield variability and reliability  
                   • Operating Partnerships  
                   • Uncertainty of long-term operations and maintenance costs  
                   • Project inter-dependency  
                   • Environmental and water quality regulations  
                   • Control  
                   • Appropriate infrastructure  
                   • Redundancy  
                   • Emergency operations/asset failures |
| **Stakeholders** | • Public support  
                      • Permitting risks  
                      • Media  
                      • Internal stakeholder concerns  
                      • External stakeholder opposition  
                      • Environmental/special interest groups  
                      • Partnership risks  
                      • Government stakeholders  
                      • Costs |
PAIRWISE RISK ANALYSIS

A pairwise risk analysis provides a quantitative approach for ranking projects by risk. Having projects ranked by riskiness improves the District Board’s and community’s ability to compare projects’ ability to meet future needs. To complete the risk assessment, the project team assembled five to six subject matter experts from the District into four groups, one group for each risk category. The team chose District experts that had knowledge specific to their assigned risk category. Then, the subject matter experts compared each project against another project using the pairwise matrix in Table 2. The crossed-out boxes represent duplicate comparisons or compare the project against itself. The subject matter experts each determined which of the two projects being compared was a higher risk for the risk category. For example, the first comparison is Morgan Hill (Butterfield) Recharge and Groundwater Banking. If someone determined that Groundwater Banking has more risk, they would enter a “G” for Groundwater Banking.

PAIRWISE RISK ANALYSIS BY RISK ELEMENT

Tables 3a-d provide the results of the pairings by risk category. Each project is represented by an abbreviation and the numbers indicate how many people chose it as the higher risk. For example, all six participants assessing cost risks thought that Imported Water Contract Purchase was higher risk than Morgan Hill (Butterfield) Recharge, so the associated cell is filled with “I6.” Alternatively, two of the six participants thought Imported Water Rights Purchase (I) was higher risk than Groundwater Banking (G), so the associated cell is filled with “I2 G4.”
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TABLE 3A-D. PAIRWISE COMPARISON RESULTS. THE TABULATED RESULTS FOR THE COST (A), IMPLEMENTATION (B), OPERATION (C), AND STAKEHOLDER (D) PAIRWISE ANALYSIS. EACH LETTER PRESENTS A PROJECT AS SHOWN IN THE HEADER ROW AND COLUMN. THE NUMBER FOLLOWING THE LETTERS IN EACH CELL REPRESENTS THE NUMBER OF EXPERTS WHO THINK THE ASSOCIATED PROJECT IS RISKIER.

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* Morgan Hill (Butterfield) Recharge Pond

**Legend**

- D: Dry Year Options/Transfers
- LX: Lexington Pipeline
- SP: SP
- B: B
- G: G
- S: S
- L: L
- PL: PL
- PF: PF
- PI: PI
- I: I
- PR: PR
- C: C

**Notes**

- **Dry Year Options/Transfers**
  - D
  - LX
  - SP
  - B
  - G
  - S
  - L
  - PL
  - PF
  - PI
  - I
  - PR
  - C

- **Lexington Pipeline**
  - LX

- **Groundwater Recharge – Saratoga**
  - SP

- **Groundwater Recharge – Morgan Hill**
  - B

- **Groundwater Banking**
  - G

- **Sites Reservoir**
  - S

- **Los Vaqueros Reservoir Expansion**
  - L

- **Potable Reuse – Los Gatos Ponds**
  - PL

- **Potable Reuse – Ford Pond**
  - PF

- **Potable Reuse – Injection Wells**
  - PI

- **Imported Water Contract Purchase**
  - I

- **Pacheco Reservoir**
  - PI

- **California WaterFix**
  - C
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* Morgan Hill (Butterfield) Recharge Pond
Table 4 shows the pairwise ranking results. The letter designation represents the riskier project based on the results of the four subject matter expert groups combined. The percentage indicates the amount of agreement between the four groups. 100% indicates that all four risk groups agree the project was riskier. Where 75 percent is indicated, three of four teams ranked it higher risk (where 75%* is noted, the result was three of four, and one tie). Where 66% is indicated, two of three groups agreed and a tie in the fourth group. Finally, 50 percent indicates an even split between the four risk categories. Most the comparisons had agreement among the four categories.

**Table 4. Pairwise Ranking Results**

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* Morgan Hill (Butterfield) Recharge Pond
From the pairwise analysis results, California WaterFix is the riskiest project being considered, followed by the surface water reservoirs and potable reuse using injection wells. The two potable reuse projects using recharge ponds are tied, as are groundwater banking and the Lexington Pipeline. The least risky projects are the groundwater recharge projects.

**TABLE 5. PAIRWISE COMPARISON RISK RANKING.** Project pairwise rank determined using the count of comparisons for which each project was determined as the riskiest. The total votes by experts lists the sum of the raw scores for each project.

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</table>
RISK SEVERITY AND LIKELIHOOD ANALYSIS

The four risk category teams also assessed the severity and likelihood of risk for each project. The goal of this risk scoring exercise is to help determine how much riskier one project is compared to another and to identify if the risk is primarily from the likelihood that the risk materializes, the severity of the outcome if the risk materializes, or both. The methodology and risk scoring criteria are included in Appendix B. Each risk category expert scored the risk severity and likelihood for each project on a scale from 1 to 4, with four (4) being the highest magnitude of risk. The definitions are summarized in Table 6. Table 7 presents the sum of the median score for each of the risk categories by project, from highest to lowest risk. The relative ranking of risk using the severity and likelihood is the same as when the pairwise results are used. Figure 2. Risk Matrix. illustrates the severity and likelihood analysis results in a risk matrix.

<table>
<thead>
<tr>
<th>Severity</th>
<th>Likelihood</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low = low to no effect on project</td>
<td>Very Unlikely = Risks will not materialize</td>
</tr>
<tr>
<td>Medium = minor to modest impacts</td>
<td>Unlikely = Risks probably will not materialize</td>
</tr>
<tr>
<td>High = significant or substantial impacts</td>
<td>Likely = Risks probably will materialize</td>
</tr>
<tr>
<td>Very High = extreme potential impacts</td>
<td>Very Likely = Almost certain risks will materialize</td>
</tr>
</tbody>
</table>

TABLE 6. RISK SEVERITY AND LIKELIHOOD DEFINITIONS

<table>
<thead>
<tr>
<th>Project</th>
<th>Severity Score (Max. of 16)</th>
<th>Likelihood Score (Max of 16)</th>
</tr>
</thead>
<tbody>
<tr>
<td>California WaterFix C</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>Pacheco Reservoir PR</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>Sites Reservoir S</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Potable Reuse – Injection Wells PI</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Los Vaqueros Reservoir Expansion L</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>Potable Reuse – Ford Road PF</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Potable Reuse -Los Gatos Ponds PL</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Groundwater Banking G</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Lexington Pipeline LX</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Dry year options/transfers D</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Imported Water Contract Purchase I</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Groundwater Recharge -Saratoga SP</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Groundwater Recharge Morgan Hill (Butterfield) B</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>
FIGURE 2. RISK MATRIX. LIKELIHOOD OF PROJECT IMPACT INCREASES UPWARD ALONG THE VERTICAL AXIS AND SEVERITY INCREASES ALONG THE HORIZONTAL AXIS. SEE TABLE 9 FOR THE RAW DATA USED TO DEVELOP THIS FIGURE.
TOTAL PROJECT RISK CALCULATION

Staff calculated the total project risk for each category by weighting the pairwise ranking by the severity and likelihood (equation 1).

$$\text{Risk}_{\text{category}} = (1 + \frac{\text{Severity} + \text{Likelihood}}{8}) \times \text{Pairwise Ranking}$$

The severity and likelihood score is divided by eight (the maximum possible combined score) to represent severity and likelihood as a portion of the maximum possible combined score. This proportion is then added to one (1) so that the pairwise analysis remains the primary driver of the order of risk, and then the severity and likelihood is a multiplicative factor that acts on the risk ranking. If the severity and likelihood is significant, it will substantially increase the total risk score. If the severity and likelihood score are small, there will be little impact on the total risk score. Alternatively, not adding one (1) to the severity and likelihood proportion would result in the severity and likelihood decreasing the ranking number unless the severity and likelihood proportion equals one. Then the risk score was normalized by dividing by the maximum possible score and multiplying by 100 to convert to a percentage value. The project risks for each category are in Figures 3 through 6. The combined total project risk is in Figure 7.

FIGURE 3. WEIGHTED COST RISK
FIGURE 4. WEIGHTED IMPLEMENTATION RISK

FIGURE 5. WEIGHTED OPERATIONS RISK
FIGURE 6. WEIGHTED STAKEHOLDER RISK

FIGURE 7. TOTAL WEIGHTED PROJECT RISK
PROJECT RISK SUMMARY AND CONCLUSIONS

California WaterFix and the three surface water reservoirs (Pacheco, Sites, and Los Vaqueros) are among the highest risk projects based on this analysis. California WaterFix and Sites Reservoir risk is distributed relatively evenly among the four categories, while Pacheco has more cost risk and Los Vaqueros has less stakeholders risk compared to the other risk categories.

Uncertainties related to future regulatory requirements for the California WaterFix may affect project operations and impact water supply yields. Although significant contingencies have been included in the cost estimates, there could be cost overruns due to the size and complexity of the construction project. Additionally, opposition from vocal stakeholders and potential legal challenges could lead to schedule delays and changes in proposed operations that impact the project's water supply benefit.

Sites Reservoir would depend on Sacramento River flows and Pacheco Reservoir would store Delta-conveyed supplies (along with local water), causing uncertainty in the amount of water that either reservoir will supply. Future environmental regulations and hydrologic changes could significantly affect the modeled yields from the reservoirs. In addition, both reservoirs will likely have significant environmental mitigation requirements that could further reduce the water supply and increase the project costs.

In contrast to Sites, California WaterFix, and Los Vaqueros, the risk analysis results suggest that the Pacheco Reservoir cost-related risk is more significant than the stakeholders, implementation, and operations risks. The cost risks are based on concerns that Pacheco partners have less financial resources and the project has less secure funding sources compared to Sites, California WaterFix, or Los Vaqueros. In addition, the cost estimate for construction and operations/maintenance could increase considerably since the project is in the early phases of planning.

The analysis shows that Los Vaqueros Reservoir has a relatively low risk compared to the other reservoir proposals and California WaterFix, with 12 percent less total risk than the next riskiest reservoir (Sites Reservoir). Risk experts from each of the risk categories commented that Los Vaqueros has been expanded before with little opposition, on time, and on budget. In addition, experts from the costs group noted that there are several potential cost-sharing partners that are financially reliable. There are potential implementation and operation complexities due to the large number of partners.

The analysis also shows that potable reuse using injection wells is riskier than potable reuse using recharge ponds. Injection wells are a relatively new technology compared to recharge ponds and recharge pond operations, maintenance, and costs are better understood. However, experts were concerned that Ford Ponds will require decommissioning several retailer wells, potentially being a stakeholder acceptance and project implementation issue. General potable reuse concerns included public acceptance, poor cost estimates for advanced purification systems, and unknown regulatory requirements. However, experts thought it is less risky than reservoirs or California WaterFix because the water will be a drought-proof, reliable, local supply and that the current socio-political environmental surrounding potable reuse as a water supply will help improve public perception.

Groundwater banking and Lexington Pipeline both had the same amount of total risk. However, compared to Lexington Pipeline, groundwater banking had higher cost and operations risks and lower implementation risks. Since the District already participates in groundwater banking with Semitropic Water Storage District (Semitropic), stakeholders are familiar banking and the associated costs risks. In addition, implementation risks and operations risks are like those with Semitropic in that there needs to be exchange capacity in dry years and the storage is not in-county. While those risks exist, they are relatively small compared to other projects.
since the District has experience planning for and mitigating those risks. However, the new potential banking partners will need to build infrastructure to be able to bank District water.

In contrast to groundwater banking, most of the risk associated with Lexington Pipeline is implementation risk. The implementation concern is the ability to build the pipeline through urban areas and potentially complex geologies. Since the pipeline would be locally maintained and operated, there are less operational and cost-related risks. The main cost risk associated with Lexington Pipeline is the construction cost. In contrast, the District would not control the groundwater banking operations and costs would be a recurrent negotiation.

Imported water contract purchase and dry year transfer risks are primarily associated with cost and operation. The contract purchase option is a permanent transfer of SWP Table A contractual water supplies, which are subject to the same regulatory restrictions and delivery uncertainties as our current imported water supplies. In addition, the SWP South Bay Aqueduct has conveyance limits that could make it difficult to receive additional Table A contract water during higher allocation years. In contrast, dry year transfers can only be delivered during specific months. However, if dry year transfers are available, there is little risk that the District will not receive the purchased transfer water. Imported water contract purchase and dry year transfer are both lower risk relative to most other projects since neither require construction, reducing their implementation and cost risks. However, stakeholder experts suggested that it may have poor optics to buy more Table A water when we already do not receive 100 percent of our contract allotment and that it may be difficult to find someone interested in selling their Table A water contract. Similarly, dry year transfers may not be available for purchase when needed.

The Morgan Hill (Butterfield) recharge channel and Saratoga recharge pond were the lowest risk projects because they are less costly than other projects, are local, and the District has successfully completed similar projects. Morgan Hill (Butterfield) recharge channel is currently owned by Morgan Hill and actively used for stormwater conveyance during the winter. To use the channel for recharge as planned, the District will need to coordinate operations with Morgan Hill and extend the District’s Madrone Pipeline to the channel. The chief concern with Saratoga recharge pond is identifying and purchasing a suitable property for recharge.

In general, the lowest risk projects are those that are locally controlled or similar to already completed projects. Imported water rights purchase, dry year transfer, and groundwater banking are current practices, so the District is prepared for the uncertainties associated with those projects. Similarly, Morgan Hill (Butterfield) recharge channel is similar to the Madrone recharge channel and is locally controlled. Potable reuse is the newest technology the District is considering, but the facilities are locally controlled and the District is currently testing potable reuse to confirm its operational capabilities. Experts did find potable reuse with recharge ponds to be lower risk than potable reuse with injection wells. The District has experience managing recharge ponds, consistent with the conclusion that lower risk projects are those that are most similar to existing District projects. Projects that require substantial construction and cost-sharing are higher risk, such as California WaterFix and the Pacheco, Sites, and Los Vaqueros Reservoirs.

This risk assessment helps provide the Board of Directors and external stakeholders more thorough understanding of each proposed project. Understanding project risks and how these risks may materialize can help determine which projects to invest in and what project-related issues to prepare for in the future as project development proceeds.
### Appendix A: Project and Program Descriptions (as of September 2017)

<table>
<thead>
<tr>
<th>Project</th>
<th>Pros</th>
<th>Cons</th>
<th>Average Annual Yield (AFY)</th>
<th>Present Value Cost to District (2017)</th>
<th>Cost/AF</th>
</tr>
</thead>
</table>
| **California WaterFix** | Constructs two 40-foot diameter tunnels at least 100 feet below ground surface capable of diverting up to 9,000 cubic feet-per-second from the Sacramento River and delivering it to the federal and state pumps. Alternative to conveying water all Central Valley Project and State Water Project supplies through the Delta. Would require environmental flow and water quality criteria be met. | • Secures existing Delta-conveyed supplies  
• Upgrades aging infrastructure  
• Protects the environment through less impactful diversions  
• Improves reliability of other Delta-conveyed supplies and transfers  
• Protects water quality | • Implementation complexity  
• Long-term operational uncertainty  
• Stakeholder opposition  
• Financing uncertainty | 41,000 | $620 million | $600 |
| **Dry Year Options / Transfers** | Provides 12,000 AF of State Water Project transfer water during critical dry years. Amount can be increased or decreased. Can also include long-term option agreements. | • Provides supply in critical years when needs are greatest  
• Allows for phasing  
• Can implement in larger increments  
• Complements all other projects | • Subject to Delta-restrictions  
• Increases reliance on Delta  
• Cost volatility  
• Uncertainty with willing sellers | 2,000 | $100 million | $1,400 |

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1 The average annual yield of many projects depends on which projects they are combined and the scenario being analyzed. For example, groundwater banking yields is higher in portfolios that include wet year supplies. Similarly, they would be lower in scenarios where demands exceed supplies and excess water is unavailable for banking.
<table>
<thead>
<tr>
<th>Project</th>
<th>Pros</th>
<th>Cons</th>
<th>Average Annual Yield (AFY)¹</th>
<th>Present Value Cost to District (2017)</th>
<th>Cost/AF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Groundwater Banking:</strong></td>
<td>Provides 120,000 AF of banking capacity for Central Valley Project and State Water Project contract water. Sends excess water to a groundwater bank south of the Delta during wet years and times of surplus for use during dry years and times of need. Annual put and take capacities of 30,000 AFY. Project more effective in portfolios that include new supplies.</td>
<td>• Significantly reduces drought shortages when paired with projects with all-year supply • Allows for phasing</td>
<td>2,000</td>
<td>$170 million</td>
<td>$3,900</td>
</tr>
<tr>
<td><strong>Groundwater Recharge – Morgan Hill Recharge:</strong></td>
<td>Extends the Madrone Pipeline from Madrone Channel to Morgan Hill’s Butterfield Channel and Pond near Main Street. Would need to be operated in conjunction with the City’s stormwater operations.</td>
<td>• Optimizes the use of existing supplies • Conjunctive use strategy • Helps drought recovery • Local project</td>
<td>2,000</td>
<td>$20 million</td>
<td>$400</td>
</tr>
<tr>
<td><strong>Groundwater Recharge – Saratoga:</strong></td>
<td>Constructs a new groundwater recharge facility in the West Valley, near the Stevens Creek pipeline.</td>
<td>• Minimal impact on drought shortages • North County locations limited • Potential siting conflicts with existing land uses</td>
<td>1,000</td>
<td>$50 million</td>
<td>$1,300</td>
</tr>
<tr>
<td>Project</td>
<td>Pros</td>
<td>Cons</td>
<td>Average Annual Yield (AFY)</td>
<td>Present Value Cost to District (2017)</td>
<td>Cost/AF</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>----------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
<td>----------------------------</td>
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</tr>
</tbody>
</table>
| Lexington Pipeline:         | Constructs a pipeline between Lexington Reservoir and the raw water system to provide greater flexibility in using local water supplies. The pipeline would allow surface water from Lexington Reservoir to be put to beneficial use elsewhere in the county, especially when combined with the Los Gatos Ponds Potable Reuse project which would utilize the capacity of the Los Gatos recharge ponds where most water from Lexington Reservoir is currently sent. In addition, the pipeline will enable the District to capture some wet-weather flows that would otherwise flow to the Bay. | • Optimizes the use of existing local supplies  
• Increases local flexibility  
• Complements potable reuse | 3,000                      | $90 million                       | $1,000  |
<table>
<thead>
<tr>
<th>Project</th>
<th>Pros</th>
<th>Cons</th>
<th>Average Annual Yield (AFY)¹</th>
<th>Present Value Cost to District (2017)</th>
<th>Cost/AF</th>
</tr>
</thead>
</table>
| **Los Vaqueros Reservoir:** | Secures an agreement with Contra Costa Water District and other partners to expand the off-stream reservoir by 110,000 AF (from 160 TAF to 275 TAF) and construct a new pipeline (Transfer-Bethany) connecting the reservoir to the South Bay Aqueduct. Assumes District’s share is 35,000 AF of storage, which is used to prorate costs. Emergency storage pool of 20,000 AF for use during droughts. District would also receive Delta surplus supplies when there is capacity to take. Average yield for District about 3,000 AFY. Assumes sales of excess District supplies to others. Transfer-Bethany Pipeline provides about ¾ of the project benefits at ¼ of the cost. | • Provides drought supplies  
• Improved transfer/exchange capacity  
• Allows for phasing (Transfer-Bethany Pipeline provides significant benefit)  
• Complements projects with all-year supply  
• Supports regional reliability  
• Public and agency support | 3,000 | $40 million | $400 |
| **Pacheco Reservoir:** | Enlarges Pacheco Reservoir to 140,000 AF. Assumes local inflows and ability to store Central Valley Project supplies in the reservoir. Construction in collaboration with Pacheco Pass Water District and San Benito County Water District. Potential other partners. | • Locally controlled  
• Addresses San Luis Reservoir Low-Point problem  
• Provides flood protection  
• Provides cold water for fisheries  
• Increases operational flexibility | 6,000 | $450 million | $2,700 |
<table>
<thead>
<tr>
<th>Project</th>
<th>Pros</th>
<th>Cons</th>
<th>Average Annual Yield (AFY)¹</th>
<th>Present Value Cost to District (2017)</th>
<th>Cost/AF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potable Reuse – Ford Pond:</td>
<td></td>
<td></td>
<td>3,000</td>
<td>$190 million</td>
<td>$2,500</td>
</tr>
<tr>
<td></td>
<td>• Local supply</td>
<td>• Reverse osmosis concentrate management for injections</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Not subject to short or long</td>
<td>wells and Los Gatos Ponds projects</td>
<td></td>
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<tr>
<td></td>
<td>term climate variability</td>
<td>• Uncertainty with agreements with San Jose</td>
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<tr>
<td></td>
<td>• Allows for phasing</td>
<td>• Injection well operations</td>
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<tr>
<td></td>
<td></td>
<td>complex</td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td></td>
<td>• Potential public perception</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>concerns</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potable Reuse – Injection Wells:</td>
<td></td>
<td></td>
<td>5,000 – 15,000</td>
<td>$290 million – $860 million</td>
<td>$2,000</td>
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<tr>
<td>Constructs (or expands in conjunction with</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>the Los Gatos Ponds project) potable reuse</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>facilities for 5,000 to 15,000 AFY of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>groundwater injection capacity.</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potable Reuse - Los Gatos Ponds:</td>
<td></td>
<td></td>
<td>19,000</td>
<td>$990 million</td>
<td>$1,700</td>
</tr>
<tr>
<td>Constructs facility to purify water treated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>at wastewater treatment plants for</td>
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<tr>
<td>groundwater recharge.</td>
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<td></td>
</tr>
<tr>
<td>Project</td>
<td>Pros</td>
<td>Cons</td>
<td>Average Annual Yield (AFY)</td>
<td>Present Value Cost to District (2017)</td>
<td>Cost/AF</td>
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<tr>
<td>----------------------------</td>
<td>-------------------------------------------</td>
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<td>----------------------------</td>
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<td>---------</td>
</tr>
</tbody>
</table>
| Sites Reservoir: Establishes an agreement with the Sites JPA to build an off-stream reservoir (up to 1.8 MAF) north of the Delta that would collect flood flows from the Sacramento River and release them to meet water supply and environmental objectives. Assumes District’s share is 24,000 AF of storage, which is used to prorate yields from the project. The project would be operated in conjunction with the SWP and CVP. In some years, District would receive less Delta-conveyed supply with the project than without the project. | • Off-stream reservoir  
• Improves operational flexibility of Statewide water system | • Increases reliance on the Delta  
• Subject to Delta risks  
• Long-term operational uncertainty  
• Operational complexity  
• Institutional complexity | 8,000 | $170 million | $800 |
| Water Contract Purchase: Purchase 20,000 AF of SWP Table A contract supply from other SWP agencies. | • Provides all year supply | • Increases reliance on the Delta  
• Subject to Delta risks  
• Willing sellers’ availability | 12,000 | $360 million | $800 |
BACKGROUND:

At the expert panel meeting on June 8, 2017, a panel member suggested that the Water Supply Planning team conduct a risk assessment on the projects being considered as part of the WSMP. A participant at the expert panel meeting suggested using a Paired Comparison Analysis. The WSMP project team and expert panel brainstormed elements of project risk, which the technical team then used to create risk categories that encompassed the risk elements. After the meeting, the project team identified internal subject matter experts for each risk category to participate in the paired comparison risk assessment. The project team then decided to combine the paired comparison risk analysis with a traditional risk ranking (severity and likelihood) to better understand the relative magnitude of each risk. This provides a detailed explanation of the methodology employed. The results and conclusions are presented in the September 8, 2017, WSMP 2017 – PROJECT RISKS: Results of Pairwise and Traditional Risk Analyses.

RISK CATEGORIES

The WSMP project team reviewed the risk elements brainstormed during the expert panel meeting and grouped them into four risk categories: stakeholder, implementation, operations, and cost (Table 1). The risk categories reflect the different stages of a project where risk can occur. Each project requires approval or support from a diverse set of stakeholders, ranging from the public to the Board of Directors. This may be needed only at the beginning of a project, or throughout as is the case with regulatory approval. Once a project is supported by stakeholders, the project enters the planning/implementation phase. Implementation risks capture risks that occur during planning, design, permitting, and construction. The cost risk category encompasses elements of uncertainty associated with the initial cost estimates through the uncertainty associated with recurring operations and maintenance costs during the project’s lifespan. Once the project is implemented, issues associated with project operations will need to be addressed throughout the lifespan of the project. An example of a potential recurring operations issue is the need to re-operate as environmental regulations or climate changes.

Once the project team determined the risk categories, they reviewed risk management references to ensure they were presenting a comprehensive assessment of risk. During the literature review, the technical team found a risk category structure named POET that is analogous to their risk categorization (TRW, Inc.). POET categories include political, operational, economic, and technical, and is used to assess challenges and opportunities associated with programs, customer challenges, and strategies, regardless of the size and complexity.

- Political: Assess and articulate associated leadership, mission/business decision drivers, organizational strengths/weaknesses, policies, governance, expectation management (e.g., stakeholder relationship), program management approach, etc.
- Operational: Obtain and evaluate mission capabilities, requirements management, operational utility, operational constraints, supporting infrastructure and processes, interoperability, supportability, etc.
- Economic: Review capital planning and investment management capabilities, and assess the maturity level of the associated processes of budgeting, cost analysis, program structure, acquisition, etc.
- Technical: Assess and determine the adequacy of planned scope/scale, technical maturity/obsolescence, policy/standards implementation, technical approach, etc.

The risk categories determined by the project team have slightly different names than the POET categories, but they cover very similar content.
<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Risks</th>
</tr>
</thead>
</table>
| **Costs**     | • Capital costs, including quality of cost estimate  
                  • Costs of regulatory compliance  
                  • Match requirements and cost-sharing  
                  • Counter-party risk  
                  • Stakeholders and rate payer perspective and ability to pay  
                  • Financing and funding security  
                  • Scheduling issues  
                  • Economic fluctuations and instability  
                  • Stranded assets |
| **Implementation** | • Phasing potential  
                             • Required time table  
                             • Reoperation requirements  
                             • Land availability  
                             • Constructability (e.g., structural issues, technology)  
                             • Managerial capacity (knowledge and resource availability)  
                             • Range of implementation options  
                             • Regulatory requirements  
                             • Project planning maturity |
| **Operations** | • Climate change  
                     • Yield variability and reliability  
                     • Operating Partnerships  
                     • Uncertainty of long-term operations and maintenance costs  
                     • Project inter-dependency  
                     • Environmental and water quality regulations  
                     • Control  
                     • Appropriate infrastructure  
                     • Redundancy  
                     • Emergency operations/asset failures |
| **Stakeholders** | • Public support  
                      • Permitting risks  
                      • Media  
                      • Internal stakeholder concerns  
                      • External stakeholder opposition  
                      • Environmental/special interest groups  
                      • Partnership risks  
                      • Government stakeholders  
                      • Costs |
WSMP PROJECT RISK ASSESSMENT

After a review of risk assessment methodologies, the project team determined that while a pairwise comparison provides the relative risk ranking of projects, it does not indicate how much riskier one project is in comparison to one of lower rank. To quantify the magnitude of risk, the project team decided to add an evaluation of risk severity and likelihood.

To complete the risk assessment, the project team assembled five to six subject matter experts from the District into four groups, one group for each risk category. The team chose District experts that had knowledge specific to their assigned risk category (Table 1). At each of the four risk assessment meetings, the following agenda was followed:

1) Projects were discussed to the experts could understand the projects sufficiently to perform their analysis.
2) District experts reviewed and brainstormed additional elements of risk associated with the category.
3) District experts independently completed a pairwise comparison.
4) A meeting facilitator tallied the pairwise comparisons during the meeting and the District experts discussed some of the project comparisons where experts had disagreements.
5) District experts independently completed the risk magnitude assessment, which was tallied afterwards.

After this assessment was completed, the project team added four additional projects to the list. This required the analysis to be conducted again with the added projects. The same process was followed for the second analysis, with the following exceptions:

- A subset of the same staff was used in the second analysis, with four to five experts per category.
- The subject matter experts did not meet in person for the second analysis, so there was not the same level of discussion or ability to ask questions about projects as during the first analysis.

PAIRED COMPARISON

The subject matter experts received a matrix of the projects where they could complete their paired comparisons (Table 2A). Each expert compared one project to another and identified which project between the two is of greater risk for the risk category being evaluated. The project team then tabulated the results during the meeting for the first phase (Table 2B- All results), and the experts discussed some of the project comparisons where there was not consensus. Given time constraints, not all paired comparisons with disagreements could be discussed; instead, the project team selected the most significant disagreements for discussion. For the second phase, the experts were provided the same information and forms, and they completed the assessments on their own.
Following the pairwise comparison, the experts scored the risk severity and likelihood for individual projects (Table 3). The goal of this risk scoring exercise is to help determine how much riskier one project is from another and to identify if the risk is primarily from the likelihood that the risk materializes, the severity of the outcome if the risk materializes, or the likelihood of the outcome if the risk materializes.
did materialize, or both. For example, it is unlikely that an earthquake would destroy a dam, but if it did, the results could be catastrophic for life and property (low likelihood, high severity). However, when completing this exercise, experts considered all the risk elements discussed during the pairwise comparison activity to determine one project risk rating for severity and one for likelihood. The ranking criteria for each risk category is explained in detail in the next section.

Table 3: Risk Scoring Template

<table>
<thead>
<tr>
<th></th>
<th>Severity of Implementation</th>
<th>Likelihood of Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Risk Impact 1-4, 1 - Low Severity 4 - High severity</td>
<td>Risk Impact 1-4, 1 - Very unlikely 4 - Very likely within timeframe</td>
</tr>
<tr>
<td>Butterfield Recharge Pond</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Groundwater Banking South of Delta</td>
<td></td>
<td></td>
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<tr>
<td>Sites Reservoir</td>
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<tr>
<td>Los Vaqueros Reservoir Expansion</td>
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<tr>
<td>Potable Reuse – Ford Road</td>
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<tr>
<td>Potable Reuse – Injection Wells</td>
<td></td>
<td></td>
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<tr>
<td>Imported Water Rights Purchase</td>
<td></td>
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<tr>
<td>Pacheco Reservoir</td>
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<tr>
<td>California Waterfix</td>
<td></td>
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</tr>
</tbody>
</table>

The scores from this exercise were multiplied by the ordered ranking from the pairwise analysis to determine total risk. The following section provides detailed methods for the total risk calculation.

An example of how the subject matter experts could consider risk rating was provided, but not relied upon due to the many different sub-elements of risk to consider.

**EXAMPLE:**

Rank the **likelihood** of a stakeholder risk adversely impacting the project:

1 = Very unlikely – Support available within 5 to 10 years
2 = Unlikely – appropriate support will Probably be garnered within 5 to 10 years
3 = Likely - Probably will NOT get support within 5 to 10 years
4 = Very likely - Almost certain NOT to get needed support within 5 to 10 years

Rank the **severity** of a stakeholder risk adversely impacting the project:

1 = Low – Stakeholder support exists or lack of support will not affect project success
2 = Medium – Potential for stakeholder issues to impact project success
3 = High – Potential for stakeholder issues to significantly impact project success
4 = Very High – Likely that lack of stakeholder support would result in project failure

TOTAL PROJECT RISK CALCULATION

The project team calculated category risk for each project by weighting the pairwise ranking by the severity and likelihood (equation 1). Then, the category risks were summed to obtain each project’s total risk.

\[ \text{Risk}_{\text{category}} = (1 + \frac{\text{Severity} + \text{Likelihood}}{8}) \times \text{Pairwise Ranking} \]

The severity and likelihood score is divided by eight (the maximum possible combined score) to represent severity and likelihood as a portion of the maximum possible combined score. The technical team then added that proportion to one (1) so that the pairwise analysis remains the primary driver of the order of risk, and then the severity and likelihood is a multiplicative factor that acts on the risk ranking. If the severity and likelihood is significant, it will substantially increase the total risk score. If the severity and likelihood score are small, there will be little impact on the total risk score. Alternatively, not adding one (1) to the severity and likelihood proportion would result in the severity and likelihood decreasing the ranking number unless the severity and likelihood proportion equals one.

CONCLUSION

The risk assessment methods were easy to apply to the projects and provided a robust and multi-variant method assess risks associated with each project. However, explaining the methods clearly to the subject matter experts was needed. Since the second phase of review with the added project did not include discussions or the opportunity to ask questions, it may have been subject to less project understanding by the experts.

The results are discussed in September 8, 2017, WSMP 2017 – PROJECT RISKS: Results of Pairwise and Traditional Risk Analyses.
THIS AGREEMENT is made as of ______________, 2019 between Contra Costa Water District, hereinafter referred to as “CCWD,” a county water district organized and existing under Division 12 of the California Water Code; and

Alameda County Flood Control and Water Conservation District, Zone 7, hereinafter referred to as “Zone 7 Water Agency”, a special district organized and existing under Act 20, Section 36 of the Water Code – Uncodified Acts; and

Alameda County Water District, hereinafter referred to as “ACWD”, a county water district organized and existing under Division 12 of the California Water Code; and

Bay Area and Water Supply & Conservation Agency, hereinafter referred to as “BAWSCA”, a public agency organized and existing under Division 31 of the California Water Code; and

The City of Brentwood, hereinafter referred to as “Brentwood”; and

Byron Bethany Irrigation District, hereinafter referred to as “BBID”, a multicounty special district organized and existing under Division 11 of the California Water Code; and

East Bay Municipal Utility District, hereinafter referred to as “EBMUD”, a municipal utility district organized and existing under Division 6 of the California Public Utilities Code; and

Grassland Water District hereinafter referred to as “GWD”, a water district organized and existing under Division 13 of the California Water Code; and

San Francisco Public Utilities Commission hereinafter referred to as “SFPUC”, a department of the City and County of San Francisco; and

San Luis & Delta-Mendota Water Authority hereinafter referred to as “SLDMWA”, a California joint powers authority operating under and by virtue of Section 6500, et seq., of the California Government Code; and

Santa Clara Valley Water District hereinafter referred to as “SCVWD”, an independent special district created by an act of the Legislature of the State of California and Water Code Appendix, Chapter 60; and

Throughout this Agreement, (1) ACWD, BAWSCA, BBID, Brentwood, EBMUD, GWD, SFPUC, SLDMWA, SCVWD, and Zone 7 Water Agency may be referred to together as Local Agency Partners, and (2) CCWD and the Local Agency Partners may be referred to together as the “Agencies” or “Parties”, or individually as a “Party”.

CONTRA COSTA WATER DISTRICT
Cost Share Agreement for
Los Vaqueros Reservoir Expansion Project Planning

Page 67
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WHEREAS, CCWD and the Local Agency Partners share an interest in providing a reliable, high quality water supply at a reasonable cost while preserving or enhancing the environment; and

WHEREAS, CCWD and the Local Agency Partners each have different concerns regarding the water supplies, reliability, and water quality for their individual agencies; and

WHEREAS, the original 100,000-acre-foot Los Vaqueros Reservoir was constructed in 1998 to provide drinking water quality improvements and emergency supplies for CCWD’s customers; and

WHEREAS, the Phase 1 Los Vaqueros Reservoir Expansion was constructed in 2012 and expanded the capacity of the reservoir to 160,000 acre-feet with the purpose of providing drinking water quality improvements, emergency supplies, and additional water supply reliability benefits for CCWD’s customers; and

WHEREAS, in February of 2013, EBMUD approved Principles of Agreement with CCWD for water supply reliability partnership; and

WHEREAS, in February of 2016, EBMUD and CCWD approved Principles of Agreement concerning, among other things, CCWD’s potential future use of the Freeport Regional Water Project and EBMUD’s potential future use of Los Vaqueros Reservoir; and

WHEREAS, the Local Agency Partners are considering participation in the Phase 2 Los Vaqueros Reservoir Expansion Project (Project) to develop regional water supplies for environmental water management, to improve regional water supply reliability, and to improve regional water quality, while maintaining the existing benefits for CCWD’s customers; and

WHEREAS, CCWD and the Local Agency Partners recognize that the Project may be mutually beneficial for all Parties and may address, in full or in part, each Party’s individual concerns regarding water supply, reliability, and water quality; and

WHEREAS, the planning to date for the Project includes, but is not limited to, planning for the construction of an expanded reservoir with a capacity of 275,000 acre-feet, construction of a pipeline between CCWD’s Transfer Pump Station and the California Department of Water Resources’ California Aqueduct near Bethany Reservoir (“Transfer-Bethany Pipeline”), upgrades to the existing Transfer Pump Station facilities, and construction of the Neroly High Lift Pump Station; and

WHEREAS, CCWD and many of the Local Agency Partners, the California Department of Water Resources, and other federal, state, and local agencies executed a Memorandum of Understanding regarding the CALFED Bay-Delta Program Studies on the Expansion of Los Vaqueros Reservoir in 2001 (“2001 LV MOU”), as amended and extended through December 31, 2018; and
WHEREAS, the United States Department of the Interior, Bureau of Reclamation (“Reclamation”) is authorized to complete a Federal Feasibility Report for the Los Vaqueros Reservoir Expansion by the CALFED Bay-Delta Authorization Act (Public Law 108-361) and has received federal appropriations in support of this work in excess of $18 million since 2001; and

WHEREAS, CCWD and Reclamation jointly prepared a Final Environmental Impact Statement/Environmental Impact Report released on March 12, 2010 (“Final EIS/EIR”) that evaluated the expansion of Los Vaqueros Reservoir in two phases: an initial phase of expansion from 100,000 acre-feet to 160,000 acre-feet and a future phase of expansion from 160,000 acre-feet to 275,000 acre-feet; and

WHEREAS, the 2016 Water Infrastructure Improvements for the Nation (“WIIN”) Act authorizes federal financial participation in state-led surface storage projects such as the Los Vaqueros Reservoir Expansion Project; and

WHEREAS, Reclamation and CCWD executed a Memorandum of Understanding for Completion of Phase 2 of the Los Vaqueros Reservoir Expansion Investigation and Sharing of Costs on December 16, 2015 (“Reclamation-CCWD Cost Share MOU”) that allows for in-kind services by CCWD and Local Agency Partners to be eligible for tracking and reporting as non-federal expenditures that will help Reclamation secure additional federal funds for planning of the Project; and

WHEREAS, all of the Local Agency Partners executed individual cost sharing agreements with CCWD (“Individual Cost Sharing Agreements”) to prepare a Draft Federal Feasibility Report in partnership with Reclamation, a Draft Supplement to the Final Environmental Impact Statement/Environmental Impact Report (“Draft Supplement to the Final EIS/EIR”), and a funding application to the California Water Commission for implementation funding under its Water Storage Investment Program (California Water Code §79700-79798) (“WSIP”); and

WHEREAS, CCWD and certain Local Agency Partners have provided in-kind services and financial support for Project planning efforts to date; and

WHEREAS, through a competitive process CCWD previously selected the environmental, legal, permitting, water rights, engineering, financial, and operations consultants (the “Consultant Team”) to develop the Draft Supplement to the Final EIS/EIR and the Federal Feasibility Report; and

WHEREAS, on June 30, 2017, CCWD and Reclamation released the Draft Supplement to the 2010 Final EIS/EIR that evaluated the environmental effects of changes in the Project, changes in circumstances, and new information since certification of the Final EIS/EIR; and

WHEREAS, on August 11, 2017, CCWD submitted a funding application for the Project and on July 24, 2018 the California Water Commission determined that the Project was eligible for up to $459 million of funding from the WSIP, including $13.65 million of early funding; and
WHEREAS, on December 20, 2018, CCWD and the California Water Commission entered into an agreement for the State to provide early funding from the WSIP for the Project ("Early Funding Agreement"); and

WHEREAS, the work funded through CCWD and the Individual Cost Sharing Agreements is nearly complete; and

WHEREAS, on February 2, 2018, Reclamation released the public Draft Federal Feasibility Report; and

WHEREAS, CCWD and the Local Agency Partners recognize that additional planning activities are required to advance the Project consistent with the requirements of the WSIP; and

WHEREAS, CCWD and the Local Agency Partners agree that planning of the Project shall be conducted in a manner consistent with the “beneficiaries pay” principle such that future costs will be allocated equitably in accordance with the benefits received if the Project or any part thereof proceeds, and that no Party will be obligated to fund the benefits from the Project or any part thereof provided to other entities.

NOW, THEREFORE, the Parties agree that the above recitals are hereby incorporated into and made a part of this Agreement, and further agree as follows:

1. Purpose. The primary purposes of this Agreement are to provide for cost-sharing of the funding requirements for:

   a) the completion of the Final Supplement to the 2010 Final EIS/EIR ("Final Supplement to the Final EIS/EIR");
   b) the release of the Final Federal Feasibility Report in partnership with Reclamation;
   c) a financial evaluation of the Project for the purpose of facilitating CCWD’s and the Local Agency Partners’ upcoming decisions regarding their financial commitment to Project implementation;
   d) the development of a long-term governance structure (currently envisioned as a Joint Powers Authority) and selection of special counsel for this purpose;
   e) initiation of consultations with federal, state, and local entities for Project permits, approvals, certifications, and agreements;
   f) design of the Los Vaqueros Reservoir dam to the 50% level and advancement of design work on other Project facilities;
   g) independent financial review of usage fees developed by CCWD and EBMUD; and
   h) any other activities mutually agreed to by all Parties who provide a share of funding for such activities pursuant to and consistent with this Agreement.

This Agreement designates roles and responsibilities as related to the receipt of WSIP early funding, consistent with Section 10 of this Agreement.

The purposes established by this Section 1 are referred to herein individually as a “Purpose” and collectively as the “Purposes”.
All work needed for Purposes a, b, and c will be completed during the term of this Agreement.

Work to meet Purposes d, e, and f will commence during the term of this Agreement and will continue after the term of this Agreement, provided that new agreements are reached by CCWD and some or all of the Local Agency Partners which contain provisions to continue work related to Purposes d, e, and f. Consultant Team work and CCWD staff work for the Purposes will be partially funded by this Agreement.

A detailed scope of work and budget for activities funded by this Agreement are included in Exhibit A and Exhibit B, respectively, which are attached hereto and incorporated herein as if fully set forth in this Agreement.

2. **Obligations and Responsibilities.**

2.1 **Contra Costa Water District Responsibilities**

   a) CCWD will be responsible for planning a Project that is consistent with the principles for participation in the expansion of Los Vaqueros Reservoir and each and every determination and commitment adopted in 2003 by CCWD’s Board of Directors in Resolution No. 03-24 and supported in the 2004 advisory vote in favor of expansion by voters within CCWD (“CCWD Board Principles”). Resolution 03-24 and Resolution 03-25 authorizing the advisory vote are shown in Exhibit C and Exhibit D, respectively, which are attached hereto and incorporated herein as if fully set forth.

   b) CCWD will work with Reclamation jointly to complete a Federal Feasibility Report and a Final Supplement to the Final EIS/EIR for the Project, both of which will include an evaluation of Project operations that have been designed to provide public benefits as defined by Section 79753 of California Water Code and to provide benefits to each of the Local Agency Partners.

   c) CCWD will contract with and manage the Consultant Team providing support to the Project for the Purposes, identified in Section 1 of this Agreement, during the term of this Agreement. CCWD will have authority on consultant procurement with respect to contracts procured by CCWD including sole source authorization decisions as appropriate for services related to land and facilities owned and operated by CCWD. Local Agency Partners may, at their own expense, procure their own consultant services to support completion of the Purposes.

   CCWD will not allow its Consultant Team to discriminate, harass, or allow harassment against any applicant, employee, customer, or other person on the basis of sex (which includes pregnancy, childbirth,
breastfeeding and medical conditions related to pregnancy, childbirth or breastfeeding), race, religion, color, national origin (including language use restrictions), ancestry, religious creed (including religious dress and grooming practices, political affiliation, disability (mental and physical, including HIV or AIDS), medical condition (cancer and genetic characteristics), genetic information, marital status, parental status, gender, age (40 and over), pregnancy, military and veteran status, sexual orientation, gender identity and gender expression, the exercise of family and medical care leave, the exercise of pregnancy disability leave, or the request, exercise, or need for reasonable accommodation.

d) CCWD will prepare operations models of the Project and share modeling results with the Local Agency Partners. CCWD will update the operations modeling as needed. Updates to operations modeling may include but are not limited to changes requested by Local Agency Partners, changes in regulations, and changes to the make-up of the Local Agency Partners pursuant to Section 6 or 12 of this Agreement. CCWD will inform all Local Agency Partners of any and all substantive or material changes it makes to the modeling, including those requested by CCWD, and will maintain a record of all such changes.

e) CCWD will provide relevant excerpts and/or chapters to the Local Agency Partners to facilitate their review of and input on the Final Federal Feasibility Report and the Final Supplement to the Final EIS/EIR per Section 2.4(b) of this Agreement, as those documents are developed, and shall work cooperatively with the Local Agency Partners to incorporate their comments on the Final Federal Feasibility Report and the Final Supplement to the Final EIS/EIR, subject to Section 8 of this Agreement. CCWD will provide any portion of the Final Federal Feasibility Report or Final Supplement to the Final EIS/EIR upon the request of any Party.

f) CCWD will maintain the website for the Project and will post all relevant public documents on the site.

g) CCWD will initiate discussion and seek to reach agreement on the terms of a Memorandum of Understanding (“MOU”) with the California Department of Water Resources (“DWR”) to negotiate a series of agreements including but not limited to temporary and long-term easements to connect the Transfer-Bethany Pipeline to the California Aqueduct, conveyance through the State owned facilities (California Aqueduct and South Bay Aqueduct), coordinated operations, and potential changes in water rights held by DWR for the State Water Project; and CCWD will, after consulting with and receiving input from the Local Agency Partners, execute such MOU if CCWD is able to reach agreement with DWR. CCWD will support participation of the Local
Agency Partners in any of the subsequent negotiations with DWR to execute the series of agreements outlined in the MOU.

h) CCWD will be responsible for meeting the commitments of the Early Funding Agreement, with the participation and support of the Local Agency Partners as defined in this Agreement. Funds and support provided through this Agreement will count towards the non-state cost share required in the Early Funding Agreement.

i) CCWD will contribute to the development of the financial evaluation of the Project by providing cost estimates of usage fees for Local Agency Partner use of CCWD’s existing assets contributed to the Project, responding to requests in a timely manner, providing additional technical analyses as needed, and facilitating communications between the Consultant Team and Local Agency Partners. CCWD’s contributed assets will be determined by CCWD in its sole discretion and may include but are not necessarily limited to: CCWD’s existing intakes, pump stations, pipelines, and reservoir.

j) CCWD will support an independent financial review of the usage fees pursuant to Section 2.3 by identifying financial firms that may have a conflict of interest (resulting from a current agreement with CCWD), responding to requests in a timely manner, providing additional technical analyses as needed, and facilitating communications with the independent financial consultant and Local Agency Partners.

k) CCWD will enter into a mutually acceptable letter agreement with ACWD, pursuant to Section 2.3, to contract for the independent financial review consultant.

l) CCWD will initiate discussions with the California Water Commission, California Department of Fish and Wildlife and the California Department of Water Resources to negotiate long term agreements to administer the public benefits of the Project as required by the WSIP regulations. CCWD will support the participation by the Local Agency Partners in the negotiations of the agreements.

2.2 East Bay Municipal Utility District Responsibilities

a) EBMUD will provide input as required for any updated analyses for the Final Supplement to the Final EIS/EIR regarding potential changes in operations, benefits, and impacts along the Mokelumne River. EBMUD is not responsible for analysis of:

(i) greenhouse gas impacts associated with the Freeport Intake Facility;

(ii) Delta impacts; and
(iii) construction impacts including those associated with the proposed Walnut Creek variable frequency drives and the intertie pump station.

b) EBMUD will provide input for the hydraulic assessment of the existing and proposed future CCWD-EBMUD interties.

c) EBMUD will provide information regarding the schedule, cost, engineering, and design of new or upgraded facilities that are proposed such as the relining of the EBMUD Mokelumne Aqueduct No. 2 and the installation of variable frequency drives at the EBMUD Walnut Creek pumping plant.

d) EBMUD will provide input as required for any updated evaluation of the feasibility and cost of diverting water at the Freeport Intake for the benefit of the Project.

e) EBMUD will evaluate the feasibility and cost of conveying and treating water from the Project through the EBMUD treatment and distribution system and delivering it to other Local Agency Partners as a backup or emergency alternative to normal deliveries.

f) EBMUD will contribute to the development of the financial evaluation of the Project by providing cost estimates of usage fees for Local Agency Partner use of EBMUD’s existing assets contributed to the Project. EBMUD’s contributed assets will be determined by EBMUD in its sole discretion and may include but are not necessarily limited to: use of Freeport Intake Facility, conveyance through EBMUD’s distribution system, treatment of water distributed to other Local Agency Partners through the EBMUD system, and/or water transfers and exchanges with other Local Agency Partners.

g) EBMUD will support an independent financial review of the user fees by: identifying financial firms that may have a conflict of interest (resulting from a current agreement with EBMUD), responding to requests in a timely manner, providing additional technical analyses as needed, and facilitating communications with the independent financial consultant and Local Agency Partners.

h) EBMUD will work with CCWD and other Local Agency Partners to analyze benefits to the Project from using higher quality source water from the Mokelumne River or the Freeport Intake Facility.

i) EBMUD will evaluate whether any changes to its water rights, water supply contracts, and any other agreements and permits may be necessary to participate in the Project and coordinate this effort with other ongoing water rights evaluations led by CCWD as needed for the Project, and EBMUD would be responsible for initiating such changes
at the appropriate time if it determines such changes are needed.

j) EBMUD will ensure its participation in the Project remains consistent with applicable direction given by its Board of Directors, including principles relating to (i) use of unassigned EBMUD capacity in Freeport Regional Water Project facilities, and (ii) the 2016 (or as amended) Principles of Agreement with CCWD for Potential Use of Freeport and Los Vaqueros Facilities.

2.3 Alameda County Water District Responsibilities

a) ACWD will procure and manage an independent financial consultant to perform an independent financial review of the usage fees developed by CCWD and EBMUD. ACWD will ensure that the independent financial consultant does not have a conflict of interest with CCWD or EBMUD (resulting from a current agreement with CCWD or EBMUD) consistent with Sections 2.1(j) and 2.2(g) of this Agreement. Regardless of its conclusions, the independent financial review of the usage fees will not compel any Local Agency Partner to pay the fees evaluated; nor is the independent review intended to prevent or preclude any future negotiations by or among CCWD, EBMUD, and the Local Agency Partners regarding the proposed usage fees.

ACWD will not allow the consultant procured for the independent financial review to discriminate, harass, or allow harassment against any applicant, employee, customer, or other person on the basis of sex (which includes pregnancy, childbirth, breastfeeding and medical conditions related to pregnancy, childbirth or breastfeeding), race, religion, color, national origin (including language use restrictions), ancestry, religious creed (including religious dress and grooming practices, political affiliation, disability (mental and physical, including HIV or AIDS), medical condition (cancer and genetic characteristics), genetic information, marital status, parental status, gender, age (40 and over), pregnancy, military and veteran status, sexual orientation, gender identity and gender expression, the exercise of family and medical care leave, the exercise of pregnancy disability leave, or the request, exercise, or need for reasonable accommodation.

b) ACWD will facilitate communications with the independent financial consultant, EBMUD, CCWD and the other Local Agency Partners.

c) ACWD will provide timely updates to EBMUD, CCWD, and the other Local Agency Partners regarding the independent financial review of the usage fees.
d) ACWD is responsible for ensuring that the scope of work and costs of the financial review do not exceed the scope contained in Exhibit A and budget shown in Exhibit B.

e) ACWD and up to three other Local Agency Partners will, on a voluntary basis, participate on a panel to select the independent financial consultant.

f) ACWD will enter into a mutually acceptable letter agreement with CCWD, pursuant to this Section 2.1(l), to contract for the independent financial review consultant.

2.4 Grassland Water District Responsibilities

a) GWD will continue to provide support for communications with non-governmental organizations as well as local, state, and federal agencies; legislators; and other stakeholders.

b) GWD will participate in the development of agreements and permits that pertain to providing wildlife refuge benefits.

c) GWD will provide timely input on the operations, needs, and constraints of the wildlife refuges served by GWD.

d) GWD will support the development of funding sources for near-term and long-term refuge water supply benefits.

e) GWD will support the development of wheeling and conveyance agreements as required to deliver water to wildlife refuges.

f) GWD will provide input on the Federal Feasibility Report and the Final Supplement to the Final EIS/EIR to ensure that the description of benefits to wildlife refuges are accurate and consistent with other existing agreements and obligations.

2.5 San Luis & Delta-Mendota Water Authority Responsibilities

a) SLDWMA will enter into an activity agreement with the member agencies of SLDMWA that choose to continue to participate in the development of the Project including, but not limited to, Del Puerto Water District, Panoche Water District, San Luis Water District, and Westlands Water District.

b) SLDWMA will coordinate with its’ participating member agencies and seek their timely input, review and feedback as described in Section 2.6.
2.6 Responsibilities of the Other Local Agency Partners

a) Local Agency Partners will provide timely input on operations, needs, and constraints for their agencies and on project alternatives in development to CCWD as needed for project planning.

b) Local Agency Partners will review and provide timely feedback on the administrative draft of the Federal Feasibility Report and the Final Supplement to the Final EIS/EIR prior to the public release of these documents to ensure that discussion of Local Agency Partners and Project benefits are accurate and appropriate.

c) Local Agency Partners will provide support in communications with non-governmental organizations as well as local, state, and federal agencies.

d) Local Agency Partners will provide timely financial support, which may include in-kind services.

e) Local Agency Partners will support an independent financial review of the usage fees by responding to requests in a timely manner.

f) Up to three (3) Local Agency Partners may participate in the panel to select the independent financial consultant as described in Section 2.3 (e) of this Agreement.

2.7 Joint Responsibilities

a) CCWD and all Local Agency Partners will work together to achieve the Purposes of this Agreement.

3. Cost & Payment.

a) Total costs to complete the tasks in the scope of work under this Agreement are identified in Exhibit B. The Local Agency Partners’ collective total share of the cost shall not exceed $2,833,036 (“Local Agency Partners’ Collective Share”).

b) Notwithstanding anything in this Agreement to the contrary, each Party shall be responsible for providing an amount equal to the Local Agency Partners’ Collective Share divided by the number of Local Agency Partners that are Party to this Agreement, provided, however, that in no event shall any individual Local Agency Partner’s maximum financial responsibility under this Agreement exceed $354,129, unless that individual Local Agency Partner voluntarily agrees to amend this Agreement pursuant to Sections 3(d)(iii) and 17 of this Agreement. The Local Agency Partners’ Collective 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 this Agreement.

c) Funds remaining on account from previous Individual Cost Sharing
Agreements, if any, will be applied to the total cost of activities shown in
Exhibit B.

d) CCWD will invoice each of the Local Agency Partners for their share of the
Local Agency Partners’ Collective Share detailed in Exhibit B.

i. Fifty percent (50%) of each Local Agency Partner’s cost share, as shown
in Exhibit B and calculated based on the number of Local Agency Partners
that are Party to this Agreement, shall be remitted to CCWD as payment
within sixty (60) days of execution of this Agreement by each Local
Agency Partner. An invoice for the remaining fifty percent (50%) of each
Local Agency Partner’s cost share shall be submitted by CCWD to each
of the Local Agency Partners by July 1, 2019 and payment shall be
remitted to CCWD within sixty (60) days after July 1.

ii. 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.

iii. If a sufficient number of Parties withdraw before the second invoice such
that the Local Agency Partners’ cost shares change substantially or
approach the maximum financial responsibility for each Local Agency
Partner ($354,129), each remaining Local Agency Partner, at its sole
discretion consistent with Section 3.b of this Agreement, shall determine
whether to amend or withdraw from the Agreement. CCWD and the
Local Agency Partners who do not choose to withdraw will work together
to develop a mutually agreeable amendment to the cost share provisions
of this Agreement. If no mutually agreeable amendment can be
developed, the Agreement will be terminated.

iv. 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 60 days of receiving notice from
CCWD of the completion of the work, or the remaining funds shall
automatically be contributed towards future work.

e) 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, and attending Project meetings. In-kind services will
contribute toward the non-State funding match required by the Early Funding
Agreement. In-kind services, pursuant to Section 2.5(d) of this Agreement, are contributed at the discretion of each Local Agency Partner with no minimum or maximum in-kind contribution limits.

4. **Reporting**

   a) CCWD will act as the fiscal agent and receive funds from the Local Agency Partners, maintain accounting records of expenditures, and prepare quarterly summaries of expenditures and in-kind services from all Parties. CCWD will provide the summaries to the Parties and Reclamation to document Local Agency Partner cost share.

   b) Each Local Agency Partner will maintain an accounting of the value of its in-kind services including labor hours and overhead costs reported by all staff members participating in the Project and provide that accounting to CCWD within sixty (60) days following the completion of each quarter. The accounting will include sufficient detail for CCWD to provide this information to Reclamation and the California Water Commission, together with CCWD staff costs and Consultant Team costs as compiled by CCWD to document local cost share.

   c) The value of the in-kind services may be used as the non-State funding match or may be eligible for reimbursement from the California Water Commission.

5. **Term.** This Agreement is effective as of the date first written above and shall terminate on the earlier of the completion of the work contemplated herein or June 30, 2020, unless the term is modified consistent with Section 17 of this Agreement.

6. **Withdrawal.** Any Party may withdraw from this Agreement upon thirty (30) days written notice to the other Parties. In the event that a Party chooses to withdraw prior to the completion of work or prior to the termination of this Agreement, that Party will forego the funds contributed, and the value of in-kind services provided, and shall not be reimbursed in any manner. Failure or refusal by any Party to enter into a joint defense and litigation cost-sharing agreement pursuant to Section 9 of this Agreement shall be considered to be a voluntary withdrawal pursuant to this Section 6. If a Party withdraws, the Project benefits assigned to the withdrawn Party may be re-distributed among the remaining Local Agency Partners. If additional capacity remains, CCWD and the Local Agency Partners will determine whether or not an additional Local Agency Partner is added as described in Section 12 of this Agreement.

7. **Return of Contribution.** If contributed funds remain upon termination of this Agreement pursuant to Section 5 of this Agreement, each Party shall request either a return of funds or the allocation of funds towards future work on the Project on a pro rata basis proportional to each Party’s total contribution. No contributed funds, or value of in-kind services, shall be returned to any Party or Parties who withdraw from this Agreement pursuant to Section 6 of this Agreement, nor shall contributed funds or value for in-kind services be returned to any Party or Parties who cease participation in the Project due to their failure or refusal to enter into a joint defense and cost-sharing agreement pursuant to Section 9 of this Agreement.
8. **California Environmental Quality Act/National Environmental Policy Act.** CCWD and Reclamation will complete the Final Supplement to the Final EIS/EIR for the Project, and CCWD will provide the Final Supplement to the Final EIS/EIR to the Local Agency Partners.

The Parties recognize that CCWD has not decided whether or on what conditions to approve the Project, and the Parties intend that this Agreement in no way affects the independent judgment to be exercised and findings required to be made by CCWD under CEQA or by Reclamation under NEPA in the event that the Project is approved and implemented. CCWD and Reclamation retain full authority to make the final determination regarding what is to be included in such documents.

Each Local Partner Agency, according to its own judgment, may take any additional actions pursuant to federal or state resource protection laws that it determines are required for its continued participation in the Project.

9. **Joint Defense.** Notwithstanding anything in this Agreement to the contrary, each of the Local Agency Partners expressly agrees and acknowledges that as a condition of continued participation in the Project, it will share CCWD’s cost of the defense of the Final Supplement to the Final EIS/EIR and Project from any claim or litigation filed in any court of law pursuant to the California Environmental Quality Act and/or the National Environmental Policy Act (“CEQA/NEPA Litigation”). Each of the Local Agency Partners agrees and acknowledges that to continue their participation in the Project after any CEQA/NEPA Litigation has been filed in any court, they will enter into a separate joint defense and litigation cost sharing agreement within thirty (30) days of being informed of the claim or legal challenge. The joint defense agreement shall account for the necessary scope of work and anticipated budget pertaining to any such defense and specify the respective responsibilities of the Parties to such agreement, including cost-sharing. Nothing in this Agreement requires any of the Local Agency Partners to enter such a joint defense and litigation cost sharing agreement or be a party to, or otherwise participate in, any future CEQA/NEPA Litigation. If a Local Agency Partner decides not to enter into such an agreement, that Agency shall be withdrawn from this Agreement pursuant to Section 6 of this Agreement and will not be able to participate further in the Project.

10. **Early Funding Agreement.** Early funding, in an amount of $13.65 million, which is equal to fifty percent of the estimated total planning and permitting costs, was approved by the California Water Commission on July 24, 2018. The Early Funding Agreement requires a fifty percent (50%) funding match from non-State entities. The Local Agency Partners hereby acknowledge and agree to abide by all applicable provisions of the Early Funding Agreement in the performance of this Agreement, including but not limited to compliance with each standard condition of the Early Funding Agreement, as shown in Exhibit D of the Early Funding Agreement, which is attached hereto in Exhibit E and incorporated herein as if fully set forth.

11. **Federal Funding.** The 2019 federal Omnibus Appropriations bill is expected to allocate additional funding to Reclamation for Reclamation or State-led water storage projects, as authorized in Section 4007 of the 2016 WIIN Act. With support from the Local Agency Partners, CCWD is seeking $10,000,000 in new WIIN Act funding for design and pre-construction activities and initial demonstration of wildlife refuge benefits. If federal funding for the Project is appropriated by Congress, Reclamation would receive the requested funding and the funds would support Reclamation’s consultant team and the federal permitting process. Some portion of the
federal funds may be directly applied to the scope of work contained in Exhibit A. The federal funds could be credited towards any non-state cost share as required in the Early Funding Agreement as described in Section 10 of this Agreement.

12. **Adding New Partners.** Prior to the Parties’ consideration of the addition of a new Local Agency Partner, the identity of the potential new Local Agency Partner and a description of the benefits that the potential new Local Agency Partner seeks to obtain must be presented to the CCWD Board of Directors for the Board of Directors’ determination whether the addition of the potential new Local Agency Partner would be consistent with the CCWD Board Principles described in Section 2.1(a) of this Agreement, above. If the CCWD Board of Directors determines that the addition of the potential new Local Agency Partner is consistent with the CCWD Board Principles described in Section 2.1(a) of this Agreement, the potential new Local Agency Partner will be presented to all signatory Parties to this Agreement for their approval. The unanimous written agreement of all signatory Parties to this Agreement is required to add a new Local Agency Partner.

13. **Indemnity.** In performance of this Agreement, each Party and its agents, employees, and contractors shall act in an independent capacity and not as officers, employees, or agents of any other Party. Except as otherwise declared herein, no Party assumes any liability for the activities of any other Party in performance of this Agreement. Each Party is responsible in proportion to its fault for liability, including but not limited to personal injury or property damage that may arise out of this Agreement, except to the extent such injury, damage, or loss was caused by the negligence or willful misconduct of any other Party, or its Directors, officers, agents, or employees. Each Party expressly agrees to defend, indemnify, and hold harmless any other Party and its Directors, officers, agents and employees from and against any and all loss, liability, expense, claims, suits, and damages, including attorneys’ fees, arising out of or resulting from the first Party’s, its Directors’, officers’, agents’, and employees’ negligent acts, errors or omissions, or willful misconduct, in its performance under this Agreement.

Each Party shall be responsible for any adverse impacts to its own customers that may result from the operation or performance of this Agreement, except as arising out of or resulting from the negligent acts, errors or omissions, or willful misconduct of any other Party, its Directors’, officers, agents, and employees.

Each Party shall exercise reasonable care in the performance of its obligations and rights under this Agreement, particularly with regard to facilities, operations, water rights, entitlements, and contracts of other Parties to this Agreement.

14. **Dispute Resolution.** Should any dispute arise concerning any provisions of this Agreement or breach thereof, or the Parties’ rights and obligations thereunder, the disputing Parties shall meet and confer in an attempt to resolve the dispute. Prior to commencing legal action, the disputing Party or Parties shall provide to the other Party or Parties thirty (30) days written notice of the intent to take such action and the basis for the action. Within fifteen (15) days of delivery of the notice, the Parties shall meet and confer in an attempt to resolve the dispute. Each Party will designate a member of that Party’s executive management to attend the meeting and to conduct the negotiation in good faith.
The Parties shall make good faith efforts to resolve all disputes related to this Agreement at the lowest possible cost, subject to the approval of the Parties’ respective governing bodies. Each Party shall bear its own attorneys’ fees and costs in all aspects of dispute resolution, including litigation.

15. **Governing Law and Venue.** This Agreement, its construction, and all work performed under it shall be governed by the laws of the State of California, without giving effect to conflict of law provisions. Any judicial action or proceeding between or among any or all of the Parties to this Agreement 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.

16. **Severability.** If any provision of this Agreement, or the application thereof, is held invalid or unenforceable by a court of competent jurisdiction, all other provisions of this Agreement, and application thereof, shall remain valid and enforceable and will be construed in such a manner so as to affect the original intent of the Parties to the maximum extent possible.

17. **Amendment.** No amendment of this Agreement shall be valid unless made in writing and signed by all Parties to this Agreement except those Parties, if any, who have withdrawn from the Agreement before the amendment is made.

18. **Third Party Beneficiaries.** Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the Parties and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature under or by reason of this Agreement.

19. **Entire Agreement.** This Agreement, together with the attachments hereto, constitutes the complete agreement between the Parties and supersedes any prior written or oral communications between the Parties.

20. **Successors and Assigns.** This Agreement and all of its provisions shall apply to and bind the successors and assigns of each and every Party to this Agreement.

21. **Counterpart Signatures.** This Agreement may be executed in counterparts each of which shall be deemed to be an original but all of which taken together shall constitute one and the same Agreement.

22. **Notices.** Any notice under this Agreement may be sent by electronic mail, USPS mail, or overnight mail to the designated persons identified below.

23. **Waiver.** No waiver of any kind pursuant to this Agreement will constitute a continuing waiver unless so stated in a writing signed by the waiving Party.

24. **Confidentiality.**
a) In connection with CCWD’s preparation of the Final Supplement to the Final EIS/EIR, the Parties may share confidential and or privileged information that may be properly withheld from disclosure pursuant to the California Evidence Code and/or the California Public Records Act (CPRA), including shared data, opinions, legal opinions, preliminary drafts, notes, interagency or intra-agency communications, attorney work products, documents or correspondence subject to attorney-client privilege, and documents or correspondence subject to the deliberative process privilege or the official information privilege. A Party which shares such information is referred to as a “Disclosing Party.” A Party that receives such information is referred to as a “Receiving Party.”

i) The Parties shall clearly designate confidential documents and information as “confidential.”

ii) To the fullest extent allowed by law, a Disclosing Party’s disclosure of confidential information to a Receiving Party or Parties pursuant to this Agreement shall not constitute a waiver of any applicable privilege or CPRA exemption.

iii) The Parties agree to promptly notify each Disclosing Party of any CPRA request, demand by subpoena, discovery request, or any other formal or informal request for disclosure of any confidential information provided by such Disclosing Party to the Party that received such request.

iv) A Party that receives a CPRA request, demand by subpoena, discovery request, or any other formal or informal request for disclosure of any confidential information provided by one or more Disclosing Parties pursuant to this Agreement, shall promptly notify each such Disclosing Party, in order that the Disclosing Party or Parties may consider and take any actions, including seeking a protective order, to seek to prevent the disclosure of information that the Disclosing Party or Parties believes is legally protected from disclosure.

v) Notwithstanding any other provision of this Agreement, so long as reasonable notice is provided to the Disclosing Party or Parties before confidential information is disclosed, the Party or Parties receiving a CPRA request, demand by subpoena, discovery request, or any other formal or informal request for confidential information provided by any other Party to this Agreement, shall have no liability of any kind to any Disclosing Party or Parties relative to the Party’s disclosure of information, pursuant to a CPRA request, demand by subpoena, discovery request, or any other formal or informal request which the Party reasonably determines is required by law.

vi) Nothing in this Section shall prevent a Party from disclosing its own confidential information or from disclosing information that is otherwise available in the public domain or that was independently developed by the
Disclosing Party or its employees or agents without violation of this Agreement or access to any confidential information shared pursuant to this Agreement.

vii) If a Party withdraws from this Agreement, the withdrawing Party shall be obligated to continue to protect the confidentiality of all confidential information disclosed pursuant to this Agreement as though such Party continued to be a party to this Agreement.

viii) Notwithstanding the foregoing, a Party that withdraws from this Agreement shall be entitled to use factual, legal, and analytical information contained in any confidential information for its own purposes, provided that in so doing it does not disclose any confidential information belonging to any other Party without the prior written consent of the Party or Parties that hold any rights, or privileges with respect to the confidential information.
COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:
Sites Project Authority 2019 Reservoir Project Agreement for Continued District Participation in the Sites Reservoir Project.

RECOMMENDATION:
A. Receive update and report on the Sites Reservoir Project;
B. Recommend that the Board authorize the CEO to execute the Sites Project Authority 2019 Reservoir Project Agreement for Phase 2 Year 1 participation;
C. Recommend a specific District participation level (up to 4.8%) in the entire Sites Reservoir Project.
D. Recommend that the Board authorize the District to participate in funding Phase 2 Year 1 Sites Reservoir Project costs, as necessary to preserve the recommended participation level; and
E. Recommend that the Board direct staff to continue engagement in Sites Reservoir Committee and to negotiate future funding participation to include a stronger governance role.

SUMMARY:
In 2017 the Board authorized the CEO to execute an agreement to participate in Phase 1 of the Sites Reservoir Project (Sites Project). That agreement is set to expire on March 31, 2019. The Sites Joint Powers Authority (JPA) is offering the District the opportunity to continue participating in the Sites Project by executing the Sites Project Authority 2019 Reservoir Project Agreement (2019 Project Agreement), which will cover calendar year 2019 work activities. Execution of the agreement would obligate the District to contribute funds to support development of the Sites Project through calendar year 2019 (Phase 2, Year 1). The District has been participating in the Sites Project at a targeted participation level of 4.8 percent (i.e., funding 4.8 percent of total project costs to preserve rights to 4.8 percent of total project benefits); maintaining this participation level would obligate the District to provide up to $1.44 million in funding for Phase 2, Year 1. However, the District may choose to participate at a lower or higher level or to discontinue participation. A copy of the proposed 2019 Project Agreement is included as Attachment 1.

2019 Funding Objectives

The District’s funding contribution would support a focused effort to develop key information needed prior to the end of calendar year 2019 to enable individual participants to decide whether to provide substantial funding for continued development of the Sites Project. Key information to be developed includes the following:
1) Defined storage benefits and operational rules for participant utilization of storage in Sites Reservoir.

   a) Potential benefits of dedicated District storage in the Sites Reservoir Project has not yet been analyzed. Throughout Phase 1, each participant’s stake in the Sites Project has been expressed in terms of the initial estimated total yield. However, Sites Project participants have agreed to explore the allocation of benefits in another way -- that is in terms of dedicated storage to individual participants, who would determine how they would use their share of storage to best meet their needs.

2) Better definition of the expected level of funding by the state of California (State) and U.S. Bureau of Reclamation (Reclamation); associated benefits to State, Reclamation, and CVP water users; and determination of the impact of such funding on the cost and yield allocation among participants.

   a) During its December 12, 2018 presentation to the State Water Resources Control Board on Voluntary Agreements as part of the Water Quality Control Plan update, the State indicated that Proposition 1 storage projects may be tapped in the future to help provide environmental flows for the Delta. Among the Prop. 1 storage projects, Sites Project may be identified as providing significant outflow in this context. Currently, the State’s Prop. 1 funding for Sites is tied to benefits anticipated for recreation, flood control, and water deliveries to benefit both smelt in the Cache Slough area and wildlife refuges; the State has yet to determine how it might participate in the Sites Project for purposes of securing water for Delta outflow. The State’s approach may significantly affect the funding level and operations of the Sites Project.

   b) Benefits modeled for Sites Project participants south of the Delta, including the District, are based on participation as SWP contractors. However, the District may stand to benefit on the CVP side as well if Reclamation participates to secure water supplies for both fish protection and water supply reliability for CVP contractors. Reclamation has expressed interest in funding 12 to 25 percent of the Sites Project. These potential benefits have also not yet been evaluated.

3) Completion of, or at least significant advancement on, key agreements with the California Department of Water Resources (DWR) to define the relationship of the Sites Project to the SWP, and to identify the delivery priority for Sites Project water supply to participating SWP contractors south of the Delta.

   a) District staff has been working with other participants and DWR staff to define how Sites Project operations may be integrated into or coordinated with the State Water Project. This task involves resolution of operational and contractual issues.

4) An updated and narrowed range of Sites Project operating scenarios and yields, considering the following:
a) The best information available from 2019 permitting discussions with fish and wildlife agencies and the State Water Resources Control Board regarding Sites Project operating criteria.

- The workplan for 2019 prioritizes working with resource agencies to reduce the operational uncertainty related to diversions and releases associated with the Sites Project. Currently, the range of possible requirements is too large to define whether the Sites Project can viably move forward. At the more restrictive end of the range of potential flow requirements, the performance of the Sites Project would be impaired such that it would likely lose support, while at the less restrictive end, the Sites Project would be one of the most cost-effective water supply projects available to the District and other participants.

b) Potential water supply yield and operational flexibility provided to Reclamation and CVP contractors.

- The available modeling performed to date does not include water supply yield and operational flexibility for Reclamation, the operator of the CVP.

5) Compilation of geotechnical information for the Sites Project, including historical data and sampling planned for 2019, to further refine the range of construction cost estimates.

a) The Sites JPA held a series of risk assessment workshops in 2018 to develop strategies to mitigate risk during the development of the Sites Project. In these meetings, there was broad consensus that additional geotechnical data collection would better inform design work, thus reducing the risk of design changes and improving the certainty of the construction cost estimate and schedule.

District staff’s assessment is that, while preliminary estimates of water supply yield and costs are available, it is critical that the information above is developed to better define project benefits and costs prior to the District making a decision on whether to continue supporting the Sites Project.

Additional work included in the Sites Reservoir Project workplan for calendar year 2019, which the Sites JPA recommends performing to facilitate longer term project development, includes development of procedures to improve management and controls, preliminary design work, and agency coordination related to power and dam safety.

2019 Project Agreement

Execution of the 2019 Project Agreement would obligate the District to provide funding for continued work on the Sites Project in calendar year 2019 and provide the District with a continuing seat on the Reservoir Project Committee (Reservoir Committee) through 2019. The total 2019 budget is roughly $35 million, with about $14 million of this to be funded by water user participants that comprise the Reservoir Committee. The remaining budget is expected to be funded using Prop 1 Water Storage Investment Program (WSIP) early funding and funds secured from provisions under the Water Infrastructure Improvements for the Nation Act (WIIN Act). The allocation of costs to the Reservoir...
Committee members is outlined in Exhibit A of the 2019 Project Agreement, and shows the District’s contribution to be 10.3 percent of the $14 million component of the budget. This contribution would correspond to the 4.8% total Sites Project targeted participation level at which the District has been participating in Phase 1 of the project. The District may choose to provide funding at a different participation level for Phase 2 Year 1, with corresponding adjustments to the District’s voting rights and preserved share of project benefits. Or the District may choose to discontinue participation in the Sites Project at this time. For the Board’s convenience, a copy of the Project Members Agreement List contained in Exhibit A to the 2019 Reservoir Project Agreement has been included as Attachment 2.

The 2019 Project Agreement permits the Sites JPA and the participants in the 2019 Project Agreement to continue development of the Sites Project, consistent with the Fourth Amended and Restated Sites Project Authority Joint Exercise of Powers Agreement (Joint Powers Agreement), which is provided in Attachment 3. The 2019 Project Agreement defines the Reservoir Committee’s budget approval and management process and delineates the responsibilities and authorities of the Sites JPA and the Reservoir Committee during 2019 for the Sites Project. Under the 2019 Project Agreement, the Reservoir Committee would undertake all actions necessary for carrying out the 2019 Project Agreement, including recommending actions, authorizing expenditure of funds, and other actions necessary to move the Sites Project forward.

The 2019 Project Agreement provides that those who execute the agreement (Project Agreement Members) will preserve through 2019 a first right, equal to that Project Agreement Member’s participation percentage, to contract in the future for a share of any water supply and storage capacity available from the Sites Project. In any successor phase agreements, continuing Project Agreement Members shall continue to preserve those rights.

**Background**

On March 14, 2017, the Board authorized the CEO to execute the Sites JPA’s Amended and Restated Phase 1 Reservoir Project Agreement (Phase 1 Project Agreement). The Phase 1 Project Agreement allowed the District to join the Reservoir Committee and provides the District with a first right to contract for the Sites Project’s water supply and storage capacity, commensurate with its participation and financial contributions to the Sites Project. The District has currently reserved 4.8 percent of the initial expected yield of the Sites Project and has contributed $997,232.75 toward Phase 1 of the Sites Project.

District staff have continued to analyze the Sites Project and provide input into its development through participation in the Reservoir Committee and its various workgroups. Status updates on the Sites Project have been presented to the District’s Water Storage Exploratory Committee.

Sites Reservoir is a proposed 1.81 million acre-foot north-of-Delta off-stream reservoir that would be located approximately 10 miles west of the town of Maxwell in Colusa County. The Sites Project would collect winter flood flows from the Sacramento River with the objective of increasing water supply certainty, while ensuring in-stream flows to benefit the Delta ecosystem. The existing Tehama Colusa and Glenn County Irrigation District Canals, which both divert water from the Sacramento...
River, would be adapted to connect to Sites Reservoir. A new intake pump station and twin pipeline would be added to divert water near Delevan on the Sacramento River to Sites Reservoir. A map of the Sites Project is included as Attachment 4. The total capital cost of the Sites Project is anticipated to be $5.5 billion in constant 2015 dollars, according to estimates provided by the Sites JPA to the California Water Commission (CWC).

**Project Governance**

The Sites JPA is comprised of Sacramento Valley water agency and landowner interests and was formed on August 26, 2010 to pursue the development and construction of the Sites Project. The Sites JPA delegates authority to the Reservoir Committee, which has effectively become responsible for design and analysis of Sites Reservoir facilities and financing. The District, as well as other State Water Project contractor participants (SWC Participants) and some Sites JPA participants, serve on the Reservoir Committee. The governance structure with a list of current participants is shown in the Sites Authority and Reservoir Committee Structure, contained in Attachment 5. Staff anticipates that the governance structure may be evaluated and adjusted during Phase 2. District staff has communicated to the Sites Executive Director that the District will require a stronger role in project governance than that afforded under the Reservoir Committee if the District makes further significant funding to the Project.

**Potential District Benefits**

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

- An increase in water supply, primarily in dry years, which could, subject to future negotiations, be delivered as SWP project supplies;
- Storage rights in Sites reservoir proportional to the District’s targeted participation level;
- Improvement in Shasta Reservoir storage levels and cold-water pool that may provide fishery benefits; and
- Stabilization or increase in CVP water supply allocations.

The extent to which these benefits can be realized depends on several issues that have yet to be resolved, including permit requirements, potential participation by Reclamation and other agencies, and integration of operations with the SWP and CVP as well as with other Sacramento Valley users and projects. While other participants have indicated their support for Phase 2, Year 1 during recent Reservoir Committee meetings, there is uncertainty regarding continued support in subsequent years. This support will depend largely on the outcome of Phase 2, Year 1 work efforts.

Staff has evaluated preliminary modeling results provided by the Sites JPA in its WSIP application to assess the share of yield that could be delivered to the District if the District continues to target a 4.8 percent participation level. Given several uncertainties associated with permit requirements and
implementation of the California WaterFix, staff has conservatively assigned losses of 25 percent on the modeled deliveries. This results in a yield of roughly 23,000 acre-feet per year in ‘dry’ and ‘critical’ years being available to the District, and around 12,000 acre-feet per year on average. Note that these yield amounts available to the District are new water, not otherwise available to the District, for example, through other projects currently being considered. These modeled values of 23,000 AFY in dry/critical years and 12,000 AFY on average require significant updating with information to be developed in 2019. Ultimately the amount of project yield and benefit that is usable by the District depends on the portfolio of water supply projects that the District ultimately implements; the outcome of negotiations among water agency participants, DWR, and Reclamation; the outcome of ongoing regulatory processes; and refinements of Sites Project operations to reflect storage benefits and updated operational constraints. Additional modeling refinements are currently being implemented to better estimate potential yields and benefits.

Development Phases

The Sites Project is envisioned to progress in five phases:

- Phase 1 - WSIP funding application and EIR/EIS development;
- Phase 2 - EIR/EIS completion, predesign, critical permits, and water rights;
- Phase 3 - Final design, land and right of way acquisition, and remaining permits;
- Phase 4 - Construction
- Phase 5 - Transfer to Operations

A copy of the Project Overview - Phase Level Schedule can be found in Attachment 6.

Phase 1 Accomplishments

The primary objectives of Phase 1 were to secure funding through the state’s Proposition 1 Water Storage Investment Program (WSIP) and to develop an EIR/EIS for the Sites Project. The Sites JPA submitted its WSIP funding application to the CWC on August 11, 2017, with an initial funding request of $1.622 billion. After conducting a lengthy review and appeal process, on July 24, 2018 the CWC gave the Sites Project a Maximum Conditional Eligibility Determination (MCED) of $816 million. While this amount was lower than the initial request, it was still the largest MCED of any of the projects considered. The CWC also determined that the Sites Project was eligible to receive up to $40.8 million of its MCED in early funding, which the Sites JPA intends to use towards Phase 2 work.

The Sites JPA released a draft EIR/EIS for the Sites Project on August 14, 2017. This was followed by a 154-day extended comment period that closed on January 15, 2018. The Sites JPA is now working to respond to the comments and advance a final EIR/EIS, with an anticipated release date of late 2020.

Other Phase 1 accomplishments include:

- Reclamation’s release of a draft Feasibility Report for the Sites Project on August 14, 2017. A Final Feasibility Report is expected in December of 2020 and will serve as the basis for federal appropriations under the WIIN Act. Based on conversation with Reclamation, the Sites JPA estimates the total WIIN Act funding for the Sites Project at $1.3 billion, with $10.1 million
available as early funding in 2019.

- Approval by the U.S. Department of Agriculture (USDA) for a $449 million construction loan, with a locked-in interest rate of 3⅞ percent.
- Strong bipartisan support including 43 of California’s Congressional Representatives. A list of Sites Project supporters is included as Attachment 7.

**Phase 2 Costs**

Phase 2 is currently expected to extend through June 2022. The Sites JPA has estimated this phase will cost a total of $420 million. Of this amount, $70 million is expected to come from early funding through WSIP ($40 million) and the WIIN Act ($30 million). The remaining $350 million would be covered by Sites Project participants. Based on feedback from participating agencies, including the District, the Sites JPA is currently planning to utilize annual funding agreements to cover the participant share of the costs. The 2019 Project Agreement covers funding for only the first year of Phase 2. Table 1 shows how the participant costs will be broken up over these agreements and provides an estimate of the Districts expected share of those costs if the District continues to target a 4.8 percent participation level, assuming there is no change in the participation makeup of the Project.

<table>
<thead>
<tr>
<th>Table 1: Estimated Sites Phase 2 Participant Costs ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant Costs</td>
</tr>
<tr>
<td>Year 1</td>
</tr>
<tr>
<td>-------------------</td>
</tr>
<tr>
<td>14</td>
</tr>
<tr>
<td>District Share at a 4.8% participation level</td>
</tr>
<tr>
<td>1.4</td>
</tr>
</tbody>
</table>

**Phase 2, Year 1 Participation Level**

While staff is recommending that the District continue to pursue a 4.8 percent participation level in the Sites Project, the Board may wish to consider options for reducing its participation or discontinuing participation altogether at this time. Should the District decide to discontinue participation, the future opportunity for rejoining the Sites Project depends largely on the extent to which other participants continue to participate and on any new terms and conditions for entry that may be applicable in the then-current reservoir project agreement. The proposed 2019 Reservoir Project Agreement provides for new participation (or stepping up a prior participation level) at a lower priority than existing participant allocated shares. Also, should the District elect to discontinue or decrease its participation level, it may be able to receive a refund (or partial refund) of monies already contributed to the Sites Project, however any such reimbursement would be subject to the Sites Project going forward.

Table 2 shows how different levels of participation could affect expected yield and costs to the District, while Table 3 provides pros and cons for each option.
Table 2: A Comparison of Cost and Yields at Different Participation Targets in the Sites Project

<table>
<thead>
<tr>
<th>Option</th>
<th>Target District Share</th>
<th>Average Annual Yield (acre-feet)</th>
<th>District Costs ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Phase 2, Year 1</td>
</tr>
<tr>
<td>A</td>
<td>4.8%</td>
<td>12,000</td>
<td>1.4</td>
</tr>
<tr>
<td>B</td>
<td>3.2%</td>
<td>8,000</td>
<td>0.96</td>
</tr>
<tr>
<td>C</td>
<td>1.6%</td>
<td>4,000</td>
<td>0.48</td>
</tr>
<tr>
<td>D</td>
<td>0%</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Table 3: A Comparison of Pros and Cons at Different Participation Targets in the Sites Project.

<table>
<thead>
<tr>
<th>Option</th>
<th>Target District Share</th>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>4.8%</td>
<td>• Est. 12,000 AFY avg. yield (23,000 AF in dry/critical years)</td>
<td>• Water Master Plan analysis indicates that the District may</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Retain influence over the project as the 2nd largest investor</td>
<td>not need Sites yield if California WaterFix, advanced purified</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Option to reduce participation at a later date</td>
<td>water, and other anticipated projects are successfully</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Possible credit on Phase 2 cost based on Phase 1 payments</td>
<td>developed*</td>
</tr>
<tr>
<td>B</td>
<td>3.2%</td>
<td>• Lower Phase 2 Year 1 costs</td>
<td>• May be difficult to increase</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Est. 8,000 AFY avg. yield (15,000 AF in dry/critical years)</td>
<td>participation at a later date</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Maintain some influence over project development</td>
<td>• Reduced influence over the project as medium investor</td>
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<td>• Possible credit on Phase 2 cost based on Phase 1 payments</td>
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<tr>
<td>C</td>
<td>1.6%</td>
<td>• Lower Phase 2 Year 1 costs</td>
<td>• May be difficult to increase</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Est. 4,000 AFY avg. yield (8,000 AF in dry/critical years)</td>
<td>participation at a later date</td>
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<td>• Maintain some influence over project development</td>
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<tr>
<td>D</td>
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<td>• No additional costs to the District</td>
<td>• Unknown future opportunity to contract for water supply and</td>
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<td>• Possible reimbursement for Phase 1 payments</td>
<td>storage</td>
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<td>• May increase possibility the project may not go forward</td>
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*This assumes that the State Water Resources Control Board does not significantly reduce export levels through the Bay Delta Plan update.

Total Project Cost

The total capital cost of the Sites Project in constant 2015 dollars is roughly $5.5 billion and its annual O&M costs are estimated at $27 million. At a 4.8 percent participation level in the Sites Project, the District’s share of these costs are $265 million and $1.3 million, respectively. The cost per acre-foot of yield could potentially be between $800 to $1,200, depending on ultimate average yield of the Sites Project. These cost estimates are based on assumptions made in the WSIP application for the Sites Project; staff will provide an updated financial analysis prior to requesting any additional funding.
for the Sites Project.

ATTACHMENTS:
Attachment 1: 2019 Reservoir Project Agreement
Attachment 2: Agreement Exhibit A, Project Agreement Members List (Copy)
Attachment 3: Joint Powers Agreement
Attachment 4: Project Map
Attachment 5: Sites Authority and Reservoir Committee Structure
Attachment 6: Project Overview - Phase Level Schedule
Attachment 7: List of Sites Project Supporters
Attachment 8: PowerPoint

UNCLASSIFIED MANAGER:
Garth Hall, 408-630-2750
SITES PROJECT AUTHORITY

2019 RESERVOIR PROJECT AGREEMENT

DATED AS OF APRIL 1, 2019

BY AND AMONG

SITES PROJECT AUTHORITY

AND

THE PROJECT AGREEMENT MEMBERS LISTED HEREIN
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Definitions</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Purpose</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Reservoir Project Committee</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Funding</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Participation Percentages</td>
<td>6</td>
</tr>
<tr>
<td>6</td>
<td>Future Development of the Sites Reservoir Project</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Indemnity and Contribution</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>Term</td>
<td>7</td>
</tr>
<tr>
<td>9</td>
<td>Withdrawal From Further Participation</td>
<td>7</td>
</tr>
<tr>
<td>10</td>
<td>Admission of New Project Agreement Members</td>
<td>8</td>
</tr>
<tr>
<td>11</td>
<td>Amendments</td>
<td>8</td>
</tr>
<tr>
<td>12</td>
<td>Assignment; Binding on Successors</td>
<td>8</td>
</tr>
<tr>
<td>13</td>
<td>Counterparts</td>
<td>9</td>
</tr>
<tr>
<td>14</td>
<td>Merger of Prior Agreements</td>
<td>9</td>
</tr>
<tr>
<td>15</td>
<td>Severability</td>
<td>9</td>
</tr>
<tr>
<td>16</td>
<td>Choice of Law</td>
<td>9</td>
</tr>
<tr>
<td>17</td>
<td>Notices</td>
<td>9</td>
</tr>
<tr>
<td>EXHIBIT A</td>
<td>PROJECT AGREEMENT MEMBERS</td>
<td>A-1</td>
</tr>
<tr>
<td>EXHIBIT B</td>
<td>2019 WORK PLAN</td>
<td>B-1</td>
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<td>EXHIBIT C</td>
<td>NOTIFICATIONS</td>
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THIS 2019 RESERVOIR PROJECT AGREEMENT is made effective as of April 1, 2019, by and among (a) the Sites Project Authority (the “Authority”) and (b) certain Members and/or Non-Member Participating Parties, listed on the attached Exhibit A and is made with reference to the following facts:

RECITALS

A. Various public agencies in the Sacramento River Watershed created the Authority in 2010. Various public agencies in the Sacramento River Watershed, including certain Project Agreement Members, previously entered into the Fourth Amended and Restated Sites Project Authority Joint Exercise of Powers Agreement, dated November 21, 2016, pursuant to which they are developing the Sites Reservoir Project, which is contained in the CalFed Bay-Delta program Programmatic Record of Decision, August 28, 2000. The Joint Powers Agreement provides a mechanism for “Project Agreements” (as defined in the Joint Powers Agreement) to undertake specific work activities for the development of the Sites Reservoir Project. On September 17, 2018, the Authority’s Board of Directors also adopted Bylaws for Phase 2 of the Sites Reservoir Project, which also address Project Agreements and their management through Reservoir Project Committees.

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

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

D. The Project Agreement Members wish to continue development of the Project pursuant to a Work Plan approved by the Authority on November 19, 2018 and the Reservoir Project Committee on November 16, 2018 and a summary of which is described in Exhibit B attached hereto. The Project will be undertaken in the name of the Authority and in accordance with the Authority’s stated Mission as set forth in the fourth Recital of the Joint Powers Agreement. The Project Agreement Members are entering into this Project Agreement to satisfy the requirements of Article VI of the Joint Powers Agreement.

E. All members of the Authority have also been given the opportunity to enter into this Project Agreement. The form of this Project Agreement was determined to be consistent with the Joint Powers Agreement and the Bylaws and approved by the Authority’s Board of Directors on September 17, 2018.

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

G. The Authority and the Project Agreement Members acknowledge that the approval and execution of this Project Agreement does not commit the Authority, the Project Agreement Members or any other party to any definite course of action regarding the Sites Reservoir Project. As
set forth in Section 6(a) of this Project Agreement, there are no assurances that the Sites Reservoir Project will be constructed. One of the prerequisites that would need to be fulfilled before the Sites Reservoir Project could be constructed is the completion of environmental review under the California Environmental Quality Act (“CEQA”). As part of this environmental review, the Authority, as the lead agency that is conducting the review, reserves all of its rights, responsibilities, obligations, powers, and discretion under the provisions of CEQA to: (i) evaluate the environmental impacts of the Sites Reservoir Project; (ii) deny and disapprove the Sites Reservoir Project if the environmental review reveals significant environmental impacts that cannot feasibly be mitigated; (iii) adopt feasible mitigation measures and/or an alternative to the Sites Reservoir Project to avoid or lessen significant environmental impacts; or (iv) determine that any significant environmental impacts that cannot feasibly be mitigated are outweighed by the economic, social or other benefits of the Sites Reservoir Project.

AGREEMENT

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

Section 1  Definitions

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

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

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

“Bylaws” means the Bylaws for Phase 2 of the Sites Reservoir Project adopted by the Authority on September 17, 2018, as such Bylaws may be amended or supplemented from time-to-time in accordance therewith.

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

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

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

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

“Material Change Item” shall have the meaning ascribed thereto in the Bylaws.
“Participation Percentage” means the Participation Percentages as set forth in Exhibit A hereto, as such Participation Percentages may be modified in accordance herewith.

“2019 Budget” means the 2019 Budget approved by the Committee on November 16, 2018 and the Authority on November 19, 2018, as such 2019 Budget may be amended or supplemented from time-to-time in accordance with the Joint Powers Agreement, this Project Agreement and the Bylaws.

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

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

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

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

Section 2  Purpose

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

Section 3  Reservoir Project Committee

(a) Committee Membership. The business of the Project Agreement Members under this Project Agreement shall be conducted by a Committee consisting of one member appointed by each Project Agreement Member. Appointment of each member of the Committee shall be by action of the governing body of the Project Agreement Member appointing such member, and shall be effective upon the appointment date as communicated in writing to the Authority. Project Agreement Members may also appoint one or more alternate Committee members, which alternate(s) shall assume the duties of the Committee member in case of absence or unavailability of such member. Project Agreement Members may also appoint an alternate Committee member from a different Project Agreement Member for convenience in attending Committee meetings, who may
cast votes for such Project Committee Members, provided that no person shall represent more than five other Project Committee Members and more than 20% of the weighted vote as provided in Subsection 3(g) at any given meeting; provided however, that if the appointing Project Committee Member is an officer of the Committee, the appointed alternate Committee member shall not assume the capacity of such officer position. In order to serve as an alternate Committee member, a written evidence of such designation shall be filed with the Committee Secretary. Each member and alternate member shall serve on the Committee from the date of appointment by the governing body of the Project Agreement Member he/she represents and at the pleasure of such governing body.

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

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

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

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

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

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

(i) an equal number of voting shares for each Project Agreement Member as defined in Exhibit A, that being for each Project Agreement Member, 1 divided by the total number of Project Agreement Members, multiplied by 50; plus
(ii) an additional number of voting shares for each Project Agreement Member equal to its respective Participation Percentage described in Exhibit A, multiplied by 50, using the version of Exhibit A in effect at the time the Committee votes.

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

(h) **Decision-making Thresholds.** In accordance with Section 5.8 of the Bylaws, for purposes of this Project Agreement, approval by the Committee for material and non-material changes shall be as follows: for actions other than Material Change Items, action of the Committee shall be taken upon the affirmative vote of at least a majority of the total weighted vote as provided in Subsection 3(g); for Material Change Items, action shall be taken upon the affirmative vote of at least 75% of the total weighted vote as provided at Subsection 3(g).

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

**Section 4  Funding**

(a) **Budget.** The Committee shall, in cooperation with the Authority’s Board, provide and approve both a Fiscal Year operating budget and reestablish a Phase 2 budget target, annually or more frequently as needed. On November 19, 2018, the Board approved the Fiscal Year 2019 operating budget. The Work Plan, including annual budget, dated November 19, 2018, is attached at Exhibit B, along with the budget approval process and requirements. The Project Agreement Members shall contribute their respective pro-rata share of the budgeted sums in accordance with Section 5 of this Project Agreement; provided, however, that in no event shall the amount paid by a Project Agreement Member exceed $60 per acre-foot without the approval of such Project Agreement Member.

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

(c) **Allocation of Project Agreement Expenses.** The Project Agreement Members agree that all expenses incurred by them and/or by the Authority under this Project Agreement are the costs of the Project Agreement Members and not of the Authority or the Project Agreement Members of the Authority that do not execute this Project Agreement, and shall be paid by the Project Agreement Members; provided, however, that this Section shall not preclude the Project
Agreement Members from accepting voluntary contributions and/or Authority Board’s pre-approval of in-kind services from other Authority Members, or Project Agreement Members, and applying such contributions to the purposes hereof. The Project Agreement Members further agree to pay that share of any Authority costs reasonably determined by the Authority’s Board to have been incurred by the Authority to administer this Project Agreement. Before the Authority’s costs of administering this Project Agreement become payable, the Authority will provide its calculation of such costs to the Committee, which will have the right to audit those costs and provide comments on the calculation to the Authority Board. The Authority Board shall consider the Committee’s comments, if any, including the results of any such audit, in a public meeting before the Authority Board approves a final invoice for such costs.

Section 5  Participation Percentages

Subject to Section 4(a), each Project Agreement Member shall pay that share of costs for activities undertaken pursuant to this Project Agreement, whether undertaken in the name of the Authority or otherwise, equal to such Project Agreement Member Participation Percentage as established in this Section 5. The initial Participation Percentages of the Project Agreement Member are set forth in the attached Exhibit A. These initial Participation Percentages are for the purpose of establishing the Reservoir Project Agreement Members respective responsibilities for costs under this Project Agreement and other amounts contained in the approved Fiscal Year budget and Phase 2 budget target, which is defined as the “Reservoir Total” on Exhibit B. The Participation Percentages of each Project Agreement Member will be modified by the Committee from time to time as the result of the admission of a new Project Agreement Member to this Project Agreement or the withdrawal of a Project Agreement Member, and Exhibit A shall be amended to reflect all such changes. Such amended Exhibit A shall, upon approval by the Committee, be attached hereto and upon attachment, shall supersede all prior versions of Exhibit A without the requirement of further amendment of this Project Agreement.

Section 6  Future Development of the Sites Reservoir Project

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

(b) Without limiting the foregoing, any Project Agreement Member that elects to continue participating in the development, financing, and construction of the Sites Reservoir Project to the time when the Authority offers contracts for a water supply or other services, will be afforded a first right, equal to that Project Agreement Member’s Participation Percentage, to contract for a share of any water supply that is developed, and for storage capacity that may be available from, the Sites Reservoir Project. In any successor phase agreements, Project Agreement Members who are parties to this Project Agreement that submitted a proposal to participate before February 15, 2019, shall be granted rights to contract for a share of any water supply that is developed, and for storage capacity
that may be available from the Sites Reservoir Project prior to the rights of those becoming parties to this Project Agreement after that date. The Authority and the Project Agreement Members will cooperate on the drafting of provisions in the water supply contract that will allow a Project Agreement Member or other eligible entity that commits to purchase a Sites Reservoir Project water supply to transfer water that the entity may not need from time to time on terms and conditions acceptable to the such Project Agreement Member.

Section 7 Indemnity and Contribution

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

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

Section 8 Term

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

(b) The term of this Project Agreement shall continue until December 31, 2019, unless extended in writing by the parties hereto.

Section 9 Withdrawal From Further Participation

To withdraw from this Project Agreement, a Project Agreement Member shall give the Authority and other Project Agreement Members written notice of such withdrawal not less than 30 days prior to the withdrawal date. As of the withdrawal date, all rights of participation in this Project Agreement shall cease for the withdrawing Project Agreement Member. The financial obligation as prescribed in the Bylaws’ Section 5.11 in effect on the withdrawal date, shall consist of the
withdrawing Member’s share of the following costs: (a) payment of its share of all non-contract costs incurred prior to the date of the written notice of withdrawal, and (b) those contract costs associated with funds approved in either contract amendments or task orders that were approved prior to the date of the written notice of withdrawal for which the contractor’s work extends beyond the withdrawal date. However, a withdrawing member shall have no liability for any change order or extensions of any contractor’s work that the remaining Project Agreement Members agree to after the withdrawing Member provides written notice of withdrawal. Withdrawal from this Project Agreement shall not be considered a Material Change Item and shall not be subject to the Dispute Resolution process provided for in Section 13.3 of the Bylaws.

**Section 10  Admission of New Project Agreement Members**

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

**Section 11  Amendments**

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

**Section 12  Assignment; Binding on Successors**

Except as otherwise provided in this Project Agreement, the rights and duties of the Project Agreement Members may not be assigned or delegated without the written consent of the other Project Agreement Members and the Authority, which consent shall not be unreasonably withheld. Any attempt to assign or delegate such rights or duties in contravention of this Project Agreement shall be null and void. Project Agreement Members may assign and delegate their rights and duties under this Project Agreement to other Project Agreement Members, and they may assign, sell, trade, or exchange all or a fraction of the potential benefits (e.g. acre-feet of water supply, megawatt-hours of power) they expect to receive through their participation in this Project Agreement. Any approved assignment or delegation shall be consistent with the terms of any contracts, resolutions, indemnities and other obligations of the Authority then in effect. This Project Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Authority and the Project Agreement Members.
Section 13  Counterparts

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

Section 14  Merger of Prior Agreements

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

Section 15  Severability

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

Section 16  Choice of Law

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

Section 17  Notices

Notices authorized or required to be given under this Project Agreement shall be in writing and shall be deemed to have been given when mailed, postage prepaid, or delivered during working hours, to the addresses set forth Exhibit E (“Notifications”), or to such other address as a Project Agreement Member may provide to the Authority and other Project Agreement Members from time to time.
IN WITNESS WHEREOF, the Authority and Project Agreement Members hereto, pursuant to resolutions duly and regularly adopted by their respective governing bodies, have caused their names to be affixed by their proper and respective officers on the date shown below:

Dated: _______________  SITES PROJECT AUTHORITY

By: _______________________________
Name: 
Title: 

[PROJECT AGREEMENT MEMBER]

Dated: _______________  (Authority & Project Agreement Member)

By: _______________________________
Name: 
Title: 

Page 110
## Exhibit A
### Project Agreement Members

<table>
<thead>
<tr>
<th>Participant</th>
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<td>Colusa County</td>
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<td>TC-4: Cortina Water District</td>
<td>~300</td>
<td>0.1%</td>
</tr>
<tr>
<td>TC-4: Davis Water District</td>
<td>~2,000</td>
<td>0.9%</td>
</tr>
<tr>
<td>TC-4: Dunnigan Water District</td>
<td>~2,774</td>
<td>1.2%</td>
</tr>
<tr>
<td>TC-4: LaGrande Water District</td>
<td>~1,000</td>
<td>0.4%</td>
</tr>
<tr>
<td>Westside Water District</td>
<td>~15,000</td>
<td>6.4%</td>
</tr>
<tr>
<td>Wheeler Ridge-Maricopa Water Storage District</td>
<td>14,000</td>
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</tr>
<tr>
<td>Zone 7 Water Agency</td>
<td>~10,000</td>
<td>4.3%</td>
</tr>
<tr>
<td>Potential new participants</td>
<td>TBD</td>
<td>%</td>
</tr>
</tbody>
</table>

**Total:** 234,074 **100.0%**

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

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

‡ Denotes a non-public agency. Refer to California Corporations Code Section 14300 et. seq. with additional requirements provided in both the Public Utilities Code and Water Code.
NOTE: 2019 proposed budget, which is applicable to this Agreement, was approved by the Reservoir Committee at their November 16, 2018 meeting with the Reservoir Committee’s share of expenses listed on page B-2.
<table>
<thead>
<tr>
<th>Expense/Revenue</th>
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<th>Task</th>
<th>Resource</th>
<th>Sum of Total End of Phase 1</th>
<th>Reprioritize Currently Approved Budget</th>
<th>Proposed Budget Authority 12 mon Res. Comm=9 mon</th>
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<td>Revenue</td>
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<td>WIIN</td>
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<td>$</td>
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<td></td>
<td><strong>$ 821,603</strong></td>
<td><strong>$ 34,965,795</strong></td>
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<td>Grand Total</td>
<td></td>
<td></td>
<td></td>
<td>$ (1,774,870)</td>
<td>$ 19,482</td>
<td></td>
</tr>
</tbody>
</table>
EXHIBIT C  

NOTIFICATIONS

Attention: Mr. Steve Hartwig  
City of American Canyon  
4381 Broadway, Suite 201  
American Canyon, CA 94503

Attention: Mr. Tom Charter  
c/o Ms Jamie Traynham  
Davis Water District  
P.O. Box 83  
Arbuckle, CA 95912

Attention: Mr. Dwayne Chisam  
Antelope Valley-East Kern WA  
6500 West Avenue N  
Palmdale, CA 93551

Attention: Mr. Mark Krause  
Desert Water Agency  
1200 South Gene Autry Trail  
Palm Springs, CA 92264

Attention: Mr. Ben Carter  
Carter MWC  
4245 River Road  
Colusa, CA 95932

Attention: Mr. Bill Vanderwaal  
Dunnigan Water District  
P.O. Box 84  
Dunnigan, CA 95937

Attention: Mr. Jim Barrett  
Coachella Valley Water District  
P.O. Box 1058  
Coachella, CA 92236

Attention: Mr. Thad Bettner  
Glenn-Colusa Irrigation District  
P.O. Box 150  
Willows, CA 95988

Attention: Ms. Wendy Tyler  
Colusa County  
547 Market St., Suite 102  
Colusa, CA 95932

Attention: Mr. Matt LaGrande  
LaGrande Water District  
P.O. Box 370  
Williams, CA 9598

Attention: Ms. Shelley Murphy  
Colusa County Water District  
P.O. Box 337  
Arbuckle, CA 95912

Attention: Mr. Steve Arakawa  
Metropolitan Water District of Southern California  
1121 L Street, Suite 900  
Sacramento, CA 95814

Attention: Mr. Jim Peterson  
Cortina Water District  
P.O. Box 489,  
Williams, CA 95987

Attention: Mr. Preston Brittain  
Pacific Resources MWC  
4831 Calloway Drive, Ste. 102  
Bakersfield, CA 93312

Bakersfield, CA 93312
Attention: Mr. Bill Vanderwaal
Reclamation District 108
P.O. Box 50
Grimes, CA 95950

Attention: Mr. Dirk Marks
Santa Clarita Valley Water Agency
27234 Bouquet Canyon Road
Santa Clarita, CA 91350

Attention: Mr. Doug Headrick
San Bernardino Valley Municipal Water District
380 East Vanderbilt Way
San Bernardino, CA 92408-3593

Attention: Dan Ruiz
Westside Water District
5005 State Hwy 20
Williams, CA 95987

Attention: Mr. Jeff Davis
San Gorgonio Pass Water Agency
1210 Beaumont Ave,
Beaumont, CA 92223

Attention: Robert Kunde
Wheeler Ridge-Maricopa Water Storage District
12109 Highway 166
Bakersfield, CA 93313

Attention: Ms. Cindy Kao
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3686

Attention: Mr. Dirk Marks

Attention: Ms. Valerie Pryor
Zone 7 Water Agency
100 North Canyons Parkway
Livermore, CA 945

C-2
## EXHIBIT A

### PROJECT AGREEMENT MEMBERS

<table>
<thead>
<tr>
<th>Participant</th>
<th>Preliminary</th>
<th>Percent</th>
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<tbody>
<tr>
<td>American Canyon, City of</td>
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<tr>
<td>Antelope Valley-East Kern Water Agency</td>
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</tr>
<tr>
<td>Carter Mutual Water Company ‡</td>
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</tr>
<tr>
<td>Coachella Valley Water District</td>
<td>~10,000</td>
<td>4.3%</td>
</tr>
<tr>
<td>Colusa County</td>
<td>~10,000</td>
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<td>Colusa County Water District</td>
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<tr>
<td>Desert Water Agency</td>
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<td>Glenn-Colusa Irrigation District</td>
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<td>Metropolitan Water District of S. CA</td>
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<td>Pacific Resources Mutual Water Company ‡</td>
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</tr>
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<td>Santa Clarita Valley Water Agency</td>
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<td>%</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>234,074</strong></td>
<td><strong>100.0%</strong></td>
</tr>
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</table>

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

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‡ Denotes a non-public agency. Refer to California Corporations Code Section 14300 et. seq. with additional requirements provided in both the Public Utilities Code and Water Code.
FOURTH AMENDED AND RESTATED
SITES PROJECT AUTHORITY
JOINT EXERCISE OF POWERS AGREEMENT

This Joint Powers Agreement (“Agreement”) is made and entered into by and among Colusa County Water District (CCWD), County of Colusa (Colusa County), County of Glenn (Glenn County), Glenn-Colusa Irrigation District (GCID), Maxwell Irrigation District (MID), Orland-Artois Water District (OAWD), Proberta Water District (PWD), Reclamation District 108 (RD 108), Tehama-Colusa Canal Authority (TCCA), Westside Water District (WWD), and Western Canal Water District (WCWD), jointly, Placer County Water Agency and City of Roseville (PCWA/Roseville), and Reclamation District 2035 (RD 2035) hereinafter “Authority Members” or “Authority Member Agencies”.

RECITALS

The Authority Members are public entities located and operating in the Sacramento Valley, and are formed and operating under the laws of the State of California;

Congress and the State Legislature have declared that the Sacramento-San Joaquin Delta watershed and California’s water infrastructure are in crisis and they have encouraged regional and local public agencies to form joint powers authorities to improve the operation of the state’s water system;

Sites Reservoir (sometimes referred to as North of Delta Offstream Storage) has been identified by the State of California and the federal government as an important component of integrated water management in the Sacramento River watershed that could support the state’s co-equal policy to improve water management and restore the ecological health for beneficial uses of the Sacramento-San Joaquin Delta and the Sacramento River watershed;

The principal purpose of this Agreement is to establish an independent special agency, known as the Sites Project Authority (“Authority”), that will have as its mission, to be a proponent and facilitator to design and potentially acquire, construct, manage, govern, and operate Sites Reservoir and related facilities; to increase and develop water supplies; to improve the operation of the state’s water system; and to provide a net improvement in ecosystem and water quality conditions in the Sacramento River system and the Delta;

Each Authority Member is uniquely situated with respect to Sites Reservoir and the related facilities to help design, acquire, construct, manage, govern, and operate the project to provide local, regional, and statewide public benefits and improve the state’s water system;

Certain Authority Members executed the Memorandum of Understanding Between the Department of Water Resources, the United States Bureau of Reclamation, the Western Area Power Administration, the California Department of Fish and Game, the United States Fish and
Wildlife Service, the Glenn-Colusa Irrigation District, the Tehama-Colusa Canal Authority, and Other CalFed Agencies and Local Interests Pursuant to the Directive with Respect to Sites Reservoir Contained in the CalFed Bay-Delta program Programmatic Record of Decision, August 28, 2000;

In August 2010, Glenn-Colusa Irrigation District, Reclamation District 108, Tehama-Colusa Canal Authority, Maxwell Irrigation District, County of Glenn, County of Colusa, Yolo County Flood and Water Conservation District entered into an Agreement creating a public entity known as the Authority.

By First Amendment to the Agreement in July 2015, Colusa County Water District, Westside Water District, Orland-Artois Water District and Proberta Water District became signatories to the Agreement and became Authority Members. In addition, Yolo County Flood and Water Conservation District has notified the Authority it is withdrawing as an Authority Member and will become an Associate Member, effective January 1, 2016. By this Amendment, Western Canal Water District, a joint participation by Placer County Water Agency and City of Roseville, and Reclamation District 2035 upon executing this Agreement became Authority Members.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Authority Members as follows:

I. DEFINITIONS

As used in this Agreement, the meaning of the terms used hereafter shall be as follows:

1.1. Agreement: This Joint Exercise of Powers Agreement as it currently exists or as it may be amended or revised from time to time.

1.2. Authority: The legal entity defined in this Agreement for the Sites Project Authority as organized by this Agreement.

1.3. Authority Member: The signatories to this Agreement.

1.4. Board of Directors or Board: The governing body of the Authority as established in Article IV of this Agreement.

1.5. Bylaws: Additional requirements to those contained in the Agreement related to the implementation of the Sites Reservoir Project; emphasizing delegations of authority, decision-making and dispute resolution; roles and responsibilities for Board and Project Agreement Committee; membership types; and cost management.

1.6. Member: An Authority Member or another entity that meets the requirements of California Water Code § 79759 (a) or (b), respectively as defined for each membership type.
established in the Bylaws. Generally, any Member can either be a signatory to a Project Agreement or participate in the Consultation Committee, but only Authority Members have representation on the Board.

1.7 Non-Member Participating Party: An agency, entity or company, that does not meet the Joint Powers Authority (“JPA”) membership requirements of California Water Code § 79759 (b) regarding for-profit corporations, including certain types of mutual water companies, and is not a Member of the Authority, but is deemed eligible by the Authority to participate by contract in certain elements of the Project. The Bylaws may provide for additional requirements for such non-members.

II. PURPOSES AND POWERS

2.1 Creation: Pursuant to the Joint Exercise of Powers Act (“Act”), California Government Code Section 6500 et seq., a public entity has been created to be known as the Sites Project Authority (“Authority”), which shall be an agency that is separate from its Authority Members.

2.2 Purpose: The purpose of this Agreement is to establish an independent joint powers authority (“JPA”) to exercise powers common to the Authority Members to, among other things, effectively study, promote, develop, design, finance, acquire, construct, manage, and operate Sites Reservoir and related facilities such as recreation and power generation. The purposes of pursuing and developing Sites Reservoir are to: (1) increase surface water storage and supply while enhancing water management flexibility and reliability in the Sacramento River watershed, (2) provide flood control benefits, (3) improve conditions for fish and wildlife in the Sacramento River watershed, including anadromous fish in the Sacramento River, and (4) improve the operation of the state’s water system to provide improvements in ecosystem and water quality conditions in the Bay-Delta while providing a more reliable water supply for the State of California.

2.3. Powers: The Authority shall have the power to pursue the purposes described above and to perform all acts necessary for the exercise of said powers, including, but not limited to, the ability to:

2.3.1. make and enter into contracts necessary for the full exercise of its powers;

2.3.2. perform studies, environmental review, engineering and design, and if appropriate, permitting, construction of water storage, and related conjunctive management;

2.3.3. contract for the services of engineers, attorneys, scientists, planners, financial consultants, and separate and apart therefrom, to employ such persons as it deems necessary;

2.3.4. hold or dispose of any property, including acquisition by eminent domain;
2.3.5. apply for, accept, and receive permits, licenses, grants, loans, or other funding from any federal, state or local public agency;

2.3.6. issue revenue bonds and other forms of indebtedness to the extent, and on the terms, provided by the Act;

2.3.7. incur debts, liabilities, and obligations;

2.3.8. adopt bylaws, rules, regulations, and procedures, governing the operation of the Authority; and

2.3.9 delegate levels of authority to Project Agreement Committees, Consultation Committee, and other advisory groups as the Board deems appropriate and consistent with the requirements specified in the Bylaws.

2.4. Manner of Exercise of Powers: To the extent not specifically provided for in this Agreement or the Act, the Authority shall exercise its powers subject to the restrictions upon the manner of exercising the powers under the laws applicable to Westside Water District.

2.5. GCID and TCCA Operations: The Authority Members anticipate that the Sites Reservoir Project will be within or adjacent to GCID and/or TCCA districts with at least a portion of the conveyance of water into the reservoir to be accomplished by wheeling water through GCID’s Main Canal and/or the Tehama-Colusa Canal. The Authority shall not have the power, except with the express written consent of GCID and/or TCCA, depending on which facilities are at issue, to enter into any agreements or otherwise take any action that will, directly or indirectly, decrease, restrict, or in any manner alter, modify or limit water rights, water supplies or contractual entitlements to water of GCID and/or TCCA (and, in the case of TCCA, the water agencies it serves) or the operations of their facilities or any facilities they operate under contract.

2.6. MID Operations: The Authority Members anticipate that the pipeline connecting the reservoir to the Sacramento River will utilize an existing MID easement. The Authority shall not have the power, except with the express written consent of MID to enter into any agreements or otherwise take any action that will, directly or indirectly, decrease, restrict, or in any manner alter, modify or limit water rights, water supplies or contractual entitlements to water of MID or the operation of its facilities or any facilities that MID operates under contract.

2.7. Counties’ Powers: Nothing in this Agreement shall be construed as the surrender or relinquishment of the land use authorities as provided by law of the County of Colusa and County of Glenn.
III. AUTHORITY MEMBERSHIP

3.1. Generally: Authority membership is comprised of the public agencies (as defined in Section 6500 of the Act) that are authorized to be Authority Members and are signatories to this Agreement.

3.2. DWR and Bureau of Reclamation: The Authority may enter into a contract or other arrangement with the California Department of Water Resources (“DWR”) and/or the Bureau of Reclamation (USBR) to carry out the purposes of this Agreement. DWR, upon the approval of the Authority Board, may be a non-voting, ex-officio member of the Authority.

3.3. Addition of Members: Entities authorized by law to participate in a JPA located within the Sacramento River watershed may subsequently become Authority Members upon an affirmative vote of at least seventy-five percent (75%) of the total number of the Boards of the Authority Member Agencies and the new Member’s execution of this Agreement, as it may have been amended. An entity requesting to become an Authority Member shall provide certification of compliance with the membership requirements of the Agreement and the Bylaws. The entity requesting to become an Authority Member may represent a group of other entities. Terms and conditions for new Authority Member’s participation in the Authority, if any, shall be set forth in an amendment to this Agreement or in the Bylaws. Such terms and conditions shall be consistent with this Agreement and any contracts, resolutions, or indentures of the Authority then in effect.

3.4. Membership Types: The Board may approve the creation of different types of memberships that may include governmental agencies that meet the provisions of California Water Code Section 79759 (b) as it may be amended, other public agencies, entities, and companies, in funding and/or financing of the different elements of the Sites Reservoir Project. The creation of any additional membership types are defined in the Bylaws. Admission of non-Authority Members shall be upon the affirmative vote of at least seventy-five percent (75%) of the total number of Directors.

3.5. Consultation Committee: A Consultation Committee may be formed to provide a forum for public agencies and private entities to provide input on matters affecting the Authority. The charter for this committee, including the manner in which it conducts itself, will be established by the Board, and described in the Bylaws.

IV. GOVERNANCE AND INTERNAL ORGANIZATION

4.1. Board of Directors: The governing body of the Authority shall be a Board of Directors (Board) that will conduct all business on behalf of the Authority consistent with this Agreement and applicable law. The Board will consist of one representative of each Authority Member. To remain in an active status, each Authority Member having representation on the Board shall be in good standing as defined in the Bylaws.

4.2. Appointment: Each Authority Member Agency shall appoint a Director to the Board. Each Authority Member Agency shall also be entitled to appoint an Alternate Director to the
Authority. The role of the Alternate Director shall be to assume the duties of an Authority Member Agency’s Director in case of the absence or unavailability of such Director.

Should a Director who is an officer of the Board not be in attendance, the Authority Member Agency’s Alternate Director shall not assume the duties of the officer. Should the Chair be absent, the Vice-Chair shall assume the Chair’s responsibilities until the Chair is present, and if both are absent the Board may appoint a temporary Chair.

Directors and Alternates both serve at the pleasure of the governing body of their respective Authority Member Agency. Authority Member Agencies shall communicate their initial Director and Alternate selections, and any subsequent changes thereto, to the Authority in writing. Each Authority Member Agency is only entitled to have one vote, either by its Director or the Alternate, at a meeting of the Board.

4.3. Meetings: The Board shall hold at least one regular meeting per year, and may hold regular or special meetings at more frequent intervals. All meetings of the Board shall be called, held, noticed, and conducted subject to the provisions of the Ralph M. Brown Act (Government Code section 54950, et seq.).

4.4. Quorum: A majority of the total number of Directors shall constitute a quorum.

4.5. Voting:

4.5.1. Routine Matters or Non-Material Change Items Before the Authority: The Board shall take action only upon an affirmative vote of a majority of the total number of Directors.

4.5.2. Material Change Items Before the Authority: Based on the thresholds established in the Bylaws regarding a Material Change, the Board shall take action only upon an affirmative vote of a at least seventy-five percent (75%) of the total number of Directors.

4.6. Officers:

4.6.1. The Board shall select, from among the Directors, a Chair, who will be the presiding officer for all Board meetings, and a Vice-Chair, who will preside in the absence of the Chair.

4.6.2 The Board shall also select a Treasurer, who shall be the depository and have custody of all money of the Authority and shall perform the duties specified in Government Code section 6505.5. The Treasurer shall be bonded in accordance with Government Code section 6505.1 and shall pay all demands against the Authority that have been approved by the Board.

4.6.3. The Board shall also select a Secretary, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of the Authority. The Board may combine the positions of Secretary and Treasurer.

4.6.4. The Bylaws may further address the duties, responsibilities and administrative requirements for the respective offices.
4.7. General Manager. The Board may appoint a General Manager or assign staff of one or more Authority Members to conduct the business of the Authority in accordance with the policies of the Board; provided that no Authority Member’s staff will be so assigned without the consent of that Authority Member. The General Manager serves at the pleasure of the Board and may be an employee or a contractor of the Authority.

4.8. Liability of Authority, Officers, and Employees: The Directors, officers, and any employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No Director, officer, employee or agent will be responsible for any act or omission by another board member, officer or employee. The Authority shall indemnify and hold harmless the individual board members, officers, employees, and agents of the Authority for any action taken lawfully and in good faith pursuant to this Agreement. Nothing in this section shall be construed to limit the defenses available under the law, to the Authority Members, the Authority, or its Directors, officers, employees or agent.

V. FINANCIAL PROVISIONS

5.1. Fiscal year: The fiscal year shall run concurrent with the calendar year, unless the Directors decide otherwise and shall also apply to any Project Agreements.

5.2. Depository: All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with the funds of any Member or any other person or entity. Regular reports shall be made as directed by the Board, but at least quarterly, to the Board of all receipts and disbursements. The books and records shall be open to inspection by the Board and individual Directors upon reasonable notice.

5.3. Budgets: A draft budget will be prepared for the Member Agencies to review at least 45 days before the beginning of the Authority’s next fiscal year. The Board shall approve the budget no later than 15 days before the beginning of the fiscal year. The budget shall include:

5.3.1. General and administrative costs include the general operation and administration of the Authority. These costs do not include any costs incurred by the Authority directly as a result of a specific Project Agreement as described in Article VI.

5.3.2. Project specific costs shall be fully described and specified in a Project Agreement. The Board shall ensure that all costs incurred by the Authority directly relating to any specific project will be paid only by the parties to the Project Agreement and will not be paid for by the Authority as general and administrative costs. The Bylaws may include additional requirements and criteria for such costs.

5.4 Initial Contributions: Upon formation of the Authority, each Authority Member shall pay an application fee as prescribed in the Bylaws.
5.5. Recovery of General and Administrative Costs:

5.5.1. The Board may assess each Authority Member for the general and administrative costs to operate the Authority. Payments of public funds may be made to defray the costs incurred in carrying out such purposes, and advances of funds may be made for use in doing so, to be repaid as provided in this Agreement. Personnel, equipment or property of one or more of the Authority Members may be used in lieu of other contributions or advances, upon Board approval, and will be treated as a contribution from that Authority Member.

5.5.2. General and administrative costs incurred by the Authority in carrying out its purposes, as described in Section 5.3.1, shall be shared by the Authority Members as determined by the Board.

5.5.3. The Authority shall periodically, as necessary, issue an invoice to each Member reflecting the expenses attributable to that Member in accordance with this Agreement and/or Project Agreement, respectively. The Authority must receive payment within 60 days of the date listed on the invoice. Delinquent sums shall bear interest at a rate per year equal to the Federal Reserve’s 11th District cost of funds index on the first business day of the current year plus eight percent (8%). The Bylaws include additional requirements.

5.5.4. Upon request of any Member, the Authority shall produce and allow the inspection of all documents relating to the computation of expenses attributable to the Members under this Agreement. If a Member does not agree with the amount listed on the invoice, it must make full payment and provide a cover letter accompanying payment to the Authority specifying the amount in dispute and providing a detailed explanation of the basis for the dispute. The Authority shall advise the disputing Member of the Authority’s determination within 30 business days.

5.6. Recovery of Project Agreement Costs: Each Project Agreement shall specify the requirements for recovery of costs, which shall be consistent with the requirements of Section 5.5.

5.7. Auditor: An auditor shall be chosen annually by, and serve at the pleasure of, the Board. The auditor shall make an annual audit of the accounts and records of the Authority. A report shall be filed as a public record with the Auditor of the County where the Authority is domiciled, consistent with Section 6505 of the Act, and with each agency that is a Member or an advisory member. Such report shall also be filed with the California Secretary of State or State Controller within twelve months of the end of the fiscal year.

5.8. Bonds: The Board shall, from time to time, designate the officers or other persons who have charge of, handle, or have access to any property of the Authority and shall require such officers or persons to file an official bond, at the Authority’s expense, in an amount to be fixed by the Board.

5.9. Authority Members Limited Liability: As provided by Government Code Section 6508.1, the debts, liabilities, and obligations of the Authority shall be the debts, liabilities, and obligations of the Authority only, and not of the constituent Authority Members of the Authority.
VI. PROJECT AGREEMENTS

6.1. General: The Authority intends to carry out the purposes of this Agreement through projects that are consistent with the joint exercise of powers described herein. Funding and participation in any project undertaken by the Authority shall be governed by a Project Agreement. The Authority may undertake all or any portion of each project on its own or it may enter into agreements with the State of California, the United States, or any other public or private entity.

6.2. Parties to Agreement: Prior to undertaking a project, the Members and Non-Member Participating Parties electing to participate in the project shall enter into a Project Agreement. A Project Agreement may involve the Authority or one or more Members and any Non-Member Participating Parties. No Member shall be required to be involved in a Project Agreement.

6.3. Project Agreement: All assets, rights, benefits, and obligations attributable to the project shall be assets, rights, benefits, and obligations of those Members and Non-Member Participating Parties that have entered into the Project Agreement. Any debts, liabilities, obligations or indebtedness incurred by the Authority in regard to a particular project shall be the debts, liabilities, obligations, and indebtedness of the Members and Non-Member Participating Parties who have executed the respective Project Agreement and shall not be the debts, liabilities, obligations or indebtedness of the Members and Non-Member Participating Parties that have not executed the Project Agreement, nor of the Authority. If a project is undertaken by less than all the Members, the Members and Non-Member Participating Parties to a Project Agreement shall appoint a representative to a Project Agreement Committee for that project. The Project Agreement may include entities that are not Authority Members. The Bylaws may provide additional requirements regarding the implementation of each Project Agreement.

VII. TERMINATION, WITHDRAWAL, AND SUSPENSION

7.1. Termination:

7.1.1. Mutual Termination. This Agreement may be terminated by the mutual agreement of at least seventy-five percent (75%) of the total number of the Boards of the Authority Member Agencies in writing.

7.1.2. Termination of an Authority Member by the Authority. This Agreement may be terminated with respect to any Authority Member upon the affirmative vote of all Directors less one. Prior to any vote to terminate this Agreement with respect to an Authority Member, written notice of the proposed termination and the reason(s) for such termination shall be presented at a regular Board meeting with opportunity for discussion. The Authority Member subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote. If an Authority Member is terminated, that Authority Member will be responsible for its share of any costs incurred by the Authority up to the date of termination.
7.2. Member Withdrawal from Authority: Any Authority Member may withdraw from the Authority by giving at least 30 days written notice of its election to do so, which notice shall be given to the Authority and each Member to this Agreement; provided that such withdrawal does not in any way impair any contracts or obligations of the Authority then in effect. Prior to withdrawal or as soon as an accounting can be completed, the withdrawing Authority Member shall pay its share of General and Administrative Costs, described in Section 5.5; provided, however, the withdrawing member shall only be liable for expenses incurred through the date of withdrawal. The withdrawing Authority Member shall also be responsible for any claims, demands, damages, or liability arising from this Agreement through the date of withdrawal. With respect to a particular project, and subject to the terms of the applicable Project Agreement, the withdrawing Authority Member shall be responsible for its share of all costs, expenses, advances, contractual obligations, and other obligations, including bonds, notes or other indebtedness issued by the Authority while such withdrawing entity was a party to a project Agreement. The remaining parties to a Project Agreement shall have the option of discontinuing a project and/or acquiring the interests of the withdrawing party, as may be more particularly described in the Project Agreement. If the remaining Members to a Project Agreement under Article VI decide to terminate the Project Agreement, any remaining funds will be allocated pursuant to the terms of the agreement and the costs will be allocated to all parties as described in the Project Agreement, including the withdrawing party.

7.3. Membership Suspension: Should any Authority Member be deemed by the Board to not be in Good Standing as defined in the Bylaws, an affirmative vote of at least seventy-five percent (75%) of the total number of Directors can suspend the Authority Member’s voting rights. Once the Authority Member is deemed by the Board to meet the requirements for being in Good Standing, the Authority Member can petition the Board of Directors to be have its voting privileges and, if applicable, any Board officer status restored by an affirmative vote of the Board of Directors consisting of at least seventy-five percent (75%) of the total number of Directors. During the time the Authority Member has not been in Good Standing, the Authority Member shall remain obligated to comply with all other requirements of this Agreement, the Bylaws and any Project Agreements the Authority Member executed.

7.4. Disposition of Assets Upon Termination: Upon termination of this Agreement, any surplus money or assets in the possession of the Authority for use under this Agreement, after payment of liabilities, costs, expenses and charges incurred under this Agreement, shall be returned to the then-existing Members in proportion to the contributions made by each. Unless otherwise agreed, all other property, works, rights and interests of the Authority shall be allocated to the then-existing Members in the same manner upon termination. Notwithstanding the foregoing, at the time of termination of this Agreement, upon a vote of the Board of Directors consisting of no less than a majority of the voting shares of all then existing members of the Board to sell the property, works, rights and interests of the Authority to a public utility, governmental agency, or other entity or entities for good and adequate consideration, the Authority shall have the power to consummate such a sale and the net proceeds from the sale shall be distributed in the same manner as set forth above.
VIII. MISCELLANEOUS PROVISIONS

8.1. Amendment of Agreement: This Agreement may be amended only by an affirmative vote of at least seventy-five percent (75%) of the Boards of the Authority Member Agencies; provided, however, this Agreement may not be amended to terminate the participation of an Authority Member without the affirmative vote of all Boards of the Authority Member Agencies less one. The Authority shall provide notice to all Members of amendments to this Agreement, including the effective date of such amendments.

8.2. Adoption and Amendment of Bylaws: The Bylaws may be adopted or amended only by an affirmative vote of at least seventy-five percent (75%) of the total number of Directors. The Authority shall provide notice to all Members of amendments to the Bylaws, which includes the effective date of such amendments.

8.3. Assignment: Except as otherwise expressed in this Agreement, the rights and duties of the Authority Members may not be assigned or delegated without the advance written consent of all the other Authority Members, and any attempt to assign or delegate such rights or duties in contravention of this section shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Authority Members. This section does not prohibit an Authority Member from entering into an independent agreement with another agency, person or entity regarding the funding or financing of that Authority Member’s contributions to the Authority, or the disposition of the proceeds which that Authority Member receives under this Agreement, so long as the independent agreement does not affect or purport to affect, the rights and duties of the Authority or the Authority Members under this Agreement.

8.4. Severability: If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Authority Members that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provisions shall be deemed reformed so as to be lawful, valid, and enforced to the maximum extent possible.

8.5. Execution by Counterparts: This Agreement may be executed in any number of counterparts and upon execution by all Authority Members, each executed counterpart shall have the same force and effect as an original instrument and as if all Authority Members had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but have attached to it one or more signature pages.

8.6. Authority Members to be Served Notice: Any notice authorized to be given pursuant to this Agreement shall be validly given if served in writing either personally, by facsimile, by electronic mail (e-mail), by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (i) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt; (ii) by mail shall be conclusively deemed given 48 hours after the deposit thereof if the sender returns the
receipt; and (iii) by facsimile, upon receipt by sender of an acknowledgment or transmission report
generated by the machine from which the facsimile was sent indicating that the facsimile was sent
in its entirety and received at the recipient’s facsimile number or email address. All Notices shall
be sent to the addresses listed in Exhibit A to this Agreement:

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

COLUSA COUNTY WATER DISTRICT

Dated: 3-19-2018
(Effective March 23, 2017)

By: Joseph Marsh

COUNTY OF COLUSA

Dated: 3/19/18
(Effective March 23, 2017)

By: Gary S. Evans

COUNTY OF GLENN

Dated: 4-9-18
(Effective March 23, 2017)

By: Leigh W. Mcdaniel

GLENN-COLUSA IRRIGATION DISTRICT

Dated: 3-19-18
(Effective March 23, 2017)

By: Logan A. Dennis
MAXWELL IRRIGATION DISTRICT

Dated: 3/19/18  
(Effective March 23, 2017)

By: MaryChells

ORLAND-ARTOIS WATER DISTRICT

Dated: 3/19/18  
(Effective March 23, 2017)

By: James A. Jones

PLACER COUNTY WATER AGENCY & CITY OF ROSEVILLE, Jointly

Dated: 3/19/18  
(Effective March 23, 2017)

By: ______________

City of Roseville: Optional

By: ______________

PROBERTA WATER DISTRICT, designated to 4M Water District on behalf of the TC-6

Dated: 4/23/2018  
(Effective March 23, 2017)

By: ______________

RECLAMATION DISTRICT 108

Dated: 3/19/18  
(Effective March 23, 2017)

By: ______________
TEHAMA-COLUSA CANAL AUTHORITY

Dated: 3/19/18
(Effective March 23, 2017)

By: Jeff Sutton
GM

WESTERN CANAL WATER DISTRICT

Dated: 7/9/18
(Effective March 23, 2017)

By: Ted Trimble
GM

WESTSIDE WATER DISTRICT

Dated: 3/19/18
(Effective March 23, 2017)

By: Jamie Traynham

CITY OF SACRAMENTO & SACRAMENTO COUNTY WATER AGENCY, Jointly

Dated: 5/31/18
(Effective February 19, 2018)

By: William O. Busath

Attested on: [Signature]

Wendy Klock-Johnson, Assistant City Clerk

APPROVED AS TO FORM:

CITY ATTORNEY

File: 12.210-010.04
Page 14 of 15

Attachment 3
Page 14 of 15
Exhibit A to the Sites Project Authority Joint Exercise of Powers Agreement:

Effective Date: ________________

Colusa County Water District  
General Manager  
P.O. Box 337  
Arbuckle, CA 95912  

County of Colusa  
Chair of the Board of Supervisors  
547 Market Street, Suite 108  
Colusa, CA 95932  

County of Glenn  
Chair of the Board of Supervisors  
525 West Sycamore Street  
Willows, CA 95988  

Glenn-Colusa Irrigation District  
General Manager  
P.O. Box 150  
Willows, CA 95988  

Maxwell Irrigation District  
General Manager  
P.O. Box 217  
Maxwell, CA 95955  

Orland-Artois Water District  
General Manager  
P.O. Box 218  
Orland, CA 95963  

Placer County Water Agency  
PO Box 6570  
Auburn CA 95604  

& City of Roseville  
2005 Hilltop Circle  
Roseville, CA 95747  
Proberta, CA 96078  

Reclamation District 108  
General Manager  
P.O. Box 50  
Grimes, CA 95950  

Reclamation District 2035  
General Manager  
45332 County Road 25  
Woodland, CA 95776  

Tehama-Colusa Canal Authority  
General Manager  
P.O. Box 1025  
Willows, CA 95988  

Western Canal Water District  
General Manager  
PO Box 190  
Richvale, CA 95974  

Westside Water District  
General Manager  
5005 CA-20  
Williams, CA 95987
Sites Reservoir Project Map

From public Proposition 1 WSIP Application ('A4_Drawings’ sub-section) document.
Sites Authority and Reservoir Committee Structure

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

<table>
<thead>
<tr>
<th>Sites JPA Participation only:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Glenn County</td>
</tr>
<tr>
<td>- Maxwell Irrigation District</td>
</tr>
<tr>
<td>- Placer County Water Agency¹</td>
</tr>
<tr>
<td>- City of Roseville¹</td>
</tr>
<tr>
<td>- County of Sacramento²</td>
</tr>
<tr>
<td>- City of Sacramento²</td>
</tr>
<tr>
<td>- Tehama-Colusa Canal Association</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sites JPA and Reservoir Committee:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Colusa County</td>
</tr>
<tr>
<td>- Colusa County Water District</td>
</tr>
<tr>
<td>- Cortina Water District³</td>
</tr>
<tr>
<td>- Davis Water District³</td>
</tr>
<tr>
<td>- Dunnigan Water District³</td>
</tr>
<tr>
<td>- Glenn-Colusa Irrigation District</td>
</tr>
<tr>
<td>- LaGrande Water District³</td>
</tr>
<tr>
<td>- Reclamation District 108</td>
</tr>
<tr>
<td>- Westside Water District</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Reservoir Committee only:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- City of American Canyon</td>
</tr>
<tr>
<td>- Antelope Valley-East Kern Water Agency⁴</td>
</tr>
<tr>
<td>- Carter Mutual Water Co.</td>
</tr>
<tr>
<td>- Coachella Valley Water District⁴</td>
</tr>
<tr>
<td>- Desert Water Agency⁴</td>
</tr>
<tr>
<td>- Metropolitan Water District of So Cal.⁴</td>
</tr>
<tr>
<td>- Pacific Resources Mutual Water Co.⁴</td>
</tr>
<tr>
<td>- San Bernardino Valley Municipal Water Dist.⁴</td>
</tr>
<tr>
<td>- San Gorgonio Pass Water Agency⁴</td>
</tr>
<tr>
<td>- Santa Clarita Valley Water Agency⁴</td>
</tr>
<tr>
<td>- Santa Clara Valley Water District⁴</td>
</tr>
<tr>
<td>- Wheeler-Ridge Maricopa Water Storage Dist.⁴</td>
</tr>
<tr>
<td>- Zone 7 Water Agency⁴</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Voting and Non-Share Participants:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- California Dept. of Water Resources</td>
</tr>
<tr>
<td>- US Bureau of Reclamation</td>
</tr>
</tbody>
</table>

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

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

**Decision Making:**
Each decision-making body has discretion to make decisions within limits of their authorities. Limits are defined as thresholds that may result in a Material Change from baseline conditions approved by Sites JPA.
- **Sites JPA:** Chartering documents and bylaws.
- **Reservoir Committee:** Bylaws and compliance with terms and conditions delegated by Sites JPA in the Reservoir Project Agreement.

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

**Phase 1**
- **Jan 2018**: PROP 1 CA WATER COMMISSION Application Review
- **FEDERAL WIIN ACT**: Final Feasibility Report, Supplemental Report
- **PLANNING & PERMITTING**: Draft EIR/S, Permit Planning & Applications
- **ENGINEERING & RIGHTS OF WAY**: Row, Construction & Commissioning
- **OPERATIONS**: Operations

**Phase 2**
- **2019**: Prop 1 Funding, Deemed Feasible
- **2020**, **2021**, **2022**: Preliminary Design & Geotech, Final Design, ROW
- **Phases 3 & 4**: 2026, 2030

**2018 Oct 10, Subject to Change**
SUPPORT – Sites Project

**Water Districts/Agencies/Retailers**
- Regional Water Authority
- Northern California Water Association
  - Anderson-Cottonwood Irrigation District
  - B&B Ranch
  - Brophy Water District
  - Browns Valley Irrigation District
  - Butte County Board of Supervisors Crain Orchards, Inc.
  - Danna & Danna Inc.
  - Edwards Ranch
  - Feather Water District G&K Farms, LLC.
  - Garden Highway Mutual Water Company Garner, Garner & Stoy
  - Hallwood Irrigation District Hershey Land Row Crop, LLC.
  - J.A. Driver
  - Joint Water Districts Board Biggs-West Gridley Water District
  - Butte Water District
  - Richvale Irrigation District Sutter Extension Water District
  - Larry Pires Farms Lindauer River Ranch, Inc.
  - Llano Seco Rancho
  - M&T Ranch
  - Maxwell Irrigation District
  - Meridian Farms Water Company
  - Natomas Mutual Water Co.
  - North Yuba County Water District
  - Oji Brothers Farms, Inc.
  - Pacific Farms & Orchards
  - Pelger Mutual Water Company
  - Pleasant Grove-Verona Mutual Water Co.
  - Plumas Mutual Water Co.
  - Princeton-Codora-Glenn Irrigation District
  - Provident Irrigation District
  - R. Gorrill Ranch Enterprises
  - Ramirez Water District
  - Reclamation District 1004
  - Reclamation District 108
  - Reclamation District 2035
  - Richter Brothers, Inc.
  - River Garden Farms
  - Riverview Land & Equipment, Inc.
  - Shasta County Board of Supervisors
  - South Sutter Water District
  - South Yuba Water District
  - Sutter Bypass-Butte Slough WUA
  - Sutter County Board of Supervisors
  - Sutter Mutual Water Company
  - Taylor Brothers Farms
  - Tehama Angus Ranch, Inc.
  - Tehama County Board of Supervisors
  - Thermalito Irrigation District
  - Tudor Mutual Water Company
  - Tuttle Ranches
  - Western Canal Water District
  - William P. Locket
  - Yolo County Flood Control & WCD
  - Yuba County Water Agency

**Agricultural Interests**
- California Rice Commission
- California Fresh Fruit Association*
- California Farm Bureau Federation*
- California Agricultural Aircraft Association*
- Western Growers*
- California Alfalfa & Forage Association*
- California Agricultural Irrigation Association*
- California Association of Wheat Growers*
- California Bean Shippers Association*
- California Warehouse Association*
- California Cotton Ginners & Growers Association*

*Letter, resolution or support card included as part of this submittal*
Western Agricultural Processors Association*
Yuba-Sutter Farm Bureau*
Passmore Ranch*
California Women for Agriculture*

**Business Groups**
California Business Properties Association*
California Building Industry Association*
California Chamber of Commerce*
San Gabriel Valley Economic Partnership*
East Bay Leadership Council*
Sacramento Metro Chamber of Commerce*

**Labor**
California Alliance for Jobs*
State Building & Construction Trades Council & Local Affiliates*

**Local Government**
City of Williams*
City of Willows*
Shasta County*
City of Roseville*
Sutter County*
City of Orland*
County of Tehama*
City of Colusa*
Sacramento Area Council of Governments

**Local Associations/Businesses**
Roseville Coalition of Neighborhood Associations*
PackageOne*
VCS Consulting*
J.V. Camp & Associates*

**Elected Officials**
Senator Feinstein*
Congresswoman Matsui*
California Congressional Delegation (42) *
    Doug LaMalfa (CD 1)

John Garamendi (CD 3)
Kevin McCarthy (CD 23)
Jim Costa (CD 16)
Jeff Denham (CD 10)
Mike Thompson (CD 5)
Ken Calvert (CD 42)
Ami Bera (CD 7)
Devin Nunes (CD 22)
Grace Napolitano (CD 32)
Ed Royce (CD 39)
Zoe Lofgren (CD 19)
David Valadao (CD 21)
Adam Schiff (CD 28)
Tom McClintock (CD 4)
Anna Eshoo (CD 18)
Mimi Walters (CD 45)
Eric Swalwell (CD 15)
Paul Cook (CD 8)
Mark DeSaulnier (CD 11)
Darrell Issa (CD 49)
Jimmy Panetta (CD 20)
Steve Knight (CD 25)
Raul Ruiz (CD 36)
Dana Rohrabacher (CD 48)
Norma Torres (CD 35)
Duncan Hunter (CD 50)
Juan Vargas (CD 51)
Scott Peters (CD 52)
Mark Takano (CD 41)
Jerry McNerney (CD 9)
Alan Lowenthal (CD 47)
Ted Lieu (CD 33)
Judy Chu (CD 27)
Ro Khanna (CD 17)
Tony Cardenas (CD 29)
Linda Sanchez (CD 38)
Lou Correa (CD 46)
Salud Carbajal (CD 24)
Brad Sherman (CD 30)
Lucille Roybal-Allard (CD 40)

*Letter, resolution or support card included as part of this submittal*
SUPPORT – Sites Project

Pete Aguilar (CD 31)
California State Senators (12) *
    Jim Nielsen (SD 4)
    Bill Dodd (SD 3)
    Tom BerryHill (SD 8)
    Jeff Stone (SD 28)
    Cathleen Galgiani (SD 5)
    Mike Morrell (SD 23)
    Steven Glazer (SD 7)
    Scott Wiener (SD 11)
    Steven Bradford (SD 35)
    Andy Vidak (SD 14)

California State Assemblymembers (17) *
    James Gallagher (AD 3)
    Vince Fong (AD 34)
    Chad Mayes (AD 42)
    Anna Caballero (AD 30)
    Raul Bocanegra (AD 35)
    Ken Cooley (AD 8)
    Blanca Rubio (AD 48)
    Brian Dahle (AD 1)
    Catherine Baker (AD 16)
    Health Flora (AD 12)
    Jay Obernolte (AD 33)
    Jim Cooper (AD 9)
    Marc Steinorth (AD 40)
    Kevin Kiley (AD 6)
    Kevin McCarty (AD 7)
    Timothy Grayson (AD 14)
    Frank Bigelow (AD 5)

*Letter, resolution or support card included as part of this submittal
Staff Recommendations

- Receive update and report on the Sites Reservoir Project;

- Recommend that the Board authorize the CEO to execute the Sites Project Authority 2019 Reservoir Project Agreement for Phase 2 Year 1 participation;

- Recommend a specific District participation level (up to 4.8%) in the entire Sites Reservoir Project.

- Recommend that the Board authorize the District to participate in funding Phase 2 Year 1 Sites Reservoir Project costs, as necessary to preserve the recommended participation level.

- Recommend that the Board direct staff to continue engagement in Sites Reservoir Committee and to negotiate future funding participation to include a stronger governance role.
Project Location and Description

Image from Sites Proposition 1 Application (A4_Drawings’ sub-section)
Potential District Benefits

- An increase in available water supply, primarily in drier years, that may potentially be delivered as SWP project supplies.
  - Preliminary estimate of 8,000 to 12,000 acre-feet (average) per year at a 4.8% Project Participation level.
- Storage rights in Sites reservoir proportional to the District Share.
- Improvement in Shasta Reservoir storage levels and cold-water pool that may provide fishery benefits and help stabilize/increase CVP deliveries.
The Sites Project is envisioned to progress in five phases:

- Phase 1 - WSIP funding application and EIR/EIS development; **Complete**
- Phase 2 - EIR/EIS completion, predesign, critical permits, and water rights; **To begin**
- Phase 3 - Final design, land and right of way acquisition, and remaining permits; **Future**
- Phase 4 - Construction **Future**
- Phase 5 - Transfer to Operations **Future**

### Estimated Sites Phase 2 Participant Costs ($ millions)

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Years 3-4</th>
</tr>
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<tbody>
<tr>
<td>Participant Costs</td>
<td>14</td>
<td>90</td>
<td>245</td>
</tr>
<tr>
<td>District Share at a 4.8% Project Participation level</td>
<td>1.4</td>
<td>9.2</td>
<td>25.1</td>
</tr>
</tbody>
</table>
Phase 1 Accomplishments

- Prop 1 WSIP funding: $816 million
  - Early Funding: $40.8 million
- Draft EIR/EIS
- Draft Federal Feasibility Study
  - Basis for WIIN Act Funding
- USDA construction loan: $449 million
  - 3.875% interest rate
- Bipartisan support for Proposition 1 funding, including 43 of California’s Congressional Representatives.
Substantially similar to Phase 1 Project Agreement

Ability to influence Project through Reservoir Committee.

Preserves right to contract for water supply and storage from finished project if executed by Feb. 15, 2019.

District cost not to exceed $1.44 million at current participation level.
Funding Deliverables (Phase 2, Year 1)

- Define storage benefits and operational rules for participant utilization of storage in Sites Reservoir
- Better define State and Federal interests and benefits
- Complete key agreements with DWR and USBR
- Update and narrow range of operating scenarios and yields
- Compile data to further refine construction cost estimates
Phase 2, Year 1: April 2019 – December 2019

Total Budget: $35 million
- Funding from Water Agencies: $14 million
- WIIN Act Funding: $9 million
- WSIP Funding: $10 million

District current cost share at 4.8% Project participation level
- No more than $1.44 million
- Approximately 10.3% of water agencies’ share
## Alternatives: Budget and Funding (Phase 2, Year 1)

<table>
<thead>
<tr>
<th>Option</th>
<th>Target District Share</th>
<th>Average Annual Yield (acre-feet)</th>
<th>District Costs ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Phase 2 Year 1</td>
</tr>
<tr>
<td>A</td>
<td>4.8%</td>
<td>12,000</td>
<td>1.4</td>
</tr>
<tr>
<td>B</td>
<td>3.2%</td>
<td>8,000</td>
<td>0.96</td>
</tr>
<tr>
<td>C</td>
<td>1.6%</td>
<td>4,000</td>
<td>0.48</td>
</tr>
<tr>
<td>D</td>
<td>0%</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
### Alternatives: Pros and Cons (Phase 2, Year 1)

<table>
<thead>
<tr>
<th>Option</th>
<th>District Participation Level</th>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
</table>
| A      | 4.8% ($1.4 M)               | • 12,000 AFY avg. yield  
• 23,000 AF in D/C years  
• More influence  
• May reduce participation later | • Sites benefit may not ultimately be needed if other projects built |
| B      | 3.2% ($0.96 M)              | • 8,000 AFY avg. yield  
• 15,000 AF in D/C years  
• Maintain some influence  
• Possible credit of prior payments | • May be difficult to increase participation later  
• Reduced influence as medium investor |
| C      | 1.6% ($0.48 M)              | • 4,000 AFY avg. yield  
• 8,000 AF in D/C years  
• Maintain some influence  
• Possible credit of prior payments | • May be difficult to increase participation later  
• Reduced influence as small investor |
| D      | 0% ($0)                     | • Lowest cost  
• Possible refund of prior payments | • No benefits preserved  
• May be difficult to rejoin  
• May increase chance project does not move forward |
Staff Recommendations

- Receive update and report on the Sites Reservoir Project;

- Recommend that the Board authorize the CEO to execute the Sites Project Authority 2019 Reservoir Project Agreement for Phase 2 Year 1 participation;

- Recommend a specific District participation level (up to 4.8%) in the entire Sites Reservoir Project.

- Recommend that the Board authorize the District to participate in funding Phase 2 Year 1 Sites Reservoir Project costs, as necessary to preserve the recommended participation level.

- Recommend that the Board direct staff to continue engagement in Sites Reservoir Committee and to negotiate future funding participation to include a stronger governance role.
SUBJECT:
Semitropic and Other Potential Groundwater Banking Programs.

RECOMMENDATION:
Receive and discuss information regarding status of Semitropic groundwater bank and other potential banking programs.

SUMMARY:
Staff will provide a status of Semitropic and the outlook for utilizing the bank in 2019 and for the longer term. Staff will also discuss recent work to evaluate other possible alternative banking projects.

ATTACHMENTS:
None.

UNCLASSIFIED MANAGER:
Garth Hall, 408-630-2750
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 agendized at each meeting as accomplishments are updated and to review additional work plan assignments by the Board.

BACKGROUND:

Governance Process Policy-8:
The District Act provides for the creation of advisory boards, committees, or committees by resolution to serve at the pleasure of the Board.

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

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

ATTACHMENTS:
Attachment 1: Water Storage Exploratory Committee 2019 Work Plan
UNCLASSIFIED MANAGER:
Michele King, 408-630-2711
The annual work plan establishes a framework for committee discussion and action during the annual meeting schedule. The committee work plan is a dynamic document, subject to change as external and internal issues impacting the District occur and are recommended for committee discussion. Subsequently, an annual committee accomplishments report is developed based on the work plan and presented to the District Board of Directors.

<table>
<thead>
<tr>
<th>ITEM</th>
<th>WORK PLAN ITEM</th>
<th>MEETING</th>
<th>INTENDED OUTCOME(S)</th>
<th>ACCOMPLISHMENT DATE AND OUTCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pacheco Reservoir Expansion Project Status</td>
<td>2-25-19</td>
<td>• Review, discuss, and provide input regarding the status of the Pacheco Reservoir Expansion Project.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Update on the Los Vaqueros Expansion Project</td>
<td>2-25-19</td>
<td>• Receive an update on the Los Vaqueros Expansion Project.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Update on the Proposed Sites Reservoir Project</td>
<td>TBD</td>
<td>• Receive an update on the Proposed Sites Reservoir Project.</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Update on San Luis Reservoir Expansion</td>
<td>TBD</td>
<td>• Receive an overview of the San Luis Reservoir Expansion.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Update on San Luis Low Point Improvement Project</td>
<td>TBD</td>
<td>• Receive an update on the San Luis Low Point Improvement Project</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Update on Shasta Reservoir Expansion</td>
<td>TBD</td>
<td>• Receive an update on Shasta Reservoir Expansion</td>
<td></td>
</tr>
</tbody>
</table>