



Date: July 3, 2018

To: Water Resources and Watershed Committee
Maria Gutzeit, Chair
Tom Campbell
Kathy Colley
William Cooper
Robert DiPrimio
Jerry Gladbach
Jacque McMillan

From: Steve Cole *gkc*
Assistant General Manager

The **Water Resources and Watershed Committee** is scheduled to meet on **Wednesday, July 11, 2018 at 6:00 PM at Santa Clarita Water Division** located at 26521 Summit Circle, Santa Clarita, CA 91350 in the Training Room.

MEETING AGENDA

1. Public Comments
2. Water Resources Director's Report
 - * 2.1 Devil's Den Semi-Annual Report
 - 2.2 Status of Water Banking Programs
 - 2.3 Other Staff Activities
3. * Update on Conservation Activities
4. * Recommend Approval of a Resolution Authorizing the General Manager to Execute an Agreement Forming the Joint Powers Authority for the Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA) and to Execute a Contract for SCV Water to Provide Management and Technical Services to SCV-GSA
5. * Review and Approve Principles of Agreement for a Potential Amendment to SCV Water's State Water Project Contract
6. * Committee Planning Calendar

7. Adjournment

- * Indicates attachments
- ◆ To be distributed

NOTICES:

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning (661) 297-1600, or writing to Santa Clarita Valley Water Agency at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that Agency staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the Agency to provide the requested accommodation.

Pursuant to Government Code Section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Santa Clarita Valley Water Agency, located at 27234 Bouquet Canyon Road, Santa Clarita, California 91350, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Website, accessible at <http://www.yourscvwater.com>.

Posted on July 3, 2018.



COMMITTEE MEMORANDUM

DATE: July 3, 2018
TO: Water Resources and Watershed Committee
FROM: Dirk Marks *DM*
Director of Water Resources
SUBJECT: Devil's Den Semi-Annual Report (January 2018 – June 2018)

SUMMARY AND DISCUSSION

SCV Water's Devil's Den property encompasses 8,656 acres in Kern and Kings Counties. The Devil's Den Water District is an existing entity, although its State Water Project (SWP) contract rights of 12,700 Acre-Feet have been transferred to SCV Water (as successor-in-interest to Castaic Lake Water Agency). The following is a summary of activities at Devil's Den during January 2018 through June 2018:

1. Groundwater levels are checked bi-monthly at the north end of the property to monitor the potential effects of groundwater pumping by neighboring agriculture operations. Current water levels are approximately 70 feet below ground surface elevation. This reflects a slight increase in the well level over the last six months. Typical static water levels are at approximately 60 feet.
2. The cattle herd of 450 cows and calves are grazing various sections of the property providing weed control.
3. Rolling Hills Farm (RHF) continues mechanical weed control in areas of the property where cattle are not being grazed, such as fence lines and roadsides.
4. This winter, RHF planted a grain crop of wheat and oats over about 350 acres. These crops are currently being harvested. The chaff will be bailed as hay for the cattle and the stubble will be left in the fields for cattle grazing.
5. There has been approximately 4" of rain on the property since July 2017.
6. The Department of Water Resources (DWR) is repairing leaks and repairing/replacing the DWR/Devil's Den turnout meter. The turnout is out of service at this time. Construction is anticipated to continue through 2018.
7. RHF purchased 62 acre feet (AF) of water in the month of May 2018 to finish portions of the wheat crop. DWR coordinated delivery while there was a work stoppage on the meter construction project.

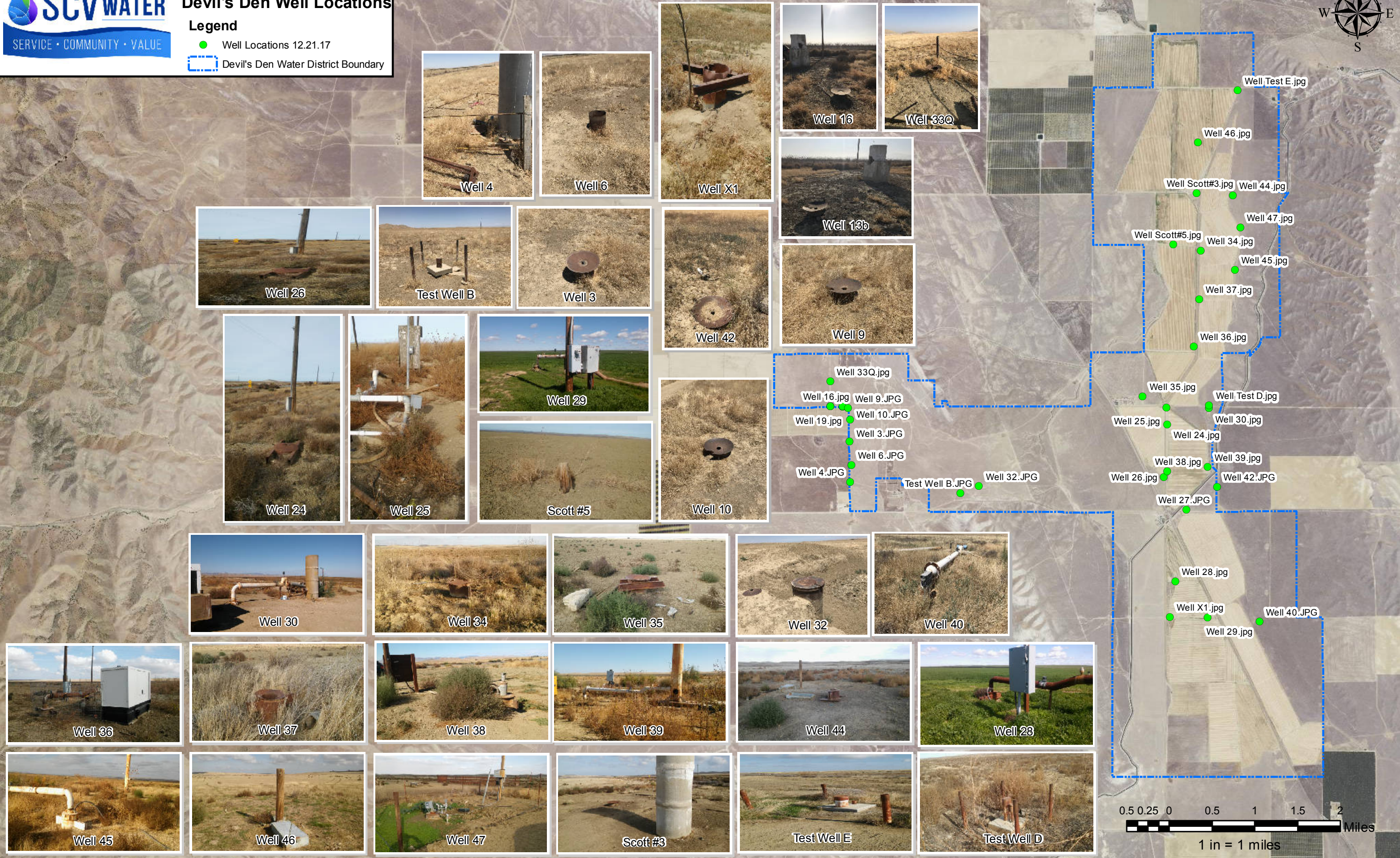
8. A leak was discovered in the distribution piping while the 62 AF of SWP water was being delivered to RHF. Repair of the leak has been coordinated with a contractor and will take place within the next month.
9. A new GIS generated graphic showing groundwater well locations with associated photos and GPS coordinates is being created and is 95% complete. All of Kings County and most of Kern County have been mapped. There are a few wells in Dagany Gap that still need to be located and mapped.
10. SunPower and SCV Water have agreed to the terms of a Memorandum of Understanding (MOU) and an Indemnification and Reimbursement Agreement under which SCV Water will consider leasing about 1,000 acres of the property for a 130 MW solar facility. SunPower continues to do preliminary investigative work. They have applied for a conditional use permit (CUP) with Kings County and have had meetings with California Department of Fish and Wildlife and the U.S. Fish and Wildlife Service to discuss results of sensitive species surveys on site. They have also conducted a Phase 1 Hazardous Materials Survey for the site.

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Devil's Den Well Locations

Legend

- Well Locations 12.21.17
- Devil's Den Water District Boundary



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COMMITTEE MEMORANDUM

DATE: July 3, 2018
TO: Water Resources and Watershed Committee
FROM: Matt Dickens *MCD*
Resource Conservation Manager
SUBJECT: Update on Conservation Activities

SUMMARY AND DISCUSSION

Conservation Team Formation

Conservation continues to make progress towards team formation and workflow integration. The Customer Service User Guide (Figure 1) is currently in development which will enable service representatives to identify current programmatic offerings and how to contact or forward customer calls to appropriate conservation staff for assistance. Training has been scheduled for August 2018 to introduce and familiarize staff and content. With that, conservation would like to welcome its two newest members to the team; Beth Christiansen (Customer Service – Valencia) and Jeanine Hancock (Finance – Santa Clarita). Beth and Jeanine accepted the Conservation Specialist I positions and will transition from their current locations to Water Resources – Regional in July 2018. Welcome to the team!

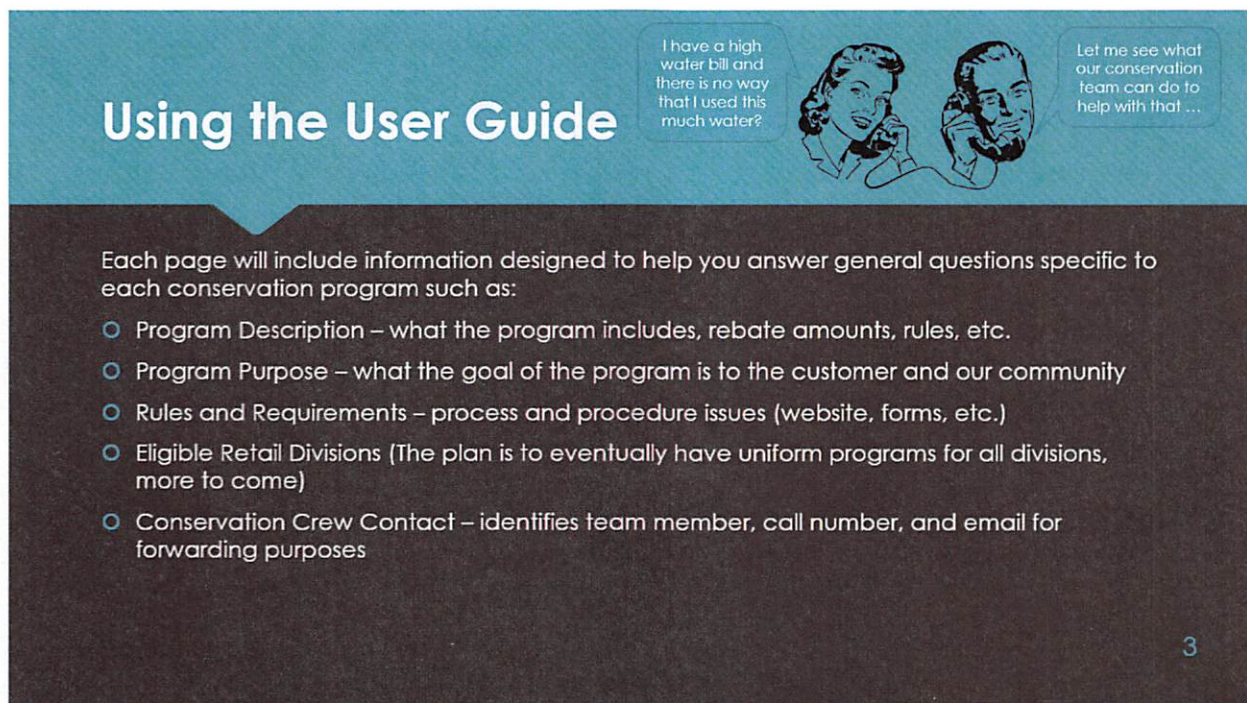


Figure 1 – Sample: Customer Service User Guide (SCV Water Conservation Department)

SWRCB Conservation Performance (Relative to 2013 Baseline)

Though drier than normal conditions contributed to increases in demand/production during the winter months, SCV Water production has settled to ~ 15% reduction following the March rains. Figure 2 provides monthly water savings in percent compared to the same month in 2013 for each retail division respectively and for SCV Water as a whole. As of April 2018, the SWRCB reported statewide conservation of 19.6%, with most water suppliers reporting water savings between 10-20%. Though SCV Water’s conservation is below the statewide reported average, valley-wide conservation remains above regional average (April 2013 South Coast Avg. = 13%).

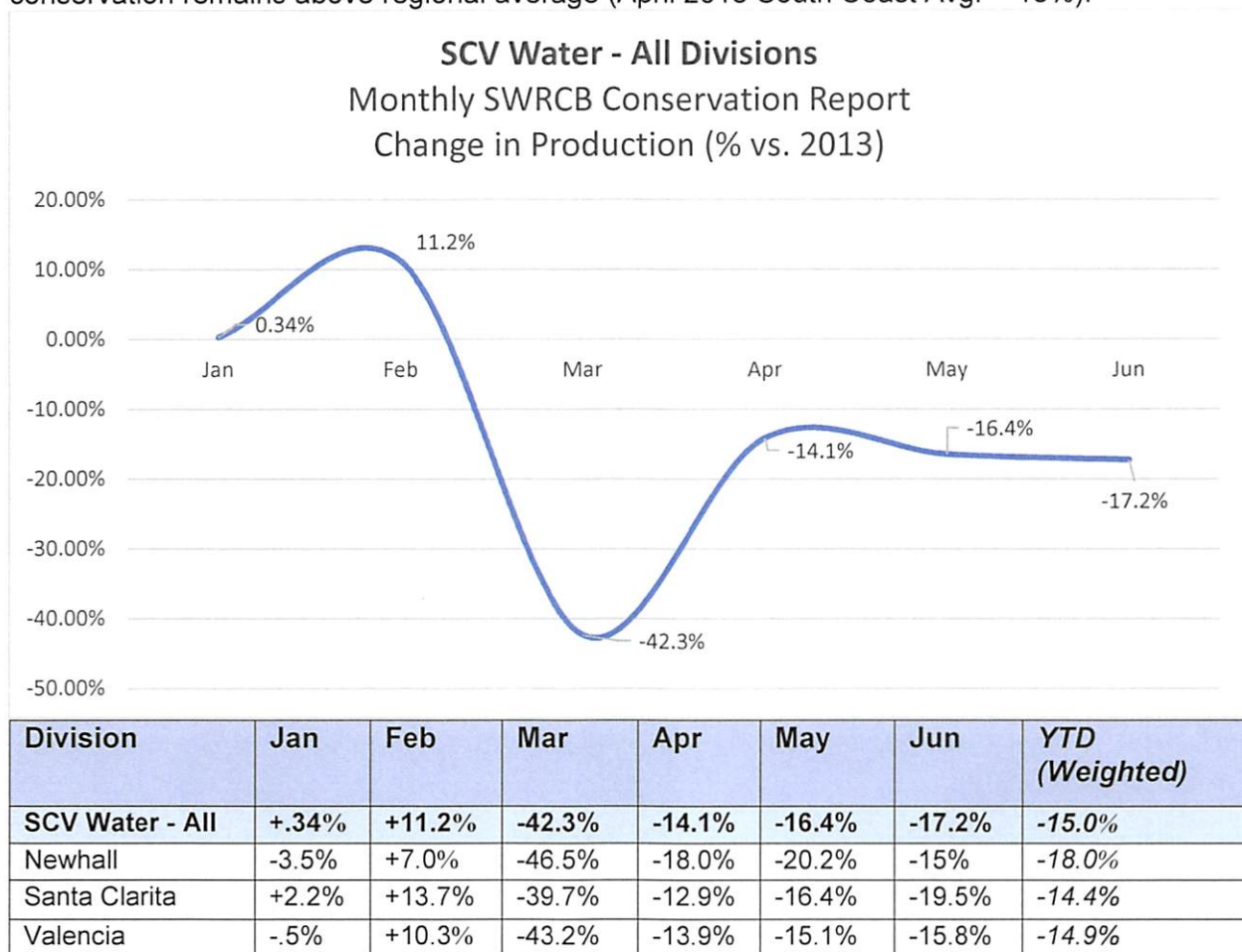


Figure 1 – SCV Water: Monthly State Water Board Conservation Reporting by Retail Division (Q3 & Q4 FY17/18)

Non-Revenue Water – Water Loss Audit and Validation (CY/FY 17/18)

In June 2018, Conservation initiated a contract with Cavanaugh and Associates, one of two firms supporting the 2017 statewide technical assistance program, to audit and validate water loss records for SCV Water (Regional, Newhall, Santa Clarita, and Valencia). The team convened to curate historical knowledge and smart practices and to develop a schedule for project completion (Figure 3). The Water Loss Audit and Validation Team includes members from all divisions and departments including Water Resources (Conservation and Planning), Operations, Customer Service, and Administration. The water loss audit and validation process will be conducted for all retail divisions and regional-wholesale purposes, though the regional-wholesale report is not required by DWR. Additionally, the team will work to develop processes and procedures that can

be used for future audits and supplemental performance information for potential water loss mitigation or corrective action. Senate Bill No. 555, approved in 2015 and implemented in 2017, requires urban water suppliers to submit validated water loss audits on or before October 1, 2017 and on or before October 1 of each year thereafter.

June	July	August	September
2018 Water Loss Audit and Validation (SCV Water)			
<ul style="list-style-type: none"> Contract Award Initial Consultant Review Team Kickoff Meeting Project Schedule 	<ul style="list-style-type: none"> Team Delegation Data Collection Complete Worksheet Initial Audit Validation 	<ul style="list-style-type: none"> Initial Review Gap Analysis Data Acquisition Update Worksheet 2nd Review 	<ul style="list-style-type: none"> Final Audit and Validation Final Approval and Signatures Document Process Submit to DWR

October 1, 2018 – Submit to DWR

Figure 3 – SCV Water: 2018 Water Loss Audit and Validation Project (Schedule and Tasks)

New Conservation/Water Use Efficiency Framework (AB 1686 and SB 606)

In May 2018, the State Legislature passed and the Governor signed AB 1686 and SB 606 (framework) into law. The framework calls for continued conservation following the conclusion of the current SBx7-7 20% reduction by 2020 requirements. Figure 4 below provides a timeline of the key provisions proscribed in the framework including, but not limited to:

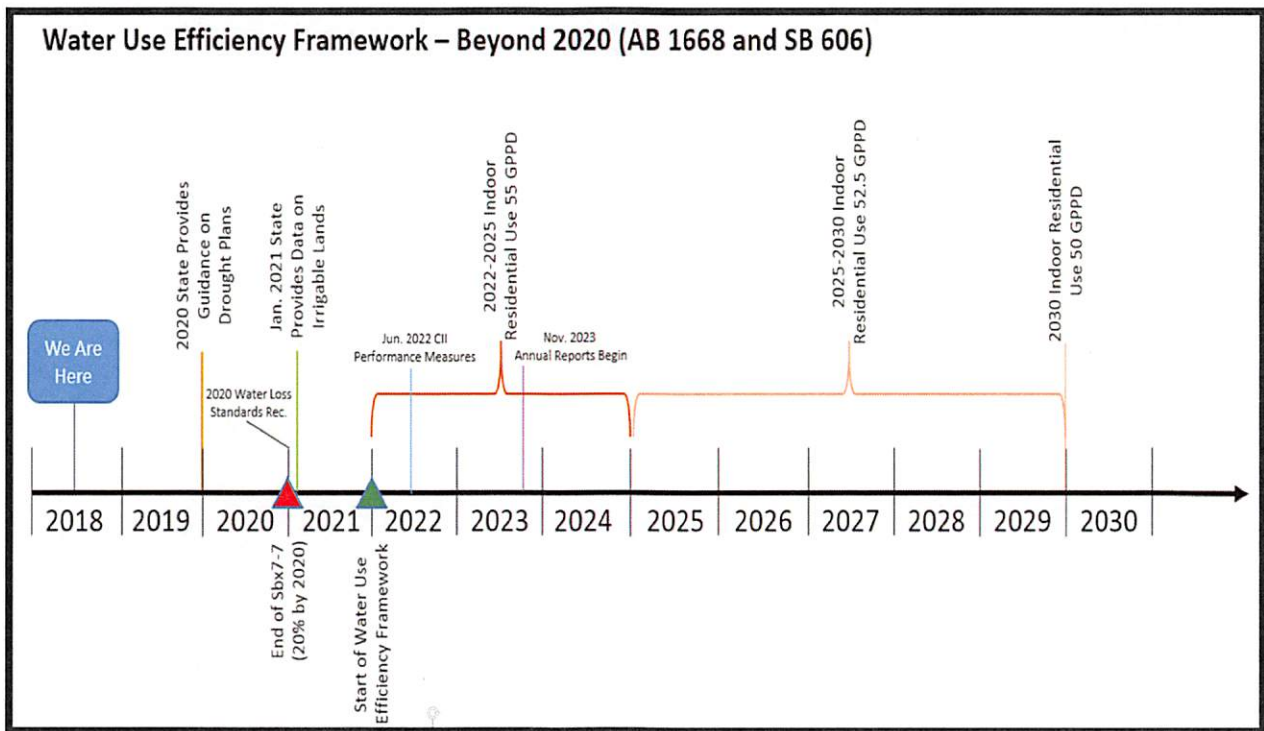


Figure 4 – Water Use Efficiency Framework: Beyond 2020 Timeline (AB 1686 and SB 606)

- Development of the “Urban Water Use Objective”
 - Calculated annually and compared to actual water use and includes
 - Indoor water use (total population x’s 55 gallons per person per day¹)
 - Residential and Commercial/Industrial/Institutional and Dedicated Irrigation Use (aerial imaging and water need methodology to be provided in 2021)
 - Water Loss Objective (methodology to be determined in 2020)
 - Annual Reporting (starts November 2023)
- Incentives for Recycled Water Use (counted towards Urban Water Use Objective)
 - 15% bonus incentive for existing facilities
 - 10% bonus incentive for new facilities
- Enforcement and Fines
 - \$1,000 per day fine maximum during non-drought emergencies
 - \$10,000 per day fine maximum during declared drought emergencies

Conservation is currently assessing potential impacts associated with AB 1686 and SB 606 including leveraging existing efforts during the implementation stages. Newhall (Residential Water Efficiency Targets (WET)) and Valencia Divisions (Residential and Dedicated Irrigation WaterSMART Allocations) currently utilize water allocation engagement tools that can be programmed to calculate water needs in alignment with current and future efficiency standards and communicated to customers on a regular basis. Conservation is conducting a feasibility assessment to determine potential implementation for Santa Clarita Water Division. Conservation will monitor statewide development for opportunities to participate policy development processes such as stakeholder groups, technical panels, and advocacy partnerships.

MD

¹ Reduced to 52.5 gallons per person per day in 2025, and to 50 gallons per person per day in 2030.



COMMITTEE MEMORANDUM

DATE: June 29, 2018

TO: Water Resources and Watershed Committee

FROM: Dirk Marks *DM*
Director of Water Resources

SUBJECT: Recommend Approval of a Resolution Authorizing the General Manager to Execute an Agreement Forming the Joint Powers Authority for the Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA) and to Execute a Contract for SCV Water to Provide Management and Technical Services to SCV-GSA

SUMMARY

The Santa Clarita Valley Water Agency (SCV Water) is a member of the Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA). The SCV-GSA was formed via a Memorandum of Understanding (MOU) on May 24, 2017. The MOU contemplates its members creating a Joint Powers Authority (JPA) governance structure. SCV-GSA member agency staff have negotiated a Joint Powers Agreement (JPA Agreement) and an Administrative Services Agreement whereby SCV Water would provide administrative, management, and technical services necessary to assure compliance with the Sustainable Groundwater Management Act including preparation of a Groundwater Sustainability Plan.

DISCUSSION

On May 24, 2017, the SCV-GSA was formed via execution of an MOU between six local entities. The members listed in the MOU are Castaic Lake Water Agency, City of Santa Clarita, County of Los Angeles, Los Angeles County Waterworks District No. 36, Newhall County Water District and the Santa Clarita Water Division. Three of these member agencies are now part of SCV Water, the successor agency as defined by Senate Bill 634. The MOU describes: coordination, responsibilities, funding, consideration of interests of all beneficial uses and users of groundwater, and other items. With limited time to create the SCV-GSA among six member agencies, an MOU was the logical approach to form the SCV-GSA. Members understood operating the SCV-GSA under an MOU would be inefficient, and articulated a desire to form a JPA at a later time.

Under the MOU, any contracting required by the SCV-GSA would require each member go to its Board or Council to approve funding and contracts. With so many member agencies, each with different funding and contracting approaches, initiating and then administering contracts is inefficient for the SCV-GSA. With many contracts likely needed in the future, such inefficiency could result in delays in meeting required SGMA deadlines and potential compliance issues. Governance by a JPA, however, allows member agencies to specify a member agency as responsible for contracting with consultants. Administration of the SCV-GSA is also an important consideration, and is now streamlined via the approach in the JPA which allows for SCV Water to take the lead on administration.

Description of Proposed JPA Powers and Governance

The proposed JPA will create a public entity separate from its member agencies, will terminate the existing MOU, and the JPA will assume the role of the SCV-GSA. The SCV-GSA will have powers to exercise any and all common powers of its members reasonably related to the purposes of the SCV-GSA. The JPA Agreement lists powers in more detail; however powers include the ability to adopt rules, regulations, develop a GSP, obtain permits, collect data, acquire property, distribute water, recharge water, assess fees, enter into contracts, etc. The JPA Agreement will be provided prior to the Committee meeting.

The JPA will form a seven member Board of Directors. Four Directors will be appointed by the Santa Clarita Valley Water Agency, one by the City Council for the City of Santa Clarita, one by the County of Los Angeles Board of Supervisors, and one by the Los Angeles County Waterworks District No. 36. The JPA Board will appoint a Chair, Vice Chair, Secretary, and Treasurer.

A quorum of any meeting of the Board of Directors shall consist of a majority of the seven Directors. An affirmative vote of the JPA requires at least four Directors, unless otherwise specified. The Board will strive to govern by consensus, however, there are provisions for supermajority and unanimous voting in limited circumstances.

Supermajority voting requires at least five Directors and is specified for 1) adoption of the Groundwater Sustainability Plan, 2) any amendments to bylaws, 3) approval of the annual budget, 4) the adoption of any groundwater regulatory extraction fees, 5) the adoption of any taxes, fees or assessments subject to Proposition 218, 6) a decision to initiate or settle litigation, and 7) the approval of any agreement between the SCV-GSA and any member.

Unanimous voting is required for addition of new members to the JPA, rescission of the JPA Agreement terminating the SCV-GSA, and creating a Special Project Agreement.

The SCV-GSA may issue bonds, notes, or other forms of indebtedness as authorized in the JPA Agreement, providing such issuance is approved at a meeting of the Board of Directors.

The SCV-GSA Board of Directors may establish one or more standing or ad hoc committees consisting of Directors, including but not limited to a Budget and Finance Committee, Planning Committee, and an Executive Committee.

Members may unilaterally withdraw from the JPA Agreement without causing or requiring termination of the agreement. The Board may vote to terminate a member in the event a member does not meet its obligations under the agreement. Such a vote requires all but one of the current Directors. The JPA Agreement also contains a dispute resolution section that describes an informal process, mediation, and legal action.

In addition to the general activities undertaken by all members of the SCV-GSA, the SCV-GSA may initiate Special Projects and form Special Project Committees that involve fewer than all members. With unanimous approval of the Board of Directors, members may undertake Special Projects in the name of the SCV-GSA. Prior to undertaking any such activity however, members must enter into a Special Project Activity Agreement. This may prove useful in the future should one or more entities wish to implement a project identified in the GSP.

The JPA can employ full-time and/or part-time employees and independent contractors to accomplish the purposes of the SCV-GSA, subject to approval of the Board of Directors. It may contract with a member, or other entities for services, including those related to finances, purchasing, risk management, information technology, and human resources. Such contracting requires a written agreement between the SCV-GSA and the member or entity.

Description of JPA Funding Strategy

The JPA Agreement identifies that, unless otherwise determined by the SCV-GSA Board of Directors, SCV Water under written agreement with the SCV-GSA will manage the administrative operations of the SCV-GSA and the development of the Groundwater Sustainability Plan. SCV Water will provide staff resources to administer the operations of the SCV-GSA and will be authorized to contract directly with consultants and other parties to carry out the direction of the SCV-GSA Board. Procurement and purchasing will be in accordance with SCV Water's policies unless otherwise specified. The written agreement between SCV Water and SCV-GSA will address costs and expenses incurred by SCV Water in fulfilling its role. The written agreement will be provided prior to the Committee meeting.

The funding approach is reflective of SCV Water's mission to provide responsible water stewardship to ensure the Santa Clarita Valley has reliable supplies of high quality water at a reasonable cost. We believe SCV Water is in the best position to provide SCV-GSA administrative services and lead the GSP development on behalf of the SCV-GSA.

Failing to comply with the SGMA could result in losing local control over groundwater resource management to the State Water Resources Control Board. One way to ensure ongoing success of SCV Water's mission is through SCV Water's role in the JPA, which allows for more efficient compliance with SGMA, protecting SCV Water's ability to be a steward of water resources and to maintain local control.

Further, SCV Water is the largest groundwater producer in the basin. Among water purveyors, SCV Water extracts more than 95% of the groundwater. Among all pumpers (agriculture and other pumping), SCV Water extracts approximately 70% of total groundwater, but this amount is anticipated to increase to approximately 80% starting in 2030 (2015 UWMP).

Additionally, SGMA allows for a GSA to collect fees from groundwater users to fund development of a Groundwater Sustainability Plan, however, assessment of such an extraction charge is not advisable at this time. Such an action would require significant legal and public process, would require installation of flow meters or other means of assessment, reporting of extractions, assessment, and collection of fees. Such an action could create legal challenges and delays in the SCV-GSAs ability to achieve compliance with SGMA.

The JPA Agreement identifies that the SCV-GSA will adopt a Budget within 120 days after the first meeting of its Board of Directors. Subsequent budgets will be adopted prior to the commencement of each fiscal year, and in the event a budget is not approved, the previous year's budget shall be deemed approved for the ensuing year. An estimated SCV Water budget through fiscal year 2020/21 (completion of the GSP) is shown on Table 1, attached.

Each member of the JPA must contribute a non-reimbursable twenty thousand dollars (\$20,000) each fiscal year which is expected to cover general administrative costs. SCV Water's voluntary monetary and in-kind contributions to the SCV-GSA are also shown on Table 1.

Administrative Services Agreement

The Administrative Services Agreement is the written agreement that identifies SCV Water shall perform General Services and secure Consultant Services in order to administer the SCV-GSA and develop and implement the GSP.

The proposed budget includes Proposition 1 fund that will offset SCV Water's costs. Should additional grant funds become available, the Agreement contains provisions by which SCV Water may require such additional funds be used to offset its costs.

FINANCIAL CONSIDERATIONS

Sufficient funds for SCV Water to meet its obligations under the JPA Agreement and Administrative Services Agreement in Fiscal Year 2018/19 were included in the Fiscal Year 2018/19 Water Resources Operating Budget.

RECOMMENDATION

That the Water Resources and Watershed Committee recommends that the Board of Directors approve the attached resolution authorizing the General Manager to execute an agreement forming the Joint Powers Authority for the Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA) and to execute a contract for SCV Water to provide management and technical services to SCV-GSA.

RDV

Attachment

M65

Table 1. Initial SCV-GSA Budget (June 2018)						
Budget Summary	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	Total
Table 1 Total SCV Water Staff	\$ 23,000	\$ 230,000	\$ 224,000	\$ 229,000	\$ 186,000	\$ 892,000
Table 2 Total Consultant Services	\$ 125,000	\$ 765,000	\$ 415,000	\$ 295,000	\$ 220,000	\$1,820,000
Total Estimated Staff and Consultant	\$ 148,000	\$ 995,000	\$ 639,000	\$ 524,000	\$ 406,000	\$2,712,000
Revenue For GSP Development						
Estimated Grant Reimbursement		\$ 118,125	\$ 163,125	\$ 57,375	\$ 24,750	\$363,375
Member contributions	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$400,000
Additional SCV Water Contributions	\$ 68,000	\$ 796,875	\$ 395,875	\$ 386,625	\$ 301,250	\$1,948,625
Total Revenue for GSP Development	\$ 148,000	\$ 995,000	\$ 639,000	\$ 524,000	\$ 406,000	\$2,712,000
Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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RESOLUTION NO. XXXX

RESOLUTION OF THE BOARD OF DIRECTORS OF SANTA CLARITA VALLEY WATER AGENCY AUTHORIZING THE GENERAL MANAGER TO EXECUTE AN AGREEMENT FORMING THE JOINT POWERS AUTHORITY FOR THE SANTA CLARITA VALLEY GROUNDWATER SUSTAINABILITY AGENCY (SCV-GSA) AND TO EXECUTE A CONTRACT FOR SCV WATER TO PROVIDE MANAGEMENT AND TECHNICAL SERVICES TO THE SCV-GSA

WHEREAS, on May 24, 2018, the SCV-GSA was formed via a Memorandum of Understanding (MOU) describing member agency coordination, responsibilities, funding, consideration of interests of beneficial uses and users of groundwater, and other terms; and

WHEREAS, the MOU reflects six member agencies: Castaic Lake Water Agency, City of Santa Clarita, County of Los Angeles, Los Angeles County Waterworks District No. 36, Newhall County Water District, and the Santa Clarita Water Division; and

WHEREAS, on January 1, 2018, Castaic Lake Water Agency, Santa Clarita Water Division, and Newhall County Water District became SCV Water, the successor agency to Castaic Lake Water Agency as defined by Senate Bill 634; and

WHEREAS, recognizing a Joint Powers Authority may be a more efficient governance structure for the SCV-GSA, the MOU indicates that member agencies would explore creating a Joint Powers Authority; and

WHEREAS, member agencies have explored and negotiated a Joint Powers Agreement to form the Joint Powers Authority; and

WHEREAS, the proposed Joint Powers Agreement identifies necessary details for membership, voting, and funding, for the SCV-GSA and the development of the required Groundwater Sustainability Plan; and

WHEREAS, member agency staff agree that SCV Water is best suited to provide necessary administrative, management, and technical services to ensure compliance with the Sustainable Groundwater Management Act, including the development of the required Groundwater Sustainability Plan; and

WHEREAS, member agency staff recommend the SCV-GSA enter into an Administrative Services Agreement with the SCV Water to provide necessary administrative and management services; and

WHEREAS, the Administrative Services Agreement defines the SCV Water's responsibility to provide staffing and arrange for consultant services, identifies budget terms, and identifies conditions where SCV Water's expenses are subject to reimbursement by the SCV-GSA; and

WHEREAS, SCV Water finds that execution of the Joint Powers Agreement and Administrative Services Agreement is consistent with the SCV Water's mission to provide responsible water stewardship to ensure the Santa Clarita Valley has reliable supplies of high quality water at a reasonable cost; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Santa Clarita Valley Water Agency does hereby resolve as follows:

1. The Board hereby finds and determines that the approval of the agreement forming the Joint Powers Authority for the Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA) and execution of the Contract for SCV Water to Provide Management and Technical Services to SCV-GSA is not a project as defined by CEQA and therefore is not subject to environmental review. Specifically, the Board finds that, pursuant to CEQA Guideline section 15378(b)(5), the approval actions do not constitute a project because they are "organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment." In the alternative, and assuming the approval of the subject agreement and contract constitutes a project under CEQA, the Board finds that these actions, individually and in the aggregate, are exempt from CEQA pursuant to State CEQA Guidelines sections 15307 and 15308, each of which exempts actions, as authorized by state law, taken by regulatory agencies that are designed to assure the maintenance, restoration, enhancement, or protection of the environment or a natural resource where the regulatory process involves procedures for protection of the environment. In addition, the Board finds that these actions are exempt from further review under CEQA because it can be seen with certainty that there is no possibility that these actions may have a significant effect on the environment pursuant to State CEQA Guidelines section 15061(b)(3).

2. The Board hereby authorizes the General Manager to execute the "Joint Exercise of Powers Agreement" and its attached "Administrative Services Agreement."

3. The Chairperson of the Board shall sign and the Secretary of the Board shall certify that this Resolution was duly and properly adopted by the Board.

4. The documents and materials that constitute the record of proceedings on which these findings have been based are located at Santa Clarita Valley Water Agency's office located at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. The custodian for these records is the Board Secretary.



COMMITTEE MEMORANDUM

DATE: June 29, 2018

TO: Water Resources and Watershed Committee

FROM: Dirk Marks *DM*
Director of Water Resources

SUBJECT: Approve Authorizing the General Manager to Approve the Agreement in Principle to Amend the Agency's Water Supply Contract with the California Department of Water Resources

SUMMARY

On April 30, 1963, the Castaic Lake Water Agency contracted with the State of California through the Department of Water Resources (DWR) for a water supply pursuant to the California Water Resources Development Bond Act. As provided by SB 634, SCV Water is the successor agency to CLWA's State Water Project (SWP) contract. DWR and the public water agencies (PWAs) contracting for a SWP water supply desire to (1) supplement and clarify terms for the SWP water supply contract to provide greater water management regarding transfers and exchanges of SWP water within the SWP service area, and (2) provide a fair and equitable approach for cost allocation of the California WaterFix facilities to maintain SWP financial integrity. Six months of negotiations between the PWAs and DWR have culminated in the attached Agreements in Principle (AIPs) to address these matters.

PWAs and DWR approval of the AIPs will be used to initiate the environmental review process to comply with the California Environmental Quality Act (CEQA), as the AIPs will define the project description for CEQA. The AIPs are not final contract language and do not represent a contractual commitment by the PWAs or DWR. By approving the AIPs, SCV Water will express its intent to move forward with the CEQA process with DWR as the lead agency and the PWAs as responsible agencies. At the end of the CEQA process, SCV Water (and the other parties) will have the option to approve the proposed project and sign the contract amendment.

DISCUSSION

The attached AIPs contain language that would provide SCV Water and the other PWAs greater flexibility in managing their SWP water supplies and provide for the establishment of billing mechanisms to equitably collect costs for the proposed CA WaterFix facilities.

Water Transfers and Exchanges

The current contract explicitly provides for the permanent transfers of basic Table A water supply and on an annual basis PWAs returning water back to a project "Turn Back Pool" for redistribution among interested PWAs at fixed prices. The AIPs includes provisions that the PWAs may enter into single- and multi-year water transfer contracts under terms negotiated between the PWAs. Multi-year Table A water transfers have only occurred in the past with the

approval of DWR's Director. The AIP provides the means by which DWR staff could regularly approve such transactions. These transfer provisions would benefit SCV Water by providing access to water during dry-years that could offset costly-banked water supplies. Alternatively, SCV Water may choose to enter into transfer agreements that could recover some of its SWP costs.

The current contract explicitly provides for water exchanges among PWAs, however, DWR's exchange ratio limitations have limited the usefulness of this water management tool. The AIP provides for higher ratios. The maximum exchange ratio ranges between 2:1 to 5:1 depending on the SWP allocation at the time the exchange between PWAs is executed. Maximum financial compensation is tied to a PWAs unit cost of SWP capital and minimum operating costs based on the May 1st Table A allocation.

Additionally, the AIP provides that PWAs may make single-year transfers or exchanges of up to 50% of their Article 56 carryover water in years of need. Additional water may be transferred beyond the 50%, if the transferring PWA can demonstrate an ability to meet critical water needs in the current and following water year. Similar to water transfers, SCV Water may enhance offset costs from higher priced supplies or recover some of its SWP costs by participating in exchanges or transfers of Article 56 water.

The AIP also contains provisions for transparency of transactions and the orderly processing of protests by non-participating PWAs. The water delivery priorities largely remain consistent with the current SWP contract's priorities.

California WaterFix Cost Allocation

The AIP includes definitions of new SWP cost components that would be collected from participating PWAs. Non-participating PWAs, those North Delta PWAs and the PWAs upstream of the Delta that would not receive water from the California WaterFix, would not incur these costs. Charges would consist of a capital and minimum operating component based on a participants Table A amount. At this time, SCV Water's share is estimated to be approximately 2.3%. Additionally, energy costs would be charged based on annual water deliveries with the details to be worked out by a technical group of PWA and DWR experts.

FINANCIAL CONSIDERATIONS

None at this time. However, the Transfer and Exchange provisions covered by the AIP could allow SCV Water to recover some of its SWP costs. Further, provisions establishing California WaterFix payment components would increase SCV Water's payments as previously discussed in the May 7, 2018 report to the Board, copy attached.

RECOMMENDATION

That the Water Resources and Watershed Committee recommends that the Board of Directors authorize the General Manager to approve the Agreement in Principle to amend SCV Water's Water Supply Contract with the California Department of Water Resources.

DSM

Attachments

MBS

DRAFT WORKING DOCUMENT FOR PUBLIC DISCUSSION

Draft 3 – June 27, 2018

Doc # 00115

**Draft Agreement in Principle for the SWP Water Supply Contract Amendment
for
Water Management and California WaterFix**

This straw proposal for a draft Agreement in Principle (AIP) is from the Consolidated Talking Points as of May 30, 2018 from the contract amendment negotiations. Many provisions are under discussion and the workgroup will update the Draft AIP after future public negotiations. [Format used in this document is preliminary and is subject to revision.]

DRAFT Proposed Project Objectives

The California Department of Water Resources and the PWAs have agreed to the following proposed project objectives for amending the SWP water supply contract:

- 1) Supplement and clarify terms of the SWP water supply contract that will provide greater water management regarding transfers and exchanges of SWP water within the SWP service area;
- 2) Provide a fair and equitable approach for cost allocation of California WaterFix facilities to maintain the SWP financial integrity.

I. PRINCIPLES TO ACHIEVE DRAFT PROPOSED OBJECTIVE FOR WATER MANAGEMENT TOOLS AND ACTIONS

1. Water Transfers.

- 1.1. **Terms of a Transfer Agreement:** The PWAs shall determine duration and compensation for all transfers; this includes allowing single, Transfer Packages and multi-year transfers to be as long as the remainder of the term of the contract.
- 1.2. **Transfer Package Definition:** A Transfer Package is comprised of two or more transfer agreements between the same PWAs. If a transfer package is presented to DWR for approval, DWR shall consider each proposed transfer within the package at the same time and shall apply the transfer criteria listed below in the review of each transfer. DWR shall not reclassify a Transfer Package or Transfer as an exchange.

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- 1.3. All contract language in Article 56(d) and language related to the Turnback Pool shall be removed.

2. Water Exchanges.

- 2.1 Article 56(f) will be revised to include language permitting consideration of hydrology under a bona fide exchange and will include the following criteria for return ratios:

For SWP allocations $\geq 50\%$, return ratio is up to 2: 1

For SWP allocations > 25 and $< 50\%$, return ratio is up to 3: 1

For SWP allocations $>15\%$ and $\leq 25\%$, return ratio is up to 4: 1

For SWP allocations $\leq 15\%$, return ratio is up to 5:1

- 2.2. The PWAs shall use the applicable return ratio using the SWP allocation at the time the exchange transaction is executed between the PWAs.
- 2.3. Notice to Contractors 17-11 Attachment A, Section A, Bona Fide Exchanges, Item 4 Cost compensation reads as follows: Maximum cost compensation for a bona fide exchange may not exceed the exchanging PWAs combined conservation facilities, transportation facilities, and CWF facilities' fixed charges (capital and minimum charges including capital surcharges). The allocation percentage in the denominator of the compensation calculation will be set by the SWP allocation which has incorporated the May 1 monthly Bulletin 120 runoff forecasts. If exchanges are requested prior to the allocation identified above, DWR will provide timely approval with the obligation of the PWAs to meet the requirement of the maximum compensation – if the compensation exceeds the maximum, the PWAs will re-visit the agreement and adjust the compensation. If a cost adjustment is made, the PWA must notify DWR.

3. Transfers and Exchanges, including Transfers and Exchanges using Carryover Water in San Luis Reservoir (SLR).

- 3.1. **Buyers and Sellers in Same Year.** PWAs may be both buyers and sellers in the same year and enter into multiple transfers and/or exchanges in the same year.
- 3.2. Basic Criteria Required for Proposed Transfers and Exchanges.
 - 3.2.1 Transfers and exchanges must be transparent.
 - 3.2.2 Transfers and exchanges must not harm non-participating PWAs.

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- 3.2.3 Transfers and exchanges must not create significant adverse impacts in a PWA service area.
- 3.2.4 Transfers and exchanges shall comply with all applicable laws and regulations.
- 3.2.5 Transfers and exchanges shall be scheduled only if they do not impact normal SWP operations.
- 3.2.6 Transfers and exchanges shall not impact the financial integrity of the SWP.
- 3.2.7 A PWA may petition the Director for an exception in the following cases. In each case, the PWA must provide explanatory information to the Director.
- A transfer or exchange does not meet the basic criteria, but the PWA feels that there is compelling need to proceed with the transfer or exchange.
 - A PWA that has received water in a transfer or exchange cannot deliver all of the water from the transaction in the same calendar year, and wishes to carry over the water in its name.

The Director shall have discretion to approve exceptions.

3.3. **Dispute Resolution Process, Prior to Executing an Agreement.** PWAs and DWR shall comply with the following process to resolve disputes if a PWA that is not participating in the transfer or exchange claims that the proposed transfer and/or exchange has a significant adverse impact.

- 3.3.1 Any claim to a significant adverse impact may only be made after the submittal of a term sheet to DWR and before DWR approves a transfer/exchange agreement.
- 3.3.2 In the event that any dispute can't be resolved among the PWAs, DWR will convene a group including DWR (the Chiefs of SWPAO, Legal, and Operations or their designees) and the PWA parties involved (PWA representatives to be chosen by each PWA party). Any PWA claiming an adverse impact must submit written documentation to support this claim and identify a proposed solution. This documentation must be provided 2 weeks in

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advance of a meeting of the group that includes SWPAO, Legal, Operations and the involved PWA representatives.

- 3.3.3 If this group can't resolve the dispute, the issue will be taken to the Director of DWR.
- 3.3.4 The Director's decision will be the final.
- 3.4. **Water Delivery Priorities:** Exchange and transfer water shall be scheduled in accordance with Article 12 (f) priorities retaining the associated priority level. The transfer water will not have the protection of Article 14(b) and the delivery cannot impact any other PWAs.
- 3.5 Although DWR will not be a party to any transfer or exchange agreement between the PWA's, DWR and the PWAs shall enter into an agreement to address DWR's role in effectuating the transfer or exchange. Such agreement shall include certain standardized provisions designed to protect SWP operations, finances and liability, along with other provisions tailored to the particular transaction or as otherwise agreed among DWR and the PWAs.
- 3.6 **Timely Processing.** DWR will timely process requests to be incorporated into the schedule to deliver water that given year.
- 3.7 **Shortages:** In regards to shortages, DWR retains authority as set forth in Article 18(a).
- 3.8 **Article 21.**
 - 3.8.1 Tulare Lake Basin Water Storage District, Empire Westside Irrigation District, Oak Flat Water District, and Kings County may transfer a portion of their Article 21 water to another PWA.
 - 3.8.2 The Director, in his or her discretion, may approve the transfer of a portion of other PWA's allocation of Article 21 water to another PWA where there is a special need for the transfer. The Department will prepare criteria to be applied for the review of a PWA request to transfer Article 21 water. This will not impact the Department's process for allocating Article 21 water.
- 4. **PWA Due Diligence.**
 - 4.1 Each PWA participating in an exchange or transfer shall confirm the following in a resolution or other appropriate document approving the transfer or

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exchange, including the use of stored water/carryover water, if applicable, provided to DWR as follows:

- 4.1.1 That the PWA has complied with all applicable laws for this transfer/exchange and shall specify the notices that were provided to the public agencies and the public regarding the proposed transfer or exchange.
 - 4.1.2. That the relevant terms of the transfer/exchange have been provided to all State Water Project PWAs and the SWC Water Transfer Committee;
 - 4.1.3. That the PWA is informed and believes that this transfer/exchange will not harm other SWP PWAs, or impact SWP operations.
 - 4.1.4. That the PWA is informed and believes that the transfer/exchange will not affect its ability to make all payments, including payments for its share of the financing costs of DWR's Central Valley Project Revenue Bonds, when due, under its water supply contract.
 - 4.1.5. That the PWA has considered the potential impacts of the transfer/exchange within the PWA's service area.
- 4.2. Add language to the contract that requires PWAs parties to an exchange or transfer to publicly post and provide information to non-party PWAs. The PWAs and DWR agree that DWR will send a Notice to Contractors to outline the following process related to transparency for transfers and exchanges:
- At the time the PWA parties submit the Contract Information Form to DWR, they will provide the Contract Information Form to the non-party PWAs. During the time period beginning with the PWA parties submitting the Contract Information Form to DWR and the time before there is a final agreement with DWR for storage or conveyance, the PWA parties will publicly post information regarding the transfer or exchange. If applicable, the PWA parties will request the State Water Contractor Board to support the water transfer. If the State Water Contractor board votes to support the transfer or exchange, the General Manager will send a letter of support to DWR and to the non-party PWAs. Once a storage or conveyance agreement is completed it will be provided to the non-party PWAs.
- 4.3. If requested by the DWR Director with respect to any confirmation of Basic Criteria for Transfers, Exchanges and Carryover Water, the PWA shall

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cooperate with DWR in providing DWR with information supporting the basis for the confirmation or basic criteria.

5. Stored Water/Carryover Water.

5.1. Store and Transfer SWP Water in the Same Year. Modify Article 56(c)(4) and any other applicable sections to allow PWAs to store and transfer Table A water in the same year and modify Article 56(c) and any other applicable sections to allow a PWA to transfer Table A water to another PWA's service area. DWR will continue to coordinate through the PWAs under the existing SWP contracts.

5.2 Carryover Water Program: Carryover Water Program shall require transfers and/or exchanges of carryover water in years of need, as confirmed by the receiving PWA, to meet the following criteria:

5.2.1 Carryover water available for transfer or exchange in this amendment is defined only as stored water described in Article 56(c)(1) and 56(c)(2) and not 12(e).

5.2.2 Carryover water may only be exchanged or used in single-year transfers.

5.2.3 The PWA purchasing the carryover water must take delivery, in its service areas, unless an exemption is granted under 5.2.8.

5.2.4 A PWA may transfer or exchange up to 50% of its carryover water.

5.2.5 A PWA may transfer/exchange greater than 50% of its carryover water, if the PWA demonstrate that the transfer or exchange of carryover water will not prevent it from meeting critical water needs in the current year or the following year and obtain approval by DWR Director.

5.2.6 All transfer and exchange of carryover water are subject to section 4.2.

5.2.7 The PWA receiving the water must confirm that the PWA has a need for that water for use within its service area during the current year unless an exception is granted under 5.2.8.

5.2.8 A PWA may request an exception for the following, but not limited to, from the DWR Director:

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- 5.2.8.1 For any exceptions to the criteria listed above;
- 5.2.8.2 Requests for the transfer and exchange of stored (or carryover) water prior to this water being displaced; and
- 5.2.8.3 Using San Luis Reservoir as the transfer/exchange point.

II. PRINCIPLES TO ACHIEVE OBJECTIVE FOR CWF COST ALLOCATION

1. These costs would be billed to and collected from SWP PWAs participating in the SWP portion of CWF (Participating PWAs), except those SWP PWAs situated north of the Delta (Non-Participating PWAs), through their annual Statement of Charges (SOC).
2. **CWF Facilities Definition:** CWF Facilities shall mean those facilities that are constructed to convey water from the north Delta to the south Delta through facilities as described in the California Water Fix Final EIR/EIS SCH #2008032062. In general, CWF Facilities will divert water from the Sacramento River through three intakes on the east bank of the Sacramento River, through pipelines and tunnels to the south Delta, to new forebay located northwest of the existing Clifton Court Forebay, and finally to connections with the California Aqueduct north of the Jones and Banks pumping plants.
3. **CWF Facilities Charge Components:** The purpose of the CWF Facilities is water conservation and/or transportation. Accordingly, all capital and minimum operations, maintenance, power and replacement (OMP&R) costs associated with the CWF Facilities are 100% reimbursable and shall be recovered by the DWR from Participating PWAs through their annual SOCs. These costs shall be allocated to and billed under two new charges as follows:
 - (1) CWF Facilities Capital Charge Component
 - (2) CWF Facilities Minimum OMP&R Component
4. **CWF Facilities Capital Charge Component Method of Computation**
 - 4.1 This computation will recover actual annual debt service created by financing activities (Financing Method) for CWF Facilities.
 - 4.2 Each Financing Method shall provide an annual repayment schedule, which includes all Financing Costs.
 - 4.3 Financing Costs shall mean the following:
 - 4.3.1 Principal of and interest on Revenue Bonds,

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- 4.3.2 Debt service coverage required by the applicable bond resolution or indenture in relation to such principal and interest,
 - 4.3.3 Deposits to reserves required by the bond resolution or indenture in relation to such Revenue Bonds, and
 - 4.3.4 Premiums for insurance or other security obtained in relation to such Revenue Bonds.
- 4.4 Financing Method shall be divided into four categories:
- 4.4.1 CWF Facilities Capital Costs paid with the proceeds of Water System Facility Revenue Bonds,
 - 4.4.2 CWF Facilities Capital Costs paid with amounts in the State Water Resources Development System Reinvestment Account,
 - 4.4.3 CWF Facilities Capital Costs paid annually for assets that will have a short Economic Useful Life or the costs of which are not substantial, and
 - 4.4.4 CWF Facilities Capital Costs prepaid by the Participating PWAs.
- 4.5 CWF Facilities Capital Charge Component should be allocated to the Participating PWAs in proportion to the CWF Facilities Allocation Factors for each calendar year.
- 5. CWF Facilities Minimum OMP&R Charge Component Method of Computation**
- 5.1 Recovery will be estimated and/or actual annual OMP&R costs determined for the CWF Facilities each year.
 - 5.2 CWF Facilities Minimum OMP&R Charge Component shall be allocated to the Participating PWAs in proportion to the CWF Facilities Allocation Factors for each calendar year.
- 6. CWF Facilities Energy Charges** – The CWF energy costs are 100% reimbursable by the PWAs and the methodology will be determined by the interim SWRDS Finance Committee.
- 7. CWF Facilities Allocation Factors** – The following table is a preliminary allocation of CWF Facilities participation percentages for the Non-Participating

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PWAs and the Participating PWAs. Only Participating PWAs would be billed for CWF Facilities Charge Components through their annual SOC, using the CWF Facility Allocation Factors described in the table. Non-Participating PWAs would not be billed for repayment of costs for construction, operation and maintenance of facilities associated with CWF, except to the extent there is a permanent transfer of Table A from a Participating PWA to a Non-Participating PWA as set forth in principle 11.

Non-Participating PWA	CWF Facilities Allocation Factors
City of Yuba City	exempt
County of Butte	exempt
Plumas County FC&WCD	exempt
Napa County FC&WCD	exempt
Solano County Water Agency	exempt
Participating PWA	CWF Facilities Allocation Factors
Alameda County FC&WCD, Zone 7	1.9875%
Alameda County Water District	1.0355%
Santa Clara Valley Water District	2.4654%
Dudley Ridge Water District	1.0194%
Empire-West Side Irrigation District	0.0740%
Kern County Water Agency-Total	24.2278%
County of Kings	0.2294%
Oak Flat Water District	0.1405%
Tulare Lake Basin Water Storage District	2.1565%
San Luis Obispo County FC&WCD	0.6163%
Santa Barbara County FC&WCD	1.1214%
Antelope Valley-East Kern Water Agency	3.5709%
Santa Clarita Valley Water Agency	2.3470%
Coachella Valley Water District	3.4108%
Crestline-Lake Arrowhead Water Agency	0.1430%
Desert Water Agency	1.3744%
Littlerock Creek Irrigation District	0.0567%
Mojave Water Agency	2.2139%
Palmdale Water District	0.5251%
San Bernardino Valley Municipal Water District	2.5295%
San Gabriel Valley Municipal Water District	0.7100%
San Geronio Pass Water Agency	0.4265%
The Metropolitan Water District of Southern California	47.1253%
Ventura County Watershed Protection District	0.4931%
Total	100.000%

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- 8. Repayment Schedule Table** – The amount to be paid by the Participating PWAs for each year under the CWF Facilities Capital and Minimum OMP&R charge Components shall be set forth in a Repayment Schedule Table.
- 9. Charge Redetermination** – The CWF Facilities Capital and Minimum OMP&R Charge Components shall be subject to Charge Redetermination.
- 10. Annual Statement of Charges** – The CWF Facilities Capital and Minimum OMP&R Charge Components shall be included in a separate invoice that is included in the annual SOC and shall be subject to the time and method of payment for Capitol and Minimum OMP&R Components.
- 11. Permanent Transfer of Contract Rights** – Any permanent transfer of Table A contract rights of a Participating PWA shall be accompanied by a pro-rata transfer of that PWAs rights and responsibilities with respect to CWF.
- 12. CWF Facilities Use Of Facilities Charge** – If a Non-Participating PWA transfers allocated Table A to a Participating PWA, then no fee will be charged to the PWAs involved in the transaction. Other transactions may result in a fee sufficient to cover all (1) capital, (2) minimum operations, maintenance, power and replacement (OMP&R) costs, and (3) variable OMP&R costs, associated with this usage.
- 13. Water Delivery Principles** – Participating PWAs moving water in excess of their CWF Facilities Allocation Factor shall schedule deliveries in a manner that does not harm other participating PWAs and shall be subject to the delivery priorities set forth in Article 12(f) of the Contract.
- 14. Power Cost Incurred During Construction:** Per the DWR capitalization policy, any power costs (for example, power supply, grid connections, transmission) incurred to construct the CWF facilities shall be capitalized during Construction Work in Progress, as used in DWR's financial statements, and costs are 100% reimbursable recovered through the CWF Facilities Capital Charge Component.

III. ENVIRONMENTAL REVIEW PROCESS

1. DWR and the PWAs agree that this AIP is intended to be used during the environmental review process for the California Environmental Quality Act (CEQA), to define the proposed project description for the purposes of CEQA, and to permit the next steps of the SWP water supply contract amendment process, including scoping and the preparation of the EIR. The AIP principles are not final contract language and do not represent a contractual commitment by either DWR or the PWAs to approve any proposed project or to sign contract

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amendments. By concurring with the AIP, DWR and the PWAs express their intent to move forward with the CEQA process with DWR as lead agency and the PWAs as responsible agencies, and ultimately develop a proposed project consisting of contractual amendments consistent with the AIP principles and prepare the EIR for consideration by DWR and the PWAs.

2. At the end of the CEQA process and in compliance with CEQA, DWR and the PWAs will each individually evaluate the EIR and contract amendments, exercise their independent judgment, and determine whether or not to certify the EIR, approve the proposed project and sign the contract amendments or to approve an alternative project. Consequently, even though DWR and the PWAs have agreed to the AIP for the purposes described in the preceding paragraphs, DWR and each PWA retain their full discretion under CEQA to consider and adopt mitigation measures and alternatives, including the alternative of not going forward with the proposed project.

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BOARD MEMORANDUM

DATE: May 7, 2018
TO: Board of Directors
FROM: Matthew G. Stone *MGS*
General Manager
SUBJECT: Adopt Resolution Authorizing General Manager to Execute a Gap Funding Agreement for the California WaterFix with the Department of Water Resources

SUMMARY AND BACKGROUND

After considering staff and outside presentations, on October 11, 2017 the Castaic Lake Water Agency Board adopted Resolution 3199 (Attachment 1) in support of implementing the California WaterFix. The Department of Water Resources (DWR) and the State Water Project (SWP) water contractors are now undertaking actions to advance the project. The first of these is entering into an agreement to fund the continued planning and initial design of the project during 2019 (Gap Funding) while other financing is arranged.

Additionally, contractors will be asked to consider participation in both a Financing Joint Powers Authority and a Design and Construction Joint Powers Authority. Staff will make recommendations regarding possible participation at a future date once additional information is available to evaluate.

DISCUSSION

For DWR to proceed with the California WaterFix a source of funding is needed for planning and initial design in 2019. To provide such funding DWR and the contractors have negotiated a Gap Funding agreement. Under this agreement, SCV Water would provide its proportionate share of the State Water Project share of such costs which is estimated to be up to \$ 2,081,026.

Payments to DWR would be added to SCV Water's 2019 SWP transportation minimum charge. Similar to other agreements Castaic Lake Water Agency entered into to finance preparation of environmental documents for the WaterFix, if the project does not proceed DWR would only refund unexpended funds. Funding in subsequent years is anticipated to be provided by the Financing JPA from its bond proceeds.

FINANCIAL CONSIDERATIONS

Short and long-term funding for the WaterFix would be through SCV Water's set property tax rate which pays for the State Water Project. The additional cost of the WaterFix project are anticipated to ramp up over the next 10-15 years as the project is designed, constructed, and placed into operation. For the long-term, based on the current WaterFix configuration and cost

estimates, staff estimates that the cost of the project for an average \$500,000 home would be approximately \$20 per month once it is completed.

For the short term, entering into the Gap Funding Agreement would require SCV Water to expend \$2,081,026 in calendar year 2019. Sufficient funds exist in SCV Water's SWP Fund and no increase in the current property tax rate would be required.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Pursuant to the provisions of CEQA and the State CEQA Guidelines, DWR acting as Lead Agency, prepared and processed a Final Environmental Impact Report (Final EIR) for the California Water Fix Project. On July 21, 2017, DWR certified the Final EIR complies with CEQA and adopted Finding of Fact, a Statement of Overriding Considerations (SOC) and a Mitigation Monitoring and Reporting Program (MMRP) before it approved the project. DWR's Notice of Determination, Final EIR, Findings, SOC, and MMRP can be found on the official DWR website at: <http://baydeltaconservationplan.com/NoticeofDetermination.aspx>.

Staff recommends SCV Water as a responsible agency under CEQA: Consider the Lead Agency's certified Final EIR and the impacts of the project as disclosed and analyzed in the Final EIR;

- Make certain Findings with respect to each potentially significant impact of the project;
- Adopt a SOC in view of potentially significant and unavoidable impacts; and
- Adopt the MMRP in view of the funding its share of project costs, including the mitigation to be carried out by DWR or others.

The CEQA determination is: Review and consider information provided in the Lead Agency's certified Final EIR, and adopt the Lead Agency's Findings, SOC, and MMRP for the California WaterFix Project.

RECOMMENDATION

The Board adopt the attached resolution adopting CEQA findings as shown in this report and authorizing the General Manager to Execute a Gap Funding Agreement for the California WaterFix with the Department of Water Resources.

DSM

Attachments

**Santa Clarita Valley Water Agency
Water Resources & Watershed Committee and Board Calendar**

FY 2018/19

	Item	Jul 11 Comm	Jul 17 Board	Aug 7 Board	Aug 8 Comm	Sep 4 Board	Sep 12 Comm	Oct 2 Board	Oct 10 Comm	Nov 6 Board	Nov 14 Comm	Dec 4 Board	Dec 12 Comm	Jan 2 Board	Jan 9 Comm	Feb 5 Board	Mar 13 Comm	Apr 2 Board	Apr 10 Comm	May 7 Board <i>to be moved/cancelled</i>	May 13 Comm <i>Special</i>	Jun 4 Board	Jun 12 Comm	
1	Update on Conservation Activities	P		P	P		P		P		P		P		P		P		P				P	
2	Devil's Den Semi-Annual Report	P													P									
3	Status of Water Banking Programs	P											P											P
4	Status of Sustainable Groundwater Management Act Implementation				P				P				P				P					P		
5	Status of Recycled Water Program		P																					
6	Status of Sites Reservoir Project				P	P																		
7	Status of Water Supplies						P																	
8	Status of Upper Santa Clara River Salt and Nutrient Management Plan								P	P														
9	Status of Integrated Regional Water Management Plan Update																							
10	Status of Rosedale Rio-Bravo Water Storage District Banking and Exchange Program Extraction Facilities												P	P										
11	Approve Authorizing the General Manager to Approve the Agreement in Principle to Amend the Agency's Water Supply Contract with the California Department of Water Resources	P		P																				
12	Recommend Approval of a Resolution Authorizing the General Manager to Execute an Agreement Forming the Joint Powers Authority for the Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA) and to Execute a Contract for SCV Water to Provide Management and Technical Services to SCV-GSA	P		P																				
13	Recommend Approval of a Resolution Authorizing the General Manager to Execute an Assignment of Buena Vista-Rosedale Rio Bravo Water Supply to the Proposed Tapia Annexation		P																					
14	Recommend Approval of a Resolution to Participate in Phase II of the Sites Reservoir Project						P	P																
15	Review of Watershed Recharge Feasibility Study										P	P												
16	Recommend Approval of a Resolution Authorizing the General Manager to Participate in the California WaterFix Financing JPA						P	P																

P = Planned
C = Completed
CNL = Cancelled
CNT = Continued Item