

February 22, 2021

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

Director Gary Kremen, Committee Chair

Director Richard P. Santos

Director John L. Varela

Staff Support of the Water Storage Exploratory Committee

Rick Callender, Esq., Chief Executive Officer

Melanie Richardson, Assistant Chief Executive Officer

Aaron Baker, Chief Operating Officer, Water Utility

Rachael Gibson, Chief of External Affairs

Sue Tippets, Interim Chief Operating Officer, Watersheds

Stanly Yamamoto, District Counsel

Brian Hopper, Senior Assistant District Counsel

Vincent Gin, Deputy Operating Officer, Water Supply Division

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

Heath McMahon, Deputy Operating Officer, Water Utility Capital Division

Don Rocha, Deputy Administrative Officer, Office of Government Relations

Gregory Williams, Interim Deputy Operating Officer, Raw Water Division

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

Kirsten Struve, Assistant Officer, Water Supply Division

Erin Baker, Asset Management Manager

Cindy Kao, Imported Water Manager, Imported Water Unit

Ryan McCarter, Pacheco Project Manager, Pacheco Project Delivery Unit

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

Charlene Sun, Treasury and Debt Manager

Katrina Jessop, Senior Engineer, Imported Water Unit

Andrew Garcia, Senior Water Resources Specialist, Imported Water Unit

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

A regular meeting of the Santa Clara Valley Water District (SCVWD) Water Storage Exploratory Committee is to be held on **Friday, February 26, 2021, at 9:00 a.m.** [Join Zoom Meeting https://valleywater.zoom.us/j/98246045660](https://valleywater.zoom.us/j/98246045660).

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

Enclosures



WATER STORAGE EXPLORATORY COMMITTEE MEETING

Join Zoom Meeting

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

Meeting ID: 982 4604 5660

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Meeting ID: 982 4604 5660



Santa Clara Valley Water District Water Storage Exploratory Committee Meeting

**Teleconference
Join Zoom Meeting**

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

REGULAR MEETING AGENDA

**Friday, February 26, 2021
9:00 AM**

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

**WATER STORAGE EXPLORATORY
COMMITTEE**

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

During the COVID-19 restrictions, all public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body, will be available to the public through the legislative body agenda web page at the same time that the public records are distributed or made available to the legislative body, or through a link in the Zoom Chat Section during the respective meeting. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to participate in the legislative body's meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 265-2600.

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

Glenna Brambill (Committee Liaison)
Management Analyst II
Office/Clerk of the Board (408)
630-2408,

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

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

Friday, February 26, 2021

9:00 AM

Teleconference

IMPORTANT NOTICES

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

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

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

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

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

Join Zoom Meeting

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

Meeting ID: 982 4604 5660

One tap mobile

+16699009128,,98246045660# US (San Jose)

1. CALL TO ORDER:

1.1. Roll Call.

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

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

3. APPROVAL OF MINUTES:

3.1. Approval of Minutes.

[21-0184](#)

Recommendation: Approve the December 28, 2020, Meeting Minutes.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 12282020 DRAFT WSEC Mins](#)

Est. Staff Time: 5 Minutes

4. ACTION ITEMS:

- 4.1. Update on Delta Conveyance Project. [21-0185](#)
- Recommendation: Receive and discuss information regarding the Delta Conveyance Project. This is an information-only item and no action is required.
- Manager: Vincent Gin, 408-630-2633
- Attachments: [Attachment 1: DCP](#)
- Est. Staff Time: 20 Minutes
- 4.2. Update on Los Vaqueros Reservoir Expansion Project: Joint Powers Authority, Usage Fee Letter of Intent, and Investment Scenarios. [21-0186](#)
- Recommendation: Receive, discuss, and provide feedback regarding the:
- A. Creation of a Joint Powers Authority for the construction and operation of the Los Vaqueros Reservoir Expansion Project,
 - B. Draft Letter of Intent regarding usage fees, and
 - C. Investment Scenarios.
- Manager: Kirsten Struve, 408-630-3138
- Attachments: [Attachment 1: Draft JPA Agreement](#)
[Attachment 2: Draft Usage Fee Letter of Intent](#)
[Attachment 3: Transfer Bethany Pipeline Operational Scenarios](#)
[Attachment 4: Los Vaqueros Storage Volume Exceedance Curve](#)
[Attachment 5: Powerpoint](#)
- Est. Staff Time: 15 Minutes
- 4.3. Groundwater Bank Update. [21-0187](#)
- Recommendation: Receive and discuss information regarding potential groundwater storage projects.
- Manager: Vincent Gin, 408-630-2633
- Attachments: [Attachment 1: Matrix Comparison of Storage Projects](#)
[Attachment 2: Groundwater Bank Update PowerPoint](#)
- Est. Staff Time: 10 Minutes
- 4.4. Update on Pacheco Reservoir Financing, Partners, and Public Private Partnership. [21-0221](#)
- Recommendation: Receive and discuss information regarding the Pacheco Reservoir Financing, Partners, and Public Private Partnership. This is an information-only item and no action is required.
- Manager: Christopher Hakes, 408-630-3796
- Est. Staff Time: 15 Minutes

4.5. Standing Items Information.

[21-0188](#)

- Recommendation:
- A. This agenda item allows the Committee to receive verbal or written updates and discuss the following subjects. These items are generally informational; however, the Committee may request additional information from staff:
 - B. This is informational only and no action is required.
Staff may provide a verbal update at the 2-26-2021, meeting if there is reportable/updated information.
 - 1. Update on Los Vaqueros Reservoir Expansion Project (LVE) Transfer Bethany Pipeline (TBP) and Update on Management of South Bay Aqueduct (SBA) Facilities *(2-26-2021, agenda item)*
 - 2. Lake Del Valle *(No Update)*
 - 3. Del Puerto *(Verbal Update-2-26-2021)*
 - 4. Water Banking Opportunities including but not limited to Pleasant Valley Water District *(2-26-2021, agenda item)*
 - 5. Pacheco/San Luis Reservoir Low Point *(2-26-2021, agenda item)*
 - 6. Semitropic *(Verbal Update-2-26-2021)*
 - 7. Sites *(Verbal Update-2-26-2021)*
 - 8. B.F. Sisk Dam Raise Project
 - 9. Shasta

Manager: Michele King, 408-630-2711

Est. Staff Time: 10 Minutes

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

[21-0189](#)

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

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: WSEC Work Plan](#)

Est. Staff Time: 5 Minutes

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.

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

6. ADJOURN:

6.1. Adjourn.



Santa Clara Valley Water District

File No.: 21-0184

Agenda Date: 2/26/2021
Item No.: 3.1.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Approval of Minutes.

RECOMMENDATION:

Approve the December 28, 2020, Meeting Minutes.

SUMMARY:

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

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

ATTACHMENTS:

Attachment 1: 12282020 WSEC Draft Mins

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711



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

DRAFT MINUTES

**MONDAY, DECEMBER 28, 2020
11:00 AM**

(Paragraph numbers coincide with agenda item numbers)

A special meeting of the Water Storage Exploratory Committee (Committee) was held on December 28, 2020, via Zoom.

1. CALL TO ORDER

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

1.1 ROLL CALL

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

Valley Water Staff in attendance were: Gina Adriano, Emmanuel Aryee, Aaron Baker, Erin Baker, Ricardo Barajas, John Bourgeois, Glenna Brambill, Bart Broome, Debra Butler, Keila Cisneros, Jessica Collins, Jerry De La Piedra, Andrew Garcia, Vincent Gin, Mark Gomez, Samantha Greene, Christopher Hakes, Brian Hopper, Dana Jacobson, Katrina Jessop, Cindy Kao, Kurt Lueneburger, Bill Magleby, Jennifer Martin, Michael Martin, Ryan McCarter, Heath McMahan, Devin Mody, Carmen Narayanan, Steven Peters, Michael Potter, Melanie Richardson, Metra Richert, Eli Serrano, Ranithri Slayton, Kirsten Struve, Charlene Sun, Darin Taylor, Sherilyn Tran, Bhavani Yerrapotu, and Beckie Zisser.

Guests in attendance were: Thomas Francis, Danielle McPherson and (BAWSCA), Steve Jordan (BAWSCA/Purissima Hills Water District), Maureen Martin, Ph.D. and Marguerite Patil (Contra Costa Water District {CCWD}), Bill Tuttle (San Jose Water Company), John Weed (Alameda County Water District {ACWD}).

Public in attendance were: Dolly Chen, Director Tony Estremera (Valley Water, District 6), Janell, Alan and Meg Giberson, Jeff Harvey, Katja Irvin, Director Linda J. LeZotte (Valley Water, District 4), Leslie Moulton-Post, and Mary Paasch.

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

There was no one present who wished to speak.

Attachment 1
Page 1 of 4

3. APPROVAL OF MINUTES

3.1 APPROVAL OF MINUTES

It was moved by Director Richard P. Santos, seconded by Director John L. Varela, and by roll call and unanimous vote carried to approve the minutes of the November 9, 2020, meeting of the Water Storage Exploratory Committee as presented.

4. ACTION ITEMS

4.1 UPDATE ON LOS VAQUEROS RESERVOIR EXPANSION PROJECT: JOINT POWERS AUTHORITY AND FINANCIAL MODEL

Mr. Michael Martin, Mr. Brian Hopper, and Ms. Charlene Sun reported on the following information:

The Water Storage Exploratory Committee discussed the following items: letter of intent (draft), JPA Agreement, Working Groups (Attorney/Finance), finance model (project level cost/usage fees), and allocation to partner yields.

Mr. Jerry De La Piedra, Ms. Samantha Greene, and Mr. Aaron Baker were available to answer questions.

The Water Storage Exploratory Committee took no action, however, they wanted to make sure the JPA Agreement and the Letter of Intent (have the 'redlined' version with the specific highlights for the Board/Committee Members to receive and be informed of any discussions, models, contracts, costs (even if estimates are given), and place in the Non-Agenda to apprise the Full Board so they can give input, and the Water Storage Exploratory Committee can review/analyze all documents before a contract/agreement is approved. Special Note: Have Vincent Gin, Jerry De La Piedra and staff to reach out to other water users to discuss the draft agreement.

4.2 PACHECHO RESERVOIR EXPANSION PROJECT UPDATE

Mr. Christopher Hakes and Mr. Ryan McCarter reported on the following information:

The Water Storage Exploratory Committee discussed the following items: costs, WIFIA allocation/WIIN Act, other funding, financial plan, project construction, debt service, Delta, rates, water storage, exploring P3 partners, San Luis Low Point issue, water sustainability, review of funding-methodology, "deep dive", and finance model.

Ms. Charlene Sun and Mr. Darin Taylor were available to answer questions.

Mr. Steve Jordan inquired about the rate increases and sources of revenue.

The Water Storage Exploratory Committee took the following action:

It was moved by Director Gary Kremen, seconded by Director Richard P. Santos, and by roll call and unanimous vote carried to approve recommending that the Board approve having the Pacheco Reservoir Project costs go to the Board Audit Committee to do an independent/third party audit to explore the cost increase issues.

4.3 STANDING ITEMS INFORMATION

Mr. Andrew Garcia and Ms. Cindy Kao reported

The Water Storage Exploratory Committee received updated information on the following projects: Andrew Garcia:

- Del Puerto: In November, group of NGO's filed lawsuit for impacts to recreation/protected species/neighboring communities and indigenous cultural sites wanting to block project, Del Puerto, Exchange Contractors and Denver Reclamation Offices project was approved so they are continuing their process and are sending the feasibility study to The Secretary of the Interior (The Secretary) year's end (Valley Water will be monitoring).
- Groundwater Banking: has a 'user group discussion' with So Bay Contractors, coordinating with Metropolitan Water District (MWD) for a similar working group, Buena Vista having preliminary discussion, McMullen Project, renamed/branded to Aqua Terra Water Bank.
- Semitropic: Participating in Board Meetings and Monitoring Groups, Imported Water and Office of Government Relations are helping with tracking efforts and Valley Water is compiling water quality data.

Cindy Kao:

- Sites: final Feasibility Report was transmitted to Congress on December 22, 2020, The Secretary determined project is feasible, therefore, is eligible for funds under the WIIN Act.
- Sisk Dam: final EIR/Supplemental EIS was published on December 18, 2020, San Luis Delta Mendota Water Authority is expecting The Secretary to sign off by month's end to be eligible for the WIIN Act deadline. The Record of Decision and Notice of Determination should be released by Spring 2021 if all is approved.
- Shasta: USBR released a final Supplemental EIS on November 19, 2020, for proposed raise of dam and supplemental EIS focused on requirements of the Federal Wild and Scenic River Act in modifications to the modeling to reflect the new biological opinion.

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

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

The Committee took no action.

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE ACTIONS

Ms. Glenna Brambill noted there was one action item for Board consideration.

Agenda Item 4.2.

The Water Storage Exploratory Committee took the following action:

The Committee unanimously approved recommending that the Board approve having the Pacheco Reservoir Project costs go to the Board Audit Committee to do an independent/third party audit to explore the cost increase issues.

6. ADJOURNMENT

Chair Director Gary Kremen adjourned the meeting at 12:21 p.m.

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

Approved:



Santa Clara Valley Water District

File No.: 21-0185

Agenda Date: 2/26/2021
Item No.: 4.1.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Update on Delta Conveyance Project.

RECOMMENDATION:

Receive and discuss information regarding the Delta Conveyance Project. This is an information-only item and no action is required.

SUMMARY:

Carrie Buckman, Environmental Program Manager for Delta Conveyance at the California Department of Water Resources (DWR), will provide an overview of the alternatives development process for the Delta Conveyance Project with additional information on how the process was applied to an alternative proposed by Congressman Garamendi, "A Water Plan for All of California."

Carrie Buckman is responsible for environmental planning and permitting for the Delta Conveyance Project. Prior to working for DWR, Carrie was in the private sector for 21 years working on feasibility studies and environmental compliance for large water and restoration projects. She worked on planning efforts for Yolo Bypass fisheries restoration, the San Joaquin River Restoration Program, and Long-Term Water Transfers.

Background:

Valley Water has been engaged in planning efforts to improve the conveyance of State Water Project (SWP) and Central Valley Project (CVP) supplies across the Delta since 2006, recognizing that the current approach of diverting directly from rivers in the vulnerable southern end of the Delta is unsustainable.

In September 2019, the Valley Water Board of Directors adopted eight guiding principles for participation in the Delta Conveyance Project and on November 17, 2020, the Board adopted a resolution to approve a provisional participation percentage in the Delta Conveyance Project of 2.73 percent and authorize the Chief Executive Officer to increase Valley Water's provisional participation percentage up to a total of 3.23 percent if additional shares become available. Additional shares

became available and Valley Water increased its provisional participation rate to 3.23 percent.

The proposed Delta Conveyance Project would construct and operate new conveyance facilities that would be operated as part of the existing SWP infrastructure. Specifically, two new points of diversion with intake facilities would be located in the northern Delta along the Sacramento River between Freeport and the confluence with Sutter Slough and a single tunnel to convey water from the new intakes to the existing SWP facilities in the southern Delta.

The Delta Conveyance Project has the potential to improve Valley Water's water supply reliability while improving the flexibility of our infrastructure to respond to environmental conditions in the Delta to avoid fishery impacts. Over the long term, the project could improve water supply reliability in the face of climate change effects, including salinity intrusion from levee failures and sea level rise, and improve access to transfer supplies, improve water quality, and enhance the benefit of storage projects.

Congressman Garamendi's "A Water Plan for All of California" proposes reducing demands with water conservation, recycling and new water storage facilities and building a smaller conveyance facility with a maximum capacity of 3,000 cfs that would utilize existing channels to convey water from the Port of Sacramento through the Sacramento Deep Water Ship Channel along the western edge of the Delta and a much shorter tunnel to existing SWP facilities. Garamendi's Plan also prioritizes floodplain and marsh habitat improvements and armoring existing levees in the Delta.

ATTACHMENTS:

Attachment 1: DCP PowerPoint (Carrie Buckman, DWR)

UNCLASSIFIED MANAGER:

Vincent Gin, 408-630-2633

Delta Conveyance Project: *Update for Valley Water*

Carrie Buckman
Environmental Program Manager

Environmental Planning Update

- **CEQA / NEPA**
 - Draft EIR and Draft EIS in development
- **Soil Investigations**
 - Work began last fall and will continue in the spring as Temporary Entry Permits are finalized.
- **Public Outreach and Engagement**
 - Community benefits program initiated
 - Informational webinars and other public information through 2021/2022



CEQA Alternatives Formulation

1. Identify project objectives - **completed**
2. Develop concepts for alternatives - **completed**
3. Identify proposed project to meet project objectives - **completed**
4. Obtain ideas for additional alternatives during public scoping - **completed**
5. Screen potentially feasible alternatives for ability to meet most of the project objectives and reduce significant environmental effects of the proposed project – **in process**
6. Select range of reasonable alternatives – **in process**





What Does CEQA Say?

- An EIR shall describe a range of reasonable alternatives to the project, or to the location of the project, which would feasibly attain most of the basic objectives of the project but would avoid or substantially lessen any of the significant effects of the project and evaluate the comparative merits of the alternatives.
- An EIR need not consider every conceivable alternative to a project. Rather it must consider a reasonable range of potentially feasible alternatives that will foster informed decision making and public participation. Alternatives formulation is guided by the "rule of reason." An EIR is not required to consider alternatives which are infeasible.

Alternative Screening Filters

Filter One:
Meets most of
the basic project
objectives

PASS

Filter Two:
Avoids or substantially
lessens an expected
significant environmental
effect of the
proposed project

Alternatives that would allow the reliability of the SWP to continue to degrade do not meet our fundamental project purpose.



Project Objectives Defined

CLIMATE RESILIENCY Addresses SWP concerns related to climate change, extreme weather and rising sea levels in the Delta	WATER SUPPLY RELIABILITY Restores and protects ability to deliver SWP water in compliance with regulatory and contractual constraints
SEISMIC RESILIENCY Minimizes health/safety risks to public from earthquake-caused reductions in SWP water delivery quality and quantity	OPERATIONAL RESILIENCY Provides SWP operational flexibility to improve aquatic conditions and manage risks of additional future constraints



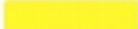


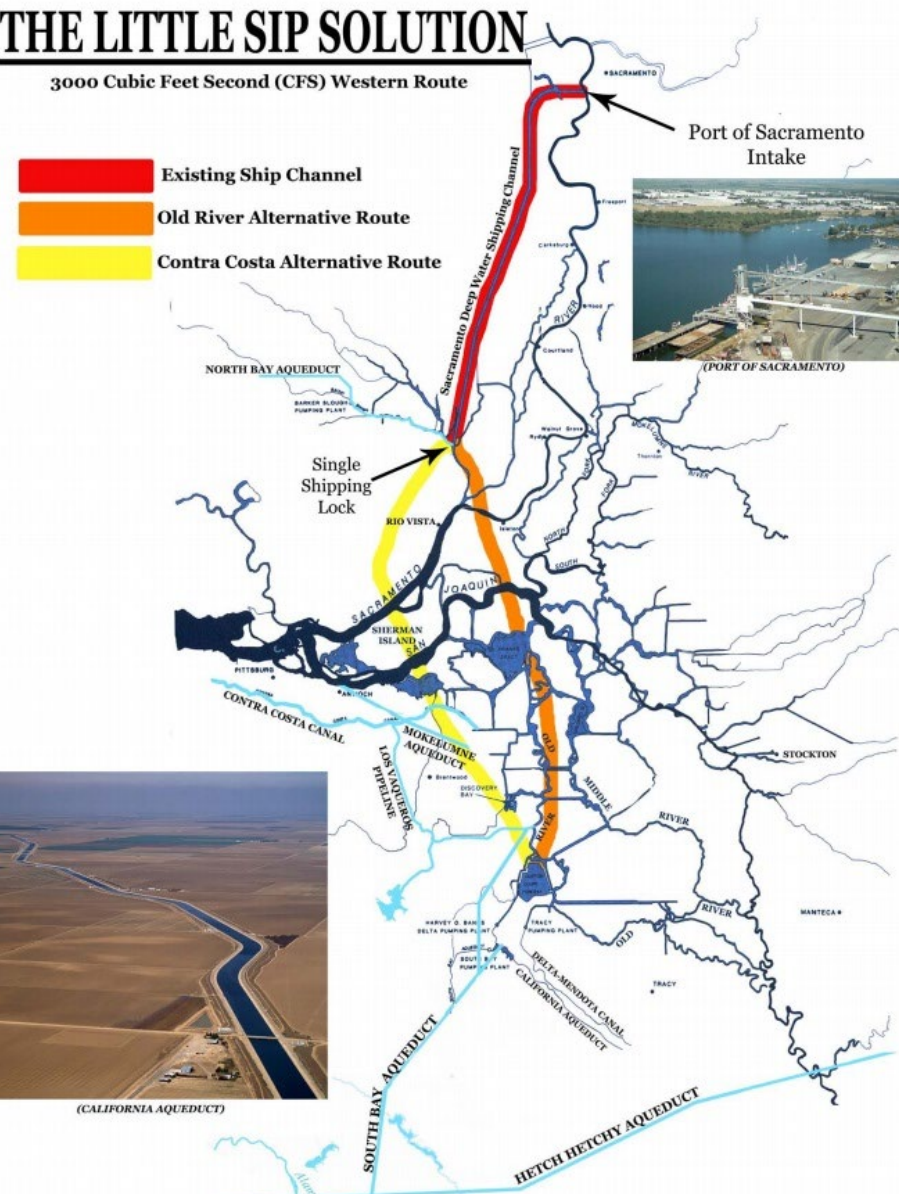
A Water Plan for All of California

(Congressman Garamendi plan)

THE LITTLE SIP SOLUTION

3000 Cubic Feet Second (CFS) Western Route

-  Existing Ship Channel
-  Old River Alternative Route
-  Contra Costa Alternative Route



Dual conveyance

- New 3,000 cfs north of Delta diversion structure on the Sacramento River near West Sacramento (including fish screen and low-head pump station)
- Use of the Sacramento Deep Water Ship Channel to convey water approximately 25 miles to a new intake near the southern end of the channel
- New boat lock near the southern end of the Deep Water Ship Channel to prevent water diverted from the Sacramento River from flowing into the Delta near Rio Vista
- New 12-mile pipeline to convey water through the western Delta and underneath the Sacramento and San Joaquin Rivers between the Deep Water Ship Channel and existing Delta channels leading to the existing SWP and CVP pumping plants in the south Delta.

A Water Plan for All California – Filter 1 Screening Discussion

Filter 1

Climate Resiliency	<input checked="" type="checkbox"/>
Seismic Resiliency	<input type="checkbox"/>
Water Supply Reliability	<input checked="" type="checkbox"/>
Operational Resiliency	<input type="checkbox"/>

Filter 2

Avoids/lessens impacts	<input type="checkbox"/>
------------------------	--------------------------

Filter One – Meets Basic Project Objectives?

- Reliance on channels, canals, and levees provide limited seismic resilience
- Lower flow provides less operational flexibility between the existing and new facilities for the protection of species and capture of excess flows



A Water Plan for All California – Filter 2 Screening Discussion

Filter Two – Lessens Impacts?

- Substantial reconstruction of the Deep Water Ship Channel would be needed in order to use it.
- Fish screen protrudes into the Sacramento River and could be disruptive



Approximate length of 3,000 cfs flat plate fish screen at confluence of Ship Channel and Sacramento River using actual river bathymetry data



A Water Plan for All California – Filter 2 Screening Discussion

Filter Two – Lessens Impacts?

- Conflicts with planned redevelopment
- Significant construction impacts associated with working in West Sacramento to build a fish screen and low head pump station. Construction on the west bank of the Sacramento River would result in noise, transportation, visual, air quality, and other impacts related to construction activities through highly populated areas of West Sacramento.



West Sacramento General Plan – Redevelopment Area

A Water Plan for All California – Filter 2 Screening Discussion



Filter Two – Lessens Impacts?

- Lower reach of DWSC is core spawning and rearing habitat for Delta Smelt and unique habitat within the Cache Slough Complex supports some of the highest occurrence of native fish species in the Delta.
- Lock and tunnel inlet shaft would need to be moved about 10 to 14 miles north along the DWSC to avoid habitat disturbance.
- If moved north, the tunnel inlet shaft is nearly lateral to the location of the proposed intakes in the proposed project. This minimizes the difference in tunnel length between the alternatives.



Bethany Reservoir Alternative

Worth Further Exploration Because...

- Fewer surface impacts because no construction of a new terminal forebay
- No additional south delta conveyance facilities needed

Filter 1

- Climate Resiliency
- Seismic Resiliency
- Water Supply Reliability
- Operational Resiliency

Filter 2

- Avoids/lessens impacts

THANK YOU

Ways to Stay Informed



water.ca.gov

➤ Programs

➤ State Water Project

➤ Delta Conveyance



Project Hotline

866.924.9955



Twitter

@CA_DWR



Project Email

DeltaConveyance@water.ca.gov

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Santa Clara Valley Water District

File No.: 21-0186

Agenda Date: 2/26/2021

Item No.: 4.2.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Update on Los Vaqueros Reservoir Expansion Project: Joint Powers Authority, Usage Fee Letter of Intent, and Investment Scenarios.

RECOMMENDATION:

Receive, discuss, and provide feedback regarding the:

- A. Creation of a Joint Powers Authority for the construction and operation of the Los Vaqueros Reservoir Expansion Project,
- B. Draft Letter of Intent regarding usage fees, and
- C. Investment Scenarios.

SUMMARY:

The Santa Clara Valley Water District (Valley Water) continues to evaluate participating in the Los Vaqueros Reservoir Expansion Project (LVE Project) led by Contra Costa Water District (CCWD). The LVE Project would expand Los Vaqueros Reservoir storage from 160 thousand acre-feet (TAF) to a total of 275 TAF and build the Transfer-Bethany Pipeline to connect the reservoir to the State Water Project's (SWP) South Bay Aqueduct (SBA) and California Aqueduct. The LVE Project may provide Valley Water regional storage, new wet year supplies through CCWD's diversion rights, and increased operational flexibility in the conveyance of imported water. This memo provides background on the project, an update on the draft Joint Powers Authority (JPA) Agreement, an update on the usage fee Letter of Intent, and presents information on investment scenarios for Valley Water's participation in the LVE Project.

Background

CCWD estimates the total LVE Project development and construction costs to be \$868 million in constant 2018 dollars. The California Water Commission approved a Prop 1 WSIP grant award of up to approximately \$470 million for the LVE Project, including \$22.95 million in early funding. The U.S. Bureau of Reclamation (USBR) received \$11.9 million of federal funding for the LVE Project through the WIIN Act for Fiscal Year (FY) 2021. CCWD and the local area partners (LAPs) are continuing efforts to procure additional WIIN Act funding beyond FY 2021 to fund project construction, ultimately seeking \$223 million in total.

USBR completed a Draft Feasibility Report in January 2018, and the Final Supplement to the EIS was published in the Federal Register in February 2020. CCWD certified the Final Supplement to the Final EIR and approved the LVE Project in May 2020. Neither the Draft Feasibility Report nor the EIR/EIS received legal challenges or significant public opposition.

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

Formation of a Joint Power Authority

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

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

The January 29, 2021 draft Agreement is attached as Attachment 1. The JPA Legal Working Group has continued to meet to discuss the language of the Agreement. Recent work has been focused on:

- Facility Usage Agreement Definition Clarification (Section 1.1.16)
- Facility Definition Modifications (Sections 1.1.20 and 1.1.21)
- CCWD Definitional Provisions (Sections 1.1.24, 1.1.25, 1.1.28, and 1.1.31)
- Limitation of Powers Provision (Section 1.6.3)
- Who can serve as a Director (Section 2.2.1)
- Voting thresholds (including litigation) (Section 3.3)
- CCWD & EBMUD Veto Rights (Section 3.3.4)
- Special Voting on Contracts - (Section 3.4)
- Defined roles of Administrator (4.5.1), Executive Director (4.6), Program Manager (4.8) and Water Supply Manager (4.9)
- Budget Approval (Section 7.4)
- Off-Ramps (Section 8.3)
- New Section 9.7 regarding No Policy Advocacy

The attached draft Agreement was issued prior to the JPA Legal Working Group meeting in early

February. Additional issues remain for discussion following that meeting, and JPA Legal Working Group meetings are ongoing. The next round of comments are due by February 19, 2021. Staff will continue to brief and solicit input from Director Kremen as these negotiations proceed.

Usage Fees and Letter of Intent

CCWD drafted a joint Letter of Intent (LOI) with the LAPs to memorialize the discussion on usage fees while other aspects of the LVE project (and the JPA) are negotiated. The LOI represents the intention of CCWD and the LAPs to negotiate in good faith the usage fees associated with the use of CCWD's existing facilities as part of the LVE Project; the LOI does not create any binding commitments.

Valley Water provided the initial draft of the LOI to the Board via a non-agenda memo on January 15, 2021 and had a follow-up meeting with Director Kremen shortly thereafter to discuss Valley Water comments. CCWD provided a revised LOI to LAPs on February 3, 2021 (Attachment 2). The revised LOI includes edits made by CCWD based on comments provided by Valley Water and other partners on the original draft. The revised LOI substantively addresses staff concerns.

Usage fees will be negotiated further between CCWD and the JPA, pending Board direction from each LAP. The discussion on usage fees is expected to resume later in 2021 after the JPA is formed and other costs associated with the project are better defined.

Investment Scenarios

The next version of the Proforma financial model version 5.0 is anticipated to be released in spring/summer 2021 and will include projected cost allocations by each project partner. Valley Water needs to provide CCWD its preferred LVE Project investment scenario for this round of modeling. CCWD will then hold a series of workshops with all LAPs to discuss participation assumptions associated with each LAPs investment in the project. The outcome from the workshops will inform the agency-specific assumptions that are input to the Proforma financial model version 5.0.

In the preliminary analysis, Valley Water evaluated four different investment approaches for the LVE Project:

- 1) Transfer Bethany Pipeline with no storage
- 2) 30 TAF dedicated storage (not diversifying Semitropic groundwater bank)
- 3) 30 TAF shared storage (not diversifying Semitropic groundwater bank)
- 4) 50 TAF dedicated storage (diversifying Semitropic groundwater bank)

Transfer Bethany Pipeline

The Transfer Bethany Pipeline has a design capacity of 300 cubic feet per second (cfs). The facility will be used by most of the project partners; the exceptions being CCWD and EBMUD. The refuges and agricultural partners use the pipeline the most, but this is primarily in wet years and wet months. Based on modeling of LVE operations, there is available capacity in Transfer Bethany Pipeline after all LAP requests are met in approximately 80 percent of months. Table 1 breaks down available capacity by month and season. Table 2 shows available capacity by hydrologic year type. Available capacity is generally lower in wet years and winter months when water is being sent to the refuges and agricultural partners.

Table 1. Temporal Capacity Availability in Transfer Bethany Pipeline After Partner Demands are Met by Month and Season

Month	Average Available Capacity (cfs)		
Jan	110	100	Winter
Feb	100		
Mar	70		
Apr	150	210	Spring
May	260		
Jun	230		
Jul	230	210	Summer
Aug	200		
Sep	220		
Oct	260	230	Fall
Nov	250		
Dec	180		

Table 2. Hydrologic Year Type Capacity Availability in Transfer Bethany Pipeline After Partner Demands are Met

Year Type	Average Available Capacity (cfs)
Critical	250
Dry	220
Below Average	210
Above Average	200
Wet	120

Valley Water conducted an evaluation of the potential benefits that the Transfer Bethany Pipeline could provide Valley Water, including a qualitative rating for each potential benefit based on expected frequency Valley Water could use the benefit. Attachment 3 presents seven potential benefits such as an alternative conduit for contract, surplus, or transfer supplies; use during Delta outages; and to support regional water supply efforts. Most of the potential benefits are rated as ‘low’ given that conveyance of contract and other imported supplies has not been a limiting factor in the past to receiving imported water and many emergencies that impact the SWP and CVP system could also impact CCWD’s system. Future changes in regulation or from climate change could alter the potential benefits.

Transfer Bethany Pipeline could provide Valley Water greater access to Delta surplus supplies. The preliminary analysis completed in coordination with CCWD indicates that Valley Water could have access to approximately 3-5 TAF of surplus supplies on average during wet years. However, surplus

supplies are significantly less frequent in dry years, with no surplus supplies available during the critical dry years.

Surplus supply availability is not predictable and when surplus supplies are available, they must be taken immediately. In general, a Delta surplus event where Valley Water could divert the surplus supplies is relatively short lived (scale of weeks) and occur when local conditions are also wet and local storage is full. Surplus supplies are most frequently available during the months of December through March. Valley Water completed a preliminary analysis of the 60-year lifecycle cost using assumptions from CCWD's Proforma model versions 3.0 and 4.0. The estimated cost to participate in approximately 1% of Transfer Bethany pipeline is estimated at approximately \$57 million. Preliminary water supply analysis indicates that Valley Water could use approximately 1 TAF of the Delta surplus supplies per year on average for an average cost of approximately \$1,200/AF to convey the supplies. The conveyance costs per acre-foot would decrease if Valley Water uses Transfer Bethany to convey other supplies in addition to Delta surplus.

Storage

Valley Water evaluated the effectiveness of investing in LVE Project storage under the assumption that imported contract supplies will decrease in the future owing to regulation and climate change. This assumption was used to provide a conservative evaluation of how Valley Water may be able to use Los Vaqueros Reservoir Storage. Given this assumption, Valley Water reviewed its supply portfolio and operations to determine what potential storage volumes should be evaluated with CCWD in this preliminary analysis. The analysis indicated that if Valley Water is considering investing in LVE storage in addition to its current storage portfolio (e.g., not to diversify Semitropic groundwater bank), then Valley Water is unable to reliably exercise storage greater than 30 TAF (Attachment 4). However, if Valley Water's imported water supplies do not decrease into the future, then Valley Water may be able to use more storage.

Valley Water then collaborated with CCWD to determine how often there was capacity to put our available water into the Los Vaqueros Reservoir and take our water out of the reservoir, given our specified timing for puts and takes (Table 3). The analysis indicates that if Valley Water has 30 TAF of dedicated storage, there was capacity to put nearly 100 percent of water we requested to be stored and provide approximately 80 percent of water requested. If Valley Water has shared storage, there was capacity to put approximately 80 percent of water we requested to be stored and provide approximately 75 percent of water requested.

To evaluate the potential of Los Vaqueros storage to support diversifying from the Semitropic groundwater bank, Valley Water evaluated 50 TAF of dedicated storage. Analysis with CCWD indicates there was enough capacity to put approximately 80 percent of water we requested to be stored and provide approximately 80 percent of water requested. Therefore, the ability to put and take water from the Los Vaqueros Reservoir may be less reliable than with the Semitropic or another groundwater bank with contractual put and take capacities.

Using assumptions from Proforma models 3.0 and 4.0, Valley Water estimated the cost associated with the different storage scenarios (Table 3). The cost per acre-foot for dedicated storage may be reduced if Valley Water exercises the Los Vaqueros storage more frequently. Current modeled

assumptions were conservative and provide a low bookend estimate. Valley Water is working with CCWD to determine if Valley Water can improve its use of the reservoir. In addition, CCWD is developing Proforma 5.0 which will improve the accuracy of the cost estimate and refine project assumptions. CCWD is planning a series of workshops to refine LAP assumptions on reservoir use and supply conveyance to inform Proforma 5.0. The first workshop to kick-off the process is scheduled for February 22, 2021. Once Proforma 5.0 is completed, Valley Water will have new cost estimates to share with the committee.

Table 3. Modeled Percent of Valley Water’s Put and Take Requests from Los Vaqueros Reservoir that can be Fulfilled and Associated Cost

	Percent Put Requests Fulfilled	Percent Take Requests Fulfilled	Cost, \$/AF (2020\$)	60-Year Lifecycle Cost (Millions)*
30 TAF Dedicated	100	80	4,600	430
30 TAF Shared	80	75	1,100	100
50 TAF Dedicated	80	80	3,400	635

*Lifecycle cost includes cash contributions, debt service, usage fees paid to EBMUD and CCWD for use of their existing facilities, and fees associated with operating the new facility such as power, repair and replacement, operations and maintenance and JPA administration costs. The cost estimates are preliminary and may be revised in Proforma 5.0 due to changes in the cost allocation formulas and LAP participation levels.

Feedback from the committee will be used to inform which investment scenarios analyze further, and ultimately to determine which scenario(s) we include in Proforma 5.0 (CCWD has not yet communicated how many scenarios each LAP will have in Proforma 5.0; past Proforma versions have only allowed one scenario per LAP). Valley Water will continue to work with CCWD to evaluate how Valley Water can use the Los Vaqueros Reservoir and Transfer Bethany Pipeline under different storage scenarios and imported water conditions.

Next Steps

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

- Early to mid-2021: WSEC Committee meeting to consider Valley Water’s participation in JPA and Board meeting to consider Valley Water’s participation in JPA.
- Late-2021: JPA executes Service Agreements (storage and/or conveyance services) with CCWD and the LAPs. The JPA executes Facilities Usage Agreements with CCWD and EBMUD for existing facilities (i.e., establishes user fees).
- 2022: Construction starts on the initial LVE Project elements
- 2023-2025: Construction of Transfer-Bethany Pipeline.
- 2027-2029: Construction of Los Vaqueros dam raise, upgraded pumping facilities, and other conveyance improvements.

ATTACHMENTS:

Attachment 1: Draft JPA Agreement

Attachment 2: Draft Usage Fee Letter of Intent

Attachment 3: Transfer Bethany Pipeline Operational Scenarios

Attachment 4: Los Vaqueros Storage Volume Exceedance Curve

Attachment 5: Powerpoint

UNCLASSIFIED MANAGER:

Kirsten Struve, 408-630-3138

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

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

RECITALS

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

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

**ARTICLE 1
GENERAL PROVISIONS**

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

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

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

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

1.1.4 Agreement means this Joint Exercise of Powers Agreement.

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

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

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

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

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

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

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

1.1.12 Early Funding Agreement means the agreement between the California Water Commission and CCWD, dated December 20, 2018 and as amended on July 24, 2020, to provide advances of up to \$22.95 million to partially fund Project development activities.

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

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

an EBMUD-Provided Facility on Exhibit B does not give any Member other than EBMUD any right to use that facility, except as provided in any Facilities Usage Agreement.

1.1.15 Effective Date means the date the last Member signs this Agreement. January 1, 2021.

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

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

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

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

1.1.20 Modified Facilities means existing facilities owned by CCWD or EBMUD that will be modified as part of the Project, funded in whole or in part through the Authority's proportional share of the costs of development, design, construction, operations and maintenance which are expected to be financed or paid through the Service Agreements the Members enter into with the Authority, and through Design & Construction Agreements and O & M Agreements between the Authority and CCWD and EBMUD, as applicable, or through one or more Sub-Project-Related Activity Agreements among those Members benefitting from specific Modified Facility(ies), ~~which agreements shall set forth the Authority's rights and obligations with respect to any particular Modified Facility.~~ The Modified Facilities are identified on Exhibit B hereto, as it may be subsequently amended to reflect changes to the Project in accordance with Section 8.2, below; provided that inclusion of a Modified Facility on Exhibit B does not give any Member other than CCWD or EBMUD, as the operator of that facility, any right to use that facility, except as provided in any

other Project-related agreement. Facilities Usage Agreement. A Modified Facility may also be referred to as a “specific component” of the Project for purposes of describing specific Modified Facilities to be included in particular financings the Authority will undertake.

1.1.21 New Facilities means facilities necessary for the Project that are expected to be financed by the Authority and designed, built, owned, operated and maintained by CCWD or EBMUD through Design & Construction Agreements and O & M Agreements between the Authority and CCWD and EBMUD, as applicable, or through one or more Sub Project-Related Activity Agreements among those Members benefitting from specific New Facility(ies), ~~which agreements shall set forth the Authority’s rights and obligations with respect to any particular New Facility.~~ The Authority may also own New Facilities. New Facilities which are owned by the Authority may be operated by a Member or by the Authority, as the Board shall determine with the written agreement of the Member to be charged with operational responsibility. The Authority, including CCWD and EBMUD in their capacity as Members, is expected to be solely responsible for all costs and liabilities related to the New Facilities. The New Facilities are identified on Exhibit B hereto, as it may be subsequently amended to reflect changes to the Project in accordance with Section 8.2, below; provided that inclusion of a New Facility on Exhibit B does not give any Member other than CCWD or EBMUD, as the operator of that facility, any right to use that facility, except as provided in any other Project-related agreement. Facilities Usage Agreement. A New Facility may also be referred to as a “specific component” of the Project for purposes of describing specific New Facilities to be included in particular financings the Authority will undertake.

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

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

1.1.24 Project Service Area means the San Francisco Bay Area (consisting of the counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma) and the Central Valley Project service area.

1.1.25 Recreational Facilities means those facilities owned, managed and controlled by CCWD that provide recreational opportunities in the Watershed for fishing, boating and hiking,

and educational opportunities. The Recreational Facilities are included as a Modified Facility for purposes of this Agreement, which CCWD shall continue to own, manage and control.

1.1.26 ~~Sub Project~~ Related Activity means an effort, not deemed to be of general benefit to all Members, but consistent with this Agreement’s purposes and the Authority’s objectives, which is undertaken through the Authority by a subset of Members which choose to voluntarily participate in the particular Related Activity, and with respect to which only such participating Members shall receive benefits or incur financial or other obligations. [former definition of Sub-Project moved from former Section 1.1.26; see below]

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

1.1.28 Reservoir System Operator means CCWD in its capacity as the owner and operator of the Los Vaqueros Dam, Reservoir and appurtenant facilities.

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

1.1.30295 Service Agreement means an agreement entered into by a Member and the Authority pursuant to which the Authority provides Services to the Member and the Member is obligated to make payments, or provide other non-monetary benefits to the Authority with respect to the costs thereof, as consideration for those Services, all in accordance with the terms and conditions of any such Service Agreement. It is the intent of the Members that the Service Agreements shall allocate the Costs of Service among the Members in proportion to their anticipated use of Project facilities and other benefits a Member derives from the Project in accordance with the “beneficiary pays” principle. It is also the intent of the Members that the Service Agreements will also allocate costs in a manner to negate any cross-subsidy among Members (i.e., where any Member obtains an unreasonable financial benefit through financial contributions of another Member or other Members), taking into consideration any grant funding the Authority or any Member has received for Project-related costs.

~~1.1.26 Sub Project means an effort, not deemed to be of general benefit to all Members, but consistent with this Agreement’s purposes and the Authority’s objectives, which is undertaken through the Authority by a subset of Members which choose to voluntarily participate in the particular Sub Project, and with respect to which only such participating Members shall receive benefits or incur financial or other obligations.~~ [MOVED TO “RELATED ACTIVITY” in Section 1.1.26 above]

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

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

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

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

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

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

1.3.1 Provide governance of the Project by the Members;

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

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

~~1.3.3~~1.3.4 Acquire and maintain sufficient rights in water storage and conveyance facilities as may be necessary to provide Services to the Members, consistent with the terms of all Project-related agreements; and

~~1.3.4~~1.3.5 Ensure reliable delivery of water to the Members consistent with the terms of the Service Agreements, such that the Members are provided with the contemplated benefits from their respective investments in the Project.

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

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

1.6 Powers of Authority.

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

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

(a) To make and enter into contracts;

- (b) To employ agents and employees;
- (c) To lease, acquire, construct, manage, maintain or operate any building, works or improvements;
- (d) To acquire, hold or dispose of property or the right to use property or facilities;
- (e) To supervise and manage the Project so as to deliver state, federal, and Member benefits commensurate with state, federal, and Member investment in the Project consistent with contractual obligations;
- (f) To incur debts, liabilities, or obligations which do not constitute a debt, liability, or obligation of any Member;
- (i) To receive gifts, contributions, and donations of property, funds, services, and other forms of assistance from persons, firms, corporations, and governmental entities, provided that the Authority consents to such gifts, contributions, and donations;
- (j) To prescribe the duties, compensation, and other terms and conditions of employment of other agents, officers, and employees;
- (k) To adopt reasonable rules and regulations for the conduct of the day-to-day operations of the Authority;
- (l) To apply for, accept, receive, and disburse grants and loans from local, state, or federal agencies or from individuals or businesses;
- (m) To sue and be sued in its own name;
- (n) To fund and maintain adequate reserve funds to support debt and operational requirements;
- (o) To invest money in its treasury, pursuant to Government Code Section 6505.5 et seq., that is not required for the immediate necessities of the Authority, as the Authority determines advisable, in the same manner and on the same conditions as local agencies, pursuant to Section 53601 of the Government Code;
- (p) To enter into state funding agreements and federal funding agreements relating to the Project, and assume rights and obligations pursuant to these agreements;
- (q) To finance Project development activities ~~through a combination of early Water Storage Investment Program funding and pay-as-you-go contributions from the Members~~;
- (r) To enter into ~~one or more~~ Design & Construction Agreements and O & M Agreements with CCWD and EBMUD, as applicable;

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

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

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

**ARTICLE 2
BOARD OF DIRECTORS**

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

2.2 Directors.

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

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

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

2.3.1 Fulfill the Authority's purposes;

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

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

2.3.4 Approve annual or two-year budgets;

2.3.5 Approve agreements through which Project will be implemented;

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

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

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

ARTICLE 3 MEETINGS OF THE BOARD

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

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

3.3 Voting.

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

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

3.3.2.1 Approval of the admission of a new Member;

3.3.2.2 Approval of an amendment to the Agreement other than to Exhibits A or B; provided that ~~if the proposed amendments described (i) is to change the requirement for unanimous approval of an action as set forth in Section 3.3.3.6, or (ii) relates to the veto right provided by Section 3.3.4, then any such amendment~~ must have unanimous Board approval; and

provided further that if the proposed amendment relates to Section 7.11, then any such amendment's approval must include a vote of approval by the SFPUC; and

3.3.2.3 Termination of the Agreement.

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

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

3.3.3.2 Approval of any additional funding contributions under Section ~~7.9.2~~7.7.2, below;

3.3.3.3 Any disproportionate disbursement made upon termination of this Agreement pursuant to Section 8.5, below;

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

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

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

3.3.4. Veto Rights of CCWD and EBMUD.

3.3.4.1 Notwithstanding any other provision of this Agreement, for any proposed decision by the Board of Directors that either CCWD or EBMUD determines would have an adverse and material effect, as described in Section 3.3.4.5, upon a CCWD-Provided Facility or an EBMUD-Provided Facility, respectively, or upon one or more New Facilities or Modified Facilities to be owned and operated by CCWD or EBMUD, CCWD or EBMUD, as applicable in connection with the facility(ies) to be affected, shall have the right to veto that decision in accordance with the provisions of this Section 3.3.4.

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

3.3.4.3 If the Board elects to hold a vote, the affected Member may veto the proposed action, which veto shall be final and conclusive. In the event of such a veto, the Authority shall not proceed with the action specified in that proposed decision. If the Board elects to delay the matter to a future meeting, the Members shall meet and confer in good faith to attempt to develop a revised action which addresses the adverse and material effect. The Member which declared its intent to exercise the veto shall, as soon as practicable after declaring its intent to veto,

~~who is exercising the veto must provide all relevant information to evidence that~~ substantiates the adverse and material effect which is expected to result from the Authority's proposed action. The meet and confer session shall occur ~~, to be proposed~~ at the next Board meeting, or as soon thereafter as Authority staff, the Administrator, the Executive Director (if one has been appointed), or the Members can obtain any further information, in addition to the ~~evidence information~~ provided by the Member ~~which declared its intent to who is exercising the veto,~~ or clarifying direction as needed to propose an alternative or modified recommended action. Any revised action proposed to the Board shall be subject to the veto rights described in this section. No proposed action shall be delayed pursuant to this section more than once, except with the consent of the Member which declared its intent to veto the action.

~~3.3.4.13.3.4.4~~ 3.3.4.4 In the event that after the meet and confer process described in Section 3.3.4.3 is completed, the Members are not able to reach a conclusion to mitigate the adverse and material effect to the satisfaction of the Member who is exercising its veto right, then if at least three-quarters (seventy-five percent (75%)) of the Members still desire to proceed with the Authority's proposed action, as it may be amended through the meet and confer process, then those Members may commence an expedited arbitration process under the American Arbitration Association's Expedited Procedures, which shall be subject to the arbitrary and capricious standard with respect to the affected Member's exercise of its veto right, as specified in Section 10.8.

3.3.4.5 For purposes of this subdivision, an "adverse and material effect" includes the following: (a) a decision that would unreasonably increase the affected Member's operational costs as compared to that Member's existing operational costs; (b) a decision that would decrease capacity of the subject facility; (c) a decision that would materially restrict the affected Member in its operation of the subject facility or in its ability to provide an adequate water supply within its service area, including, but not limited to, causing the affected Member to violate any operational permit or water rights permit or license; and/or (d) a decision that would result in a material adverse impact on the quality of water conveyed from the Project; ~~and/or (e) a decision that would cause the Project in CCWD's determination to fail to meet one or more of the conditions set forth in Resolution No. 03-24 adopted by CCWD's Board of Directors on June 18, 2003.~~

3.4 Special Voting Rules regarding Contracts Entered into with a Member. Where the Authority is considering entering into an agreement with a Member, the Authority's Attorney and the attorney representing that contracting Member shall confer to evaluate whether it is appropriate for that Member to recuse itself from voting on that agreement, and shall report their conclusion back to the Board. If the conclusion is for the contracting Member to recuse itself, then that Member shall not participate in the vote on that contract and shall not be counted as a voting Member, such that the total number of voting Members is reduced by one in calculating the total number of votes that may be cast and utilized in determining any applicable threshold for the Board's approval of that agreement.

[OPTION 2:]

3.4 Recusal. Any Member may recuse itself from voting on any matter before the Board which it determines presents, or may present, a conflict of interest or the appearance of a conflict of interest, by announcing its recusal to the Board before the vote is taken. In such event, that Member shall not participate in the vote on that matter and shall not be counted as a voting Member, such that the total number of voting Members is reduced by one in calculating total number of votes that may be cast and utilized in determining any applicable threshold for the Board's approval of that matter.

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

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

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

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

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

ARTICLE 4 OFFICERS AND EMPLOYEES OF THE AUTHORITY

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

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

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

applicable. If the Board elects to appoint another individual of its own choosing, the Secretary shall perform such other duties as the Board of Directors specifies.

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

4.5 Administrator.

4.5.1 Generally. The Board of Directors shall select the Administrator, which shall provide management and administrative services for the Authority, as more specifically described in Section 4.5.2, below. CCWD shall serve as the initial Administrator, and its rights and responsibilities in that role shall be set forth in the Administrative Agreement. The Board may, in its discretion, upon the termination or assignment of the Administrative Agreement, appoint a subsequent Administrator to replace CCWD, may transfer some or all of the Administrator's duties to the Executive Director appointed under Section 4.6, below, or may combine the Administrator's position with the Executive Director; subject, however, to ensuring that any contractual obligations CCWD has undertaken with respect to the administration of the Project, including under the Early Funding Agreement, are met. Until such time as an Executive Director is appointed, the Administrator shall oversee and manage any consultants and (if any) employees of the Authority, and the Administrator shall report to the Board. After an Executive Director is appointed, the Administrator shall report to the Executive Director and be subject to the Executive Director's supervision, subject to compliance with any existing contractual obligations of the Administrator.

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

- (a) coordinating the planning, design, permitting (including compliance monitoring), operations modeling and analysis, and procurement activities necessary to construct and operate the Project, including through funds provided by the Early Funding Agreement, which CCWD shall continue to manage as the initial Administrator, and Interim Funding Agreement;
- (b) coordinating and preparing for Board meetings;

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

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

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

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

4.6 Executive Director. The Board of Directors may appoint an Executive Director to work with the Administrator in connection with the duties specified under Section 4.5.2, above. The Executive Director may be an employee of the Administrator. Upon the appointment of an Executive

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

4.7 Authority Attorney.

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

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

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

4.9 Watermaster~~Water Supply Manager~~. The Board may authorize engage one or more persons or entities to provide the hiring services as of a Watermaster ~~Water Supply Manager~~, who shall report to the Executive Director or Administrator if no Executive Director has been appointed. The Watermaster~~Water Supply Manager~~ shall oversee the operations of the Project in coordination with CCWD as to CCWD-Provided Facilities and any Modified Facilities or New Facilities that CCWD operates, and with EBMUD as to EBMUD-Provided Facilities and any Modified Facilities or New Facilities that EBMUD operates. The Watermaster's~~Water Supply Manager's~~ duties shall include scheduling necessary diversions and deliveries of stored water in response to Members' requests on behalf of the Members, coordinating Members' storage and conveyance needs with CCWD's system operator, tracking the delivery of Services to the Members, and ensuring compliance with all Project agreements, reporting requirements and coordinated operations agreements with the United States

Department of Interior, Bureau of Reclamation and the California Department of Water Resources. The ~~Watermaster~~ Water Supply Manager shall perform his or her duties in accordance with the Service Agreements and with the Facilities Usage Agreements and operating protocols to be adopted by the Board of Directors, but such operating protocols shall not restrict CCWD's or EBMUD's ability to manage their respective facilities. Any ~~Watermaster~~ Water Supply Manager decision shall be subject to an appeals process to be established by the Board.

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

4.11 Additional Officers and Employees. The Board shall have the power to appoint ~~such~~ additional officers as it deems necessary, and to make modifications to the Authority's organization chart—and the Executive Director, upon consultation with the Board and with the Board's required approval, as applicable, shall have the power to hire and terminate such employees (upon receipt of required approval), assistants, contractors, consultants, and others, as may be appropriate.

ARTICLE 5 COMMITTEES

5.1 Committees. The Board of Directors, by a majority vote, may form committees for any purpose. Such vote shall designate the method for appointing committee members, the scope of the duties and responsibility of the committee, whether the committee is a standing or ad hoc committee, and such other matters as the Board may deem appropriate. Standing committee meetings are subject to the Ralph M. Brown Act, commencing with Section 54950 of the Government Code. Committees may, but need not, consist solely of Members' staffs to provide technical review and input concerning Project-related issues.

ARTICLE 6 PROJECT OPERATIONS

6.1 Sub-Projects Related Activity. Upon approval by a majority of the Board of Directors, some of the Members may establish a Related Activity Sub-Project that such Members will undertake through the Authority for matters not deemed to be of general benefit to all Members, provided that no Member shall be involved in any such Sub-Project-Related Activity without the approval of its governing body. A specific written Sub-Project-Related Activity Agreement between the Members who consented to participate in the specific Sub-Project-Related Activity and the Authority shall be established for each Sub-Project-Related Activity to set forth the respective obligations, functions, and rights of the participating Members and of the Authority. A budget for each Sub-Project-Related Activity shall be established in accordance with Section ~~7.5, 7.3,~~ below. The Directors representing the Members who will be involved in financing and implementing the specific Sub-Project-Related Activity, or their respective designees, shall constitute a "Sub-Project-Related Activity Committee," for purposes of administration and implementation of the specific ~~Sub-Project-Related Activity~~. Notwithstanding the foregoing, no debt shall be incurred by the Authority for a specific Sub-Project-Related Activity without the unanimous consent of the Board. Any contributions approved by the Sub-Project-Related Activity Committee and approved by the participating Members shall be paid by the participating Members. To the extent allowed by law, the Members participating in any Sub-Project-Related Activity shall indemnify and hold harmless the Authority and the Members not participating in the Sub-Project-Related Activity from any and all claims, demands, damages, liabilities, fines, expenses and related costs and fees, including attorneys' and experts' fees, arising from or related to the particular Sub-Project-Related Activity, except to the extent of the Authority's or non-participating Member's negligent or intentional acts or omissions.

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

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

ARTICLE 7 FINANCES

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

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

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

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

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

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

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

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

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

7.5 Payments of Amounts Due; True-Up of Costs. The payments owed for contributions from each Member to the Authority shall conform to amounts payable, or any non-monetary contributions to be provided to the Authority, under each Member's Service Agreement and in accordance with the Budget approved by the Board pursuant to Section 7.2, above, and any Related Activity Budget under Section 7.3, above. Amounts to be paid to the Authority may be divided into a fixed, annual component and a variable component payable on a monthly or other periodic basis. ~~Any amounts to be paid to the Authority shall be due, payable, and delivered by the Members to the Authority within forty five (45) days after receipt of a billing therefor from the Authority. To the~~

~~extent permitted by state law, the Authority may impose interest at the rate of ten percent (10%) per annum on any unpaid and past due contributions, from the date due to the date payment is received by the Authority. At the end of each period covered by the Budget, the Authority will compare the actual costs incurred as compared to the budgeted costs paid by Members. If a Member has paid in excess of its share of the Authority's actual costs, the Member shall have the option to either receive a refund of that excess or have that excess carry over as a credit to the benefit of that Member for the next Budget period. If a Member's share of the Authority's actual costs exceeds what that Member has previously paid to the Authority, the Authority shall invoice that Member, which amount shall be due and payable as specified above.~~

7.6 Member Self-Funding of Project Capital Costs. Notwithstanding any other provision of this Agreement, a Member may elect to self-fund its share of capital costs for specific Project components to be constructed, with the proportion of that self-funding determined under the Member's Service Agreement, in lieu of participating in the issuance of bonds or other indebtedness the Authority will issue for that Project component. Any such self-funded payments, including remaining unexpended funds deposited in a previous Fiscal Year, shall be used to offset that Member's share of Project capital costs applicable to that specific Project component that are included in the applicable component of the Budget, until such time as the self-funded amount has been exhausted. In the event the self-funded amount is nearing exhaustion (that is, has reached a level of \$10,000 or less), the Authority shall provide written notice to the Member of the need to deposit additional amounts with the Authority, in such amount as the Authority, acting through its Administrator or Executive Director, shall determine in its reasonable discretion, and the Member shall deposit that amount within sixty (60) days of receipt of notice from the Authority. Upon completing full payment of a specific Project component's capital costs, the Authority shall refund any remaining unexpected self-funding contributed for that component to the Member which contributed the funds.

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

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

- (a) Grants, donations, and loans received by the Authority from local, state, or federal agencies, including any amounts received under the Early Funding Agreement. Such funds can be used for provided that the status of any Project facility as a CCWD-Provided Facility, an EBMUD-Provided Facility, a Modified Facility or a New Facility shall have no impact on the use of such grant funding.
- (b) Funds collected from Members under the Service Agreements and any Related Activity Agreements.
- (c) Funds collected from Members, including, but not limited to, funds paid pursuant to the Interim Funding Agreement.
- (d) Funds received from state and federal disaster relief agencies.
- (e) Funds obtained by issuing bonds, notes, warrants and other evidences of indebtedness.

- (f) “In kind” contributions from Members, include refuge resources provided by Grassland Water District; provided that the Board of Directors shall establish a procedure to ensure that any “in kind” contributions comply with any applicable contractual or regulatory requirements and are fair and reasonable in relation to the benefits provided to the contributing Member, and further the Authority’s interests.
- (g) Funds from any other source derived.

7.7.2 Interim Funding Plans. The Members intend for the Authority to fund initial Authority costs through the Interim Funding Agreement, and other agreements and revenue sources available to the Authority for such purposes, ~~including through the Service Agreements.~~ Notwithstanding the foregoing, in the event the Board unanimously determines that certain costs cannot be funded through such revenue sources and additional monies are required to be contributed by the Members, each Member agrees that it will contribute to a fund or budget approved by the Board in such proportion as the Board shall reasonably determine, as set forth in this article, taking into consideration any non-monetary contributions being received from Grassland Water District. Notwithstanding the foregoing, any financial obligation of the City and County of San Francisco, acting through the San Francisco Public Utilities Commission as a Member of the Authority, under this section is subject to Section 7.11.

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

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

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

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

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

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

7.11 Member Budgetary and Fiscal Requirements; San Francisco Certification of Funds; Budget and Fiscal Provisions.

~~7.11.1 The Members acknowledge and agree that the financial obligations of each Member under this Agreement are subject to and contingent upon each Member's budgetary and fiscal requirements.~~

7.11.~~1~~2 The financial obligations of the City and County of San Francisco (the "City," acting through the San Francisco Public Utilities Commission ("SFPUCC") as a Member of the Authority) under this Agreement are subject to and contingent upon the budget and fiscal provisions of the City and County of San Francisco's Charter. Except as provided in Section 7.11.~~2~~3, below, charges will accrue to SFPUCC only after prior written authorization certified by the City's Controller, and the amount of SFPUCC's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization, as required under Charter Sections 3.105 and 9.113. SFPUCC's funding obligations under this Agreement will terminate without penalty, liability or expense of any kind to SFPUCC, except as otherwise provided in this section, at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, SFPUCC's funding obligations under this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated. SFPUCC has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. This section controls against any and all other provisions of this Agreement, except Section 7.11.2. In the event the City fails to appropriate adequate funds in any fiscal year to meet the City's obligations under its Service Agreement or other financial obligations under this Agreement, or fails to timely obtain the certification described in Section 7.11.2 relating to bond financing commitments, the Authority may, in the sole discretion of the Authority's Board of Directors, suspend any benefits the City would receive from the Project under the City's Service Agreement with the Authority until such time as all financial obligations owed to the Authority are satisfied, provided that the Authority has first given the City a minimum of sixty (60) days' advance written notice of such suspension. If the City does not satisfy its financial obligations following receipt of the Authority's written notice for a period of one (1) year from the effective date of the suspension, the City shall be deemed to have withdrawn from the Authority for purposes of and subject to Section 8.4, below. The Authority shall not impose interest on the City's financial obligations during this one (1) year period.

7.11.~~2~~3 Notwithstanding Section 7.11.~~1~~2. above, the certification requirements set forth in Section 7.11.~~1~~2 shall not apply to any SFPUCC commitment to either (1) participate in any the Authority's bond financing(s) of the Project's capital costs or (2) issue its own bonds to finance its share of the Project's capital costs. Instead, such bond financing commitment shall be subject to the requirement in San Francisco Charter Section 9.111 that the City Controller certifies that sufficient unencumbered balances are expected to be available in the proper fund to meet all SFPUCC payment obligations as they become due, as well as the terms and conditions contained in any such debt instrument, which may include a pledge by the SFPUCC of certain SFPUCC rate revenues.

7.11.3 Nothing in Section 7.11.2 shall constitute the waiver of any Member's rights as against SFPUCC in the event that SFPUCC breaches a commitment it has made in connection with any Authority bond financing.

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

ARTICLE 8 TERMINATION / AMENDMENT; WITHDRAWAL

8.1 Duration and Termination. This Agreement shall become effective as of the Effective Date and, subject to the terms of any agreement between the Authority or CCWD and any state or federal agency, shall continue in full force and effect until terminated by action taken by at least three-quarters (3/4ths) (seventy-five percent (75%)) of the Board and ratified by at least three-quarters (3/4ths) (seventy-five percent (75%)) of the governing bodies of the Members. If at any time there are only two (2) Members of the Authority and one (1) of those Members intends to withdraw, the other Member's written consent to terminate this Agreement shall not be unreasonably conditioned or delayed. Notwithstanding the prior provisions of this Section 8.1, this Agreement and the Authority shall continue to exist for the purpose of disposing of all claims, distribution of assets, and all other functions necessary to conclude the affairs of the Authority.

8.2 Amendment. This Agreement may be amended at any time by action taken by at least three-quarters (3/4ths) of the Board and ratified by at least three-quarters (3/4ths) (seventy-five percent (75%)) of the governing bodies of the Members; provided that if the proposed amendment is to change the requirement for unanimous approval of an action required under Section 3.3.3 or relates to the veto right provided by Section 3.3.4, then any such amendment must have unanimous Board approval; and provided further that if the proposed amendment relates to Section 7.11, then any such amendment's approval must include a vote of approval by the SFPUC; and provided further that Exhibits A and B to this Agreement may be amended by the Administrator or Executive Director, with majority vote of the Board approving such amendment to Exhibit A or B, to reflect changes to the Members of the Authority, or to the Project's facilities approved by the Board of Directors.

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

8.3.1 Failure to Execute Interim Funding Agreement. In the event a Member does not execute the Interim Funding Agreement or other agreement provided under Section 7.7.2 to provide interim funding to the Authority within ~~six (6)~~ eight (8) weeks after that Member receives the execution version of that agreement, or such later date as the Board shall establish, or does not agree in writing to make the financial contributions described in Section 7.7.2 within eight (8) weeks of receiving a written demand from the Board for it do so, that Member shall be deemed to have withdrawn from the Authority and shall have no further rights or obligations under this Agreement.

8.3.2 Failure to Execute Service and Certain Other Agreements.

~~8.3.2.1~~ In the event a Member decides not to proceed with the completion of its Service Agreement and provides written notice to the Authority of that decision, or does not execute its Service Agreement within ~~six (6)~~ eight (8) weeks after that Member receives the execution version of that agreement, or such later date as the Board shall establish, that Member shall be deemed to have withdrawn from the Authority and shall have no further rights or obligations under this Agreement.

~~8.3.2.2~~ In the event EBMUD does not execute a Design & Construction Agreement or an O & M Agreement on or before [_____], or such later date as the Board shall establish, EBMUD shall be deemed to have withdrawn from the Authority and shall have no further rights or obligations under this Agreement. ~~The Board may approve only one extension of the date set forth in this section, except with the consent of EBMUD.~~

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

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

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

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

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

8.3.8 Approval once Revenue Bonds or Other Indebtedness are Issued. Notwithstanding the foregoing subsections in this Section 8.3, after such time as the Authority first issues has issued revenue bonds or other indebtedness in connection with the construction of any a specific component of the Project, a Member may withdraw from the Authority only (i) if approved by a majority of the Board, or (ii) if some or all of the other Members have agreed to assume the withdrawing Member's obligations under such bonds or other indebtedness, unless the withdrawing Member has self-funded its prior financial obligations to the Authority and accordingly has not pledged its revenues towards repayment of the bonds or other indebtedness. The Authority shall not issue revenue bonds for any specific component of the Project before all construction bids for that component have been received and any meet and confer process undertaken pursuant to Section 8.3.3 has concluded.

8.4 Effect of Withdrawal.

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

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

8.5 Disbursement Upon Termination; Post-Termination Liabilities. Upon termination of this Agreement and after payment of all liabilities, costs, expenses, and charges validly incurred under this Agreement, the Board may, in its discretion and by a unanimous vote of the then-current Directors, distribute all remaining assets of the Authority based on an apportionment the Board deems equitable. In the event the Board cannot reach a unanimous vote on that distribution, then the Members shall proceed in accordance with Section 10.2 to attempt to resolve any disputed issue in connection with the distribution of assets. Any further liabilities of the Authority that may accrue after termination of this Agreement shall be allocated among the former Members in the same proportion as the Authority's expenses are allocated under the Budget at the time of the termination; provided that the Board shall take into consideration any non-monetary contributions Grassland Water District may provide with respect to its share of such liabilities.

ARTICLE 9 SPECIAL PROVISIONS

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

9.2 Liability of Authority and Members.

9.2.1 As allowed by Government Code Section 6508.1, the debts, liabilities, and obligations of the Authority, with the exception of retirement liabilities of the Authority if the Authority contracts with a public retirement system, shall be the debts, liabilities, and obligations solely of the Authority and not the debts, liabilities, and obligations of any of the Members or any of their respective members, officers, directors, employees, or agents. The Authority, its Directors, officers, employees,

staff, and agents shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement.

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

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

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

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

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

9.7 No Policy Advocacy. The Authority shall not engage in policy advocacy with non-Members and shall not undertake legislative, lobbying, or governmental affairs activities. Such functions may be performed only by individual Members in their sole discretion.

ARTICLE 10 MISCELLANEOUS PROVISIONS

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

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

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

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

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

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

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

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

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

10.10 Successors. Subject to Section 10.11, this Agreement shall be binding upon and shall inure to the benefit of the successors of the Members.

10.11 Assignment. A Member may not assign its membership in the Authority without the consent of all of the other Members; provided, however, that a Member may assign its rights to utilize the Project in accordance with the provisions of its Service Agreement and any applicable Facilities Usage Agreement. In addition, any such assignment of rights to use of the Project must be consistent with the Project’s permits and approvals and be limited to use within the Project Service Area.

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

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

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

SIGNATURES ON FOLLOWING PAGE(S)

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

[signature blocks to come; to include Member addresses]

EXHIBIT A
AUTHORITY MEMBERS

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

EXHIBIT B
LIST OF FACILITIES

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

*Facilities listed in this Exhibit B are subject to modification as to the nature and type of the facility, and additional facilities may be added to Exhibit B prior to JPA formation as circumstances may warrant, including obtaining of additional state or federal grant funding. No rights to the use of any facility are provided by reason of the listing of that facility on Exhibit B. Such rights of use are only provided through the Facilities Usage Agreements and Service Agreements to be entered into.

Draft Letter of Intent regarding usage fees

February XX, 2021

Local Agency Partners
Phase 2 Los Vaqueros Reservoir Expansion Project

Subject: Letter of Intent Concerning Development of Usage Fees for CCWD Facilities

Dear Local Agency Partners:

This Letter of Intent (LOI) between the Contra Costa Water District (CCWD) and the undersigned Local Agency Partners (LAPs) for the Phase 2 Los Vaqueros Reservoir Expansion Project (Project) describes the intention and agreement of CCWD and the LAPs to negotiate in good faith the usage fees associated with the use of CCWD's existing facilities as part of the Project. It is envisioned that a Facilities Usage Agreement, as provided for in Project planning documents, will be negotiated and executed by CCWD and the Los Vaqueros Reservoir Joint Powers Authority (JPA) which is to be formed as part of the Project by CCWD and the LAPs.

CCWD and the LAPs have engaged in a collaborative process to develop usage fees consistent with industry standard cost allocation principles that are fair and equitable to both CCWD as the owner of the facilities, and the LAPs that will assist in construction of new facilities and benefit from the future use of CCWD's existing facilities. The process, which is ongoing, has thus far resulted in significant changes to the initial proposed methodology and assumptions for the usage fees and included a comprehensive and independent third-party review and multiple rounds of LAP comments and input. CCWD recognizes that further review of the proposed usage fees by the LAPs may be required. The usage fees are intended to follow the beneficiary pays principle and meet the principles established by CCWD's Board of Directors in Resolution 03-24, which includes reimbursement for the value of the existing Los Vaqueros Project assets shared, replaced, rendered unusable, or lost with the Project.

CCWD's proposed framework for the Facilities Usage Agreement is described in the memorandum entitled *Contra Costa Water District Proposed Usage Fees Version February 2021* (attached hereto as Exhibit A), which includes a table containing LAP member comments raised to date on the framework and methodology. The proposed framework in Exhibit A, including remaining concerns from the LAPs, will serve as the basis for continued discussions and good faith negotiations regarding CCWD's usage fees in the final Facilities Usage Agreement.

This LOI constitutes only an expression of intent regarding the basis of the terms and conditions upon which CCWD and the LAPs intend to negotiate, and shall not be deemed to create a binding obligation until mutually agreeable terms have been approved by the governing bodies of CCWD and the other JPA Members, and an agreement executed. CCWD and the LAPs recognize that final estimated Project costs and associated state and federal funding must be determined prior to creation of a binding Facilities Usage Agreement.

CCWD sincerely appreciates the past and future engagement and collaboration of the LAPs in developing the proposed usage fees methodology and assumptions for the Project. Please sign indicating your concurrence with this LOI and return to CCWD at your earliest convenience.

Sincerely

Stephen J. Welch
General Manager

Exhibit A: Contra Costa Water District Proposed Usage Fees, Version: Updated February 2021

DRAFT

Letter of Intent Concerning Development of Usage Fees for CCWD Facilities

Robert Shaver, General Manager
Alameda County Water District

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

Michael Carlin, Acting General Manager
San Francisco Public Utilities Commission

Rick L. Callender, Esq. Chief Executive Officer
Santa Clara Valley Water District

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

Valerie Pryor, General Manager
Zone 7 Water Agency

Transfer Bethany Pipeline Operational Scenarios

Potential Transfer Bethany Pipeline Operational Scenarios		
Scenario #	Potential Benefit	Benefit Rating and Explanation
1	Using the CCWD intakes as an extension of the SWP and CVP pumping facilities. As an alternate point of diversion, could improve flexibility in meeting Delta regulatory requirements, resulting in improved timing of delivery of Valley Water's allocation.	<p>Unknown – Valley Water has been able to work with DWR and USBR to successfully arrange deliveries of imported supplies. CCWD’s Rock Slough intake is not subject to Old and Middle River (OMR) restrictions like the Banks and Jones pumps are. CCWD diversions to their local service area are not figured in total export calculations for purposes of the Import:Export Ratio, although diversion for Valley Water likely would be.</p> <p>More research and discussion with CCWD is needed to determine if this could benefit deliveries.</p>
2	CCWD intakes could be used to divert additional SWP Article 21 and CVP Section 215 surplus flows. This water could be delivered directly through the Transfer Bethany Pipeline.	<p>Low - We would be trading LVE surplus water 1:1 for our own surplus water. Surplus water is typically available at times when local surface water is plentiful and local storage is very limited. Historically, the amount of surplus available to Valley Water without Transfer Bethany Pipeline has exceeded our ability to store and/or use in Santa Clara County. Therefore, Valley Water would not likely be able to effectively use the additional surplus made available through investing in Transfer Bethany.</p>
3	CCWD intakes could be used if the Delta outage is caused by physical capacity constraints or mechanical failures.	<p>Low - Mechanical failures at Banks and Jones pumping plants are rare events and redundancy is built in. Pumping capacity is typically limited by regulatory criteria as opposed to physical capacity.</p>

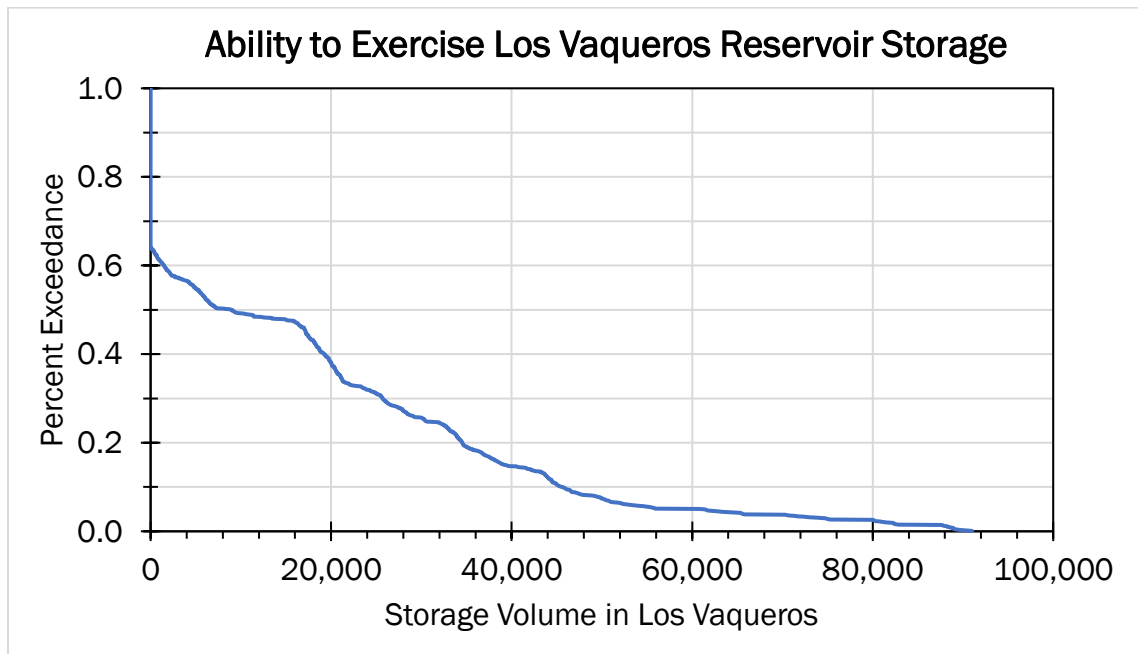
Transfer Bethany Pipeline Operational Scenarios

4	<p>CCWD intakes could be used if the Delta outage is caused by natural disasters such as earthquakes and floods that could create water quality issues resulting from levee failure and salinity intrusion, turbidity, or damage to Banks and Jones Pumping Plant.</p>	<p>Low to Moderate - Disasters that affect Banks and Jones are likely to also impact CCWD intakes. If Valley Water has stored water in Los Vaqueros that can be drawn upon, the Transfer Bethany pipeline can effectively convey that water to the South Bay Aqueduct and offset impacts from the Delta outage. Valley Water's 2016 Infrastructure Reliability Plan (IRP) concluded that water supply operations could continue during up to a 24-month delta supply interruption¹. DWR has a strategy that would enable resumption of at least partial deliveries from the Delta in less than six months in the event of levee breaches.</p> <p>CCWD intakes may recover faster from salinity issues because of their central Delta location and increased flushing rate closer to the Sacramento River.</p>
5	<p>Transfer Bethany could be used as an alternative conveyance to move non-project transfer water if capacity at Banks and Jones is limited or restricted by regulatory requirements that do not apply to CCWD diversions.</p>	<p>Low – While transfer capacity at Banks and Jones is limited to July through November, Valley Water has never been limited during times when transfer capacity does exist. The use of CCWD intakes could expand the transfer window if such capacity is needed. More discussion with CCWD is required.</p>
6	<p>Freeport could be used to avoid Delta carriage water losses for non-project transfers from the American River watershed or could be used to divert Delta surplus or allocated water.</p>	<p>Low - The high cost of operating Freeport would offset savings resulting from reduced water losses. Freeport could potentially be used during period of delta outage.</p>
7	<p>Valley Water continues to work with CCWD and other local area partners to evaluate how storage and conveyance components could support regional reliability projects such as the Bay Area Regional Desalination Project and the Refinery Recycled Water Exchange Project.</p>	<p>Low to Moderate – Valley Water could receive water from participation in regional projects using the Transfer Bethany Pipeline. Regional projects that Transfer Bethany would support are not currently recommended projects in the Water Supply Master Plan 2040 and are not included in Valley Water's rate projections.</p>

¹ The IRP assumed a delta outage occurs during a year with normal hydrology and an emergency 20% demand reduction is enacted. If a delta outage happens coincident with another water shortage event (e.g., drought, Anderson Reservoir under seismic restriction), more severe demand reductions may be required and/or other supply sources may need to be developed or purchased.

Los Vaqueros Storage Volume Exceedance Curve

Valley Water could exceed 30 TAF of storage in Los Vaqueros Reservoir approximately 25% of the time. In other words, if Valley Water invested in storage greater than 30 TAF, the additional storage space would be empty approximately 75% of the time.



Water Storage Exploratory Committee
February 26, 2021



Los Vaqueros Expansion Project

Presented by: Michael Martin, Associate Water Resource Specialist



Local Agency Partners (LAPs)

Alameda County Water District

Contra Costa Water District

- City of Brentwood

Grassland Water District

East Bay Municipal Utility District

San Francisco Public Utilities Commission

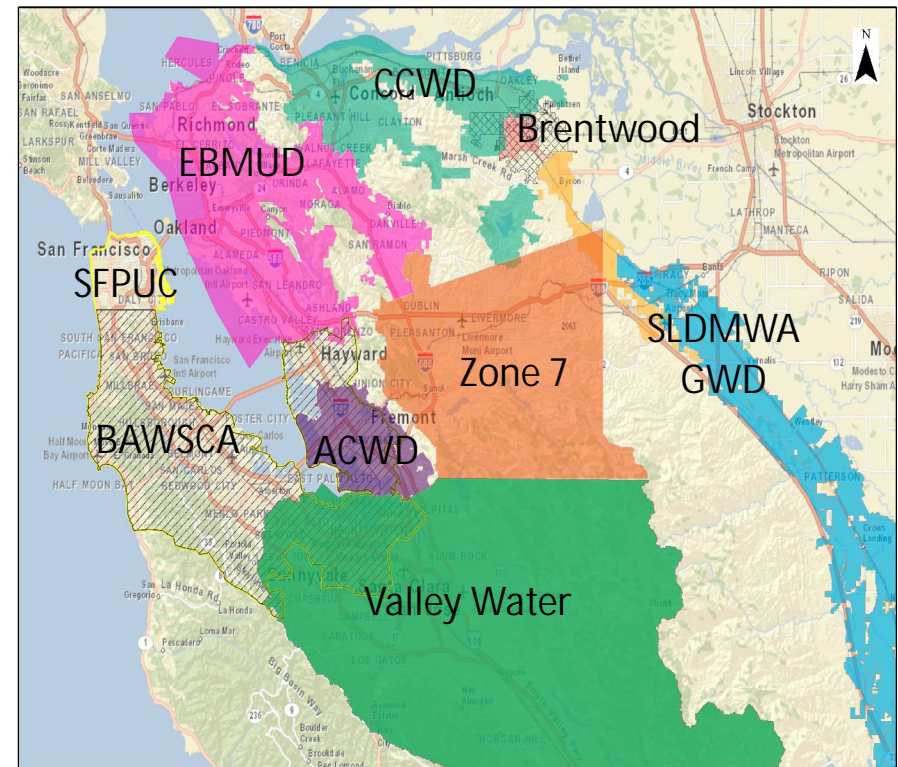
- Bay Area Water Supply and Conservation Agency

San Luis & Delta-Mendota Water Authority

- Byron-Bethany Irrigation District
- Del Puerto Water District
- Panoche Water District
- Westlands Water District

Valley Water

Zone 7 Water Agency



JPA Key Activities

- Financing project construction
- Executing agreements:
 - Administration
 - Design and construction
 - Operations
- Managing contracts (i.e., public benefits administration)
- Coordinating operations

Key JPA Discussion Topics

- Eligibility to serve on JPA Board
- JPA Board Chair, officers, employees and/or consultants
- Voting
- Veto rights, special voting rules for CCWD and EBMUD
- Finances
- Withdrawal
- Termination and amendment

Usage Fees – Letter of Intent

- Intention of CCWD and the LAPs to negotiate usage fees for existing facilities in good faith
- To be signed by CEO
- Does not create any binding commitments
- Original Draft – December 2020
- Revised Draft – February 3, 2021

Transfer Bethany Capacity Evaluation

6

TEMPORAL AVAILABILITY

Month	Average Available Capacity (cfs)		
Jan	110		
Feb	100	100	Winter
Mar	70		
Apr	150		
May	260	210	Spring
Jun	230		
Jul	230		
Aug	200	210	Summer
Sep	220		
Oct	260		
Nov	250	230	Fall
Dec	180		

HYDROLOGIC AVAILABILITY

Year Type	Average Available Capacity (cfs)
Critical	250
Dry	220
Below Average	210
Above Average	200
Wet	120

Seven scenarios where Valley Water may be able to use Transfer Bethany Pipeline (Attachment 3)

valleywater.org



Storage Evaluation

- ❑ **Dedicated Storage:**
 - guaranteed access to
 - 30 TAF; in addition to existing storage
 - 50 TAF; to diversify Semitropic

- ❑ **Shared Storage:** first come, first served
 - Up to 30 TAF; in addition to existing storage

	Percent Put Requests Fulfilled	Percent Take Requests Fulfilled	Cost, \$/AF (2020\$)	60-Year Lifecycle Cost (Millions)*
30 TAF Dedicated	100	80	4,600	430
30 TAF Shared	80	75	1,100	100
50 TAF Dedicated	80	80	3,400	635

*Lifecycle cost includes cash contributions, debt service, usage fees paid to EBMUD and CCWD for use of their existing facilities, and fees associated with operating the new facility such as power, repair and replacement, operations and maintenance and JPA administration costs. The cost estimates are preliminary and may be revised in Proforma 5.0 due to changes in the cost allocation formulas and LAP participation levels.



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Santa Clara Valley Water District

File No.: 21-0187

Agenda Date: 2/26/2021
Item No.: 4.3.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Groundwater Bank Update.

RECOMMENDATION:

Receive and discuss information regarding potential groundwater storage projects.

SUMMARY:

Imported Water Unit staff continues to track various groundwater banking projects that are under development.

On October 13, 2020, a draft “comparison matrix” was presented to the Water Storage Exploratory Committee (Committee) to help guide discussions of groundwater banking projects by presenting the key risks and qualitative benefits of each project in a consistent format. Since then staff have set up regular conversations with management from the agencies responsible for these projects and reviewed additional information regarding each project’s development. The comparison matrix has been revised to provide an update to the Committee on the three projects that have made the most progress since October (Attachment 1):

- AVEK 'High Desert' Groundwater Bank
- Buena Vista WSD Groundwater Bank
- McMullin Area 'Aquaterra' Groundwater Bank

These projects are uniquely located, are in various stages of development, and each have a variety of risks and challenges associated with development and future operation. Staff will continue to evaluate these projects as more information becomes available and will continue regular coordination with the various agencies as the projects are further developed.

Background:

Valley Water staff have been exploring different groundwater banking opportunities as well as surface storage projects to diversify and potentially expand its storage capabilities. Furthermore, California’s Fourth Climate Change Assessment Technical Reports indicate that future water supplies will likely come in concentrated and shorter wet periods that will result in large surpluses of water that may require additional storage facilities to capture. At the same time, sea level rise will likely increase salinity intrusion into the Delta, which may reduce the availability of State Water Project (SWP) and Central Valley Project (CVP) supplies during drier years, increasing Valley Water’s reliance on stored

supplies.

Additional groundwater banking projects have the potential to improve Valley Water's water supply reliability while improving the flexibility of our out-of-county stored water. Operated in conjunction with other surface storage, these projects could reduce the regulatory risks and potentially provide additional water supply in dry years.

ATTACHMENTS:

Attachment 1: Matrix Comparison of Storage Projects

Attachment 2: Groundwater Bank Update PowerPoint

UNCLASSIFIED MANAGER:

Vincent Gin, 408-630-2633

Comparison of Potential New Groundwater Banking Projects

	McMullin Area 'Aquaterra' Groundwater Bank	AVEK 'High Desert' Groundwater Bank	Buena Vista WSD Groundwater Bank
<i>Managing Agencies</i>	McMullin Area Groundwater Sustainability Agency	Antelope Valley East Kern Water Agency	Kern County Water Agency
<i>Key Risk Considerations</i>	<ul style="list-style-type: none"> • Analysis of water quality & SGMA implications needed • Land acquisition not complete • Exchange agreements and partnerships not formalized • County ordinance currently allows only in-county agencies to bank 	<ul style="list-style-type: none"> • High energy costs • Disputed SWP cost allocation • Limited SWP dry year exchange capacity • Exchange agreements and partnerships not formalized 	<ul style="list-style-type: none"> • Expensive in terms of dollars and water lost, up to 75% leave behind • Commits first 120,000 AF/yr to be banked in BV • Withdrawals constrained to even distribution over ten years • Undefined \$50 million capital investment • Limited withdrawal capacity • Limited SWP dry year exchange capacity • KCWA approval required
<i>Qualitative Benefits and Other Considerations</i>	<ul style="list-style-type: none"> • Closest bank to San Luis Reservoir • Adjacent to Mendota Pool and Delta Mendota Canal • Plentiful CVP exchange capacity to support withdrawals • High dry year reliability • Many potential return mechanisms • Terms negotiable 	<ul style="list-style-type: none"> • Adjudicated basin, less complex management • Direct partnership with SWP contractor • Up to 14 TAF Table A exchange return mechanism • Terms negotiable • Limited Term Pilot Option 	<ul style="list-style-type: none"> • Potentially sole banking partner • Potential dry year returns in all months
<i>Schedule</i>	Under Development; Feasibility Analysis	Under Development; Planning Phase 2	Under Development; Preliminary discussions on interest
<i>Approximate Banking Cost (2021 Dollars)</i>	Under Development	Capital: Est. \$100 Mil Total Storage Capacity: 200 TAF Put/Take Capacity: 40 TAF/Yr	Capital: \$50 million 25% to 75% leave behind of water

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Valley Water

Clean Water • Healthy Environment • Flood Protection



Groundwater Bank Update

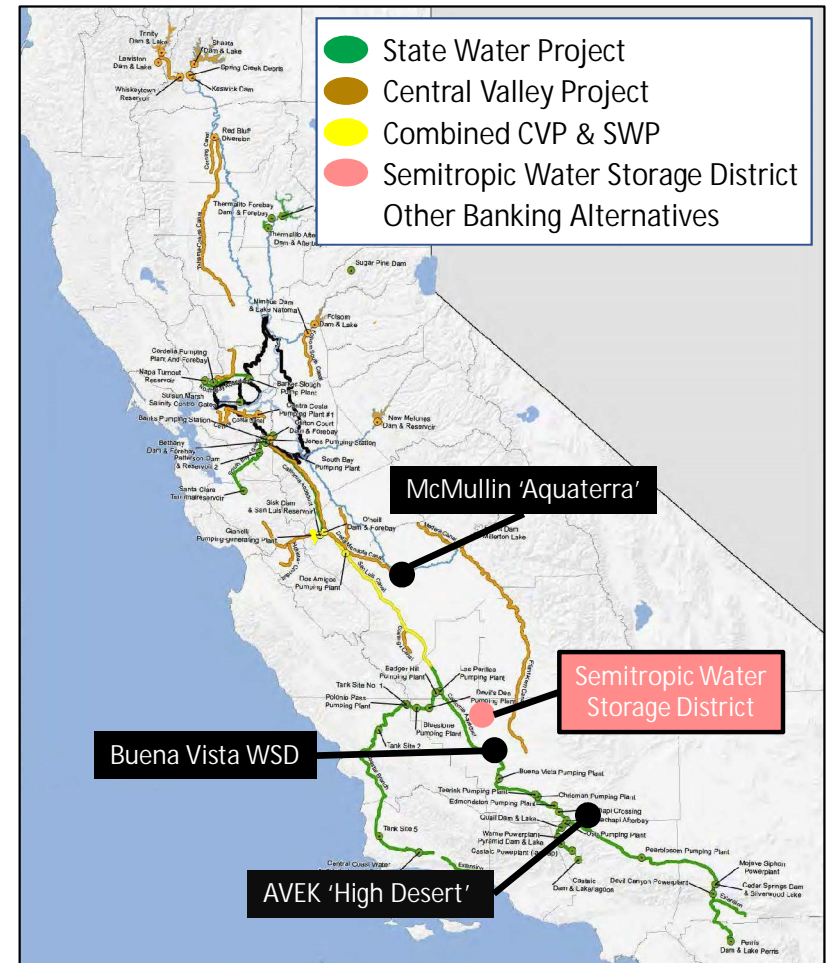
Presented by: Imported Water Unit



Alternative Groundwater Banking Projects

Location of Potential New Groundwater Banks:

- AVEK 'High Desert' Groundwater Bank
- McMullin Area 'Aquaterra' Groundwater Bank
- Buena Vista WSD Groundwater Bank



Status of Groundwater Bank Development

Buena Vista Water Storage District

- Banking Program Term Sheet Evaluated
- Pivot to Long-Term Exchange Concept

AVEK 'High Desert'

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

McMullin Area 'Aquaterra'

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

Key Risks and Benefits

	McMullin	AVEK	Buena Vista
RISKS	<ul style="list-style-type: none"> Minimal Water Quality Data County Groundwater Ordinance SGMA Implications TBD 	<ul style="list-style-type: none"> High Energy Costs Limited Dry Year Exchange Capacity 	<ul style="list-style-type: none"> Expensive; \$ and Water Withdrawal Constraints Limited Withdrawal & Exchange Capacity Member Agency of KCWA
BENEFITS	<ul style="list-style-type: none"> Close to San Luis Reservoir Plentiful CVP exchange capacity High dry year reliability 	<ul style="list-style-type: none"> Adjudicated; Minimal Regulatory Risk Direct SWP Contractor Partnership 	<ul style="list-style-type: none"> Potential sole partnership Potential returns in all months



Valley Water

Clean Water • Healthy Environment • Flood Protection



Santa Clara Valley Water District

File No.: 21-0221

Agenda Date: 2/26/2021
Item No.: 4.4.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Update on Pacheco Reservoir Financing, Partners, and Public Private Partnership.

RECOMMENDATION:

Receive and discuss information regarding the Pacheco Reservoir Financing, Partners, and Public Private Partnership. This is an information-only item and no action is required.

SUMMARY:

Staff will provide a verbal update on the Pacheco Reservoir Expansion Project.

ATTACHMENTS:

None

UNCLASSIFIED MANAGER:

Christopher Hakes, 408-630-3796



Santa Clara Valley Water District

File No.: 21-0188

Agenda Date: 2/26/2021
Item No.: 4.5.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Standing Items Information.

RECOMMENDATION:

- A. This agenda item allows the Committee to receive verbal or written updates and discuss the following subjects. These items are generally informational; however, the Committee may request additional information from staff:
 - B. This is informational only and no action is required.
Staff may provide a verbal update at the 2-26-2021, meeting if there is reportable/updated information.
1. Update on Los Vaqueros Reservoir Expansion Project (LVE) Transfer Bethany Pipeline (TBP) and Update on Management of South Bay Aqueduct (SBA) Facilities
(2-26-2021, agenda item)
 2. Lake Del Valle *(No Update)*
 3. Del Puerto *(Verbal Update-2-26-2021)*
 4. Water Banking Opportunities including but not limited to Pleasant Valley Water District
(2-26-2021, agenda item)
 5. Pacheco/San Luis Reservoir Low Point *(2-26-2021, agenda item)*
 6. Semitropic *(Verbal Update-2-26-2021)*
 7. Sites *(Verbal Update-2-26-2021)*
 8. B.F. Sisk Dam Raise Project
 9. Shasta

SUMMARY:

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

ATTACHMENTS:

None.

File No.: 21-0188

Agenda Date: 2/26/2021
Item No.: 4.5.

UNCLASSIFIED MANAGER:
Michele King, 408-630-2711



Santa Clara Valley Water District

File No.: 21-0189

Agenda Date: 2/26/2021

Item No.: 4.6.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

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

RECOMMENDATION:

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

SUMMARY:

The Committee's Work Plan outlines the Board-approved topics for discussion to be able to prepare policy alternatives and implications for Board deliberation. The work plan is agendaized at each meeting as accomplishments are updated and to review additional work plan assignments by the Board.

BACKGROUND:

Governance Process Policy-8:

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

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

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

ATTACHMENTS:

Attachment 1: WSEC 2020/2021 Work Plan

File No.: 21-0189

Agenda Date: 2/26/2021
Item No.: 4.6.

UNCLASSIFIED MANAGER:
Michele King, 408-630-2711

2020/2021 Work Plan: Water Storage Exploratory Committee

Update: February 2021

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

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
1	<p>Standing Items:</p> <ol style="list-style-type: none"> 1. Update on Los Vaqueros Reservoir Expansion Project (LVE) Transfer Bethany Pipeline (TBP) and Update on Management of South Bay Aqueduct (SBA) Facilities 2. Lake Del Valle 3. Del Puerto 4. Water Banking Opportunities including but not limited to Pleasant Valley Water District 5. Pacheco/ San Luis Reservoir Low Point 6. Semitropic 7. Sites 8. B.F. Sisk Dam Raise Project 9. Shasta 	<p>1-15-2020 10-14-2020 10-30-2020 12-28-2020 2-26-2021</p>	<ul style="list-style-type: none"> • Receive quarterly reports on standing items. (Information) 	<p>Accomplished January 15, 2020: The Committee took the following action:</p> <ul style="list-style-type: none"> • That the Board consider the Committee's recommendation to the Board to accelerate the partnerships discussion for the Pacheco Reservoir Expansion Project. <p><i>Board received this information on February 25, 2020 and approved the Water Storage Exploratory Committee's recommendation.</i></p> <p>Note: Pacheco and San Luis Reservoir Low Point Projects will be joined as one work plan item</p> <p>Accomplished October 14, 2020: The Committee received quick updates on Los Vaqueros Reservoir Expansion Project (LVE) B.F. Sisk Dam Raise Project and Shasta.</p> <p>Accomplished October 30, 2020: The Committee did not receive any project updates.</p> <p>Accomplished December 28, 2020: The Committee received updated information on the following projects:</p> <ul style="list-style-type: none"> • <u>Del Puerto</u>: In November, group of NGO's filed lawsuit for impacts to recreation/protected species/neighboring communities and indigenous cultural sites

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1

Page 1 of 8

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
				<p>wanting to block project, Del Puerto, Exchange Contractors and Denver Reclamation Offices project was approved so they are continuing their process and are sending the feasibility study to The Secretary of the Interior (The Secretary) year's end (Valley Water will be monitoring).</p> <ul style="list-style-type: none"> • <u>Groundwater Banking</u>: has a 'user group discussion' with So Bay Contractors, coordinating with Metropolitan Water District (MWD) for a similar working group, Buena Vista having preliminary discussion, McMullen Project, renamed/branded to Aqua Terra Water Bank. • <u>Semitropic</u>: Participating in Board Meetings and Monitoring Groups, Imported Water and Office of Government Relations are helping with tracking efforts and Valley Water is compiling water quality data. • <u>Sites</u>: final Feasibility Report was transmitted to Congress on December 22, 2020, The Secretary determined project is feasible, therefore, is eligible for funds under the WIIN Act. • <u>Sisk Dam</u>: final EIR/Supplemental EIS was published on December 18, 2020, San Luis Delta Mendota Water Authority is expecting The Secretary to sign off by month's end to be eligible for the WIIN Act deadline. The Record of Decision and Notice of Determination should be released by Spring 2021 if all is approved. • <u>Shasta</u>: USBR released a final Supplemental EIS on November 19, 2020, for proposed raise of dam and supplemental EIS focused on requirements of the Federal Wild and

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

2020/2021 Work Plan: Water Storage Exploratory Committee

Update: February 2021

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
				Scenic River Act in modifications to the modeling to reflect the new biological opinion.
2	Review of 2020 Water Storage Exploratory Committee Work Plan	1-15-2020 7-13-2020 8-21-2020 10-14-2020 10-30-2020 12-28-2020 2-26-2021	<ul style="list-style-type: none"> Review the Committee's 2020 Work Plan. 	<p>Accomplished January 15, 2020: The Committee reviewed the Committee's 2020 work plan and took no action.</p> <p>Accomplished July 13, 2020: The Committee reviewed the Committee's 2020 work plan and took no action.</p> <p>Accomplished August 21, 2020: The Committee reviewed the Committee's 2020 work plan and took no action.</p> <p>Accomplished October 14, 2020: The Committee reviewed the Committee's 2020 work plan and took no action.</p> <p>Accomplished October 30, 2020: The Committee reviewed the Committee's 2020 work plan and took no action.</p> <p>Accomplished December 28, 2020: The Committee reviewed the Committee's 2020 work plan and took no action.</p>
3	Del Puerto Canyon Reservoir Update	7-13-2020	<ul style="list-style-type: none"> Receive information regarding the status of Del Puerto Canyon Reservoir. 	<p>Accomplished July 13, 2020: Special guests Mr. Chris White and Ms. Anthea Hansen gave a presentation of the Del Puerto Canyon Reservoir. The Committee took no action.</p>

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

Attachment 1

Page 3 of 8

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
4	Update on Los Vaqueros Reservoir Expansion Project: Storage, Transfer-Bethany Pipeline, and South Bay Aqueduct Capacity	7-13-2020 8-21-2020 10-30-2020	<ul style="list-style-type: none"> • Receive and discuss information regarding the Los Vaqueros Reservoir Expansion Project: Storage, Transfer-Bethany Pipeline, and South Bay Aqueduct Capacity • Recommend update as action item for next Board of Directors meeting. 	<p>Accomplished July 13, 2020: The Committee received an update on the Los Vaqueros Reservoir Expansion Project: Storage, Transfer-Bethany Pipeline, and South Bay Aqueduct Capacity and discussed taking the following action: The Committee recommended to approve staff's recommendation to bring Amendment 2 to the 2019 Multi-Party Agreement to the Board of Directors for its consideration by roll call vote and Directors voting aye! One footnote, Committee requested that updated information come back to the Committee before going to the full Board.</p> <p>Accomplished August 21, 2020: The Committee received an update on the Los Vaqueros Reservoir Expansion Project: Storage, Transfer-Bethany Pipeline, and South Bay Aqueduct capacity and discussed taking no action.</p> <p>Accomplished October 30, 2020: The Committee received an update and discussed the Los Vaqueros Reservoir Expansion Project: Storage, Transfer-Bethany Pipeline, and South Bay Aqueduct capacity taking no action.</p>
5	Update on the B.F. Sisk Dam Raise Project	7-13-2020	<ul style="list-style-type: none"> • Receive and discuss information on the B.F. Sisk Dam Raise Project. 	<p>Accomplished July 13, 2020: The Committee received an update on the B.F. Sisk Dam Raise Project and discussed taking no action.</p>
6	Second Amendment to 2019 Reservoir Project Agreement for Continued Participation in the Sites Reservoir Project	7-13-2020 8-21-2020 10-30-2020	<ul style="list-style-type: none"> • Receive and discuss information regarding Sites Reservoir Project. 	<p>Accomplished July 13, 2020: The Committee received an update on the Sites Reservoir Project and discussed without taking action, however, before taking action, requested</p>

Yellow = Update Since Last Meeting

Blue = Action taken by the Board of Directors

2020/2021 Work Plan: Water Storage Exploratory Committee

Update: February 2021

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
				<p>more information on the agreement/project for further discussion at the next meeting.</p> <p>Accomplished August 21, 2020: The Committee received an update and discussed the Sites Reservoir Project taking no action. The Committee still has some concerns and questions so that staff will bring back for the next meeting.</p> <p>Accomplished October 30, 2020: The Committee received an update and discussed the Sites Reservoir Project taking no action.</p>
7	Update on Pacheco/San Luis Reservoir Low Point Projects	7-13-2020 10-30-2020 12-28-2020	<ul style="list-style-type: none"> Receive and discuss information regarding the status of Pacheco/San Luis Reservoir Low Point Projects. 	<p>Accomplished July 13, 2020: The Committee received an update on the Pacheco/San Luis Reservoir Low Point Projects and discussed taking no action.</p> <p>Accomplished October 30, 2020: The Committee received an update and Discussed the Pacheco/San Luis Reservoir Low Point Projects taking no action.</p> <p>Accomplished December 28, 2020: The Committee received an update and discussed the Pacheco/San Luis Reservoir Low Point Projects taking the following action: Approved recommending that the Board approve having the Pacheco Reservoir Project costs go to the Board Audit Committee to do an independent/third party audit to explore the cost increase issues.</p> <p><i>Board received this information and approved on January 12, 2021. The Board Audit Committee will be discussing this item on</i></p>

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ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
				<i>February 17, 2021.</i>
8	Semitropic Groundwater Bank Update	10-14-2020	<ul style="list-style-type: none"> Receive and discuss information regarding the status of Semitropic Groundwater Bank 	<p>Accomplished October 14, 2020: The Committee received an update and discussed the status of Semitropic Groundwater Bank taking no action.</p>
9	Potential Groundwater Banking Projects (Comparison Matrix)	10-14-2020 10-30-2020	<ul style="list-style-type: none"> Receive and discuss information regarding ongoing development of staff comparison tools to analyze and compare potential groundwater banking projects. 	<p>Accomplished October 14, 2020: The Committee received an update of ongoing development of staff comparison tools to analyze and compare potential groundwater banking projects and discussed taking no action. However, have staff update the matrix as much as possible (evaluate wider range of investments of the portfolio, expand framework and criteria) for the next meeting.</p> <p>Accomplished October 30, 2020: The Committee received an update and discussed the potential groundwater banking projects taking no action.</p>
10	Monitoring and Assessment Program 2020 Evaluation of Los Vaqueros Reservoir Expansion and Sites Reservoir	11-9-2020	<ul style="list-style-type: none"> Receive information on Monitoring and Assessment Program 2020 Evaluation of Los Vaqueros Reservoir Expansion and Sites Reservoir 	<p>Accomplished November 9, 2020: The Committee received an update and Discussed the Monitoring and Assessment Program 2020 Evaluation of Los Vaqueros Reservoir Expansion and Sites Reservoir and took the following action: The Committee unanimously approved that the Board consider the Committee's recommendation from staff: A. Receive and discuss Monitoring and Assessment Program 2020 information regarding the Los Vaqueros Reservoir Expansion Project, including the Transfer-</p>

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ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
				<p>Bethany Pipeline, and the Sites Reservoir Project.</p> <p>B. Recommend the Board consider authorizing the CEO to execute Amendment 2 to the 2019 Multi-Party Agreement for Los Vaqueros Reservoir Expansion Project, which includes a contract extension through December 2021 and a cost-share not to exceed \$1,013,661</p> <p>C. Recommend the Board consider authorizing the CEO to execute the Second Amendment to 2019 Reservoir Project Agreement for Sites Reservoir project for continued participation through December 2021 at a 0.2% participation level and funding commitment of \$50,000.</p> <p><u>Staff Analysis:</u> Staff agreed with the Committee's recommendation and the items were brought to the Board on November 17, 2020 for approval. <i>Board received this information and approved on November 17, 2020.</i></p>
11	Update on Los Vaqueros Reservoir Expansion Project: Joint Powers Authority and Financial Model	12-28-2020	<ul style="list-style-type: none"> Receive an update on Los Vaqueros Reservoir Expansion Project: Joint Powers Authority and Financial Model. 	<p>Accomplished December 28, 2020: The Committee received an update on Los Vaqueros Reservoir Expansion Project: Joint Powers Authority and Financial Model and took no action, however, they wanted to make sure they received the updated/red-lined version of the JPA Agreement and the Letter of Intent.</p>

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2020/2021 Work Plan: Water Storage Exploratory Committee

Update: February 2021

ITEM	WORK PLAN ITEM	MEETING	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
12	Update on Delta Conveyance Project	2-26-2021	<ul style="list-style-type: none"> • Receive an update on Delta Conveyance Project. 	
13	Update on Los Vaqueros Reservoir Expansion Project: Joint Powers Authority, Usage Fee Letter of Intent, and Investment Scenarios	2-26-2021	<ul style="list-style-type: none"> • Receive, discuss, and provide feedback regarding the creation of a Joint Powers Authority for the construction and operation of the Los Vaqueros Reservoir Expansion Project, Draft Letter of Intent regarding usage fees and Investment scenarios. 	
14	Groundwater Bank Update	2-26-2021	<ul style="list-style-type: none"> • Receive and discuss information regarding potential groundwater storage projects. 	
15	Update on Pacheco Reservoir Financing, Partners, and Public Private Partnership	2-26-2021	<ul style="list-style-type: none"> • Receive update on Pacheco Reservoir Financing, Partners, and Public Private Partnership. 	

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