

November 6, 2020

MEETING NOTICE

WATER STORAGE EXPLORATORY COMMITTEE

Board Members of the Water Storage Exploratory Committee

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

Staff Support of the Water Storage Exploratory Committee

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

A regular meeting of the Santa Clara Valley Water District (SCVWD) Water Storage Exploratory Committee is to be held on **Monday, November 9, 2020, at 1:00 p.m.** [Join Zoom Meeting https://valleywater.zoom.us/j/92079576533](https://valleywater.zoom.us/j/92079576533)

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

Enclosures



SPECIAL WATER STORAGE EXPLORATORY COMMITTEE MEETING

Join Zoom Meeting

<https://valleywater.zoom.us/j/92079576533>

Meeting ID: 920 7957 6533

One tap mobile

+16699009128,,92079576533# US (San Jose)

Dial by your location

+1 669 900 9128 US (San Jose)

Meeting ID: 920 7957 6533



Santa Clara Valley Water District Water Storage Exploratory Committee Meeting

Teleconferencing via Zoom
Join Zoom Meeting
<https://valleywater.zoom.us/j/92079576533>

SPECIAL MEETING AGENDA

Monday, November 9, 2020
1:00 PM

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

**WATER STORAGE EXPLORATORY
COMMITTEE**

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

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

JERRY DE LA PIEDRA
Committee Liaison

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

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

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

Monday, November 9, 2020

1:00 PM

Teleconferencing via Zoom

IMPORTANT NOTICES

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

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

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

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

1. CALL TO ORDER/ROLL CALL

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

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

3. APPROVAL OF MINUTES:

3.1. Approval of Minutes.

[20-1046](#)

Recommendation: Approve the October 30, 2020, Meeting Minutes.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 10302020 DRAFT WSEC Mins](#)

Est. Staff Time: 5 Minutes

4. ACTION ITEMS:

4.2. Monitoring and Assessment Program 2020 Evaluation of Los Vaqueros Reservoir Expansion and Sites Reservoir.

[20-1048](#)

- Recommendation:
- A. Receive and discuss Monitoring and Assessment Program 2020 information regarding the Los Vaqueros Reservoir Expansion Project, including the Transfer-Bethany Pipeline, and the Sites Reservoir Project.
 - 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.
 - 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.

Manager: Vincent Gin, 408-630-2633

- Attachments:
- [Attachment 1: LVE LAPs](#)
 - [Attachment 2: LVE Cost-Share Amendment](#)
 - [Attachment 3: Sites Cost-Share Amendment and 2019 Project Ag](#)
 - [Attachment 4: Sites Project Participation Summary](#)
 - [Attachment 5: Sites Non-Agenda Memorandum on Financing](#)
 - [Attachment 6: Timeline](#)
 - [Attachment 7: Powerpoint](#)

Est. Staff Time: 30 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. CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION
Pursuant to Government Code Section 54956.9(d)(4) – One Potential Case

6.1. DISTRICT COUNSEL REPORT ON CLOSED SESSION

7. ADJOURN:

7.1. Adjourn.



Santa Clara Valley Water District

File No.: 20-1046

Agenda Date: 11/9/2020
Item No.: 3.1.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Approval of Minutes.

RECOMMENDATION:

Approve the October 30, 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: 10302020 WSEC Draft Mins

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711



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

DRAFT MINUTES

**FRIDAY, OCTOBER 30, 2020
12:00 PM**

(Paragraph numbers coincide with agenda item numbers)

A regular meeting of the Water Storage Exploratory Committee (Committee) was held on October 30, 2020, via Zoom.

1. CALL TO ORDER

The Water Storage Exploratory Committee was called to order by Chair Director Gary Kremen at 12:01 p.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: Antonio Alfaro, Aaron Baker, Erin Baker, Glenna Brambill, Debra Butler, Domingo Candelas, Jerry De La Piedra, Andrew Garcia, Vincent Gin, Samantha Greene, Andy Gschwind, Christopher Hakes, Brian Hopper, Katrina Jessop, Cindy Kao, Eric Leitterman, Kathleen Low, Bill Magleby, Michael Martin, Ryan McCarter, Heath McMahan, Steven Peters, Melanie Richardson, Metra Richert, Donald Rocha, Jennifer Schmidt, Ranithri Slayton, Charlene Sun, and Beckie Zisser.

Guests in attendance were: Jerry Brown (Sites Authority), Les Chau (Kleinfelder), Steve Jordan (BAWSCA/Purissima), Chung Fu Chang, Yuan Liu, Maureen Martin, Ph.D., and Marguerite Patil (Contra Costa Water District-CCWD), Danielle McPherson (BAWSCA), Leslie Moulton (Post Est), Laura Reeves (Tanner Pacific, Inc.), Bill Tuttle (San Jose Water Company) and John Weed (Alameda County Water District-ACWD).

Public in attendance were: Director Tony Estremera (Valley Water), Mourad Attalla, Hon. Dean Chu, Ryan D., Michael Jaeger, James Nelson, Javed Shiva, Ed Stevenson, and Nancy Walker.

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

There was no one present who wished to speak.

3. APPROVAL OF MINUTES

3.1 APPROVAL OF MINUTES

It was moved by Director Richard P. Santos, seconded by Director John L. Varela, and unanimously carried to approve the minutes of the October 14, 2020, meeting of the Water Storage Exploratory Committee as presented by roll call vote and all Directors voting yes.

4. ACTION ITEMS

4.1 UPDATE ON SITES RESERVOIR PROJECT: SECOND AMENDMENT TO 2019 RESERVOIR PROJECT AGREEMENT FOR CONTINUED PARTICIPATION

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

The Committee (Directors Kremen, Santos and Varela) discussion was deferred until more information on this agenda item could be supplied.

The Committee took no action.

4.2 UPDATE ON LOS VAQUEROS RESERVOIR EXPANSION PROJECT: JOINT POWERS AUTHORITY, USAGE FEES, AND SOUTH BAY AQUEDUCT

Mr. Michael Martin reviewed the materials as outlined in the agenda item.

The Committee (Directors Kremen, Santos and Varela) discussed the following: special voting rights policy (veto rights), super majority (withdrawal)/JPA Agreement, Committee representatives should be assigned to attend the subcommittee discussions (main representative will be Director Kremen and Director Santos, as alternate), weighted vote information, level of participation decision or recommendation, risk analysis, sea level rise, litigation, Cal Pers (pension), suggest a review of San Luis-Delta's water model, reviewing options in the Table, concerned that CCWD has priority use of the system and it is not always available to partners, storage/conveyance services, and timelines.

Mr. Brian Hopper, Mr. Jerry De La Piedra, Mr. Vincent Gin were available to answer questions.

Mr. Jerry Brown (Sites Authority) was able to answer questions on the invoicing, process, and payment structure to proceed with participation on the project (good standing/cash call).

Ms. Marguerite Patil (CCWD) was able to answer questions on the LVE "cash call" payments schedule (4 invoices) and emergency storage concerns.

The Committee took no action.

4.3 PACHECO RESERVOIR EXPANSION/SAN LUIS LOW POINT IMPROVEMENT PROJECTS UPDATE

Mr. Ryan McCarter reviewed the materials as outlined in the agenda item.

Mr. Don Rocha and Mr. Antonio Alfaro discussed the handout on potential options for unused Prop. 1 WSIP Funding.

The Committee (Directors Kremen, Santos and Varela) discussed the following: Pacheco's public scoping meeting on CEQA, announcing AB 3005 being vetoed, Henry Coe Park, and Prop 1 funding.

The Committee took no action.

4.4 POTENTIAL WATER STORAGE PROJECTS (COMPARISON MATRIX)

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

The Committee (Directors Kremen, Santos and Varela) discussed the following: matrix formatting, surface/storage/project focus, water quality, and objectives/criteria for additional funds.

The Committee took no action.

4.5 STANDING ITEMS REPORT

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

Mr. Vincent Gin reported that there we no further updates.

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

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

The following agenda items will need to be agendized for a special, meeting: Sites and LVE.

Director Varela inquired about desalination as a topic for discussion.

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE ACTIONS

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

Chair Kremen moved to Closed Session.

6. CLOSED SESSION

6.3 DISTRICT COUNSEL REPORT ON CLOSED SESSION

Mr. Brian Hopper reported that direction was given to staff.

7. ADJOURNMENT

Chair Director Gary Kremen adjourned the meeting at 2:21 p.m. to a special meeting, to be determined for the week of November 9th.

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

Approved:



Santa Clara Valley Water District

File No.: 20-1048

Agenda Date: 11/9/2020

Item No.: 4.2.

COMMITTEE AGENDA MEMORANDUM

Water Storage Exploratory Committee

SUBJECT:

Monitoring and Assessment Program 2020 Evaluation of Los Vaqueros Reservoir Expansion and Sites Reservoir

RECOMMENDATION:

- A. Receive and discuss Monitoring and Assessment Program 2020 information regarding the Los Vaqueros Reservoir Expansion Project, including the Transfer-Bethany Pipeline, and the Sites Reservoir Project.
- 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.
- 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.

SUMMARY:

Staff Recommendations

Los Vaqueros Reservoir Expansion Project

Staff recommend continuing to participate in the next phase of Los Vaqueros Expansion Project (LVE). The storage component of LVE could provide an important storage diversification option, offering regional storage that would be more accessible during emergencies. The Transfer-Bethany Pipeline has the potential to provide operational flexibility in how Valley Water can receive its imported supplies and supports Valley Water's participation in other potential regional projects. Continuing to participate in the next phase of LVE provides Valley Water time to better evaluate the potential benefits of the project given the new MAP demands, including whether and how LVE could support Valley Water's water supply reliability.

Sites Reservoir

Staff recommends reducing Valley Water's requested yield from the Sites Reservoir Project (Sites) to 500 AF, corresponding to a 0.2% participation level in the project. The Water Supply Master Plan 2040 (Master Plan) considers the Sites project as a back-up to the Delta Conveyance Project, which is a Master Plan recommended project. Continuing a minimal participation in Sites allows Valley Water time to better evaluate Valley Water's water supply reliability needs within the context of the

new demands, re-evaluate Master Plan project costs and risks, and refine Valley Water's evaluation of Sites' and Master Plan projects' benefits and constraints.

Background

Valley Water presented the Monitoring and Assessment Program 2020 (MAP) report to the Board of Directors (Board) on October 27, 2020, which included an updated demand forecast through 2040. The Water Supply Master Plan 2040 (Master Plan) demands were developed during the 2012-2016 drought and assumed a post-drought rebound to pre-drought water use. However, drought rebound has been limited, so Valley Water developed a new demand model as part of MAP that accounts for this lack of a full rebound. The MAP demand forecast being utilized for planning purposes is approximately 335 thousand AF (TAF) in 2040, which is 14% lower than the demand forecast in the Master Plan. Given the updated demand forecast, Valley Water is evaluating its participation in various projects, including the Los Vaqueros Expansion (LVE) Project and Sites Reservoir (Sites).

The Master Plan recommended a suite of projects that exceeded Valley Water's level of service goal to be prudent given future uncertainties with demands and supplies (Figure 1). In addition to the recommended projects, there are also alternate Master Plan projects in which Valley Water is participating in case a recommended project does not move forward or fails to achieve its assumed benefits (herein referred to as "back-up projects"). Recommended projects are included in Valley Water's water rates forecast while back-up projects are not included in Valley Water's water rates forecast. With the MAP demand forecast, the potential overinvestment in the Master Plan may be more acute. LVE and Sites both have cost-share decisions being considered by the Board on November 17, 2020. Therefore, Valley Water is re-evaluating participation in Sites (a back-up project) and LVE (Transfer Bethany Pipeline is a recommended project) considering the MAP demands.

Los Vaqueros Expansion Project

The LVE Project would expand Los Vaqueros Reservoir storage from 160 thousand acre-feet (TAF) to 275 TAF and build the Transfer-Bethany Pipeline to connect the reservoir to the State Water Project (SWP) South Bay Aqueduct (SBA) and the California Aqueduct. The LVE Project may provide Valley Water regional storage, new water through CCWD's diversion rights, and increased operational flexibility in the conveyance of imported water. Valley Water is considering a Second Amendment (A2) to the 2019 Multi-Party Agreement (MPA) to continue project development through 2021 with an additional cost share of between approximately \$800,000 and \$1 million. Funding will go towards making progress on permits, design, preparing services agreements, and the formation of the JPA. Valley Water presented A2 to the Water Storage Exploratory Committee (WSEC) in July and August 2020 and is scheduled to bring A2 to the full Board for consideration on November 17, 2020. Given the potential operational flexibility that the regional storage and conveyance of the project may provide, Valley Water staff recommends that the Board approve continued participation in the next phase of the project.

Through June 2020, Valley Water has spent approximately \$618,000 towards LVE Project cost-sharing for the WSIP application and project development, including in-kind labor costs. CCWD estimates the total LVE Project development and construction 40-year life cycle costs to be \$868 million in constant 2018 dollars (\$513 million for storage and \$355 million for conveyance). The

California Water Commission approved a Proposition 1 Water Storage Investment Program (Prop 1 WSIP) grant award of up to \$459 million for the LVE Project, including \$22.95 million in early funding. The U.S. Bureau of Reclamation (USBR) received \$2.155 million of federal funding for the LVE Project through the Water Infrastructure Improvements for the Nation (WIIN) Act for Fiscal Year (FY) 2020. CCWD and local area partners (LAPs) (Attachment 1) are continuing efforts to procure additional WIIN Act funding beyond FY 2020, ultimately seeking \$223 million in total. The rest of the project funding would come from the LAPs.

LVE Storage and Conveyance

Valley Water continues to work with CCWD and the LAPs to evaluate long-term participation levels, how it translates to water storage and/or supply benefits, costs, and risks. Many of these potential benefits depend on if and how much Valley Water participates in project storage or Transfer-Bethany Pipeline conveyance components. In addition, Valley Water is working with regional partners to evaluate how storage and conveyance components could support other regional projects, such as the Bay Area Regional Desalination Project and the Refinery Recycled Water Project.

Prior to the recent MAP report, Valley Water was working with CCWD to evaluate LVE storage as a means to diversify Valley Water’s out-of-county storage program or as a storage project that is in addition to our Water Supply Master Plan (WSMP) 2040 proposed investments (Figure 1). However, given the new demand forecast, Valley Water now recommends evaluating the project storage component solely as means to diversify Valley Water’s storage program. The strategic location of LVE storage may provide Valley Water an operational and emergency benefit; Valley Water staff are currently evaluating this option considering the revised demands.

Valley Water completed the preliminary evaluation of using LVE storage in addition to the recommended Master Plan projects (Table 1). Given Valley Water’s significant investments in storage (i.e., local groundwater and surface water storage and Semitropic Water Bank storage), its ability to utilize carryover storage in San Luis Reservoir, and the inclusion of Pacheco Reservoir project in the WSMP 2040 investment portfolio, the evaluation indicated Valley Water rarely filled LVE storage. However, if LVE storage is operated to diversify and add flexibility to Valley Water’s storage program, Valley Water may be able to better exercise the storage in LVE. Concept level costs in Table 1 also do not account for the recently negotiated reduced user fees for the CCWD and East Bay Municipal Utility District (EBMUD) existing infrastructure. A new cost evaluation is expected from CCWD in December 2020. “Valley Water expects the project benefit to potentially increase if used to diversify from existing storage projects and the costs to decrease compared to those reported in Table 1.”

Table 1. Storage of Valley Water Supplies in LVE¹ (Concept level costs)

<i>Preliminary Analysis</i>	Dedicated Storage (30 TAF)	Pooled Storage (up to 20 TAF)	Transfer Bethany Only⁵
PV Life Cycle Cost to Valley Water (2019\$) ²	\$200 Million	\$50 Million	\$50-250 Million
Average Storage Volume ³ (TAF/yr)	13	3	-
PV life cycle unit cost (\$/AF) ^{2,4}	\$1,000	\$1,300	\$700

¹ Costs and impacts shown only for LVE storage components, based on values from Valley Water's Water Evaluation and Planning (WEAP) model and CCWD's CalSim II model and Proforma 3.0 financial model.

² Present Value (PV) life cycle cost calculated using Valley Water's 100-year life cycle cost methodology. LAPs have negotiated lower usage fees and CCWD is updating their financial model; Valley Water expects this to lower storage and conveyance costs.

³ Average volume held in storage by Valley Water over 83-year CalSim II model period.

⁴ Unit cost is calculated using the 100-year life cycle cost and the life cycle usable project supplies

⁵ Assumes between a 1% to 7% share of Transfer Bethany Pipeline capacity.

Apart from storage, LVE includes the Transfer-Bethany Pipeline, which could potentially provide Valley Water additional operational flexibility and access to new water during wetter years. Preliminary model analysis of current LAP participation levels and planned infrastructure capacities suggest that Valley Water could use up to approximately 7% of the pipeline capacity. The current evaluation shows conveyance through Transfer Bethany Pipeline costs Valley Water approximately \$700 per AF and that Valley Water could have access to up to 6 TAF of new water during years with surplus conditions in the Delta. More analysis is underway to refine costs given the updated usage fees and to determine if and how Valley Water could benefit from increased Transfer-Bethany Pipeline use, such as to convey imported water supplies other than Delta surplus and water stored in LVE (e.g., direct delivery of Central Valley Project [CVP] or SWP contract water, refinery recycled water exchange project water, etc.). This information will inform the JPA service agreements and Valley Water staff will provide this analysis to the WSEC for feedback to inform the service agreements discussions during 2021 and early 2022. JPA service agreements would be presented to the Board for consideration in late 2021 and early 2022.

LVE Cost Share through December 2021

The current project agreement executed on April 30, 2019 between CCWD and the LAPs included a cost-share commitment to expire on June 30, 2020. Valley Water signed the MPA Amendment 1 (A1) in June 2020 to extend the existing agreement through December 31, 2020. A1 was only a time extension and did not require any additional cost share. To continue project development through to when the JPA is formed, CCWD is requesting partners sign MPA A2 (Attachment 2). A2 extends the MPA through December 31, 2021, includes a revised scope of work, and requires an additional cost share to cover project costs through December 2021. The total cost for A2 is approximately \$6.1 million and the cost share to Valley Water is expected to be approximately between \$800,000 to \$1 million, depending on the number of LAPs that continue participation and the allocation approach. The allocation proposal is to share the total cost equally among the LAPs, same as the allocation approach in the MPA. The additional cost share in A2 will fund: JPA formation, preparation of service agreements, developing permits and agreements necessary to secure full WSIP funding, operational or conveyance issues identified by LAPs (e.g., SBA conveyance), 90% level of LVE Project design, and other critical path items as required. Executing A2 includes no commitment to join the JPA. Given that A2 is requesting a significant financial commitment, CCWD proposes to split the cost share into four payments: when the amendment is executed, November 2020, March 2021, and July 2021. If approved in November, the first two payments would be due. There are provisions that allow LAPs to withdraw at any time, and if a decision to withdraw is made prior to any one of the payment due dates, those future payments would not need to be made.

Sites Reservoir Project

Sites is a proposed new 1.5 million AF off-stream reservoir that would be located north-of-Delta (NOD), approximately 10 miles west of the town of Maxwell in Colusa County. Sites may provide Valley Water new storage, new Delta-conveyed water supplies, improved CVP/SWP reliability, and increased operational flexibility.

Second Amendment to 2019 Project Agreement

Valley Water is considering a Second Amendment to the 2019 Reservoir Project Agreement with Sites Project Authority (Sites A2) (Attachment 3) to support continued Phase 2 work activities from June 2020 through December 2021 (Phase 2, Years 2 and 3) based on a specific participation level. Execution of the Sites A2 obligates Valley Water to provide funding for continued work on Phase 2 of the Sites Project, provides Valley Water with a continuing seat on the Sites Reservoir Committee through December 2021, and gives Valley Water priority access to proportional water supply and storage benefits provided by the project.

The total budget for work from September 2020 through December 2021 is roughly \$40 million, of which about \$19 million is to be funded by participants through execution of Sites A2. The remaining budget is expected to be funded using Prop 1 WSIP early funding and funds secured from provisions under the WIIN Act.

Funding for Sites A2 will go towards completing draft EIR/EIS documents for public comment, developing guidelines for coordinated operations of Sites with the SWP and CVP, acquiring permits, developing the feasibility design, evaluating water rights issues, and further developing of Sites project policies and governance. The next phase is critical for satisfying requirements to secure Prop 1 WSIP funding.

To date, all participants except Valley Water have agreed to continue participation in the project. Attachment 4 lists the existing participants and their requested yields as well as two new potential participants. The Sites Project Authority requested a decision on project participation from Valley Water by November 2020. Valley Water presented Sites A2 to the Committee in July and August 2020 and is scheduled to bring Sites A2 to the full Board for consideration on November 17, 2020.

After execution of Sites A2, Valley Water can withdraw from the agreement with at least 30 days written notice. A withdrawing member would still be responsible for paying costs approved prior to the date of written notice of withdrawal.

Sites Participation Level

The Board approved a requested yield of 16,000 AF from the Sites project in February of 2019, which corresponds to a 3.2% participation level in the original \$6 billion project. Since that time, the project has been downsized from a 1.8 million AF to a 1.5 million AF storage facility, with a capital cost reduction from \$6 billion to \$3 billion. Staff evaluated several options for continued participation (Table 2):

- *Option 1 - Reduce but maintain significant benefits:* This option reduces Valley Water's requested yield from 16,000 AF to 7,800 AF while maintaining a 3.2% overall participation level in the downsized project.

- *Option 2 - Reduce participation by half:* This option reduces Valley Water’s participation in the total project from 3.2% to 1.6%. This corresponds to a requested yield of 4,000 AF.
- *Option 3 - Reduce to a minimal participation level:* This option reduces Valley Water’s requested yield to 500 AF, a level that does not provide significant benefits but that can maintain Valley Water’s participation in the Sites Reservoir Project Committee, the governing body under the Sites JPA that is developing the project. This corresponds to a participation level in the total project of 0.2%.
- *Option 4 - Withdraw from the project:* Under this option, Valley Water would withdraw completely from the project.

Should Valley Water reduce or withdraw its participation, it may be possible to rejoin in the future if there is unsubscribed participation in the Project; however, reinstating first priority rights to the project benefits would be subject to approval of the Sites Project Reservoir Committee.

Sites may potentially provide significant quantities of additional water supply, storage, and operational flexibility. However, the current suite of water supply investments prioritized in the Master Plan, when coupled with the reduced demand forecast presented in the MAP, far exceed Valley Water’s level of service goal. In addition, the Master Plan considers the Sites project as an alternative to the Delta Conveyance Project, which was a Master Plan recommended project, if the Delta Conveyance Project does not ultimately move forward. Therefore, staff is recommending Option 3, which includes a 0.2% participation in Sites. Staff recommends Option 3 rather than completely withdrawing to allow Valley Water time to better evaluate Valley Water’s water supply reliability needs within the context of the new demands, re-evaluate Master Plan project costs and risks, and refine Valley Water’s evaluation of Sites’ and Master Plan projects’ benefits and constraints.

Table 2: Comparison of Participation Options for the Sites Reservoir Project with Concept Level Costs

	Option 1	Option 2	Option 3	Option 4
	Maintain Participation	Reduce Participation in Half	Reduced Participation	Withdraw from Participation
PARTICIPATION SIZE				
Valley Water Share of Total Project Cost and Benefit	3.20%	1.60%	0.20%	0.00%
Valley Water Participation Request (AF) ¹	7,800	4,000	500	0
PRELIMINARY ESTIMATED BENEFITS (STORAGE AND YIELD)				
Valley Water Average Delivered Yield (AF) ²	4,700 to 6,100	2,400 to 3,100	300 to 390	0
Valley Water Storage Share (AF)	45,000	23,000	2,800	0
CONCEPT LEVEL COST				

Valley Water Share of Total Capital Cost (Fully Inflated Dollars) ³	\$125 Million	\$64 Million	\$8 Million	\$0 Million
Estimated Levelized Unit Cost (constant 2020 dollars/AF) ⁴	\$600-800	\$600-800	\$600-800	-
PV Lifecycle Unit Cost (\$/AF) ⁵	\$1,100-1,400	\$1,100-1,400	\$1,100-1,400	-
Valley Water Funding Commitment	\$780 thousand	\$400 thousand	\$50 thousand	\$0

¹ Value requested and used by Sites Project managers to calculate participation levels relative to other participants. Actual annual yield of the project will differ from participation level.

² Delivered yield assumes a 25% carriage water loss.

³ Total Capital Cost published by the Sites Project were fully inflated by Valley Water financial staff to determine estimated construction costs.

⁴ Levelized unit cost of water is the cost that, if assigned to every acre-foot of water produced (or saved) by the project over the operational period, will produce sufficient revenue to recover the cost of the project in present value terms. Calculated using Valley Water’s 100-year life cycle cost, inputs from Sites Value Planning Report financial model, and preliminary estimated delivered yield to Valley Water.

⁵ PV lifecycle unit cost is calculated using the Valley Water 100-year life cycle cost and the life cycle usable project supplies. Usable project supplies is the portion of the preliminary estimated delivered yield that can be used by Valley Water to meet demands.

The allocation of costs to the Sites Reservoir Committee members is outlined in the Sites A2. Maintaining Valley Water’s participation level of 3.2% of total project (Option 1) would commit Valley Water to provide \$780,000 in funding; a participation level of 1.6% of total project (Option 2) would commit Valley Water to provide \$400,000 in funding; a participation level of 0.2% of total project (Option 3) would commit Valley Water to provide \$50,000 in funding; and a withdrawal from participation (Option 4) would commit Valley Water to no additional funding. This correlates to a commitment by Valley Water of \$100 dollars in funding per AF of participation. The Sites A2 funding is payable in two payments, with \$60 dollars per AF due in November 2020 and up to \$40 per AF due in April 2021.

On September 18, 2020, the Board received a non-agenda packet containing a memorandum on Sites which provides additional information on the planning level project financial analysis performed in development of the preliminary estimated 100-year levelized unit cost for this project. A copy of this memorandum is provided as Attachment 5.

Past Sites Project Funding

Through September 2020, Valley Water has spent approximately \$1.96 million towards Sites cost-sharing for the Prop 1 WSIP application and project development. The California Water Commission approved a Prop 1 WSIP grant award of up to \$816 million for Sites, including \$40.82 million in early funding. The USBR received a total of \$10 million of federal funding for Sites through the WIIN Act. The U.S. Department of Agriculture approved a \$449 million loan for the Site’s Maxwell water intertie conveyance facilities. Sites and project partners are continuing efforts to procure additional funding beyond 2021.

The Sites Project Authority, a joint powers authority, has adopted a credit reimbursement policy that

provides for reimbursement to participants that reduce their participation level or withdraw from the project prior to Phase 3, provided that (1) the withdrawal is offset by additional funding provided by others, and (2) such reimbursement does not have an adverse impact on the financial viability or overall implementation of the project. Depending upon overall funding and support for the project, the policy may allow for partial or full reimbursement of Valley Water's past payments if Valley Water reduces or withdraws participation. If funding for the project is inadequate, Valley Water would not be reimbursed.

Next Steps

LVE project construction is expected to start in 2022, with the Transfer-Bethany Pipeline being constructed from 2023-2025. The Los Vaqueros dam raise, pumping facilities upgrades, and other conveyance improvements will be completed between 2027-2029.

In order to continue participating in LVE and Sites, Valley Water need to agree to project contract amendments and associated cost share agreements. For the LVE cost share agreement, Valley Water can withdrawal from the project at any time and not pay any of the future cost-share payments. The LVE cost-share funds project needs through 2021. Once the JPA is formed (which is expected in early 2021), the JPA will develop future cost-share agreements that would start January 2022. For Sites, the cost share funds the project through December 2021.

Over the next two years, Sites and LVE has many key decision points and milestones (Attachment 6). If the Board decides to continue participation in LVE and/or Sites, Valley Water will continue to track the key decision points and will return to the WSEC with project updates regularly.

ATTACHMENTS:

- Attachment 1: LVE LAPs
- Attachment 2: LVE Cost-Share Amendment
- Attachment 3: Sites Cost-Share Amendment and 2019 Project Agreement
- Attachment 4: Sites Project Participation Summary
- Attachment 5: Sites Non-Agenda Memorandum on Financing
- Attachment 6: Timeline
- Attachment 7: Powerpoint

UNCLASSIFIED MANAGER:

Vincent Gin, 408-630-2633

List of Local Agency Partners (LAPs)
Los Vaqueros Expansion Project

- 1) Contra Costa Water District (CCWD)
- 2) Alameda County Water District (ACWD)
- 3) East Bay Municipal Utility District (EBMUD)
- 4) Grassland Water District/Refuge Water Supply
- 5) Santa Clara Valley Water District (Valley Water)
- 6) San Francisco Public Utilities Commission (SFPUC)
 - Bay Area Water Supply and Conservation Agency (BAWSCA)
- 7) Zone 7 Water Agency
- 8) San Luis & Delta Mendota Water Authority (SLDMWA)
 - Byron Bethany Irrigation District
 - Del Puerto Water District
 - Westlands Water District
 - Panoche Water District

**Amendment No. 2 to the
Cost Share Agreement for
Los Vaqueros Reservoir Expansion Project Planning**

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

RECITALS

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

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

WHEREAS, on April 30, 2020 CCWD and the City of Brentwood entered into a Memorandum of Understanding (Brentwood/CCWD MOU) regarding the City’s potential service from Los Vaqueros and CCWD is participating in coordination with and on behalf of the City of Brentwood through the Brentwood/CCWD MOU; and

WHEREAS, on April 29, 2019 CCWD and ACWD entered into a letter agreement to procure services to complete the independent review of the proposed usage fees developed by CCWD and EBMUD; and

WHEREAS, ACWD entered into a contract with Bartle Wells Associates to complete the independent review of the proposed usage fees and continues to support the usage fees workgroup as updated proposals are reviewed; and

WHEREAS, on December 30, 2019 Bartle Wells Associates provided the Parties with the final report of the evaluation of the proposed usage fees; and

WHEREAS, on May 13, 2020 CCWD’s Board of Directors approved the Project and certified the Final Supplement to the Final Environmental Impact Statement/ Environmental Impact Report; and

WHEREAS, on May 22, 2020 the Notice of Determination for the Los Vaqueros Reservoir Expansion Project was filed with the State Clearinghouse; and

WHEREAS, the Final Federal Feasibility Report has been completed by the U.S. Department of the Interior Bureau of Reclamation (“Reclamation”) and was submitted to Congress; and

WHEREAS, the 2020 federal budget included \$2.155 million to fund Reclamation’s work to advance pre-construction activities for the Project; and

WHEREAS, a legal workgroup was formed consisting of counsel from each of the Parties; the legal workgroup unanimously selected Joint Powers Authority (JPA) Formation Counsel to draft a Joint Exercise of Powers Agreement for the Project; and

WHEREAS, on May 18, 2020 the first draft of the Joint Exercise of Powers Agreement was provided to the legal workgroup; and

WHEREAS, draft biological assessments were provided to Reclamation to support re-initiation of consultation with U.S. Fish and Wildlife Service and National Marine Fisheries Service under Section 7 of the Endangered Species Act; and

WHEREAS, on May 21, 2020 the Technical Review Board and representatives from the Division of Safety of Dams reviewed the 50% design of the Los Vaqueros dam raise; and

WHEREAS, on May 26, 2016 CCWD entered into a funding agreement with the California Department of Water Resources (DWR) for the Canal Replacement Project and amended that agreement to fund preliminary design evaluations of Pumping Plant No. 1 Replacement; and

WHEREAS, CCWD competitively selected an engineering consultant and entered into a professional services agreement to prepare preliminary design evaluations of Pumping Plant No. 1 Replacement in support of permitting efforts; and

WHEREAS, CCWD and the South Bay Aqueduct Contractors, who currently hold contracts with DWR for supply from the State Water Project and conveyance of these supplies through the South Bay Aqueduct, have initiated discussions with DWR to address potential changes to water rights, Delta operations, and other agreements necessary to implement the Project; and

WHEREAS, the South Bay Aqueduct is currently a critical conveyance facility for the South Bay Aqueduct Contractors; and

WHEREAS, the South Bay Aqueduct would be the primary conveyance facility for providing water supply benefits from the Project to the SFPUC’s Service Areas and to BAWSCA; and

WHEREAS, DWR is conducting a condition assessment of the South Bay Aqueduct in coordination with the South Bay Aqueduct Contractors; and

WHEREAS, the South Bay Aqueduct Contractors have procured a consultant to evaluate potential capacity in the South Bay Aqueduct available for use by BAWSCA and the SFPUC; and

WHEREAS, DWR, as the owner and operator of the South Bay Aqueduct, has the authority to approve the conveyance of non-State Water Project water supplies through the South Bay Aqueduct for use by BAWSCA and the SFPUC; and

WHEREAS, time is of the essence in terms of the completion of both the South Bay Aqueduct condition assessment and capacity study and the development of additional agreements with DWR as necessary in order for the South Bay Aqueduct Contractors, BAWSCA, and the SFPUC to be provided with the necessary information and assurances to further evaluate the benefits and costs of BAWSCA and the SFPUC's participation in the Project; and

WHEREAS, the California Water Commission (CWC) and CCWD have amended the Early Funding Agreement to increase the cap on State reimbursements from \$13.65 million to \$22.95 million; and

WHEREAS, Parties have collectively paid a total of \$2,833,036 to date in addition to in-kind services to support work in the Agreement; and

WHEREAS, the Parties wish to again amend the Agreement to include additional purposes in the Agreement with a detailed supplemental scope of work and budget for activities funded by this Amendment No. 2; to further extend the term of the Agreement to the earlier of (i) the completion of the work contemplated therein, (ii) until this Agreement is superseded by an interim funding agreement expected to be negotiated among the Parties, or (iii) December 31, 2021; to include additional roles and responsibilities for certain Parties to the Agreement; and to amend the cost and payment terms of the Agreement in order to fund additional planning activities necessary to proceed to a final award hearing and secure a final funding award from the CWC ; and

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

1. Section 1 (Purpose)

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

- i) permits, approvals, certifications, and agreements as required by the CWC to proceed to a final award hearing and secure a final funding award;
- j) design of the Los Vaqueros dam to the 90% level and advancement of design work on other Project facilities;
- k) drafting of service agreements; and
- l) drafting of an interim funding agreement.

As of the effective date of Amendment No. 2 to the Agreement, purposes a, b, and f, as provided for in the Agreement, have been achieved and do not require additional funding.

Work to achieve Purposes c, d, e, g, h, i, j, k, and l will be advanced under the Agreement as amended. Work completed by the Consultant Team and CCWD staff to achieve these purposes will be partially funded by this Amendment No. 2 to the Agreement.

A detailed supplemental scope of work and budget for activities funded by this Amendment No.2 are included in Exhibit A-2 and Exhibit B-2, respectively, which are attached hereto and incorporated herein as if fully set forth in this Amendment No. 2 to the Agreement.

2. Section 2 (Roles & Responsibilities)

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

2.1 Contra Costa Water District Responsibilities

- a-l) as described in the Agreement; and
- m) will submit permit applications for construction and operations of Project facilities including but not limited to: Transfer-Bethany Pipeline, Los Vaqueros Dam Raise, Pumping Plant No. 1 Replacement, Neroly Highlift Pump Station, Transfer Facility, Delta-Transfer Pipeline; and
- n) will advance the design of Project facilities including but not limited to Los Vaqueros Dam Raise, Pumping Plant No. 1 Replacement, Transfer-Bethany Pipeline, and Neroly Highlift Pump Station; and
- o) will enter into coordinated operations agreements with Reclamation and DWR; and
- p) will file change petitions as appropriate on water rights held by CCWD, if deemed necessary and appropriate; and
- q) will work cooperatively with DWR and Reclamation to file change petitions as appropriate to modify or amend their water rights if deemed necessary and appropriate in DWR's and Reclamation's sole discretion; and
- r) will execute contracts for administration of public benefits with the California Department of Fish and Wildlife (CDFW) and DWR; and
- s) will enter into a cost share agreement with Reclamation; and
- t) will work cooperatively with the South Bay Aqueduct Contractors to secure conveyance agreements with DWR to convey water from the Project through the South Bay Aqueduct; and
- u) will work cooperatively with EBMUD to develop and execute a Memorandum of Understanding for the potential provision of water during Project construction; and
- v) will complete an operational risk and reliability assessment; and
- w) will enter into an agreement with the City of Brentwood to continue its participation in the development of the Project; coordinate with Brentwood and seek their timely input, review and feedback as described in this Agreement; and provide for Brentwood's participation in negotiations, meetings, conference calls, webinars, and committees. No other party will object to such participation.

2.2 East Bay Municipal Utility District Responsibilities

- a-k) as described in the Agreement; and
- l) will obtain permits for EBMUD facilities that will be funded in part by the CWC, if, and to the extent, such permits are required by the State as a precondition of disbursement of state construction funding; and
- m) will work cooperatively with CCWD to develop and execute a Memorandum of Understanding setting forth mutually acceptable principles to guide the

anticipated negotiation of a potential subsequent agreement for the potential provision of water to CCWD during Project construction.

2.6 South Bay Aqueduct Contractors Responsibilities

- a-d) as described in the Agreement; and
- e) will work cooperatively with CCWD to secure conveyance agreements with DWR to convey water from the Project through the South Bay Aqueduct; and
- f) will provide to the SFPUC and BAWSCA (1) the results of the South Bay Aqueduct capacity study and (2) the results of the condition assessment of the South Bay Aqueduct once available and approved to share by DWR.

2.8 Joint Responsibilities

- a-b) as described in the Agreement; and
- c) CCWD and all Local Agency Partners will work cooperatively to secure federal funding.

The following Section 2.9 shall be added in its entirety to Section 2 of the Agreement as amended:

2.9. BAWSCA Participation

BAWSCA may participate, in whole or in part, in the development of the Project, either as a Local Agency Partner or via the SFPUC in the event that BAWSCA is no longer a Local Agency Partner. BAWSCA's participation in the development of the Project via the SFPUC may include but is not limited to participation in meetings, conference calls, webinars, and committees. No other Party will object to such participation.

3. Section 3 (Cost & Payment)

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

Funds previously provided under the Agreement have been nearly expended. The payments are intended to provide sufficient funding for advancing the completion of the additional Scope of Work as provided for in Exhibit A-2 and the Budget provided for in Exhibit B-2.

- a) Total costs to fund work hereunder are identified in Exhibit B-2. The CCWD and Local Agency Partners' collective total share of the cost shall not exceed \$6,081,967 ("Total Cost Share").
- b) Notwithstanding anything to the contrary in the Agreement as amended, CCWD and the Local Agency Partners, excluding GWD, shall be responsible for providing the Total Cost Share in accordance with Exhibit B-2. In no event shall any Party's individual share of the Total Cost Share exceed \$1,013,661 if six (6) Parties, excluding GWD, execute Amendment No. 2. Absent a further written amendment to this Agreement pursuant to Section 17, each Party's individual share of the Total Cost Share shall be less than \$1,013,661 if seven (7) or eight (8) Parties, excluding GWD, execute Amendment No. 2, in accordance with Exhibit B-2. Timing and quantity of payment for each Local Agency Partner shall not vary from what is put

forth in Exhibit B-2 unless CCWD and the Local Agency Partners voluntarily agree to modifications pursuant to Sections 3(d)(iii) and 17 of the Agreement. The Total Cost Share described herein is exclusive of any joint defense or litigation cost share amounts which may be determined in a subsequent written agreement entered into pursuant to Section 9 of the Agreement.

- c) The SFPUC's payments as a Local Agency Partner under the Agreement as amended, are subject to and contingent upon the budget and fiscal provisions of the City and County of San Francisco's Charter and the budget decisions of its Mayor and Board of Supervisors. No SFPUC funds will be available hereunder until prior written authorization certified by the City's Controller. The Controller cannot authorize payments unless funds have been certified as available in the budget or in a supplemental appropriation. This Agreement shall automatically terminate, without liability to the City, if funds are not properly appropriated by the Mayor and Board of Supervisors or certified by the Controller. The SFPUC's obligations hereunder shall never exceed the amount certified by the Controller for the purpose and period stated in such certification. The SFPUC, its employees and officers are not authorized to request services that are beyond the scope of those expressly described herein, unless a written amendment is approved as required by law. As to the SFPUC only, this Section 3(c) controls against any conflicting provision of the Agreement as amended.
- d) CCWD and the Local Agency Partners will split the Total Cost Share equally over four payments. CCWD will invoice each of the Local Agency Partners, and itself, for their individual shares of the Total Cost Share detailed in Exhibit B-2.
 - (i) Four invoices are anticipated according to the schedule below:
 1. Upon execution
 2. November 1, 2020
 3. March 1, 2021
 4. July 1, 2021
 - (ii) Payment from the Local Agency Partners shall be remitted within thirty (30) days after invoice submittal.
 - (iii) Funds contributed by the Local Agency Partners shall be committed by CCWD and expended only for work required to further the purposes of this Agreement.
 - (iv) If a sufficient number of Parties withdraw from the Agreement or fail to execute Amendment No. 2 before the second, third, or fourth invoice such that the Local Agency Partners' individual cost shares change substantially, or the individual cost shares approach or exceed the maximum financial responsibility for each Party (determined herein as \$1,013,661), each remaining Local Agency Partner, at its sole discretion consistent with Section 3(b) of this Agreement, shall determine whether to withdraw from

the Agreement. CCWD and the Local Agency Partners who do not choose to withdraw will work together to develop an amendment that substantially conforms to this Agreement. If no mutually agreeable amendment can be developed, the remaining Parties will terminate this Agreement.

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

5. Section 5 (Term)

Shall be amended such that the following term shall modify the corresponding term in the Agreement in its entirety:

The Agreement as amended shall terminate on the earliest occurring of the following events: (i) completion of the work contemplated herein; (ii) the effective date of an interim funding agreement which is negotiated between the Parties and intended as a successor to the Agreement as amended; or, (iii) on December 31, 2021, unless the Term is further modified consistent with Section 17 of this Agreement.

8. Section 10 (Early Funding Agreement)

Section 10 shall be amended such that the following term shall supersede and replace the corresponding term in the Agreement in its entirety:

Early funding, in the amount of \$13.65 million, which is equal to fifty percent of the estimated total planning and permitting costs, was approved by the California Water Commission on July 24, 2018. The Early Funding Agreement was amended on July 24, 2020 to increase the total funding available from the California Water Commission from \$13.65 million to \$22.95 million. The Amendment to the Early Funding Agreement, which is attached hereto in Exhibit E-2, requires a fifty percent (50%) funding match from non-State entities (“Non-Program Cost Share”). The Local Agency Partners hereby agree to cooperate in good faith with CCWD to reasonably assist CCWD in its compliance with the Early Funding Agreement. Without limiting the generality of the foregoing, each Local Agency Partner agrees to provide information and access to records in all forms as may be necessary to facilitate CCWD’s compliance with all reporting and audit requirements of the Early Funding Agreement, including but not limited to information necessary to adequately document the Non-Program Cost Share.

9. Section 11 (Federal Funding)

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

Federal appropriations in Federal Fiscal Year 2020 allocated \$2.155 million to Reclamation to complete pre-construction activities for the Project. Reclamation recommended \$7.845 million for the Project in Federal Fiscal Year 2021. With support from the Local Agency Partners, CCWD is seeking a total of \$223 million in federal funding for design, pre-construction, and construction activities through the Water Infrastructure Improvements for the Nation (WIIN) Act or other federal legislation. If federal funding for the Project is appropriated by Congress, Reclamation would receive the requested funding and the funds would support Reclamation’s staff and consultant team and the federal permitting process. Reclamation and the CCWD may enter into a funding agreement that would provide funding to CCWD for staff and consultants to complete design and pre-construction activities. Some portion of the federal funds may be directly applied to the scope of work contained in Exhibit A-2. The federal funds could be credited towards any Non-Program Cost Share as required in the Early Funding Agreement as described in Section 10 of this Agreement.

Effective date of Amendment No. 2.

Amendment No. 2, including the financial contribution provisions herein, shall be effective as to CCWD and each Local Agency Partner as of the date of signature by CCWD and each subsequent Local Agency Partner signatory.

Except as amended by this Amendment No. 2, the Agreement as previously amended shall continue in full force and effect. This Amendment No. 2 may be executed in counterparts, each of which shall be deemed an original but all of which taken together shall constitute Amendment No. 2.

Robert Shaver, General Manager
Alameda County Water District

Date

Nicole Sandkulla, CEO / General Manager
Bay Area Water Supply and Conservation Agency

Date

Stephen J. Welch, General Manager
Contra Costa Water District

Date

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

Date

Ric Ortega, General Manager
Grassland Water District

Date

Harlan L. Kelly, Jr., General Manager
San Francisco Public Utilities Commission

Date

Approved as to Form
Deputy City Attorney San Francisco

Date

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

Date

Rick Callender, Chief Executive Officer
Santa Clara Valley Water District

Date

Valerie Pryor, General Manager
Zone 7 Water Agency

Date

Exhibit A-2

Amendment No. 2 Scope of Work

The following tasks describe the work efforts by Contra Costa Water District (CCWD), consultants for the Los Vaqueros Reservoir Expansion (LVE) Project, and the Local Agency Partners (as indicated) under this Amendment No. 2 to the Agreement. References to joint work efforts by Reclamation are described as appropriate but are not intended to imply that Reclamation is a party to this Amendment. CCWD will be supported by the consultant and legal services team that are under contract to CCWD and managed by CCWD.

Task 1 Project Management

Task 1.1 CWC Early Funding Agreement Administration

Administer the Early Funding Agreement executed by CCWD and the California Water Commission (CWC), including meeting reporting and invoicing requirements of the Agreement, coordinating with CWC staff as needed to respond to questions and data requests, and managing cost commitments. Provide financial statements and other supporting documentation as requested by the CWC staff pertaining to the Early Funding Agreement.

Pursuant to the Early Funding Agreement, prepare quarterly progress reports detailing work completed in prior quarter in accordance with Water Storage Investment Program (WSIP) requirements and Cost Share MOU with Reclamation. Progress reports will explain the status of the Project and will include the following information: summary of the work completed for the project during the reporting period; activities and milestones achieved; and accomplishments and any problems encountered in the performance of work.

Prepare monthly invoices meeting the invoice content terms of the Early Funding Agreement, including relevant supporting documentation for submittal to the CWC and Reclamation. Coordinate with consultants and Local Agency Partners to prepare and submit sufficient backup documentation to support claimed costs.

Deliverables:

- Invoices and associated backup documentation
- Quarterly Progress Reports (for CWC and Reclamation)

Task 1.2 Project Management Activities

This task includes project management activities performed by CCWD, Local Agency Partners, consultants, and other agencies related to, but not limited to, managing staff, invoicing, budgeting, scheduling, reviewing submittals, holding meetings and conference calls, and coordinating project activities that are within the objectives of the Project and of this Agreement.

Deliverables:

- Summary updates on project management activities in Quarterly Progress Reports

Task 1.3 Joint Powers Authority Formation

Selection of legal counsel to assist the Local Agency Partners and CCWD in forming a Joint Powers Authority (JPA) was completed previously. Legal counsel will assist in implementing JPA formation through development of a joint powers agreement.

Develop Project term sheet to identify roles of the JPA and Local Agency Partners, as well as outline major terms of existing agreements amongst CCWD and the Local Agency Partners. Based on the Project term sheet, engage special counsel to develop a joint powers agreement. Conduct meetings and workshops as necessary with Local Agency Partners to negotiate terms.

Legal counsel will work with the legal workgroup to develop draft service agreements.

Deliverables:

- Joint selection of special counsel (completed)
- JPA Agreement (in progress)
- Term sheet (in progress)
- Draft services agreements

Task 2 Environmental Planning

Task 2.1 Modeling

Modeling tasks to support preparation of the Final Supplement to the Final EIS/EIR were completed previously. Develop new or modify existing modeling tools so that operations or limitations of various operational priorities can be evaluated in terms of benefits to partners. Refine the model to track terms and requirements of various water rights. Re-build or refine the Los Vaqueros daily operations model to accommodate partner operations, which may serve as a tracking tool in the future for permit reporting, billing, scheduling deliveries, etc.

Deliverables:

- Re-built and/or revised CalSim Model
- Summaries of modeling results

Task 2.2 Public Outreach

Perform outreach activities to educate and inform the media, elected officials, CCWD ratepayers, communities in the Los Vaqueros area, environmental organizations, and regional and statewide interests about the purpose, objectives, and results of the technical studies.

Respond to routine stakeholder comments. Post responses as appropriate to the CCWD hosted project website at ccwater.com or share with stakeholders in informal meetings.

A public meeting was previously held in Concord to support the CCWD Board of Directors' certification of the Final Supplement, approval of a project, and adoption of CEQA Findings and MMRP.

Deliverables:

- Stakeholder and public involvement program
- Documentation of outreach activities
- Public meeting(s) for Final Supplement to the Final EIS/EIR (completed)
- Public meetings to support Record of Decision if necessary

Task 2.3 Environmental Document and Technical Studies

The U.S. Department of the Interior, Bureau of Reclamation, Region 10 – California-Great Basin (Reclamation) is the lead agency under the National Environmental Policy Act (NEPA) for preparation of the EIS and, in conjunction with CCWD, the lead agency under CEQA. Reclamation and CCWD previously prepared a joint Final EIS/EIR in March 2010 and CCWD completed construction of the first phase of reservoir expansion from 100,000 acre-feet (100 TAF) to 160 TAF in 2012. Reclamation and CCWD previously prepared a joint Supplement to the Final EIS/EIR document to support the second phase of reservoir expansion up to 275 TAF.

The development of the Supplement to the Final EIS/EIR, including the completion of the necessary technical studies in support of this effort culminating with issuance of the Supplement, were previously completed. The studies and data produced adhered to the federal planning and NEPA guidelines, CEQA guidelines, and WSIP guidance. Technical studies were conducted in accordance with the alternatives identified in the Draft Supplement.

All agency meetings and technical workgroup meetings required to support the environmental document and studies are described in Task 1.2 and Task 2.2.

(2.3.1) Post-Draft Supplement Technical Studies and Surveys

This task has been completed.

(2.3.2) Transfer-Bethany Pipeline Alternative Location Evaluation

This task has been completed.

(2.3.3) Final Supplement to the Final EIS/EIR

This task has been completed.

(2.3.4) CEQA Findings and Mitigation Monitoring and Reporting Plan

This task has been completed.

(2.3.5) Record of Decision

It is anticipated that Reclamation will issue a Record of Decision on the Project during the term of this Amendment. CCWD will provide support to Reclamation with any necessary reporting, public meetings, briefings, white papers, and/or presentations.

Deliverables:

- Record of Decision

Task 2.4 Regulatory Permitting

Prepare documentation of environmental regulatory compliance including the Clean Water Act (CWA) Section 404(b)(1), CWA Section 401, the Federal Endangered Species Act (Section 7), the California Endangered Species Act, Section 1602 of the California Fish and Game Code, the National Historic Preservation Act (NHPA Section 106), and the Fish and Wildlife Coordination Act (FWCA). When possible or beneficial, obtain amendments to existing permits and excess compensation land acquired/managed during the Phase 1 expansion. If not possible to amend existing permits, seek new permits. Coordinate with regulatory agencies to confirm when amendments will be appropriate. In support of this task, several key work efforts (described below) will be completed.

Conduct reconnaissance-level biological field surveys of any new project areas (if any) to identify the potential for the presence of sensitive biological resources. Conduct a desktop analysis including a database search of the California Natural Diversity Data Base (CNDDDB), California Native Plants Society's Inventory of Rare and Endangered Plants, USFWS species lists, and NMFS species lists in order to determine the potential occurrence of special-status plants, animals, and vegetation communities. Conduct site-specific biotic assessments to identify biological resources that are present or have a high likelihood to occur in the study area, and to assess the likely impacts associated with construction and/or long-term operations of the proposed project on biological resources. The results of the reconnaissance survey and analysis will be used to inform the regulatory permitting documents, and resource agency review.

Prepare the regulatory permit applications for the proposed project. Attend meetings with regulatory agencies. Develop supporting technical reports, as needed, to support preparation of proposed permit applications. Permit applications and supporting documents to be prepared in support of the project may include: Biological Assessment for Federal Endangered Species Act compliance and Magnuson Stevens Fisheries Conservation and Management Act compliance; Clean Water Act Section 404/Section 10 Individual Permit Application; Clean Water Act Section 401 Clean Water Act Water Quality Certification Application; California Fish and Game Code Section 1602 Streambed Alteration Agreement Application; Section 2081 California Endangered Species Act Incidental Take Permit Application; Fish and Wildlife Coordination Act Report; National Historic Preservation Act Section 106 compliance; and Aquatic Resources Delineation.

Deliverables:

- Rare plant surveys and report of results (completed)
- Wetland delineation and mapping, report of results (completed)
- Administrative Draft Supplement to the Final EIS/EIR (completed)
- Final Supplement to the Final EIS/EIR (completed)
- Draft CEQA Findings and MMRP (completed)
- Final CEQA Findings and MMRP (completed)
- Permit applications and supporting technical reports, as applicable

Task 2.5 Water Rights Permitting

Coordinate with Reclamation, the Department of Water Resources (DWR), Local Agency Partners, and the State Water Resources Control Board (State Board) regarding changes to existing water rights. Prepare petitions for change for CCWD's water right permit and assist Reclamation, DWR, and Local Agency Partners with preparation of change petitions as required. File petitions with the State Board, assist State Board staff with drafting orders and permit amendments as required, respond to any protests that may be filed and seek resolution of those protests, prepare for and participate in hearings as required.

Deliverables:

- Change petition on CCWD water right
- Change petition on CVP water rights
- Change petition on DWR water rights
- Change petition on Local Agency Partners' water rights as required

Task 2.6 Land Transactions

Identify and contact the landowners of parcels that will be surveyed for Task 2.3.1, Task 2.3.2. Acquire the appropriate land rights to gain access to the properties. Identify potential mitigation lands as needed for Task 2.4. Determine preliminary appraisal value of potential mitigation lands. Initiate discussions to obtain right-of-way for Transfer-Bethany Pipeline. Acquire options to acquire mitigation lands with the concurrence of the Local Agency Partners.

Deliverables:

- Entry permits and temporary easements on properties needed for technical surveys
- Identification and preliminary appraisal of potential mitigation sites
- Discussions regarding right-of-way for Transfer-Bethany Pipeline

Task 2.7 Final Award Hearing Requirements

A series of agreements will be needed to meet the final award hearing requirements of the California Water Commission. Progress on a number of agreements will commence during the term of this amendment. The agreements necessary to get to the final award hearing may include but are not limited to: operations coordination agreements with Reclamation and the Department of Water Resources; conveyance agreements with DWR to convey water from the Project through the California Aqueduct and the South Bay Aqueduct; contracts for administration of public benefits; a cost share agreement with Reclamation for pre-construction activities; an agreement with DWR for the design and construction of the Transfer-Bethany Pipeline connecting to SWP facilities; an agreement with the JPA for design and construction of Project conveyance facilities and the expanded Los Vaqueros Reservoir dam.

Additionally, Task 2.7 will also include the development and execution of a Memorandum of Understanding between CCWD and EBMUD setting forth mutually acceptable principles to guide the anticipated negotiation of a potential subsequent agreement for provision of water during construction.

Deliverables:

- Operations coordination agreement(s) with Reclamation and DWR
- Conveyance agreement(s) with DWR
- Contracts for administration of public benefits
- Cost-share agreement with Reclamation
- Design and construction agreement with DWR
- Design and construction agreement with the JPA
- MOU between CCWD and EBMUD

Task 3 Engineering Feasibility

Task 3.1 Financial Evaluation

Perform a financial evaluation that will assess the costs and merits of the Project.

Clean Energy Capital will further develop an excel-based Proforma Financial Model for the Project that incorporates water pricing options and integration with CalSim model. Hold stakeholder meetings and workshops; collect and review stakeholder and local partner comments and inputs to the model. Refine model as additional information arises that may affect the local agency partners, operations, water pricing, or other financial components of the Project. Clean Energy Capital will work directly with Local Agency Partners, as needed, to support each agency's understanding and familiarity with the financial evaluation.

ACWD will continue to retain Bartle Wells Associates, an independent financial consultant, to further support evaluation of the usage fees CCWD and EBMUD have developed for use of their assets and infrastructure. ACWD's costs to retain Bartle Wells will be reimbursed up to a cumulative amount of \$85,000. Clean Energy Capital will also be available to support the independent financial review of the usage fees.

Create a Plan of Finance describing the proposed financing structure and assumptions for financing the Project. The Plan of Finance will take into consideration appropriate debt structures, timing, impact on rates, budgeting, credit ratings, tax laws, availability of grants and other State and Federal funding, Local Agency Partners that pay upfront in-lieu of participating in JPA financing, and assessment of capital market conditions. Evaluate the funding capabilities of a JPA and associated contractual requirements for partners receiving and paying for services.

Deliverables:

- Updated Proforma Financial Model
- Further support for evaluation of Refined Usage Fees (as required)
- Plan of Finance

Task 3.2 Federal Feasibility Report

The Final Federal Feasibility Report was completed in 2020 and was submitted to Congress on August 11, 2020. The Secretary of the Interior and/or Congress may continue to evaluate federal participation in the Project throughout the term of this Amendment.

Additional work may be necessary to secure Congressional budget appropriations for pre-construction activities. CCWD and Local Agency Partners will also provide support to Reclamation on any post-feasibility report requirements as needed.

Deliverables:

- Final Federal Feasibility Study (completed)
- Updated fact sheets for meetings with elected officials
- Updated federal funding and budget requests
- Post-feasibility report support

Task 3.3 Preliminary Design

(3.3.1) Pumping Plant No. 1

Preliminary design technical evaluations are being completed by CCWD as part of CCWD's Canal Replacement Project. Following completion of preliminary design, additional design development and evaluations must be completed in support of permitting and developing inter-agency agreements, including field work, site facility layouts, and development of electrical design sufficient for coordination with the Western Area Power Administration (WAPA) and other design development in order to maintain progress to allow construction consistent with the Project schedule.

Deliverables:

- Pumping Plant No. 1 Preliminary Design Report
- Facility layout drawings
- Electrical System Improvements Plans
- Principles of Agreement with WAPA

(3.3.2) Los Vaqueros Dam

This task includes work efforts related to design of the Los Vaqueros Dam expansion to gain Division of Safety of Dams (DSOD) authorization to construct. Design-related tasks may include, but are not limited to, reporting, investigations, testing, analysis, and surveys; geotechnical investigations and reporting; stability and deformation analysis; design of earthquake ground motions and parameters, spillway, outlet works, new emergency release outlet, tunnel/portal, transfer pipeline connection, and dam instrumentation; constructability review, value engineering, risk analysis, and feasibility studies; DSOD meetings and correspondence; and design of site restoration for the core borrow area. This task includes formation of a Technical Review Board for independent review of the dam consultant's work in accordance with DSOD guidelines.

Deliverables:

- LV Dam Drawings and Specifications 50% (completed)
- LV Dam Drawings and Specifications 90%
- LV Cost Estimate/Schedule

(3.3.3) Transfer-Bethany Pipeline

CCWD will competitively procure an engineering consultant to continue pipeline alignment evaluations resulting from continued coordination with local resource and transportation agencies. CCWD will work with Contra Costa County Public Works and the Contra Costa Transportation Authority and their ongoing regional transportation planning for the Vasco Road widening and the State Route 239 Connector and will evaluate alignment adjustments as needed. CCWD will work with resource agencies to evaluate implications of alignment modifications and construction methods and associated mitigation and land needs along the alignment south of Vasco road in support of coordination with the East Contra Costa Habitat Conservation Plan and the County. CCWD will coordinate with the Department of Water Resources to review and define design criteria and to develop designs of the turn-in to the California Aqueduct, and will review available geotechnical information and define pipeline corridor within State owned lands. Topographic survey will be completed with up-to-date aerial photography. Preliminary design of the pipeline and turn-in will be developed. CCWD will prepare a geotechnical work plan and initial assessment of land acquisition needs.

Deliverables:

- Alignment Adjustment Evaluations TM
- Transfer-Bethany Pipeline Preliminary Design Report
- Topographic Survey
- Geotechnical Work Plan
- Assessment of Pipeline Land Acquisition Need

(3.3.4) Operation and Reliability Assessment

Complete a risk assessment of CCWD's existing and planned facilities and their operation as a system to confirm appropriate criteria are developed for reliability, redundancy and viability of long-term operations to meet the Project objectives. The assessment will consider the range of operations and future scenarios that consider planned and unplanned shutdowns and other events that might affect performance of the system and the economic implications.

Deliverables:

- CCWD facilities and system operation risk assessment

Exhibit B-2

Budget and Cost Share

The budget for Amendment No. 2 to the Agreement covers three major tasks: project management, environmental planning, and engineering feasibility. The total budget includes projected costs for legal and consulting services, CCWD staff in-kind services, Local Agency Partner in-kind services, and Reclamation expenses. The total cost for the scope of work listed in Exhibit A-2 is \$17,832,667 (original Agreement total \$11,623,400) and is shown in Table 1.

Table 1. Amendment No. 2 to the Multiparty Agreement Budget

Task No.	Description	Original	Amendment No. 2	Total
1	Project Management	\$1,090,600	\$2,302,400	\$3,393,000
2	Environmental Planning	\$3,777,400	\$5,368,967	\$9,146,367
3	Engineering Feasibility	\$6,755,400	\$10,161,300	\$16,916,700
	Total	\$11,623,400	\$17,832,667	\$29,456,067

The total cost to complete the scope of work, \$17,832,667 will be paid through a combination of in-kind services, contributions from Reclamation (pursuant to 2015 Cost Share Memorandum of Understanding between Reclamation and CCWD), reimbursement from the California Water Commission (CWC), and contributions from CCWD and the Local Agency Partners.

To calculate the amount owed by CCWD and the Local Agency Partners, the total cost is reduced by contribution from the CWC, Reclamation, CCWD in-kind services funded by CCWD, the Local Agency Partner's in-kind services, and the projected carryover of unspent funds from the original Agreement. The CWC contribution includes fifty percent (50%) of the total cost, less 10% retention; the total CWC contribution therefore is estimated to be \$8,024,700.

The costs remaining after accounting for contributions from CWC, Reclamation, CCWD in-kind services, and Local Agency Partner in-kind services is \$6,081,967 as shown in Table 2. This is equal to the Total Cost share defined in Section 3(a) of the Agreement as amended and will be split equally among CCWD and the Local Agency Partners, excluding Grassland Water District which will provide in-kind services only. The ultimate cost per agency depends on the total number of Local Agency Partners that proceed and execute this Amendment. Four equal invoices are proposed over the amended term of the Agreement for CCWD and each Local Agency Partner. Table 3 shows the invoice schedule and the total costs per agency varying by the total number of agencies participating. For purposes of calculating the amount to be invoiced, the "total number of agencies participating" is equal to the total number of parties signatory to this Amendment No. 2 (including CCWD), but excluding Grassland Water District and further excluding any signatory party which has completed its withdrawal from the Agreement prior to the time for payment.

Table 2. Amendment No. 2 to the Multiparty Agreement Cost Allocation

Total Projected Costs	\$17,832,667
less Reclamation Cost	-\$2,155,000
less CCWD in-kind services (portion funded by CCWD)	-\$441,000
less partner in-kind services	-\$980,000
less projected carryover of unspent funds from original Agreement	-\$150,000
less projected CWC Invoice payments	-\$8,024,700
Remaining Cost Required from Local Agency Partners & CCWD	\$6,081,967

Table 3. Invoice schedule where each invoice equals 25 percent of total costs per agency

		Invoice #1	Invoice #2	Invoice #3	Invoice #4
	Total Cost Per Agency	Upon Execution	November 2020	March 2021	July 2021
8 Agencies	\$760,246	\$190,061	\$190,061	\$190,061	\$190,061
7 Agencies	\$868,852	\$217,213	\$217,213	\$217,213	\$217,213
6 Agencies	\$1,013,661	\$253,415	\$253,415	\$253,415	\$253,415

Exhibit E-2

Amendment No. 1 to Early Funding Agreement

FUNDING AGREEMENT BETWEEN THE STATE OF CALIFORNIA (CALIFORNIA WATER COMMISSION) AND
CONTRA COSTA WATER DISTRICT
FOR
LOS VAQUEROS RESERVOIR EXPANSION
WATER STORAGE INVESTMENT PROGRAM (WSIP) – EARLY FUNDING
AGREEMENT NUMBER 4600012892 AMENDMENT 1
WATER QUALITY, SUPPLY, AND INFRASTRUCTURE IMPROVEMENT ACT OF 2014
CALIFORNIA WATER CODE 79750, ET SEQ.

Pursuant to Standard Condition D.3), Agreement Number 4600012892 is amended as follows:

Paragraph 1. PROJECT COST is revised from \$27,300,618 to \$45,900,000.

Paragraph 3 FUNDING AMOUNT is revised from \$13,650,309 to \$22,950,000.

The Exhibit B Budget is replaced in its entirety with the attached revised Exhibit B.

All other terms and conditions of the Agreement shall remain the same.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment 1.

STATE OF CALIFORNIA

Contra Costa Water District

California Water Commission

Joseph R. Yun

Stephen J. Welch

Joseph R. Yun

Stephen J. Welch

Executive Officer

General Manager

Date 7/24/2020

Date 7/21/2020

Approved as to Legal Form and Sufficiency

Holly Stout

Holly G. Stout

Counsel to the Commission

Date 7/24/2020

Exhibit B - Revised
BUDGET

Funding recipient shall be reimbursed based on the ratio of Program cost share and non-Program cost share, also referred to as concurrent draw down. The Commission will reimburse no more than \$22,950,000 under this Funding Agreement, also known as Program cost share. The non-Program cost share is \$22,950,000.

Task	Total Costs
Task 1 Project Management	\$6,885,000
Task 2 Environmental Planning	\$13,770,000
Task 3 Engineering Feasibility	\$25,245,000
Total	\$45,900,000

Commission approves invoices at the overarching task-level. Subtasks are provided in the Work Plan for additional detail and guidance for the project manager to be aware of when administering the Funding Agreement.

Reimbursement of costs will commence after this Funding Agreement is executed as described above. The proportion (or percentage) of Program cost share is the maximum funding amount of this funding agreement divided by the total project cost; which is 50%. If the first invoice received contains eligible costs for the period of August 14, 2017 to the execution date of the agreement, at Commission's discretion, these costs, or a portion thereof, may be directly deducted from the non-Program cost share and the concurrent drawdown percentage may be modified accordingly.

ATTACHMENT 3

- A. Second Amendment to 2019 Reservoir Project Agreement (Sites A2)
- B. 2019 Reservoir Project Agreement
- C. First Amendment to 2019 Reservoir Project Agreement

A. SECOND AMENDMENT
TO 2019 RESERVOIR PROJECT AGREEMENT (SITES A2)

SECOND AMENDMENT TO 2019 RESERVOIR PROJECT AGREEMENT

BY AND AMONG
SITES PROJECT AUTHORITY

and

THE PROJECT AGREEMENT MEMBERS LISTED HEREIN

Dated as of July 1, 2020

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

WITNESSETH:

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

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

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

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

ARTICLE I

DEFINITIONS

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

ARTICLE II

AMENDMENTS TO AGREEMENT

Section 2.01. **Project Agreement Members.**

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

Section 2.02. **Work Plan.**

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

Section 2.03. **Funding.**

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

PROJECT AGREEMENT MEMBER PARTICIPATION

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

ARTICLE IV

MISCELLANEOUS

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

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

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

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

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

Dated: _____

SITES PROJECT AUTHORITY

By: _____

Name:

Title:

[PROJECT AGREEMENT MEMBER]

Dated: _____

(Authority & Project Agreement Member)

By: Santa Clara Valley Water District _____

Name: Rick L. Callender, Esq.

Title: Chief Executive Officer

PARTICIPATION AMOUNT

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

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

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

EXHIBIT A

PROJECT AGREEMENT MEMBERS

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

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

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

EXHIBIT B
AMENDMENT 2 WORK PLAN

Exhibit B
Reservoir Committee
2020 and 2021 Work Plan

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

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

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

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

Reservoir Committee Work Plan Summary

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

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

Amendment 2 Budget by Month (\$000s)

Reservoir Committee Work Plan Summary

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

B. 2019 RESERVOIR PROJECT AGREEMENT

SITES PROJECT AUTHORITY

2019 RESERVOIR PROJECT AGREEMENT

DATED AS OF APRIL 1, 2019

BY AND AMONG

SITES PROJECT AUTHORITY

AND

THE PROJECT AGREEMENT MEMBERS LISTED HEREIN

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

RECITALS

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

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

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

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

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

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

G. The Authority and the Project Agreement Members acknowledge that the approval and execution of this Project Agreement does not commit the Authority, the Project Agreement Members or any other party to any definite course of action regarding the Sites Reservoir Project. As

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

AGREEMENT

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

Section 1 Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 2 **Purpose**

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

Section 3 **Reservoir Project Committee**

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 4 Funding

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

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

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

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

Section 5 Participation Percentages

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

Section 6 Future Development of the Sites Reservoir Project

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

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

Agreement Member or other eligible entity that commits to purchase a Sites Reservoir Project water supply to transfer water that the entity may not need from time to time on terms and conditions acceptable to the such Project Agreement Member.

Section 7 Indemnity and Contribution

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

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

Section 8 Term

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

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

Section 9 Withdrawal From Further Participation

To withdraw from this Project Agreement, a Project Agreement Member shall give the Authority and other Project Agreement Members written notice of such withdrawal not less than 30 days prior to the withdrawal date. As of the withdrawal date, all rights of participation in this Project Agreement shall cease for the withdrawing Project Agreement Member. The financial obligation as prescribed in the Bylaws' Section 5.11 in effect on the withdrawal date, shall consist of the withdrawing Member's share of the following costs: (a) payment of its share of all non-contract costs incurred prior to the date of the written notice of withdrawal, and (b) those contract costs associated with funds approved in either contract amendments or task orders that were approved

prior to the date of the written notice of withdrawal for which the contractor's work extends beyond the withdrawal date. However, a withdrawing member shall have no liability for any change order or extensions of any contractor's work that the remaining Project Agreement Members agree to after the withdrawing Member provides written notice of withdrawal. Withdrawal from this Project Agreement shall not be considered a Material Change Item and shall not be subject to the Dispute Resolution process provided for in Section 13.3 of the Bylaws.

Section 10 Admission of New Project Agreement Members

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

Section 11 Amendments

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

Section 12 Assignment; Binding on Successors

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

Section 13 Counterparts

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

Section 14 Merger of Prior Agreements

This Project Agreement and the exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understanding between the parties

relating to the subject matter hereof. This Project Agreement is intended to implement, and should be interpreted consistent with, the Joint Powers Agreement.

Section 15 Severability

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

Section 16 Choice of Law

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

Section 17 Notices

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

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

Dated: 3/25/2019

SITES PROJECT AUTHORITY

By: [Signature]
Name: JC Watson
Title: General Manager

[PROJECT AGREEMENT MEMBER]

Dated: _____

City of American Canyon

(Authority & Project Agreement Member)

4,000 AF

By: Jason Ho City Manager
Name: [Signature]
Title: _____
2/11/19

Dated: 3/1/19

ANTELOPE VALLEY - EAST KERN WATER AGENCY

(Authority & Project Agreement Member)

500 AF

By: [Signature] For
Name: DWAYNE CHISAM
Title: GENERAL MANAGER

[PROJECT AGREEMENT MEMBER]

Dated 2/27/2019

CARTER MUTUAL WATER COMPANY

(Authority & Project Agreement Member)

300 AF

By: [Signature]
Name: _____
Title: BENJAMIN F. CARTER
MANAGER

Dated: 02.13.2019

COACHELLA VALLEY WATER DISTRICT

(Authority & Project Agreement Member)

10,000 AF

By: [Signature]
Name: J. M. Barrett
Title: General Manager

Dated: 2/19/19

Colusa County

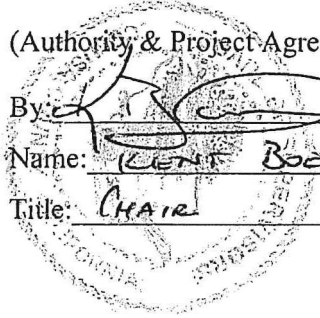
10,000 AF

(Authority & Project Agreement Member)

By: [Signature]

Name: KENT BOES

Title: CHAIR



ATTEST: Wendy G. Tyler, Clerk to the Board of Supervisors

By: [Signature]
Patricia Rodriguez, Deputy Clerk

APPROVE AS TO FORM

[Signature]
Marcos Kropf, County Counsel

Dated: 2/25/19

[PROJECT AGREEMENT MEMBER]

[Signature]

(Authority & Project Agreement Member)

11,975 AF

By: [Signature]
Name: Colusa County Water District
Title: General Manager

Dated: 02/05/19

(Authority & Project Agreement Member) Desert Water Agency

6,500 AF

By: [Signature]
Name: Mark S. Krause
Title: General Manager-Chief Engineer

Dated: 1/25/19

GLENN COLUSA IRRIGATION DISTRICT

Donald R. Braustford

(Authority & Project Agreement Member)

By: Donald R. Braustford Name:

5,000 AF

Title: President - Glenn-Colusa Irrigation District

Dated: 3/10/19

Metropolitan Water District of Southern California

(Authority & Project Agreement Member)

By: Jeffrey Kightlinger
Name: Jeffrey Kightlinger
Title: General Manager

50,000 AF

Dated: 15 FEB 2019

RD-108

(Authority & Project Agreement Member)

By: William Vanderwaal
Name: WILLIAM VANDERWAAL
Title: DEPUTY MANAGER, RD-108

4,000 AF

Dated: 1/28/19

[PROJECT AGREEMENT MEMBER]

San Bernardino Valley Municipal Water District

(Authority & Project Agreement Member)

By: Douglas D. Headrick
Name: Douglas D. Headrick
Title: General Manager

21,400 AF

[PROJECT AGREEMENT MEMBER]

Dated: 2-27-19

San Geronimo Pass Water Agency

(Authority & Project Agreement Member)

14,000 AF

By: [Signature]
Name: JEFF DAVIS
Title: GENERAL Manager

Dated: 2/14/19

Santa Clarita Valley Water Agency

(Authority & Project Agreement Member)

5,000 AF

By: [Signature]
Name: Matthew G. Stone
Title: General Manager

Dated: February 26, 2019

SANTA CLARA VALLEY WATER DISTRICT

(Authority & Project Agreement Member)

16,000 AF

By: [Signature]
Name: Norma J. Camacho
Title: Chief Executive Officer

Dated: 3/7/2019

CORTINA Water District

(Authority & Project Agreement Member)

450 AF

By: [Signature]
Name: JAMES PETERSON
Title: VICE PRESIDENT

[Signature]
Charles Grinnon
President CWI

Dated: 2/13/19

Davis Water District

(Authority & Project Agreement Member)

By: [Signature]

Name: Thomas Charter

Title: Vice-President

2,000 AF

[PROJECT AGREEMENT MEMBER]

Dated: 15 FEB 2019

Dunnigan WD

(Authority & Project Agreement Member)

By: [Signature]

Name: WILLIAM VANDERWAAL

Title: MANAGER - DWD

2717 AF

Dated: 03-21-19

(Authority & Project Agreement Member)

By: LaGrande Water District by [Signature]

Name:

Title:

1,000 AF

Dated: 2-25-2019

Westside Water District

(Authority & Project Agreement Member)

By: [Signature]

Name: Doug Parker

Title: Board President


15,000 AF

Dated: February 13, 2019

WHEELER RIDGE-MARICOPA WATER STORAGE DISTRICT


3,050 AF

By: 
Name: George R. Cappello
Title: President

By: 
Name: Jose B. Marin
Title: Secretary

ZONE 7 WATER AGENCY

Dated: 1/30/19



(Authority & Project Agreement Member)

10,000 AF

By: _____
Name: _____
Title: _____

EXHIBIT A

PROJECT AGREEMENT MEMBERS

Participant	Participation (Annualized Acre-Foot)		
	Estimated Deliveries	Water Supply Pct	Weighted Voting Pct
American Canyon, City of	4,000	2.1%	3.42 %
Antelope Valley-East Kern WA	500	0.3%	2.51 %
Carter MWC ‡	300	0.2%	2.46 %
Coachella Valley WD	10,000	5.2%	4.97 %
Colusa County	10,000	5.2%	4.97 %
Colusa County WD	11,975	6.2%	5.49 %
Desert WA	6,500	3.4%	4.06 %
Glenn-Colusa ID	5,000	2.6%	3.68 %
Metropolitan WD of S. CA	50,000	25.9%	15.34 %
Reclamation District 108	4,000	2.1%	3.42 %
San Bernardino Municipal WD	21,400	11.1%	7.93 %
San Geronio Pass WA	14,000	7.3%	6.01 %
Santa Clara Valley WD	16,000	8.3%	6.53 %
Santa Clarita Valley WA	5,000	2.6%	3.67 %
TC4: Cortina WD	450	0.2%	2.50 %
TC4: Davis WD	2,000	1.0%	2.90 %
TC4: Dunnigan WD	2,717	1.4%	3.09 %
TC4: LaGrande WD	1,000	0.5%	2.64 %
Westside WD	15,000	7.8%	6.27 %
Wheeler Ridge-Maricopa WSD	3,050	1.6%	3.17 %
Zone 7 WA	10,000	5.2%	4.97 %
Total:	192,892	100.0 %	100.00 %

Participation Percentages exclude State of California’s and United States Bureau of Reclamation’s participation in the Sites Reservoir Project.

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

EXHIBIT B
2019 WORK PLAN

2018 November 16 Reservoir Committee Meeting - Attachment A - Agenda Item 3-3

Category	(Multiple Items)
Action	(Multiple Items)
Funding Source	(Multiple Items)
Work Manager	(All)
Priority	(All)

Report: Reservoir Committee 2019 Work Plan & Budget
Report Date: 2018 Nov 12

Expense (-) or Revenue (+)	Cost Center	Task	Resource	Reprioritize	Approved Budget
				Currently Approved Budget	Authority= 12 mon Res. Comm= 9 mon
				Sum of Total End of Phase 1	Sum of Total 2019
Expense	C.R. Policy			\$ -	\$ (2,067,094)
	Engagement			\$ -	\$ (135,000)
	Operations	Contingency		\$ -	\$ -
		Env Interests		\$ (44,936)	\$ (120,552)
		Exchange		\$ -	\$ (75,550)
		Modeling		\$ (325,000)	\$ (998,480)
		Op POA		\$ (59,488)	\$ (61,040)
		Staff+		\$ (69,705)	\$ (417,555)
		Storage		\$ (17,824)	\$ (136,300)
		Water Rights		\$ (29,712)	\$ (204,264)
		Water Rights+		\$ (29,712)	\$ (119,892)
	Operations Total			\$ (576,377)	\$ (2,133,633)
	Power	Grid Interconn+		\$ -	\$ (1,097,880)
		H2oPower+		\$ -	\$ (668,453)
		Staff Aug+		\$ -	\$ (632,880)
		Staff+		\$ -	\$ -
	Power Total			\$ -	\$ (2,399,213)
	Res. Comm. O	Advisory		\$ (43,200)	\$ (82,565)
		Office		\$ -	\$ (133,100)
		Participation		\$ (109,800)	\$ (210,600)
		PROCURE		\$ -	\$ (80,240)
		PROCURE-2		\$ -	\$ -
		Rebalance		\$ (8,400)	\$ (134,070)
		Staff		\$ (6,000)	\$ (1,739,573)
		Staff Aug		\$ -	\$ (4,237,495)
		Staff Aug+		\$ -	\$ (225,990)
		Staff+		\$ -	\$ -
		Support		\$ (26,925)	\$ (107,678)
		Technology		\$ (3,330)	\$ (13,280)
		USDA-1		\$ (10,000)	\$ (10,800)
		WSIP-1		\$ (51,440)	\$ (81,960)
	Res. Comm. OH Total			\$ (259,095)	\$ (7,057,351)
	Water	Dam Design		\$ -	\$ (8,776,500)
		Economics+		\$ -	\$ (329,880)
		EIR-EIS		\$ (165,000)	\$ (2,371,767)
		Field Studies		\$ (200,000)	\$ (887,876)
		Field Surveys		\$ -	\$ (91,980)
		Permit Coord		\$ (590,000)	\$ (8,095,900)
		Rights of Entry		\$ (306,000)	\$ (600,119)
	Water Total			\$ (1,261,000)	\$ (21,154,022)
Expense Total				\$ (2,096,472)	\$ (34,946,312)

Summary - Page 1 of 2

				Reprioritize Currently Approved Budget	Approved Budget Authority= 12 mon Res. Comm= 9 mon
Expense (-) or Revenue (+)	Cost Center	Task	Resource	Sum of Total End of Phase 1	Sum of Total 2019
Revenue	Conversion			\$ -	\$ 2,067,094
	WIIN			\$ -	\$ 8,776,500
	WSIP			\$ 821,603	\$ 10,077,760
	Res. Comm.			\$ -	\$ 14,044,440
Revenue Total				\$ 821,603	\$ 34,965,795
Grand Total				\$ (1,274,870)	\$ 19,482

Summary - Page 2 of 2

NOTE: 2019 budget, which is applicable to this Agreement, was approved by the Reservoir Committee at their November 16, 2018 meeting with the Reservoir Committee's share of expenses listed on page B-1.

EXHIBIT C
NOTIFICATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

C. FIRST AMENDMENT
TO 2019 RESERVOIR PROJECT AGREEMENT

FIRST AMENDMENT TO 2019 RESERVOIR PROJECT AGREEMENT

BY AND AMONG
SITES PROJECT AUTHORITY

and

THE PROJECT AGREEMENT MEMBERS LISTED HEREIN

Dated as of January 1, 2020

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

WITNESSETH:

WHEREAS, Authority and the Project Agreement Members have determined to extend the term of the Original Agreement to June 30, 2020; and

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

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

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

ARTICLE I

DEFINITIONS

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

ARTICLE II

AMENDMENTS TO 2019 ORIGINAL AGREEMENT

Section 2.01. **Amendments to Section 8(b) of the Original Agreement.**

(a) The reference in Section 8(b) of the Original Agreement to December 31, 2019 shall be changed to June 30, 2020. In the event that this First Amendment is not approved by Project Agreement Members with the requisite percentage of the total weighted vote as set forth in the Original Agreement by December 31, 2019, the Original Agreement shall be revived immediately upon approval by such requisite percentage, without any additional approval of the Project Agreement Members, and this First Amendment shall become effective.

ARTICLE III

MISCELLANEOUS

Section 3.01. **Effectiveness of Original Agreement.** Except as expressly amended by this First Amendment, the Original Agreement is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof. The amendments set forth in this First Amendment shall be incorporated as part of the Original Agreement upon their effectiveness in accordance with Section 11 of the Original Agreement.

Section 3.02. **Execution in Several Counterparts.** This First Amendment may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Project Agreement Members shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 3.03. **Laws Governing First Amendment.** The effect and meaning of this First Amendment and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State.

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

Dated: May 13, 2020

SITES PROJECT AUTHORITY

By: _____
Name: Jos C. Wata
Title: _____

Dated: 1/9/20
[PROJECT AGREEMENT MEMBER]
Santa Clarita Valley Water Agency
(Authority & Project Agreement Member)
By: Matthew Stone
Name: Matthew G. Stone
Title: General Manger, Santa Clarita Valley Water Agency

Dated: 12-17-2019
[PROJECT AGREEMENT MEMBER]
Westside Water District
(Authority & Project Agreement Member)
By: Douglas Parker
Name: Douglas Parker
Title: President of Board of Directors

Dated: 12/17/19
[PROJECT AGREEMENT MEMBER]
DESERT WATER AGENCY
(Authority & Project Agreement Member)
By: Mark S. Krause
Name: Mark S. Krause
Title: General Manager-Chief Engineer

Dated: 12/19/19
[PROJECT AGREEMENT MEMBER]
Davis Water District
(Authority & Project Agreement Member)
By: Thomas E. Charter
Name: Thomas E. Charter
Title: Vice-President

Dated: 11 DEC 2019
[PROJECT AGREEMENT MEMBER]
DUNNIGAN WATER DISTRICT
(Authority & Project Agreement Member)
By: WR VANDERWAAL
Name: WR VANDERWAAL
Title: MANAGER

Dated: _____
[PROJECT AGREEMENT MEMBER]
GLIMP - COWSA I.P.
(Authority & Project Agreement Member)
By: THADDEUS L. BETNER
Name: THADDEUS L. BETNER
Title: General Manager, Secretary

Dated: 3/3/20
[PROJECT AGREEMENT MEMBER]
HERNANDON WATER DISTRICT
(Authority & Project Agreement Member)
By: GENERAL MANAGER
Name: _____
Title: GENERAL MANAGER

Dated: 19 Dec 2019
[PROJECT AGREEMENT MEMBER]
RECLAMATION DISTRICT No. 108
(Authority & Project Agreement Member)
By: WILLIAM VANDERWAAL
Name: WILLIAM VANDERWAAL
Title: DEPUTY MANAGER

Dated: 12/17/19
San Bernardino Valley Municipal Water District
By: Douglas D. Headrick
Name: Douglas D. Headrick
Title: General Manager

Dated: 12-6-19
[PROJECT AGREEMENT MEMBER]
San Geronimo Pass Water Agency
(Authority & Project Agreement Member)
By: Jeff Davis
Name: Jeff Davis
Title: General Mgr

Dated: 12/27/19
SANTA CLARA VALLEY WATER DISTRICT
By: Rick L. Callender
Name: Rick L. Callender
Title: Chief of External Affairs - External Affairs Division
Acting for Norma J. Camacho
Chief Executive Officer

Dated: December 11, 2019
[PROJECT AGREEMENT MEMBER]
WHEELER RIDGE-MARICOPA WATER STORAGE DISTRICT
(Authority & Project Agreement Member)
By: Dennis Atkinson
Name: Dennis Atkinson
Title: President

Dated: 4/19/2020
[PROJECT AGREEMENT MEMBER]
CASTER MUTUAL WATER COMPANY
(Authority & Project Agreement Member)
By: Dominic
Name: _____
Title: _____

Dated: 12/23/19
[PROJECT AGREEMENT MEMBER]
SITES PROJECT AUTHORITY
(Authority & Project Agreement Member)
By: Jason Holbey
Name: Jason Holbey
Title: City Manager

Dated: 01.15.2020

COACHELLA VALLEY WATER DISTRICT

Dated: 12/31/19

(Authority & Project Agreement Member)

By: [Signature]
Name: J.M. BARRETT
Title: GENERAL MANAGER

COLUSA COUNTY WATER DISTRICT

By: [Signature]
Name: Shelly Murphy
Title: General manager

Dated: 12/17/19

COUNTY OF COLUSA

Dated: 1/15/20

(Authority & Project Agreement Member)

By: [Signature]
Name: Ken S. Boes
Title: Chairman

Zone 7 Water Agency

(Authority & Project Agreement Member)

By: [Signature]
Name: Valerie Pryor
Title: General Manager

ATTEST: Wendy G. Tyler, Clerk to the Board of Supervisors

by [Signature]
Melissa Kitts, Deputy

Project Participation Summary

Participant	Phase 2 (2019) Participation Request (AF) – larger project no longer pursued	Amendment 2 Staff Recommended Participation Request (AF) ¹	Approval Status as of October 16, 2020 ¹	Variance (AF)	New Participation Intrest (AF) ¹	Estimated Cost Share of Total Project ²
American Canyon, City of	4,000	4,000	Approved	0		1.6%
Antelope Valley-East Kern WA	500	500	Approved	0		0.2%
Carter MWC	300	300	Approved	0		0.1%
Coachella Valley WD	10,000	10,000	Approved	0		4.1%
Colusa County	10,000	10,000	Approved	0		4.1%
Colusa County WD	11,975	10,073	Approved	-1,902		4.1%
Desert WA	6,500	6,500	Approved	0		2.7%
Glenn-Colusa ID	5,000	5,000	Approved	0		2.1%
Metropolitain WD of S. CA	50,000	50,000	Approved	0		20.6%
Reclamation District 108	4,000	4,000	Approved	0		1.6%
San Benardino Municipal WD	21,400	21,400	Approved	0		8.8%
San Gorgonio Pass WA	14,000	14,000	Approved	0		5.8%
Santa Clara Valley WD	16,000	?	---	?		?
Santa Clarita Valley WA	5,000	5,000	Approved	0		2.1%
TC4: Cortina WD	450	450	Approved	0		0.2%
TC4: Davis WD	2,000	2,000	Approved	0		0.8%
TC4: Dunnigan WD	2,717	2,947	Approved	230		1.2%
TC4:LaGrande WD	1,000	1,000	Approved	0		0.4%
Westside WD	15,000	4,175	Approved	-10,825		1.7%
Wheeler Ridge-Marcopa WSD	3,050	3,050	Approved	0		1.3%
Zone 7 WA	10,000	10,000	Approved	0		4.1%
Irvine Ranch Water District	0	0	---	0	1,000	---
Rio Bravo Rosedale WD	0	0	----	0	500	---
TOTAL	192,892	164,395		-12,497	1,500	67.7%

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



Valley Water

SANTA CLARA VALLEY WATER DISTRICT

NON-AGENDA

September 18, 2020

Board Policy EL-7 Communication and Support to the Board
The BAOs shall inform and support the Board in its work.

Page	<u>CEO BULLETIN & NEWSLETTERS</u>
3	REVISED CEO Bulletin: Weeks of August 28 – September 10, 2020
7	September 1, 2020 Water Tracker
	<u>BOARD MEMBER REQUESTS & INFORMATIONAL ITEMS</u>
10	BMR/IBMR Weekly Reports: 09/17/20
12	Memo from Rick Callender, CEO, to the Board of Directors, dated 8/28/20, regarding Fiscal Year 2019-2020 (FY20) Quarter 4 (Q4) Quarterly Ends Policy Outcome Measure Status Report.
17	Memo from Garth Hall, Interim COO, Water Utility, to the Board of Directors, dated 9/10/20, regarding Purification Water Project Exploration Letter to the Mayor of the City of Santa Clara.
22	Memo from Darin Taylor, CFO, to the Board of Directors, dated 9/11/20, regarding Summary of Monthly Report of Investments, August 2020.
40	Memo from Vincent Gin, DOO, Water Utility, to the Board of Directors, dated 9/3/20, regarding the Sites Reservoir Project.
	<u>INCOMING BOARD CORRESPONDENCE</u>
43	Board Correspondence Weekly Report: 09/18/20
44	Email from Richard Boberg, to Chair Hsueh, dated 9/14/20, regarding Creek Restoration Project (C-20-0154).
46	Email from Judie Johnson, to the Board of Directors, dated 9/14/20, regarding Permanente Creek (C-20-0155).
47	Email from Vickie Hoy, to Director Keegan, dated 9/14/20, regarding Homeless Activity along Saratoga Creek (C-20-0156).
	<u>OUTGOING BOARD CORRESPONDENCE</u>
51	Email from Director Keegan, to Ernie Chavez, dated 9/15/20, regarding Homeless Activity along Saratoga Creek (C-20-0150).

Board correspondence has been removed from the online posting of the Non-Agenda to protect personal contact information. Lengthy reports/attachments may also be removed due to file size limitations. Copies of board correspondence and/or reports/attachments are available by submitting a public records request to publicrecords@valleywater.org.

TO: Board of Directors

FROM: Vincent Gin

SUBJECT: Sites Reservoir Project

DATE: September 3, 2020

On August 21, 2020 the Board's Water Storage Exploratory Committee (WSEC) received an update on the Sites Reservoir Project (Sites Project). In response to a request by the Committee, this memorandum provides additional information on the planning level project financial analysis performed in development of the preliminary estimated 100-year levelized unit cost for the project.

The Sites Project Authority requested that Valley Water make a decision by September 10 as to whether or not to continue participating in the project. After meeting with the WSEC and receiving direction to explore delaying this deadline, staff reached agreement with the Sites Project executive director to delay Valley Water's decision to October of this year.

Staff is planning to provide another update to the WSEC on the Sites Project in September to continue discussions on continued participation in the project and to further address the Committee's comments and questions. The decision regarding continued participation could be brought to the full Board during the October 13, 2020 board meeting.

Background:

In April 2020, a Sites Project Value Planning Alternatives Appraisal Report (VPAA Report) was finalized ([Attachment 1](#)). The purpose of this report was to support planning efforts to continue development of the Sites Project, inform expectations on diversion permits and water rights, and shape investor participation. Staff performed a review of the financial analysis included in VPAA Report for the recommended project alternative VP7, prepared by Montague DeRose and Associates (MDA Financial Analysis). Staff extracted information from the MDA Financial Analysis to further develop a revised analysis using Valley Water's standard financial assumptions for water infrastructure projects. Furthermore, a financial analysis was performed in terms of levelized unit cost in 2020 constant dollars. A summary of the key assumptions and results of the analysis is provided in Attachment 2.



Vincent Gin, P.E.
Deputy Operating Officer
Water Utility Enterprise

Attachment 1: [Sites Project Value Planning Alternatives Appraisal Report](#)

Attachment 2: Valley Water Financial Analysis

**SEPTEMBER 3, 2020
NON AGENDA MEMO
SITES RESERVOIR PROJECT
ATTACHMENT 2**

Attachment 2 - Valley Water Financial Analysis and Summary of Key Terms

Source: Sites Project Value Planning Alternatives Appraisal Report dated April 2020 (VPAA Report), adjusted with Valley Water 3% escalation factor (\$thousands)

1 Sources and Uses

	Amount	% of Total
Prop. 1 Funds	\$816,000	20.92%
WIIN Act Funds	\$0	0.00%
USDA Loan	\$438,729	11.25%
WIFIA Loan	\$1,100,000	28.21%
Revenue Bonds	\$1,475,000	37.82%
Equity	\$70,000	1.79%
Total Sources	\$3,899,729	100.00%
Pre-Construction	\$263,378	6.75%
Construction	\$3,373,391	86.50%
Environmental	\$109,504	2.81%
Risk Adder	\$152,744	3.92%
Miscellaneous	\$711	0.02%
Total Uses	\$3,899,729	100.00%

2 Key Financing Assumptions

	Interim	USDA	WIFIA	Bonds	TTL
Wt. Average Interest Rate	2.25%	3.88%	3.50%	5.00%	
Repayment term (yrs)	periodic	40	35	30	
Total Debt Service (with Valley Water Assumptions)	\$10,010	\$887,047	\$2,142,735	\$3,641,236	\$6,681,029
Average Annual Debt Service (with Valley Water Assumptions)	\$2,002	\$21,120	\$51,017	\$84,680	\$158,820
Discount Rate (Valley Water Assumptions)	5.50%	5.50%	5.50%	5.50%	
Inflation Rate (Valley Water Assumptions)	3.00%	3.00%	3.00%	3.00%	

3 Valley Water Assumptions (Other)

Loss of Yield During Conveyance through Delta	25.00%
O&M and Capital Escalator	3.00%

4 Valley Water Allocations (2020 Constant Dollars)

	Share of Total Project	3.20%	3.20%	6.60%	6.60%
Average Delivered Annual Yield (acre-foot)	4,700	6,100	9,600	12,400	
Average Annual Debt Service	\$2,713	\$2,713	\$5,566	\$5,566	
Average Annual O&M	\$818	\$818	\$1,678	\$1,678	
Present Value Total Debt Service	\$81,380	\$81,380	\$166,934	\$166,934	
Present Value Total Operations & Maintenance	\$23,093	\$23,093	\$47,369	\$47,369	
Present Value Total	104,473	104,473	214,303	214,303	
Levelized Unit Cost (\$/acre-foot) ¹	\$755	\$581	\$758	\$587	

Footnote:

1. The levelized unit cost of water methodology, provided by M. Cubed economic consulting group, is used by Valley Water to provide an "apples-to-apples" comparison of unit costs among projects with different scales of operation, different investment and operating time periods, or both. The levelized unit cost of water is the cost that, if assigned to every acre-foot of water produced (or saved) by the project over the operational period, will produce sufficient revenue to recover the cost of the project in present value terms. The levelized unit cost for the Sites Reservoir Project considers a 100 year operational period and is expressed in constant 2020 dollars.

Approximate Timeline for LVE and Sites Project Evaluation and Decision Points

YEAR	QUARTER	LVE MILESTONES	SITES MILESTONES
2020	Q4	<ul style="list-style-type: none"> WSEC considers project participation Board considers Amendment 2 to 2019 Cost Share Agreement Cost Share payments 1 and 2 due WSEC update on JPA 	<ul style="list-style-type: none"> WSEC considers project participation Board considers Amendment 2 to 2019 Project Agreement Cost share payment 1 due
2021	Q1	<ul style="list-style-type: none"> Cost share payment 3 due WSEC Update on Project 	<ul style="list-style-type: none"> WIIN Act Feasibility Determination Project Agreement Member Go/No-Go discussions WSEC Update on Project
	Q2	<ul style="list-style-type: none"> Board considers JPA Formation Cost share 4 due 	<ul style="list-style-type: none"> Cost share payment 2 due Draft EIR Released
	Q3	<ul style="list-style-type: none"> WSEC considers JPA interim funding agreement 	<ul style="list-style-type: none"> Project Agreement Member Go/No-Go discussions WSEC considers next Continued Funding Agreement
	Q4	<ul style="list-style-type: none"> Board considers JPA interim funding agreement for January 2022 through the release of construction bonds 	<ul style="list-style-type: none"> Board considers next Continued Funding Agreement Amendment 2 expires
2022	Q1	<ul style="list-style-type: none"> Board considers Service Agreements with JPA (provides for the terms and conditions under which the JPA will provide services) 	<ul style="list-style-type: none"> Proposition 1 Water Storage Investment Program funding validation
	Q2		
	Q3		
	Q4		

LVE Offramps:

- Withdraw from Cost Share agreement without incurring further cost
- Fail to approve JPA Agreement (early 2021)
- Fail to approve Interim Funding (late 2021)
- Fail to approve Service Agreement with JPA (early 2022)
- An agency may withdraw if Engineer's estimate is too expensive or bids exceed the estimate by 20% after the meet and confer process with 60 days notice (time TBD)
- If two or more members withdraw, any other member may withdraw with 60 days notice
- An agency may withdraw if unacceptable permit conditions are attached to the Project with 60 days notice



Monitoring and Assessment Program 2020 Evaluation of Los Vaqueros Expansion and Sites Reservoir

Water Storage Exploratory Committee, November 9, 2020

Water Supply “Ensure Sustainability” Strategy

2



Secure

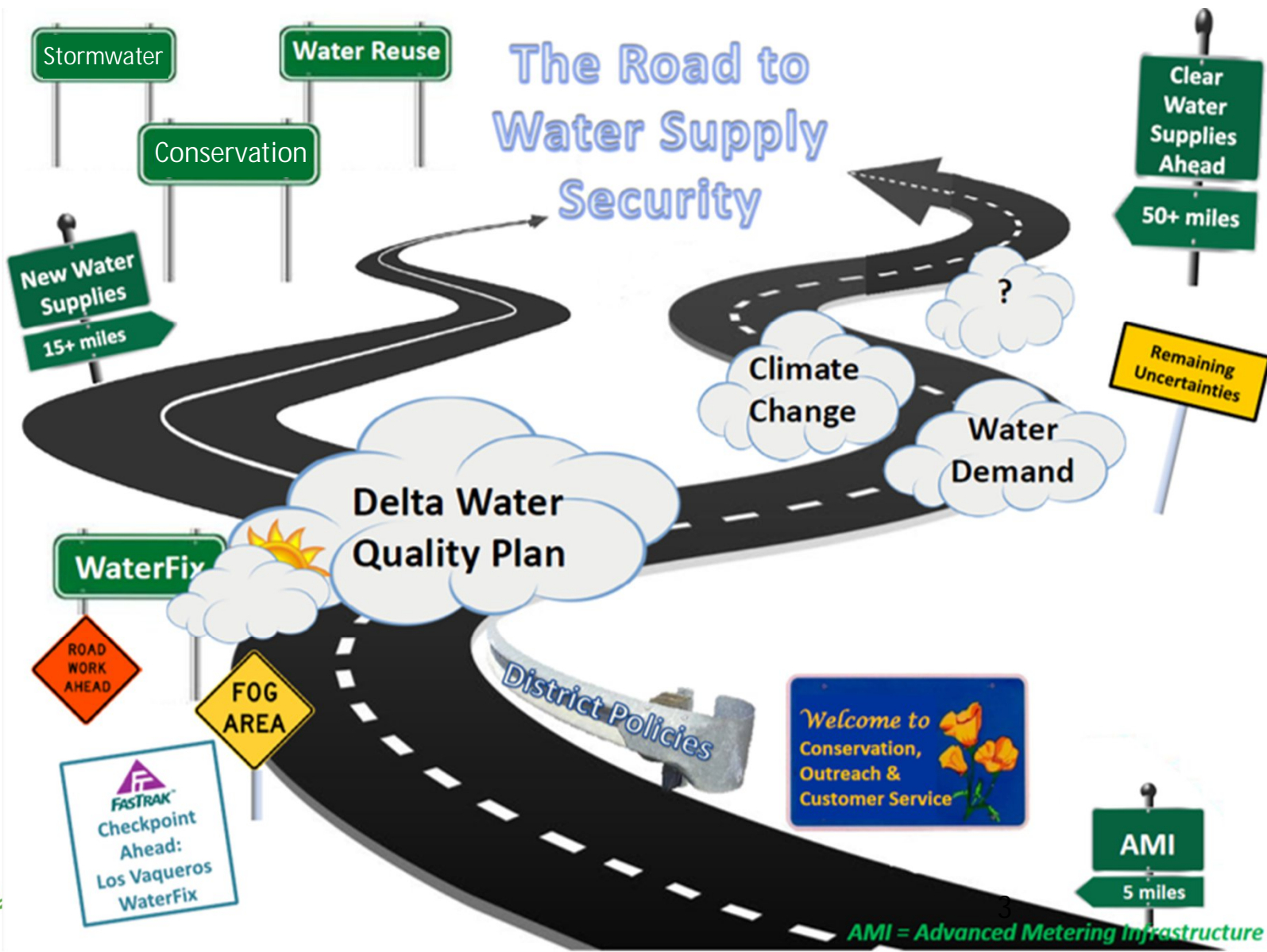
- Capital Improvement Program Projects
- Delta Conveyance Project

Expand

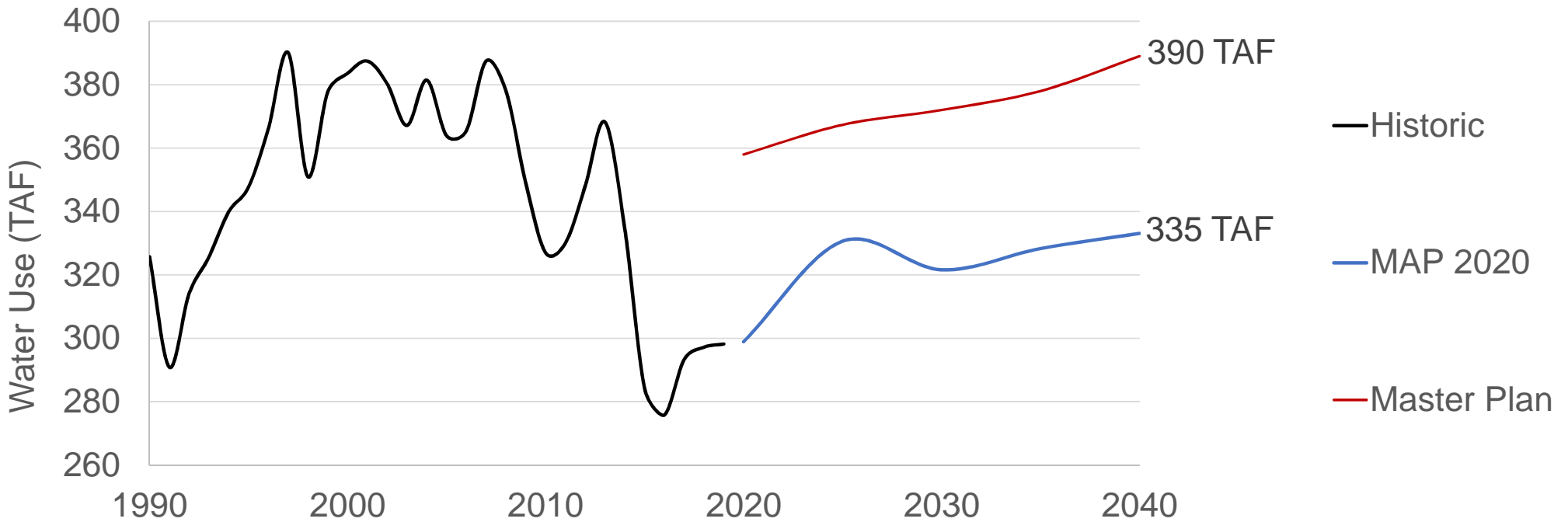
- Water Conservation
- Stormwater Capture
- Potable Reuse

Optimize

- Pacheco Reservoir Expansion
- Transfer-Bethany Pipeline
- South County Recharge

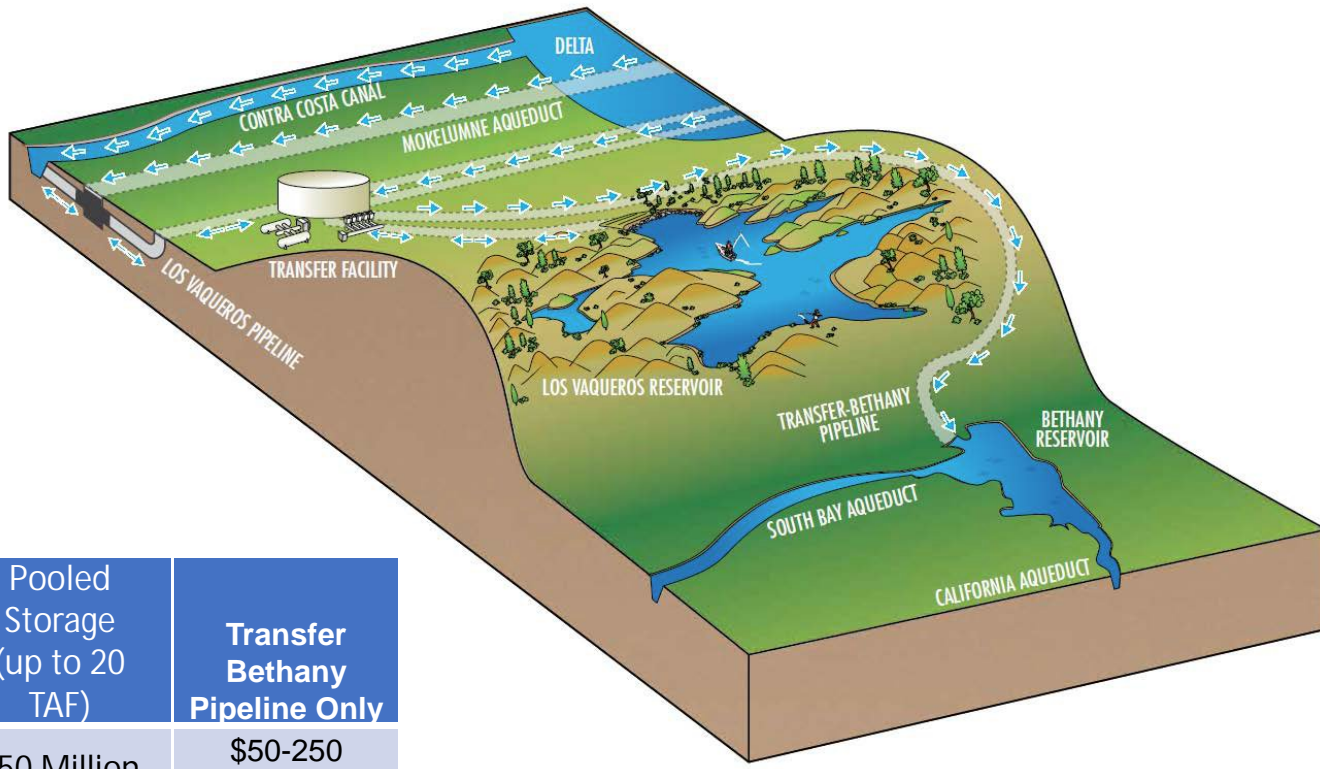


Historic and Projected Water Use (Including Water Conservation)



Project Location and Description

- Transfer-Bethany Pipeline
- Surface storage
- Access to new Delta water supplies during wet periods (Delta surplus)



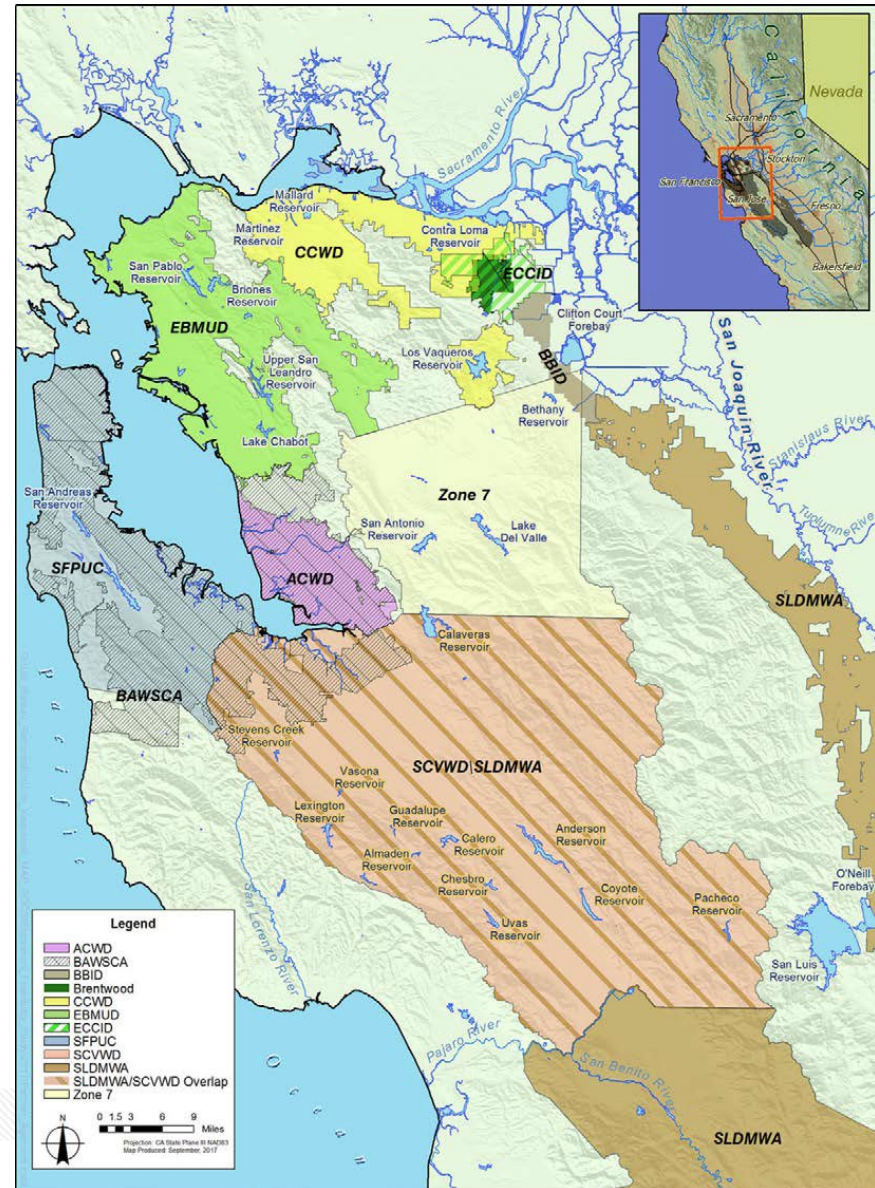
STORAGE AND CONVEYANCE	Dedicated Storage (30 TAF)	Pooled Storage (up to 20 TAF)	Transfer Bethany Pipeline Only
PV Life Cycle Cost to Valley Water (2019\$) ²	\$200 Million	\$50 Million	\$50-250 Million ¹
Average Storage Volume ³ (TAF/yr)	13	3	-
PV life cycle unit cost (\$/AF) ^{2,4}	\$1,000	\$1,300	\$700

¹Range represents participation of between 1-7% in the Transfer Bethany Pipeline



LVE Local Agency Partners (LAPs)

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



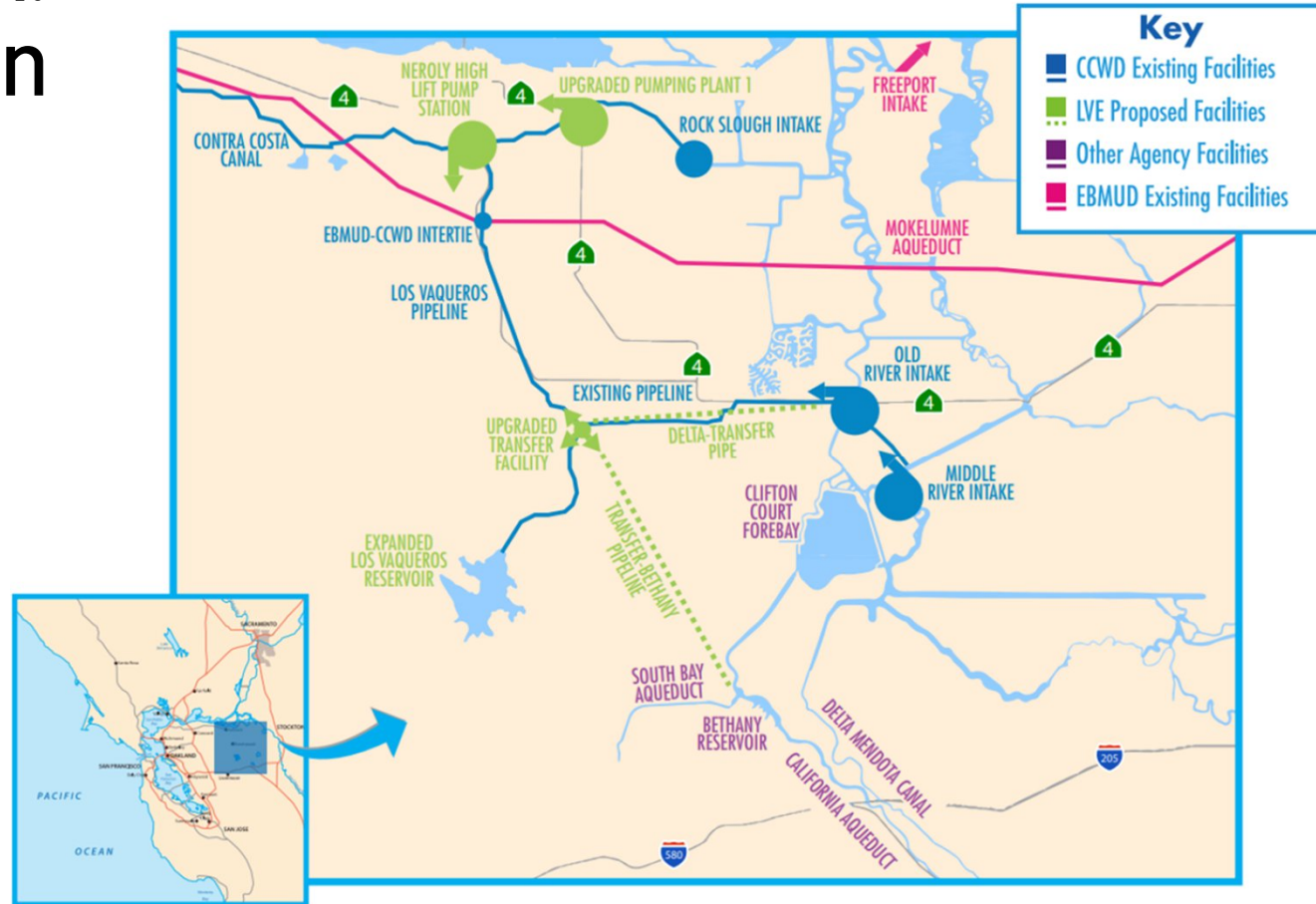
LVE Recommendation: Continue Participation

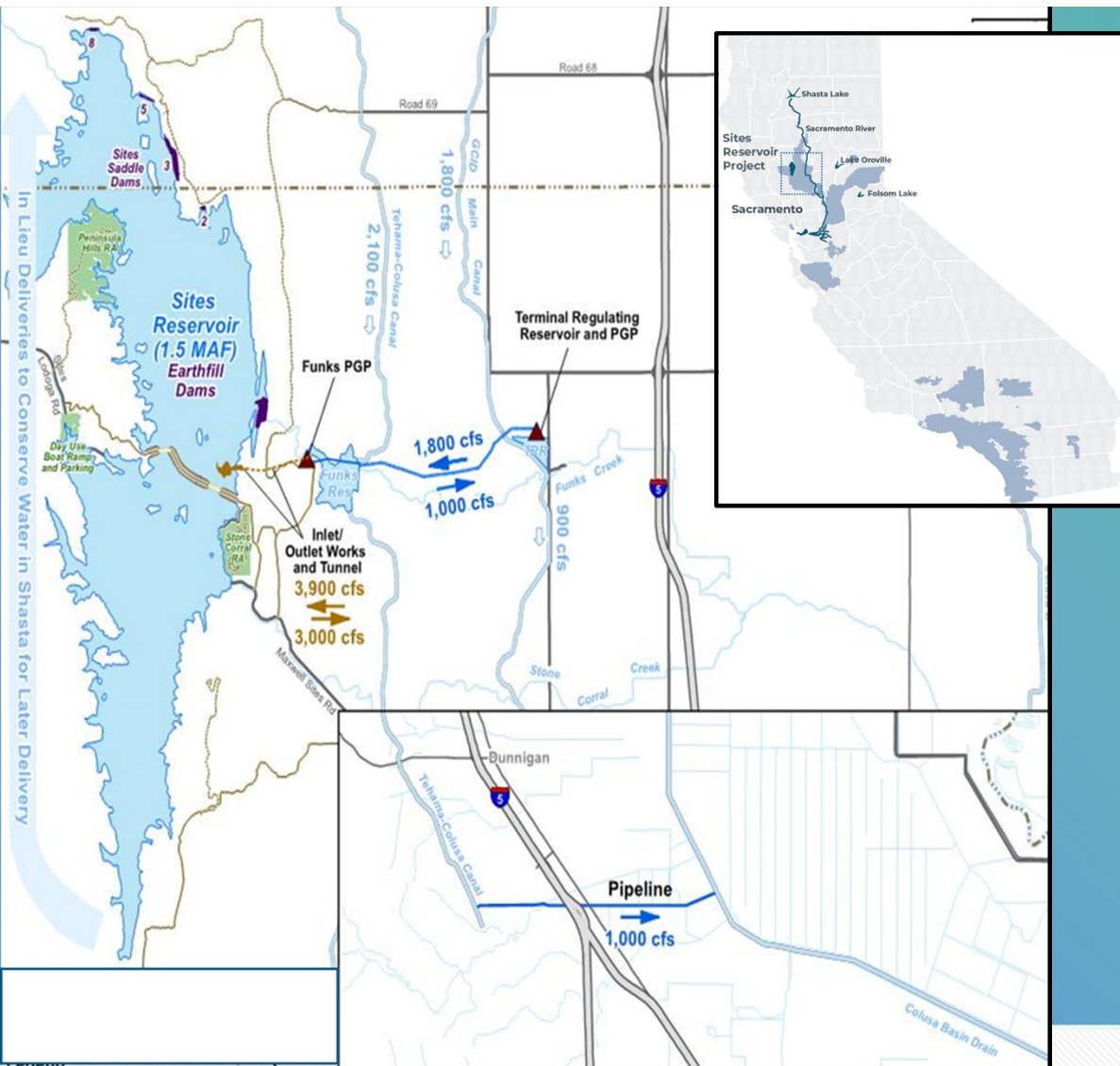
POTENTIAL TO:

- Diversify Semitropic Bank
- Provide emergency supply
- Provide operational flexibility
- Support potential regional projects

ALLOWS:

- Time to evaluate potential benefits, determine project effectiveness at supporting Valley Water needs
- Can withdrawal at any time





Sites Reservoir Project

Location: Colusa and Glenn Counties, California

- Size: 1.5 million acre-foot
- Preliminary Estimated Average Annual Yield: 240,000 acre-foot (AF)
- Preliminary Estimated Dry/Critical (Drier) Annual Yield: 330,000 AF
- Total Project Cost (2019 Dollars): [\$3 - \$3.3] Billion

Sites: Potential Benefits to Valley Water

Direct benefits:

- Long term (beyond 2040) water supply reliability
 - New water supplies
 - New storage capacity

Indirect benefits:

- Improved CVP/SWP reliability
- Access to new transfer supplies
- Potential to facilitate groundwater banking withdrawals through exchanges

Sites: Preliminary Amendment 2 Participation

Participant	Phase 2 (2019) Participation Request (AF) – larger project no longer pursued	Amendment 2 Staff Recommended Participation Request (AF) ¹	Approval Status as of October 16, 2020 ¹	Variance (AF)	New Participation Interest (AF) ¹	Estimated Cost Share of Total Project ²
American Canyon, City of	4,000	4,000	Approved	0	0	1.6%
Antelope Valley-East Kern WA	500	500	Approved	0	0	0.2%
Carter MWC	300	300	Approved	0	0	0.1%
Coachella Valley WD	10,000	10,000	Approved	0	0	4.1%
Colusa County	10,000	10,000	Approved	0	0	4.1%
Colusa County WD	11,975	10,073	Approved	-1,902	0	4.1%
Desert WA	6,500	6,500	Approved	0	0	2.7%
Glenn-Colusa ID	5,000	5,000	Approved	0	0	2.1%
Metropolitain WD of S. CA	50,000	50,000	Approved	0	0	20.6%
Reclamation District 108	4,000	4,000	Approved	0	0	1.6%
San Bernardino Municipal WD	21,400	21,400	Approved	0	0	8.8%
San Geronio Pass WA	14,000	14,000	Approved	0	0	5.8%
Santa Clara Valley WD	16,000	?	---	?	---	?
Santa Clarita Valley WA	5,000	5,000	Approved	0	0	2.1%
TC4: Cortina WD	450	450	Approved	0	0	0.2%
TC4: Davis WD	2,000	2,000	Approved	0	0	0.8%
TC4: Dunnigan WD	2,717	2,947	Approved	230	0	1.2%
TC4:LaGrande WD	1,000	1,000	Approved	0	0	0.4%
Westside WD	15,000	4,175	Approved	-10,825	0	1.7%
Wheeler Ridge-Marcopa WSD	3,050	3,050	Approved	0	0	1.3%
Zone 7 WA	10,000	10,000	Approved	0	0	4.1%
Irvine Ranch Water District	0	0	---	0	1,000	---
Rio Bravo Rosedale	0	0	---	0	500	---
TOTAL	192,892	164,395		-12,497	1,500	67.7%



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

Sites: Valley Water Participation Options

- Option 1 – Reduce but maintain significant benefits
 - Reduce requested yield from 16,000 AF to 7,800 AF
 - 3.2% overall participation level with \$780,000 funding commitment
- Option 2 – Reduce participation by half
 - Reduce requested yield 16,000 AF to 4,000 AF
 - 1.6% overall participation level with \$400,000 funding commitment
- Option 3 (RECOMMENDED) – Reduce to a minimal participation level
 - Reduce requested yield to 500 AF, insignificant benefits
 - 0.2% overall participation level with \$50,000 funding commitment
 - Maintains participation in the Sites Reservoir Project Committee
- Option 4 – Withdraw from the project
 - Withdraw completely from the project and the Sites Project Reservoir Committee.

Sites: Phase 2 Project Participation Options

Option	Valley Water							
	Target Level of Participation		Estimated Benefits (Storage and Yield)		Cost			
	Total Project (%)	Request (AF)	Average Delivered Yield (AF)	Storage Share (AF)	Total Capital Cost Fully Inflated (\$ Million)	Estimated Levelized Unit Cost-Available Supply (\$/AF)	PV Lifecycle Unit Cost-Usable Supply (\$/AF)	Funding Commitment (\$ Million)
1	3.2	7,800	4,700 to 6,100	45,000	125	\$600-\$800	\$1,100-\$1,400	0.78
2	1.6	4,000	2,400 to 3,100	23,000	64	\$600-\$800	\$1,100-\$1,400	0.40
3	0.2	500	300 to 400	2,800	8	\$600-\$800	\$1,100-\$1,400	0.05
4	0.0	0	0	0	0	-	-	0

➤ Possibility for reimbursement of funding commitment if reduce participation or withdraw later



Next Steps

- November 17, 2020: Board meeting to consider continued participation in the Los Vaqueros Expansion Project and Sites Reservoir Project

Los Vaqueros Major Milestones

- Early 2021: Board considers participation in LVE Joint Powers Authority
- Late 2021: JPA executes Service Agreements (storage and/or conveyance services) with CCWD and the LAPs and executes Facilities Usage Agreements with CCWD and EBMUD for existing facilities (i.e., establishes user fees).
- 2023-2025: Construction of Transfer-Bethany Pipeline.
- 2027-2029: Construction of Los Vaqueros dam raise, upgraded pumping facilities, and other conveyance improvements.

Sites Reservoir Major Milestones

- Early 2021: WIIN Act feasibility determination, draft EIR released
- April 1, 2021: 2nd funding payment
- Fall 2021: Consideration of new funding agreement
- Jan 1, 2022: WSIP funding validation

Staff Recommendations

- A. Receive and discuss Monitoring and Assessment Program 2020 information regarding the Los Vaqueros Reservoir Expansion Project, including the Transfer-Bethany Pipeline, and the Sites Reservoir Project.
- B. Recommend to Board, execution of Amendment 2 to the 2019 Multi-Party Agreement for Los Vaqueros Reservoir Expansion Project at a not to exceed \$1,013,661 cost share
- C. Recommend to Board, execution of Second Amendment to 2019 Reservoir Project Agreement at a 0.2% participation level – not to exceed \$50,000 cost share

QUESTIONS



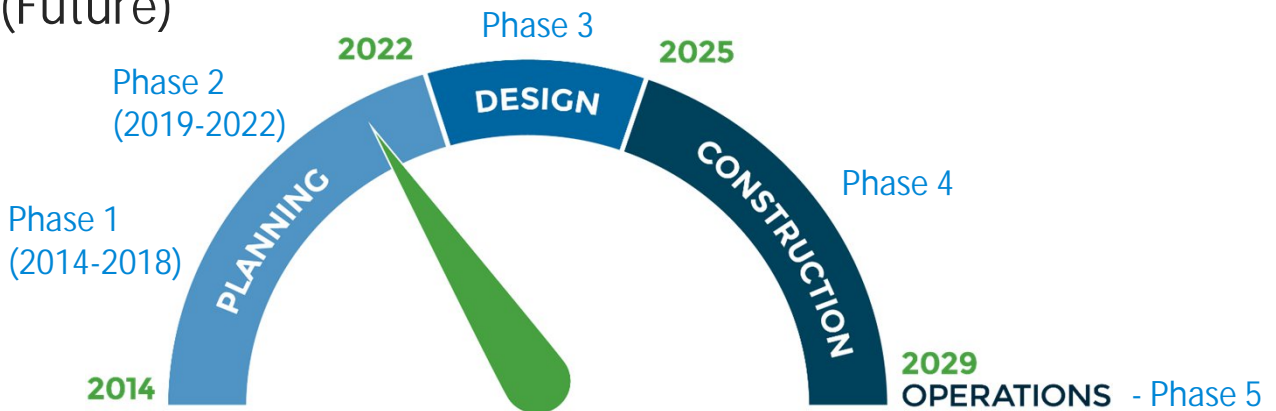


Valley Water

Clean Water • Healthy Environment • Flood Protection

Sites: Path Forward

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



Sites: Phase 2 Accomplishments (Year 1)

- ✓ Received \$6 million in WIIN Act funding (total of \$10 million)
- ✓ Named in the Governor's California Water Resilience Portfolio
- ✓ Adoption of a Storage Policy
- ✓ Reduced project size and cost:
 - 1.8 MAF → 1.5 MAF
 - \$6 billion → \$3.3 Billion

Sites: Continued Participation in Project Agreement

- Supports planning for second part of Phase 2
- Preserves priority to benefits if executed by November 2020
- Retains seat on Reservoir Committee
- Commits funding for work through December 2021
- Allows for withdrawal with 30 day notice

Major Project Risk and Challenges

Water Supply:

- Transportation across Delta
- Deliveries through South Bay Aqueduct
- Projected yield and storage capacities
- Coordinated operations with State and Federal facilities

Permitting & Construction:

- Secure water rights
- CEQA/NEPA approvals
- Environmental opposition
- Geotechnical uncertainties

Cost:

- Secure adequate participation
- Proposition 1 funding compliance
- Construction cost increases

Sites: Evaluation of Participation Options

Option	Valley Water Participation Level	Advantages	Disadvantages
1	3.2% (\$0.78 M)	<ul style="list-style-type: none"> • Lower cost than previous level • Possible partial refund • Significant benefits (8,000 AF drier year yield, 45,000 AF storage) 	<ul style="list-style-type: none"> • Less benefit than previous level • Reduced level of influence than previous level • May be difficult to increase participation at a later date
2	0.2% (\$0.05 M)	<ul style="list-style-type: none"> • Lower cost than previous level • Maintain participation in Reservoir Committee • Possible partial refund 	<ul style="list-style-type: none"> • No significant benefit reserved • Reduced level of influence • May be difficult to increase participation at a later date
3	0.0% (\$0.0M)	<ul style="list-style-type: none"> • Possible refund • No additional cost 	<ul style="list-style-type: none"> • No influence in project • No participation on Reservoir Committee • May be difficult to participate at a later date

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