




Date: October 7, 2020

To: **Water Resources and Watershed Committee**
B.J. Atkins, Chair
Edward Colley
William Cooper
Jeff Ford
E.G. "Jerry" Gladbach
Maria Gutzeit

From: Steve Cole, Assistant General Manager 

The **Water Resources and Watershed Committee** is scheduled to meet via teleconference on **Wednesday, October 14, 2020 at 5:30 PM**, dial information is listed below.

**TELECONFERENCE ONLY
NO PHYSICAL LOCATION FOR MEETING**

TELECONFERENCING NOTICE

Pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom on March 17, 2020, any Director may call into an Agency Committee meeting using the Agency's **Call-In Number 1 (866) 899-4679, Access Code 697-563-837** **or GoToMeeting by clicking on the link** **<https://global.gotomeeting.com/join/697563837>**

without otherwise complying with the Brown Act's teleconferencing requirements.

Pursuant to the above Executive Order, the public may not attend the meeting in person. Any member of the public may listen to the meeting or make comments to the Committee using the call-in number or GoToMeeting link above. Please see the notice below if you have a disability and require an accommodation in order to participate in the meeting.

We request that the public submit any comments in writing if practicable, which can be sent to cowler@scvwa.org or mailed to Cheryl Fowler, Administrative Analyst, Santa Clarita Valley Water Agency, 26501 Summit Circle, Santa Clarita, CA 91350. All written comments received before 4:00 PM the day of the meeting will be distributed to the Committee members and posted on the Santa Clarita Valley Water Agency website prior to the meeting. Anything received after 4:00 PM the day of the meeting will be posted on the SCV Water website the following day.

MEETING AGENDA

| <u>ITEM</u> | <u>PAGE</u> |
|---|-------------|
| 1. Public Comments – Members of the public may comment as to items not on the Agenda at this time. Members of the public wishing to comment on items covered in this Agenda may do so now or at the time each item is considered. (Comments may, at the discretion of the Committee Chair, be limited to three minutes for each speaker.) | |
| 2. * Recommend Approval of Resolution Adopting CEQA Findings for State Water Project Water Management Tools and Authorizing the General Manager to Execute a Contract Amendment for the State Water Project Water Management Tools | 5 |
| 3. * Recommend Adopting a Resolution Authorizing the General Manager to Enter into a Cost Sharing Agreement for Planning Activities for a Delta Conveyance Facility and Authorize SCV Water’s Membership in the Design and Construction Authority | 87 |
| 4. * Recommend Approval of a Resolution Authorizing the General Manager to Amend the GSI Water Solutions, Inc. Contract for Development of a Groundwater Sustainability Plan on Behalf of the Santa Clarita Valley Groundwater Sustainability Agency | 137 |
| 5. Resources Director’s Report | |
| 5.1 Staff Activities | |
| 6. Conservation Manager’s Report | |
| * 6.1 Update on Conservation Activities & Performance | 145 |
| 7. * Committee Planning Calendar | 159 |
| 8. Adjournment | |
| * Indicates Attachment | |
| ◆ Indicates Handout | |

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 (Insert Name and Title), at (insert Phone Number), or in 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 Committee 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, CA 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 October 8, 2020.

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COMMITTEE MEMORANDUM

DATE: October 1, 2020

TO: Water Resources and Watershed Committee

FROM: Dirk Marks 
Director of Water Resources

SUBJECT: Recommend Approval of Resolution Adopting CEQA Findings for State Water Project Water Management Tools and Authorizing the General Manager to Execute a Contract Amendment for the State Water Project Water Management Tools

SUMMARY/BACKGROUND

The proposed amendment to SCV Water's SWP Contract would provide greater opportunities to proactively manage its SWP contract to increase the effective water supply reliability and affordability of its SWP water supplies.

SCV Water has a long-term water supply contract (SWP Contract) with the State of California Department of Water Resources (DWR) for the delivery of State Water Project (SWP) water. Under the existing SWP Contract, water transfers are limited to very specific circumstance, infrequently used. In addition, while the existing SWP contract allows for bona fide exchanges of water, it lacks specificity regarding the parameters of such exchanges. Consequently, DWR considers exchanges on a case by case application, which provides less certainty for planning purposes, but has generally restricted exchanges to a maximum of 2:1.

Given changes in hydrology and further constraints placed on DWR's operation of the SWP and to provide flexibility in the future, the public water agencies (PWAs) holding long-term SWP water supply contracts and DWR conducted a series of public negotiations with the goal of agreeing on concepts to supplement and clarify the existing water transfer and exchange provisions of the SWP Contracts to provide improved water management. In June 2018, PWAs and DWR reached an Agreement in Principle (AIP), which included specific principles to accomplish these goals. These principles included provisions clarifying existing practices for exchanges, providing new flexibility for single and multi-year non-permanent water transfers, allowing PWAs to set terms of compensation for transfers and exchanges, providing for the limited transfer of carryover and Article 21 water, and adding provisions to ensure transparency, among some others. In October 2018, a Draft Environmental Impact Report (DEIR) was circulated for the proposed project.

In addition, the AIP at the time included certain cost allocation sections for the California WaterFix project (WaterFix). In early 2019, the Governor decided not to move forward with WaterFix and DWR rescinded its approvals of the project. After this shift, the PWAs and DWR held a public negotiation and agreed to remove the WaterFix cost allocation sections from AIP, but to keep all of the water management provisions in the AIP. The AIP was finalized on May 20, 2019. DWR decided to amend and recirculate the DEIR. In February 2020, DWR published

the Partially Recirculated DEIR for the State Water Project Supply Contract Amendments for Water Management (Project) and in August 2020, DWR certified the Final EIR for the Project.

The proposed amendments to the SWP Contract for consideration by the Board of Directors are based on the AIP, which has been converted into contract amendment language developed by PWAs and DWR attorneys. If approved by the Board, the proposed amendment would be effective when 24 of the SWP PWAs execute the amendment. The proposed contract amendment language is attached to this report (Attachment 1).

DISCUSSION

Background

Existing article 56(d) provides the only mechanism for non-permanent transfers of SWP water between PWAs. This mechanism is called the Turnback Pool. As indicated above, it allows transfers in a limited and specific manner and it is rarely utilized. In addition, Section 56(f) allows PWAs to enter into bona fide exchanges of water with other PWAs, but it lacks specificity regarding the parameters. As a result, DWR has applied Section 56(f) on a case by case basis, which has provided less certainty for PWAs planning purposes.

Consequently, DWR and the PWAs worked together to find solutions to develop water supply management practices to enhance management flexibility for SWP water supplies in a changing environment. The proposed contract amendment for the Board's consideration supplements and clarifies terms of the SWP water supply contract related to water transfers and exchanges within the SWP service area to improve water management capabilities and options. The proposed amendment does not increase SWP diversions or change SWP operations.

Transfers

Specifically, the proposed contract amendment does the following, among other things, regarding transfers:

- Removes the Turnback Pool language from the contract.
- Creates new flexibility for non-permanent transfers, including allowing PWAs to:
 - Transfer water to other PWAs outside their service area
 - Determine the duration (either single or multi-year) and terms of compensation for transfers
 - Execute Transfer Packages (2 or more transfer agreements between the same PWAs)
 - Transfer water stored outside their service territory directly to other PWAs.
- Requires certain conditions be met to avoid harm to the SWP and other PWAs.
- Requires DWR approval based on satisfaction of such conditions.
- Permits PWAs to transfer Article 21 water with DWR approval after a demonstration of special need.
- Allows PWAs to transfer or exchange up to 50% of their carryover water.
- Adds provisions to ensure transparency.
- Provides for a dispute resolution process for non-participating PWAs who feel they may be adversely impacted by a transfer.

Exchanges

The proposed contract amendment does the following, among other things, with regards to exchanges of water:

- Establishes clear criteria for exchanges to provide more clarity.
- Sets exchange ratios based on Annual Table A water allocation percentages, up to 5 to 1.
- Sets the maximum cost compensation for an exchange.
- Allows exchanges to be carried out over a 10 year period (meaning water could be returned over 10 years).
- Permits the exchange or transfer of up to 50% of PWAs carryover water.
- Requires certain conditions to be met to avoid harm to the SWP and other PWAs.
- Adds provisions to ensure transparency.
- Provides for a dispute resolution process for non-participating PWAs who feel they may be adversely impacted by an exchange.

In addition to the above, the proposed amendment permits PWAs to participate in multiple transfers or exchanges each year, as well as to be both buyers and sellers in the same year. PWAs may also petition DWR for exceptions to the some of the above criteria upon a demonstration of special needs or circumstances. Overall, the proposed amendments provide improved flexibility for PWAs to utilize water transfers and exchanges to better manage their SWP water supplies in a dynamic environment.

Proposed Amendment Implementation Schedule

The proposed contract amendment to SCV Water's long-term water supply contract with DWR is a uniform amendment that all PWAs are considering. Pursuant to the terms of the proposed amendment, it will go into effect on the last day of the month after 24 PWAs have executed the contract amendment. If 24 or more PWAs have not executed the amendment by February 28, 2021, DWR may decide in consultation with those PWAs who have executed it whether to allow the amendment to take effect.

CEQA Determination

On February 28, 2020, DWR published the 2020 Partially Recirculated DEIR for the Project. The Partially Recirculated DEIR was circulated for 94 days through June 1, 2020. On August 25, 2018, DWR certified the Final EIR for the Project. The Final EIR determined that the Project would have significant and unavoidable impacts to groundwater hydrology and water quality, and cumulatively considerable and unavoidable impacts to groundwater supplies and subsidence. As such, DWR adopted CEQA Findings of Fact and Statement of Overriding Considerations for the Project. On August 28, 2020, DWR filed a Notice of Determination for the Project. The Final EIR and CEQA Findings of Fact and Statement of Overriding Considerations comply with CEQA. DWR's Notice of Determination, Partially Recirculated DEIR, and Final EIR can be found on the official DWR website at: <https://water.ca.gov/News/Public-Notices/2020/August/SWP-Water-Supply-Contract-EIR>. DWR's CEQA Findings and Statement of Overriding Considerations is attached to this staff report (Attachment 2).

Before approving the proposed contract amendment, SCV Water, as a Responsible Agency under CEQA, is required to certify that it has reviewed and considered the information in the certified Final EIR for the Project. In addition, because the certified Final EIR identified significant and unavoidable impacts to the environment, SCV Water must adopt CEQA Findings of Fact and Statement of Overriding Considerations.

FINANCIAL CONSIDERATIONS

There are no direct financial impacts of approving the proposed contract amendment. Staff has concluded that the provisions contained in the contract will benefit the Agency by providing the opportunity to sell unused SWP supplies during years when such supplies are in excess of what is needed to be used within SCV Water's service area or stored in water banking programs. Further, greater flexibility to exchange water in the near-term may prove to be more cost effective than other potential reliability investments.

RECOMMENDATION

That the Water Resource and Watershed Committee recommends the Board of Directors adopt the attached resolution (Attachment 3) to (1) authorize the General Manager to execute the proposed amendment to Santa Clarita Valley Water Agency's long-term water supply contract with DWR to provide for enhanced water management tools and (2) make responsible agency findings pursuant to the California Environmental Quality Act for the Final Environmental Impact Report for the State Water Project Supply Contract Amendments for Water Management, and adopt CEQA Findings and Statement of Overriding Considerations for the Project.

Attachments

MGS

ATTACHMENT 1

STATE OF CALIFORNIA
CALIFORNIA NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES

AMENDMENT NO. «Amendment_No_WMT» (THE WATER MANAGEMENT
AMENDMENT)
TO WATER SUPPLY CONTRACT
BETWEEN
THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES
AND
«CONTRACTOR_up»

THIS AMENDMENT to the Water Supply Contract is made this _____ day of _____, 20____ pursuant to the provisions of the California Water Resources Development Bond Act, the Central Valley Project Act, and other applicable laws of the State of California, between the State of California, acting by and through its Department of Water Resources, herein referred to as the “State,” and «Contractor_lc», herein referred to as the “«DistrictAgency1».”

TABLE OF CONTENTS

| | |
|---|-----------|
| RECITALS | 3 |
| AMENDED CONTRACT TEXT | 5 |
| ARTICLE 1 IS AMENDED TO ADD THE FOLLOWING DEFINITIONS | 5 |
| 1. Definitions | 5 |
| ARTICLES 21 and 56 ARE DELETED IN THEIR ENTIRETY AND REPLACED WITH THE FOLLOWING TEXT: | 5 |
| 21. Interruptible Water Service | 5 |
| 56. Use, Storage-of Project Water Outside of Service Area and Article 56 Carryover Water | 7 |
| NEW CONTRACT ARTICLES | 17 |
| ARTICLE 57 IS ADDED TO THE CONTRACT AS A NEW ARTICLE AS FOLLOWS: | 17 |
| 57. Provisions Applicable to Both Transfers and Exchanges of Project Water.. | 17 |
| WATER MANAGEMENT AMENDMENT IMPLEMENTING AND ADMINISTRATIVE PROVISIONS..... | 20 |
| 1. EFFECTIVE DATE OF WATER MANAGEMENT AMENDMENT | 20 |
| 2. ADMINISTRATION OF CONTRACTS WITHOUT WATER MANAGEMENT AMENDMENT | 21 |
| 3. OTHER CONTRACT PROVISIONS..... | 21 |
| 4. DocuSign..... | 21 |

RECITALS

- A. The State and the «DistrictAgency1» entered into and subsequently amended a water supply contract (the “contract”), dated «WSC_Execution_Date», providing that the State shall supply certain quantities of water to the «DistrictAgency1» and providing that the «DistrictAgency1» shall make certain payments to the State, and setting forth the terms and conditions of such supply and such payments; and
- B. The State and the «DistrictAgency1», in an effort to manage water supplies in a changing environment, explored non-structural solutions to provide greater flexibility in managing State Water Project (SWP) water supplies; and
- C. The State and the «DistrictAgency1», in an effort to support the achievement of the coequal goals for the Delta set forth in the Delta Reform Act, sought solutions to develop water supply management practices to enhance flexibility and reliability of SWP water supplies while the «DistrictAgency1» is also demonstrating its commitment to expand its water supply portfolio by investing in local water supplies; and
- D. The State and the «DistrictAgency1», in response to the Governor’s Water Resiliency Portfolio, wish to maintain and diversify water supplies while protecting and enhancing natural systems without changing the way in which the SWP operates; and
- E. The State and the «DistrictAgency1» sought to create a programmatic solution through transfers or exchanges of SWP water supplies that encourages regional approaches among water users sharing watersheds and strengthening partnerships with local water agencies, irrigation districts, and other stakeholders; and
- F. The State and the «DistrictAgency1», in an effort to comply with the Open and Transparent Water Data Platform Act (Assembly Bill 1755), sought means to create greater transparency in water transfers and exchanges; and
- G. The State, the «DistrictAgency1» and representatives of certain other SWP Contractors have negotiated and agreed upon a document (dated May 20, 2019), the subject of which is “ Draft Agreement in Principle for the SWP Water Supply Contract Amendment for Water Management” (the “Agreement in Principle”); and
- H. The Agreement in Principle describes that the SWP Water Supply Contract Amendment for Water Management “supplements and clarifies 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”; the principles agreed to achieve this without relying upon increased SWP diversions

or changing the way in which the SWP operates, and are consistent with all applicable contract and regulatory requirements; and

- I. The State, the «DistrictAgency1» and those Contractors intending to be subject to the contract amendments contemplated by the Agreement in Principle subsequently prepared an amendment to their respective Contracts to implement the provisions of the Agreement in Principle, and such amendment was named the “SWP Water Supply Contract Amendment for Water Management”; and
- J. The State and the «DistrictAgency1» desire to implement continued service through the contract and under the terms and conditions of this “SWP Water Supply Contract Amendment for Water Management”;

NOW, THEREFORE, IT IS MUTUALLY AGREED that the following changes and additions are hereby made to the «DistrictAgency1»'s water supply contract with that State:

AMENDED CONTRACT TEXT

ARTICLE 1 IS AMENDED TO ADD THE FOLLOWING DEFINITIONS, PROVIDED THAT IF THIS WATER MANAGEMENT AMENDMENT TAKES EFFECT BEFORE THE CONTRACT EXTENSION AMENDMENT TAKES EFFECT, THE ADDITIONS HEREIN SHALL CONTINUE IN EFFECT AFTER THE CONTRACT EXTENSION AMENDMENT TAKES EFFECT NOTWITHSTANDING THE CONTRACT EXTENSION AMENDMENT'S DELETION AND REPLACEMENT OF ARTICLE 1 IN ITS ENTIRETY:

1. Definitions

- (au) **“Article 56 Carryover Water”** shall mean water that the District elects to store under Article 56 in project surface conservation facilities for delivery in a subsequent year or years.

ARTICLES 21 and 56 ARE DELETED IN THEIR ENTIRETY AND REPLACED WITH THE FOLLOWING TEXT:

21. Interruptible Water Service

(a) Allocation of Interruptible Water

Each year from water sources available to the project, the State shall make available and allocate interruptible water to contractors in accordance with the procedure in Article 18(a). Allocations of interruptible water in any one year may not be carried over for delivery in a subsequent year, nor shall the delivery of interruptible water in any year impact the «DistrictAgency1»'s approved deliveries of Annual Table A Amount or the «DistrictAgency1»'s allocation of water for the next year. Deliveries of interruptible water in excess of the «DistrictAgency1»'s Annual Table A Amount may be made if the deliveries do not adversely affect the State's delivery of Annual Table A Amount to other contractors or adversely affect project operations. Any amounts of water owed to the «DistrictAgency1» as of the date of this amendment pursuant to former Article 12(d), any contract provisions or letter agreements relating to wet weather water, and any Article 14(b) balances accumulated prior to 1995, are canceled. The State shall hereafter use its best efforts, in a manner that causes no adverse impacts upon other contractors or the project, to avoid adverse economic

impacts due to the «DistrictAgency1»'s inability to take water during wet weather.

(b) Notice and Process for Obtaining Interruptible Water

The State shall periodically prepare and publish a notice to contractors describing the availability of interruptible water under this Article. To obtain a supply of interruptible water, including a supply from a transfer of interruptible water, the «DistrictAgency1» shall execute a further agreement with the State. The State will timely process such requests for scheduling the delivery of the interruptible water.

(c) Rates

For any interruptible water delivered pursuant to this Article, the «DistrictAgency1» shall pay the State the same (including adjustments) for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water as if such interruptible water were Table A Amount water, as well as all incremental operation, maintenance, and replacement costs, and any other incremental costs, as determined by the State. The State shall not include any administrative or contract preparation charge. Incremental costs shall mean those nonpower costs which would not be incurred if interruptible water were not scheduled for or delivered to the «DistrictAgency1». Only those contractors not participating in the repayment of the capital costs of a reach shall be required to pay any use of facilities charge for the delivery of interruptible water through that reach.

(d) Transfers of Interruptible Water

- (1) Tulare Lake Basin Water Storage District, Empire West-Side Irrigation District, Oak Flat Water District, and County of Kings may transfer to other contractors a portion of interruptible water allocated to them under subdivision (a) when the State determines that interruptible water is available.
- (2) The State may approve the transfer of a portion of interruptible water allocated under subdivision (a) to contractors other than those listed in (d)(1) if the contractor acquiring the water can demonstrate a special need for the transfer of interruptible water.

- (3) The contractors participating in the transfer shall determine the cost compensation for the transfers of interruptible water. The transfers of interruptible water shall be consistent with Articles 56(d) and 57.

56. Use, Storage-of Project Water Outside of Service Area and Article 56 Carryover Water

(a) State Consent to Use of Project Water Outside of Service Area

Notwithstanding the provisions of Article 15(a), the State hereby consents to the «DistrictAgency1» storing Project Water in a groundwater storage program, project surface conservation facilities and in nonproject surface storage facilities located outside its service area for later use by the «DistrictAgency1» within its service area and to the «DistrictAgency1» transferring or exchanging Project Water outside its service area consistent with agreements executed under this contract.

(b) Groundwater Storage Programs

The «DistrictAgency1» shall cooperate with other contractors in the development and establishment of groundwater storage programs. The «DistrictAgency1» may elect to store Project Water in a groundwater storage program outside its service area for later use within its service area. There shall be no limit on the amount of Project Water the «DistrictAgency1» can store outside its service area during any year in a then existing and operational groundwater storage program.

(1) Transfers of Annual Table A Amount stored in a groundwater storage program outside a contractor's service area.

In accordance with applicable water rights law and the terms of this Article, the «DistrictAgency1» may transfer any Annual Table A Amount stored on or after the effective date of the Water Management Amendment in a groundwater storage program outside its service area to another contractor for use in that contractor's service area. These transfers must comply with the requirements of Articles 56(c)(4)(i)-(v), (6) and (7), and Article 57. The «DistrictAgency1» will include these transfers in its preliminary water delivery schedule required in Article 12(a).

(2) Exchanges of any Annual Table A Amount stored in a groundwater storage program outside a contractor's service area.

In accordance with applicable water rights law and the terms of this Article, the «DistrictAgency1» may exchange any Annual Table A Amount stored on or after the effective date of the Water Management Amendment in a groundwater storage program outside its service area with another contractor for use in that contractor's service area. These exchanges must comply with the requirements in Article 56(c)(4)(i)-(v). The «DistrictAgency1» shall include these exchanges in its preliminary water delivery schedule pursuant to Article 12(a).

(c) Article 56 Carryover Water and Transfers or Exchanges of Article 56 Carryover Water

- (1) In accordance with any applicable water rights laws, the «DistrictAgency1» may elect to use Article 56 Carryover Water within its service area, or transfer or exchange Article 56 Carryover Water to another contractor for use in that contractor's service area in accordance with the provisions of subdivision (c)(4) of this Article. The «DistrictAgency1» shall submit to the State a preliminary water delivery schedule on or before October 1 of each year pursuant to Article 12(a), the quantity of water it wishes to store as Article 56 Carryover Water in the next succeeding year, and the quantity of Article 56 Carryover Water it wishes to transfer or exchange with another contractor in the next succeeding year. The amount of Project Water the «DistrictAgency1» can add to storage in project surface conservation facilities and in nonproject surface storage facilities located outside the «DistrictAgency1»'s service area each year shall be limited to the lesser of the percent of the «DistrictAgency1»'s Annual Table A Amount shown in column 2 or the acre-feet shown in column 3 of the following table, depending on the State's final Table A water supply allocation percentage as shown in column 1. For the purpose of determining the amount of Project Water the «DistrictAgency1» can store, the final water supply allocation percentage shown in column 1 of the table below shall apply to the «DistrictAgency1». However, there shall be no limit to storage in nonproject facilities in a year in which the State's final water supply allocation percentage is one hundred

percent. These limits shall not apply to water stored pursuant to Articles 12(e) and 14(b).

| 1. Final Water Supply Allocation Percentage | 2. Maximum Percentage of «DistrictAgency1»'s Annual Table A Amount That Can Be Stored | 3. Maximum Acre-Feet That Can Be Stored |
|---|---|---|
| 50% or less | 25% | 100,000 |
| 51% | 26% | 104,000 |
| 52% | 27% | 108,000 |
| 53% | 28% | 112,000 |
| 54% | 29% | 116,000 |
| 55% | 30% | 120,000 |
| 56% | 31% | 124,000 |
| 57% | 32% | 128,000 |
| 58% | 33% | 132,000 |
| 59% | 34% | 136,000 |
| 60% | 35% | 140,000 |
| 61% | 36% | 144,000 |
| 62% | 37% | 148,000 |
| 63% | 38% | 152,000 |
| 64% | 39% | 156,000 |
| 65% | 40% | 160,000 |
| 66% | 41% | 164,000 |
| 67% | 42% | 168,000 |
| 68% | 43% | 172,000 |
| 69% | 44% | 176,000 |
| 70% | 45% | 180,000 |
| 71% | 46% | 184,000 |
| 72% | 47% | 188,000 |
| 73% | 48% | 192,000 |
| 74% | 49% | 196,000 |
| 75% or more | 50% | 200,000 |

- (2) Storage capacity in project surface conservation facilities at any time in excess of that needed for project operations shall be made available to requesting contractors for storage of project and Nonproject Water. If such storage requests exceed the available storage capacity, the available capacity shall be allocated among contractors requesting storage in proportion to their Annual Table A Amounts for that year. The «DistrictAgency1» may store water in excess of its allocated share of capacity as long as capacity is available for such storage.

- (3) If the State determines that a reallocation of excess storage capacity is needed as a result of project operations or because of the exercise of a contractor's storage right, the available capacity shall be reallocated among contractors requesting storage in proportion to their respective Annual Table A Amounts for that year. If such reallocation results in the need to displace water from the storage balance for any contractor or noncontractor, the water to be displaced shall be displaced in the following order of priority:

First, water, if any, stored for noncontractors;

Second, water stored for a contractor that previously was in excess of that contractor's allocation of storage capacity; and

Third, water stored for a contractor that previously was within that contractor's allocated storage capacity.

The State shall determine whether water stored in a project surface water conservation facility is subject to displacement and give as much notice as feasible of a potential displacement. If the «DistrictAgency1» transfers or exchanges Article 56 Carryover Water pursuant to this subdivision to another contractor for storage in such facility, the State shall recalculate the amount of water that is subject to potential displacement for both contractors participating in the transfer or exchange. The State's recalculation shall be made pursuant to subdivision (4) of this Article.

(4) Transfers or Exchanges of Article 56 Carryover Water

The «DistrictAgency1» may transfer or exchange its Article 56 Carryover Water as provided in this subdivision under a transfer or an exchange agreement with another contractor. Water stored pursuant to Articles 12(e) and 14(b) and Nonproject Water shall not be transferred or exchanged. Transfers or exchanges of Article 56 Carryover Water under this subdivision shall comply with subdivision (f) of this Article and Article 57 as applicable, which shall constitute the exclusive means to transfer or exchange Article 56 Carryover Water.

On or around January 15 of each year, the State shall determine the maximum amount of Article 56 Carryover

Water as of January 1 that will be available for transfers or exchanges during that year. The State's determination shall be consistent with subdivisions (c)(1) and (c)(2) of this Article.

The State shall timely process requests for transfers or exchanges of Article 56 Carryover Water by participating contractors. After execution of the transfer or exchange agreement between the State and the contractors participating in the transfer or exchange, the State shall recalculate each contractor's storage amounts for the contractors participating in the transfer or exchange. The State's recalculation shall result in an increase by an amount of water within the storage amounts for the contractor receiving the water and a decrease by the same amount of water for the contractor transferring or exchanging water. The State's recalculation shall be based on the criteria set forth in the State's transfer or exchange agreement with the participating contractors. The State's calculations shall also apply when a contractor uses Article 56 Carryover Water to complete an exchange.

Transfers and exchanges of Article 56 Carryover Water shall meet all of the following criteria:

- (i) Transfers or exchanges of Article 56 Carryover Water are limited to a single-year. Project Water returned as part of an exchange under subdivision (c)(4) may be returned over multiple years.
- (ii) The «DistrictAgency1» may transfer or exchange an amount up to fifty percent (50%) of its Article 56 Carryover Water to another contractor for use in that contractor's service area.
- (iii) Subject to approval of the State, the «DistrictAgency1» may transfer or exchange an amount greater than 50% of its Article 56 Carryover Water to another contractor for use in that contractor's service area. The «DistrictAgency1» seeking to transfer or exchange greater than 50% of its Article 56 Carryover Water shall submit a written request to the State for approval. The

«DistrictAgency1»r making such a request shall demonstrate to the State how it will continue to meet its critical water needs in the current year of the transfer or exchange and in the following year.

- (iv) The contractor receiving the water transferred or exchanged under subdivisions (4)(i) or (ii) above shall confirm in writing to the State its need for the water that year and shall take delivery of the water transferred or exchanged in the same year.
 - (v) Subject to the approval of the State, the «DistrictAgency1» may seek an exception to the requirements of subdivisions (4)(i), (ii), and (iii) above. The «DistrictAgency1» seeking an exception shall submit a written request to the State demonstrating to the State the need for 1) using project surface conservation facilities as the transfer or exchange point for Article 56 Carryover Water if the receiving contractor cannot take delivery of the transfer or exchange water in that same year, 2) using project surface conservation facilities for the transfer or exchange of one contractor's Article 56 Carryover Water to another contractor to reduce the risk of the water being displaced, or 3) for some other need.
- (5) The restrictions on storage of Project Water outside a «DistrictAgency1»'s service area provided for in this subdivision (c), shall not apply to storage in any project off-stream storage facilities constructed south of the Delta after the date of the Monterey Amendment.
- (6) For any Project Water stored outside its service area pursuant to subdivisions (b) and (c), the «DistrictAgency1» shall pay the State the same (including adjustments) for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water as the «DistrictAgency1» pays for the transportation of Annual Table A Amount to the reach of the project transportation facility from which the water is delivered to storage. If Table A Amount is stored, the Delta Water

Charge shall be charged only in the year of delivery to interim storage. For any stored water returned to a project transportation facility for final delivery to its service area, the «DistrictAgency1» shall pay the State the same for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water calculated from the point of return to the aqueduct to the turn-out in the «DistrictAgency1»'s service area. In addition, the «DistrictAgency1» shall pay all incremental operation, maintenance, and replacement costs, and any other incremental costs, as determined by the State, which shall not include any administrative or contract preparation charge. Incremental costs shall mean those nonpower costs which would not be incurred if such water were scheduled for or delivered to the «DistrictAgency1»'s service area instead of to interim storage outside the service area. Only those contractors not participating in the repayment of a reach shall be required to pay a use of facilities charge for use of a reach for the delivery of water to, or return of water from, interim storage.

- (7) A «DistrictAgency1» electing to store Project Water in a nonproject facility within the service area of another contractor shall execute a contract with that other contractor prior to storing such water which shall be in conformity with this Article and will include at least provisions concerning the point of delivery and the time and method for transporting such water.

(d) Non-Permanent Water Transfers of Project Water

Notwithstanding the provisions of Article 15(a), the State hereby consents to the «DistrictAgency1» transferring Project Water outside its service area in accordance with the following:

- (1) The participating contractors shall determine the duration and compensation for all water transfers, including single-year transfers, Transfer Packages and multi-year transfers.
- (2) The duration of a multi-year transfer shall be determined by the participating contractors to the transfer, but the term of the transfer agreement shall not extend beyond the term of the Contract with the earliest term.
- (3) A Transfer Package shall be comprised of two or more water transfer agreements between the same contractors. The

State shall consider each proposed water transfer within the package at the same time and shall apply the transfer criteria pursuant to Article 57 in the review and approval of each transfer. The State shall not consider a Transfer Package as an exchange.

(e) Continuance of Article 12(e) Carry-over Provisions

The provisions of this Article are in addition to the provisions of Article 12(e), and nothing in this Article shall be construed to modify or amend the provisions of Article 12(e). Any contractor electing to transfer or exchange Project Water during any year in accordance with the provisions of subdivision (c) of this Article, shall not be precluded from using the provisions of Article 12(e) for carrying over water from the last three months of that year into the first three months of the succeeding year.

(f) Bona Fide Exchanges Permitted

Notwithstanding the provisions of Article 15(a), the State hereby consents to the «DistrictAgency1» exchanging Project Water outside its service area consistent with this Article. Nothing in this Article shall prevent the «DistrictAgency1» from entering into bona fide exchanges of Project Water for use outside the «DistrictAgency1»'s service area with other parties for Project Water or Nonproject Water if the State consents to the use of the Project Water outside the «DistrictAgency1»'s service area. Also, nothing in this Article shall prevent the «DistrictAgency1» from continuing those exchange or sale arrangements entered into prior to September 1, 1995. Nothing in this Article shall prevent the «DistrictAgency1» from continuing those exchange or sale arrangements entered into prior to the effective date of this Amendment which had previously received any required State approvals. The State recognizes that the hydrology in any given year is an important factor in exchanges. A "bona fide exchange" shall mean an exchange of water involving the «DistrictAgency1» and another party where the primary consideration for one party furnishing water to another party is the return of a substantially similar amount of water, after giving due consideration to the hydrology, the length of time during which the water will be returned, and reasonable payment for costs incurred. In addition, the State shall consider reasonable deductions based on expected storage or transportation losses that may be made from water delivered. The State may also consider any other nonfinancial conditions of the return. A "bona fide exchange" shall not involve a significant payment unrelated to costs incurred in effectuating the

exchange. The State, in consultation with the contractors, shall have authority to determine whether a proposed exchange of water constitutes a “bona fide exchange” within the meaning of this paragraph and not a disguised sale.

(g) Exchanges of Project Water

Exchanges of Project Water shall be consistent with Article 57. In addition, the State shall apply the following criteria to its review of each exchange of Project Water as set forth below:

(1) Exchange Ratio

Exchange ratio shall mean the amount of water delivered from a contractor’s project supply in a year to another contractor compared to the amount of water returned to the first contractor in a subsequent year by the other contractor. All exchanges shall be subject to the applicable exchange ratio in this Article as determined by the allocation of available supply for the Annual Table A Amount at the time the exchange transaction between the contractors is executed.

- (a) For allocations greater than or equal to 50%, the exchange ratio shall be no greater than 2 to 1.
- (b) For allocations greater than 25% and less than 50%, the exchange ratio shall be no greater than 3 to 1.
- (c) For allocations greater than 15% and less than or equal to 25%, the exchange ratio shall be no greater than 4 to 1.
- (d) For allocations less than or equal to 15%, the exchange ratio shall be no greater than 5 to 1.

(2) Cost Compensation

The State shall determine the maximum cost compensation calculation using the following formula:

The numerator shall be the exchanging contractor’s conservation minimum and capital and transportation minimum and capital charges, including capital surcharges. DWR will set the denominator using the

State Water Project allocation which incorporates the May 1 monthly Bulletin 120 runoff forecast.

If the «DistrictAgency1» submits a request for approval of an exchange prior to May 1, the State shall provide timely approval with the obligation of the contractors to meet the requirement of the maximum compensation. If the maximum compensation is exceeded because the agreement between the contractors is executed prior to the State Water Project allocation as defined in (c)(2) above, the contractors will revisit the agreement between the two contractors and make any necessary adjustments to the compensation. If the contractors make any adjustments to the compensation, they shall notify the State.

(3) Period During Which the Water May Be Returned:

The period for the water to be returned shall not be greater than 10 years and shall not go beyond the expiration date of this Contract. If the return of the exchange water cannot be completed within 10 years, the State may approve a request for an extension of time.

(h) Other Transfers

Nothing in this Article shall modify or amend the provisions of Articles 15(a), 18(a) or Article 41, except as expressly provided for in subdivisions (c) and (d) of this Article and in subdivision (d) of Article 21.

NEW CONTRACT ARTICLES

ARTICLE 57 IS ADDED TO THE CONTRACT AS A NEW ARTICLE AS FOLLOWS:

57. Provisions Applicable to Both Transfers and Exchanges of Project Water

- (a) Nothing in this Article modifies or limits Article 18 (a).
- (b) Transfers and exchanges shall not have the protection of Article 14(b).
- (b) The «DistrictAgency1» may be both a buyer and seller in the same year and enter into multiple transfers and exchanges within the same year.
- (d) Subject to the State's review and approval, all transfers and exchanges shall satisfy the following criteria:
 - (1) Transfers and exchanges shall comply with all applicable laws and regulations.
 - (2) Transfers and exchanges shall not impact the financial integrity of the State Water Project, Transfers and exchange agreements shall include provisions to cover all costs to the State for the movement of water such as power costs and use of facility charge.
 - (3) Transfers and exchanges shall be transparent, including compliance with subdivisions (g) and (h) of this Article.
 - (4) Transfers and exchanges shall not harm other contractors not participating in the transfer or exchange.
 - (5) Transfers and exchanges shall not create significant adverse impacts to the service area of each contractor participating in the transfer or exchange.
 - (6) Transfers and exchanges shall not adversely impact State Water Project operations.
- (e) The «DistrictAgency1» may petition the State and the State shall have discretion to approve an exception to the criteria set forth in subdivision (d) in the following cases:
 - (1) When a transfer or an exchange does not meet the criteria, but the «DistrictAgency1» has determined that there is a compelling need to proceed with the transfer or exchange.

- (2) When the «DistrictAgency1» has received water in a transfer or an exchange and cannot take all of the water identified in the transaction in the same year, the «DistrictAgency1» may request to store its water consistent with Article 56(c), including in San Luis Reservoir.
- (f) The State will timely process such requests for scheduling the delivery of the transferred or exchanged water. Contractors participating in a transfer or an exchange shall submit the request in a timely manner.
 - (g) The District shall, for each transfer or exchange it participates in, confirm to the State in a resolution or other appropriate document approving the transfer or exchange, including use of Article 56(c) stored water, that:
 - (1) The «DistrictAgency1» has complied with all applicable laws.
 - (2) The «DistrictAgency1» has provided any required notices to public agencies and the public.
 - (3) The «DistrictAgency1» has provided the relevant terms to all contractors and to the Water Transfers Committee of the State Water Contractors Association.
 - (4) The «DistrictAgency1» is informed and believes that the transfer or exchange will not harm other contractors.
 - (5) The «DistrictAgency1» is informed and believes that the transfer or exchange will not adversely impact State Water Project operations.
 - (6) The «DistrictAgency1» is informed and believes that the transfer or exchange will not affect its ability to make all payments, including payments when due under its Contract for its share of the financing costs of the State's Central Valley Project Revenue Bonds.
 - (7) The «DistrictAgency1» has considered the potential impacts of the transfer or exchange within its service area.

(h) Dispute Resolution Process Prior to Executing an Agreement

The State and the contractors shall comply with the following process to resolve disputes if a contractor that is not participating in the transfer or exchange claims that the proposed transfer and/or exchange has a significant adverse impact.

- i. Any claim to a significant adverse impact may only be made after the «DistrictAgency1» has submitted the relevant terms pursuant to Article 57(g)(3) and before the State approves a transfer or an exchange agreement.
- ii. In the event that any dispute cannot be resolved among the contractors, the State will convene a group including the Department's Chief of the State Water Project Analysis Office, the Department's Chief Counsel and the Department's Chief of the Division of Operations or their designees and the contractors involved. The contractor's representatives shall be chosen by each contractor. Any contractor claiming a significant adverse impact must submit written documentation to support this claim and identify a proposed solution. This documentation must be provided 2 weeks in advance of a meeting of the group that includes the representatives identified in this paragraph.
- iii. If this group cannot resolve the dispute, the issue will be taken to the Director of the Department of Water Resources and that decision will be final.

WATER MANAGEMENT AMENDMENT IMPLEMENTING AND ADMINISTRATIVE PROVISIONS

IT IS FURTHER MUTUALLY AGREED that the following provisions, which shall not be part of the Water Supply Contract text, shall be a part of this Amendment and be binding on the Parties.

1. EFFECTIVE DATE OF WATER MANAGEMENT AMENDMENT

- (a) The Water Management Amendment shall take effect (“Water Management Amendment effective date”) on the last day of the calendar month in which the State and 24 or more contractors have executed the Water Management Amendment, unless a final judgment by a court of competent jurisdiction has been entered that the Water Management Amendment is invalid or unenforceable or a final order has been entered that enjoins the implementation of the Water Management Amendment.
- (b) If any part of the Water Management Amendment of any contractor is determined by a court of competent jurisdiction in a final judgment or order to be invalid or unenforceable, the Water Management Amendments of all contractors shall be of no force and effect unless the State and 24 or more contractors agree any the remaining provisions of the contract may remain in full force and effect.
- (c) If 24 or more contractors have not executed the Water Management Amendment by February 28, 2021 then within 30 days the State, after consultation with the contractors that have executed the amendment, shall make a determination whether to waive the requirement of subdivision (a) of this effective date provision. The State shall promptly notify all contractors of the State’s determination. If the State determines, pursuant to this Article to allow the Water Management Amendment to take effect, it shall take effect only as to those consenting contractors.
- (d) If any contractor has not executed the Water Management Amendment within sixty (60) days after its effective date pursuant to subdivisions (a) through (c) of this effective date provision, this Amendment shall not take effect as to such contractor unless the contractor and the State, in its discretion, thereafter execute such contractor’s Water Management Amendment, in which case the Water Management Amendment effective date for purposes of that contractor’s Amendment shall be as agreed upon by the State and

contractor, and shall replace the effective date identified in subdivision (a) for that contractor.

2. ADMINISTRATION OF CONTRACTS WITHOUT WATER MANAGEMENT AMENDMENT

The State shall administer the water supply contracts of any contractors that do not execute the Water Management Amendment in a manner that is consistent with the contractual rights of such contractors. These contractors' rights are not anticipated to be affected adversely or benefited by the Water Management Amendments.

3. OTHER CONTRACT PROVISIONS

Except as amended by this Amendment, all provisions of the contract shall be and remain the same and in full force and effect, provided, however, that any reference to the definition of a term in Article 1, shall be deemed to be a reference to the definition of that term, notwithstanding that the definition has been re-lettered within Article 1. In preparing a consolidated contract, the parties agree to update all such references to reflect the definitions' lettering within Article 1.

4. DocuSign

The Parties agree to accept electronic signatures generated using DocuSign as original signatures.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment on the date first above written.

Approved as to Legal Form
and Sufficiency:

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

Chief Counsel
Department of Water Resources

Director

Date

Approved as to Form:

«CONTRACTOR_up»

General Counsel
«Contractor_lc»

General Manager

Date

CEQA Findings of Fact and Statement of Overriding Considerations for the State Water Project Water Supply Contract Amendments for Water Management

Section 1. Description of the Project

The proposed project includes amending certain provisions of the State Water Resources Development System (SWRDS) Water Supply Contracts (Contracts). SWRDS (defined in Wat. Code, Section 12931), or more commonly referred to as the SWP, was enacted into law by the Burns-Porter Act, passed by the Legislature in 1959 and approved by the voters in 1960. The Department of Water Resources constructed and currently operates and maintains the SWP, a system of storage and conveyance facilities that provide water to 29 State Water Contractors known as the Public Water Agencies (PWAs)¹. The Contracts include water management provisions as the methods of delivery, storage and use of water and financial provisions for recovery of costs associated with the planning, construction, and operation and maintenance of the SWP.

DWR and the PWAs have a common interest to ensure the efficient delivery of SWP water supplies and to ensure the SWP's financial integrity. In order to address water management flexibility DWR and the PWAs agreed to the following objectives:

- Supplement and clarify terms of the SWP water supply contract that will provide greater water management regarding transfers and exchanges of SWP water supply within the SWP service area.

The proposed project would add, delete, and modify provisions of the Contracts and clarify certain terms of the Contracts that will provide greater water management regarding transfers and

¹ The State Water Project Public Water Agencies include Alameda County Flood Control and Water Conservation District (Zone 7), Alameda County Water District, Antelope Valley-East Kern Water Agency, City of Yuba City, Coachella Valley Water District, County of Butte, County of Kings, Crestline-Lake Arrowhead Water Agency, Desert Water Agency, Dudley Ridge Water District, Empire West Side Irrigation District, Kern County Water Agency, Littlerock Creek Irrigation District, The Metropolitan Water District of Southern California, Mojave Water Agency, Napa County Flood Control and Water Conservation District, Oak Flat Water District, Palmdale Water District, Plumas County Flood Control and Water Conservation District, San Bernardino Valley Municipal Water District, San Gabriel Valley Municipal Water District, San Geronio Pass Water Agency, San Luis Obispo County Flood Control and Water Conservation District, Santa Barbara County Flood Control and Water Conservation District, Santa Clara Valley Water District, Santa Clarita WA (formerly Castaic Lake WA), Solano County Water Agency, Tulare Lake Basin Water Storage District, and Ventura County Flood Control District.

exchanges of SWP water within the SWP service area. In addition, the proposed project would not build new or modify existing SWP facilities nor change any of the PWA's annual Table A amounts.² The proposed project would not change the water supply delivered by the SWP, as SWP water would continue to be delivered to the PWAs consistent with current Contract terms and all regulatory requirements. The May 20, 2019 AIP is included as Appendix A of the 2020 Partially Recirculated Draft Environmental Impact Report (RDEIR).

Section 2. Findings Required Under CEQA

CEQA requires that the lead agency adopt mitigation measures or alternatives, where feasible, to substantially lessen or avoid significant environment impacts that would otherwise occur. Mitigation measures or alternatives are not required, however, where such changes are infeasible or where the responsibility for the project lies with some other agency. (CEQA Guidelines, Section 15091, sub. (a), (b).)

With respect to a project for which significant impacts are not avoided or substantially lessened, a public agency, after adopting proper findings, may nevertheless approve the project if the agency first adopts a statement of overriding considerations setting forth the specific reasons why the agency found that the project's "benefits" rendered "acceptable" its "unavoidable adverse environmental effects." (CEQA Guidelines, Sections 15093, 15043, sub. (b); see also Pub. Resources Code, Section 21081, sub. (b).)

In seeking to effectuate the substantive policy of CEQA to substantially lessen or avoid significant environmental effects to the extent feasible, an agency, in adopting findings, need not necessarily address the feasibility of both mitigation measures and environmentally superior alternatives when contemplating approval of a proposed project with significant impacts. Where a significant impact can be mitigated to an "acceptable" level solely by the adoption of feasible mitigation measures, the agency, in drafting its findings, has no obligation to consider the feasibility of any environmentally superior alternative that could also substantially lessen or avoid that same impact — even if the alternative would render the impact less severe than would the proposed project as mitigated. (*Laurel Hills Homeowners Association v. City Council* (1978) 83 Cal.App.3d 515, 521; see also *Kings County Farm Bureau v. City of Hanford* (1990) 221 Cal.App.3d 692, 730-731; and *Laurel Heights Improvement Association v. Regents of the University of California* ("Laurel Heights I") (1988) 47 Cal.3d 376, 400-403.)

In cases in which a project's significant effects cannot be mitigated or avoided, an agency, after adopting proper findings, may nevertheless approve the project if it first adopts a statement of overriding considerations setting forth the specific reasons why the agency found that the "benefits of the project outweigh the significant effects on the environment." (Pub. Resources Code, Section 21081, sub. (b); see also, CEQA Guidelines, Sections 15043, subd. (b), 15093 .)

² The maximum amount of SWP water that the PWAs can request pursuant to their individual water supply contract. annual Table A amounts also serve as a basis for allocation of some SWP costs among the contractors.

In the Statement of Overriding Considerations found at the conclusion of this exhibit, DWR identifies the benefit that, in its judgment, outweighs the significant environmental effects that the projects would cause.

The California Supreme Court has stated that “[t]he wisdom of approving ... any development project, a delicate task which requires a balancing of interests, is necessarily left to the sound discretion of the local officials and their constituents who are responsible for such decisions. The law as we interpret and apply it simply requires that those decisions be informed, and therefore balanced.” (*Citizens of Goleta* (1990) 52 Cal.3d 553, 564.)

In support of its approval of the proposed project, DWR’s findings are set forth below for the potentially significant environmental effects and alternatives of the proposed project identified in the EIR pursuant to Public Resources Code, Section 21080 and Section 15091 of the CEQA Guidelines.

These findings do not attempt to describe the full analysis of each environmental impact contained in the 2018 DEIR and 2020 RDEIR (collectively referred to in this document as the DEIR). Instead, a full explanation of these environmental findings and conclusions can be found in the DEIR and these findings hereby incorporate by reference the discussion and analysis in the DEIR supporting the determination regarding the impacts of the proposed project. In making these findings, DWR ratifies, adopts and incorporates in these findings the determinations and conclusions of the DEIR and Final EIR (FEIR) relating to environmental impacts except to the extent any such determinations and conclusions are specifically and expressly modified by these findings.

As described below and in the DEIR, there were two significant impacts identified for the proposed project and they were associated with groundwater hydrology and water quality. There were no mitigation measures identified in the DEIR to substantially lessen or avoid the potentially significant and significant groundwater resource impacts of the proposed project. Therefore, a Mitigation Monitoring and Reporting Program was not developed for the proposed project and is not included herein.

Unless otherwise specified, all page references presented herein are to the 2020 RDEIR.

2.1. Significant and Unavoidable Impacts

The following significant and potentially significant environmental impacts of the project are unavoidable and cannot be mitigated in a manner that would lessen the significant impact to below the level of significance. Notwithstanding disclosure of these impacts, DWR elects to approve the project due to overriding considerations as set forth below in Section 7, the statement of overriding considerations.

Impact Category: Groundwater Hydrology and Water Quality

Impact 5.10-1: The increase in groundwater pumping associated with changes in transfers and exchanges implemented by PWAs could substantially deplete groundwater supplies in some areas of the study area. [p. 5.10-17 – 5.10-21]

Finding. It is possible that transfers and exchanges of SWP water among the PWAs could result in benefits to groundwater levels, as transferred or exchanged water could be used instead of groundwater supplies or this water could be used for groundwater recharge. However, it is also possible that transfers and exchanges from agricultural to M&I PWAs could result in an increase in groundwater pumping resulting in a net deficit in aquifer volume or lowering the local groundwater table in some areas of the study area. DWR's conclusion is based on a program-level analysis, as there is uncertainty in the amount of groundwater use that may occur.

Because the Sustainable Groundwater Management Act (SGMA) is in the process of being implemented and because the extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known, assumptions related to the ability of SGMA to mitigate any changes in groundwater levels are speculative.

PWAs could propose feasible mitigation measures to reduce significant impacts to less than significant in some cases, although it is not possible for DWR to conclude that feasible mitigation measures would be available to avoid or mitigate significant groundwater effects in all cases. Per CEQA Guidelines Section 15091(a)(2), implementation and enforcement mitigation measures are within the responsibility and jurisdiction of another public agency and not the agency making the finding.

The extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known. Therefore, it is concluded that the potential increase in groundwater pumping could result in a net deficit in aquifer volume or lowering the local groundwater table. **For these reasons, this impact is significant and unavoidable.**

Impact 5.10-2: The increase in groundwater pumping associated with changes in transfers and exchanges implemented by PWAs could result in subsidence in some of the study area. [p. 5.10-22 – 5.10-25]

Finding. It is possible that transfers and exchanges among the PWAs could result in benefits to groundwater levels, as transferred or exchanged water could be used instead of groundwater supplies or this water could be used for groundwater recharge. However, it is also possible that transfers and exchanges from agricultural to M&I PWAs could result in an increase in groundwater pumping in some areas of the study area causing subsidence due to a net deficit in aquifer volume or lowering the local groundwater table. Because the extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known, it is concluded that groundwater pumping in

some areas of the study area would cause subsidence due to a net deficit in aquifer volume or lowering the local groundwater table and the impact would be potentially significant.

Because SGMA is in the process of being implemented and because the extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known, assumptions related to the ability of SGMA to mitigate any changes in groundwater levels or related subsidence are speculative.

PWAs could propose feasible mitigation measures to reduce significant impacts to less than significant in some cases, although it is not possible for DWR to conclude that feasible mitigation measures would be available to avoid or mitigate significant groundwater effects in all cases. Per CEQA Guidelines Section 15091(a)(2), implementation and enforcement mitigation measures are within the responsibility and jurisdiction of another public agency and not the agency making the finding.

DWR has no information on specific implementation of the transfers and exchanges from the proposed project and it has no authority to implement mitigation measures in the PWA service area. **For these reasons, this impact is significant and unavoidable.**

Section 3. Cumulative Impacts

Cumulative impacts, as defined in Section 15355 of the CEQA Guidelines, refer to two or more individual effects that, when taken together, are “considerable” or that compound or increase other environmental impacts. Cumulative impacts can result from individually minor, but collectively significant, actions when added to the impacts of other closely related past, present, or reasonably foreseeable future projects. Pertinent guidance for cumulative impact analysis is provided in Section 15130 of the CEQA Guidelines.

The DEIR presents the cumulative impact analysis for the proposed project. Each impact discussion in the DEIR assesses whether the incremental effects of the proposed project could combine with similar effects of one or more of the projects identified in the 2020 RDEIR (p.6-2 – 6.14) to cause or contribute to a significant cumulative effect. If so, the analysis considers whether the incremental contribution of the proposed project would be cumulatively significant (p. 6-8 –6-14).

DWR hereby finds that implementation of the proposed project would not result in physical environmental impacts on the following resource areas: hazards and hazardous materials; noise; population, employment and housing; public services and recreation; surface water hydrology and water quality; transportation; and utilities and service systems. Therefore, these resource areas would not contribute to a cumulative effect and would not compound or increase an environmental impact of these other projects.

The cumulative impact analysis associated with the remaining resource areas (aesthetics, agriculture and forest resources, air quality, biological resources, cultural resources, energy, geology and soils, GHG, groundwater hydrology and water quality, land use and planning, and water supply) focused on six types of impacts that were identified as less than significant or

potential impacts of the proposed project that could contribute to cumulative impacts with the cumulative projects (Contract Extension Project, Monterey Amendment and Settlement Agreement, and Sustainable Groundwater Management Act Implementation) identified in the DEIR. The six types of impacts are impacts to groundwater supplies, subsidence, fallowing and changes in crop patterns, energy and Greenhouse Gas (GHG), reservoir storage, and surface water flow above or below diversions. Impacts associated with fallowing and changes in crop patterns, energy and GHG, reservoir storage, and surface water flow above or below diversions were determined to be less than significant with no mitigation required.

Related to groundwater supplies and subsidence, DWR hereby finds as follows:

Groundwater Supplies and Subsidence

Findings. The incremental contribution of the proposed project's effect on groundwater supplies and subsidence would be cumulatively considerable when viewed in connection with the effects of past projects, and current and probable future projects (as full implementation of SGMA is not anticipated until 2040 or 2042). This cumulative impact would be **significant**. PWAs may provide mitigation in their project-level analysis for exchanges and transfers. However, per CEQA Guidelines Section 15091(a)(2), implementation and enforcement mitigation measures are within the responsibility and jurisdiction of another public agency and not the agency making the finding.

Because DWR has no information on specific implementation of the transfers and exchanges from the proposed project and it has no authority to implement mitigation measures in the PWA service area, the cumulative impact would remain **significant and unavoidable**.

Section 4. Significant Irreversible Environmental Changes

According to Sections 15126, subd. (c) and 15126.2, subd. (c) of the CEQA Guidelines, an EIR is required to address any significant irreversible environmental changes that would occur should the proposed project be implemented.

The proposed project would add, delete and modify provisions of the Contracts to clarify terms of the Contracts that will provide greater water management regarding transfers and exchanges of SWP water supply within the service area. The proposed project would not build or modify existing SWP facilities nor change each PWA's contractual maximum Table A amounts. The proposed project would amend and add financial provisions to the Contracts based on the negotiated Agreements in Principle between DWR and the PWAs. Therefore, the proposed project would not result in the commitment of nonrenewable natural resources such as gravel, petroleum products, steel, and slowly renewable resources such as wood products any differently than under existing conditions, and there would be no significant irreversible environmental changes.

Section 5. Growth-Inducing Effects

The CEQA Guidelines Section 15126.2, subd. (d) requires that an EIR evaluate the growth-inducing impacts of a project. As identified in CEQA Section 15126.2(d), growth inducement is not in and of itself an “environmental impact;” however, growth can result in adverse environmental consequences. Growth inducement may constitute an adverse impact if the growth is not consistent with or accommodated by the land use plans and policies for the affected area. Local land use plans, typically General Plans, provide for land use development patterns and growth policies that allow for the “orderly” expansion of urban development supported by adequate urban public services, such as water supply, sewer service, and new roadway infrastructure. A project that would induce “disorderly” growth (i.e., a project in conflict with local land use plans) could indirectly cause adverse environmental impacts. To assess whether a project with the potential to induce growth is expected to result in significant impacts, it is important to assess the degree to which the growth associated with a project would or would not be consistent with applicable land use plans.

In California, cities and counties have primary authority³ over land use decisions, while water suppliers, through laws and agreements, are expected and usually required to provide water service if water supply is available. Approval or denial of development proposals is the responsibility of the cities and counties in the study area. Numerous laws are intended to ensure that water supply planning, including planning for water supply infrastructure, and land use planning (such as the approval of, or establishment of constraints to, development) proceed in an orderly fashion.

The proposed project would not build new or modify existing SWP facilities nor change each PWA’s contractual maximum Table A amounts. As discussed in DEIR Section 5.14, Population, Employment, and Housing, (p. 5.14-2 to 5.14-5) because there would be no new facilities built or existing facilities modified, no housing is proposed as part of the project or required as a result of it, nor would the project provide substantial new permanent employment opportunities. Therefore, the proposed project would not result in direct growth inducement.

Because the proposed project would not result in the construction of new or modification of existing water supply storage, treatment or conveyance facilities it would not remove an obstacle to growth associated with water supply.

As discussed in DEIR Section 5.3 Agricultural and Forestry Resources of the DEIR (p. 5.3-7 to 5.3-9), it is possible that transfers from agricultural to M&I PWAs could result in fallowing of agricultural lands and/or changes in crop patterns (e.g., switching from high water-using crops to low water-using crops) in the study area. It is also possible that exchange of SWP water from agricultural to M&I PWAs could occur. However, these transfers and exchanges and any associated fallowing of agricultural land and/or changes in cropping patterns in the study area would not be anticipated to change the existing agricultural land use designations because the land use would remain in agricultural use. Furthermore, additional water transfers or exchanges

³ Although cities and counties have primary authority over land use planning, there are exceptions to this such as the CEC (with permit authority and CEQA lead agency status for some thermal power plant projects) and the CPUC (with regulatory authority and CEQA lead agency status for certain utility projects).

are not expected to substantially affect the acreage of land fallowed or put into dry farming compared to existing practices for other reasons (e.g., market conditions, economic conditions, etc.). As a result, it would not be anticipated that there would be a change in land uses associated with delivery of SWP water supplies including, conversion of agricultural land uses to urban uses or increased developed uses in urban areas.

While with the proposed amendments transfers and exchanges could be more frequent and longer in duration, they would not be a permanent transfer of a PWAs annual Table A amounts; therefore, it would not represent a viable long-term source of urban water supply to support additional unplanned growth. Therefore, the proposed amendments would not result in additional water supply that could support growth over what is currently planned for in those jurisdictions and the proposed project would not result in indirect growth inducement.

Furthermore, cities and counties are responsible for considering the environmental effects of their growth and land use planning decisions (including, but not limited to, conversion of agricultural land to urban uses, loss of sensitive habitats, and increases in criteria air emissions). As new developments are proposed, or general plans adopted, local jurisdictions prepare environmental compliance documents to analyze the impacts associated with development in their jurisdiction pursuant to CEQA. The impacts of growth would be analyzed in detail in general plan EIRs and in project-level CEQA compliance documents. Mitigation measures for identified significant impacts would be the responsibility of the local jurisdictions in which the growth would occur. If identified impacts could not be mitigated to a level below the established thresholds, then the local jurisdiction would need to adopt overriding considerations.

Section 6. Alternatives

DWR has considered the project alternatives presented and analyzed in the DEIR and presented during the comment period and public hearing process. DWR finds that these alternatives are infeasible. Based on the impacts identified in the DEIR and other reasons summarized below, and as supported by substantial evidence in the record, DWR finds that approval and implementation of the proposed project as proposed is the most desirable, feasible, and appropriate action and hereby rejects the other alternatives and other combinations and/or variations of alternatives as infeasible based on consideration of the relevant factors set forth in CEQA Guidelines Section 15126.6, subdivision (f). (See also CEQA Guidelines, Section 15091, subd. (a)(3).) Each alternative and the facts supporting the finding of infeasibility of each alternative are set forth below.

Alternatives Considered and Dismissed from Further Consideration

The alternative described below was rejected for further consideration (p 7-3 – 7-4).

Implement New Water Conservation Provisions in the Contracts: Agriculture and urban water efficiency, conservation, and management measures are governed by the existing regulatory and legal requirements independent from the proposed project, including Assembly

Bill 1668 and Senate Bill 606. Additional water conservation measures in the Contracts would not provide greater water management regarding transfers and exchanges of SWP water as compared to the proposed project because water conservation is already required. Consequently, these actions are independent from the proposed project and do not meet the basic project objectives. Therefore, amending the Contracts to require implementation of agriculture and M&I water conservation measures was rejected, as these actions are required by state statute and are met by local water agencies under existing law.

Summary of Alternatives Considered

CEQA requires that an EIR describe and evaluate a range of reasonable alternatives to a project or to the location of a project that would feasibly attain most of the basic project objectives and avoid or substantially lessen significant project impacts. The purpose of the alternatives analysis is to determine whether or not a variation of the proposed project would reduce or eliminate significant project impacts within the framework of the project's basic objectives.

The alternatives considered in the DEIR include:

- Alternative 1: No Project
- Alternative 2: Reduce Table A Deliveries
- Alternative 3: Reduced Flexibility in Water Transfers/Exchanges
- Alternative 4: More Flexibility in Water Transfers/Exchanges
- Alternative 5: Only Agriculture to M&I Transfers Allowed

Alternative 1: No Project

Description

CEQA Guidelines section 15126.6, subd. (e) requires consideration of a No Project Alternative. The purpose of this alternative is to allow the decision makers to compare impacts of approving a project with impacts of not approving a project. Under the No Project Alternative, DWR takes no action, and DWR and the PWAs would continue to operate and finance the SWP under the current Contracts.

Facts in Support of Finding of Infeasibility

Alternative 1 would not meet the objective of the project because Alternative 1 does not provide greater water management regarding transfers and exchanges of SWP water supply within the SWP service area and as compared to the proposed project. In addition, impacts under Alternative 1 would be similar but greater when compared to the proposed project. Alternative 1 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Alternative 2: Amending Contract to Reduce Table A Deliveries

Description

Under Alternative 2, as with the proposed project, DWR and the PWAs would agree to amend the Contracts based on the May 20, 2019 AIP. However, unlike the proposed project, the Contracts would be amended to reduce annual Table A amounts proportionately for all the PWAs.

Facts in Support of Finding of Infeasibility

Alternative 2 would not meet the objectives of the project because it would cause a reduction in delivery of annual Table A amounts proportional for all PWAs and would not provide greater water management regarding transfers and exchanges. In addition, impacts under Alternative 2 would be similar but greater when compared to the proposed project. Alternative 2 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Alternative 3: Less Flexibility in Water Transfers/Exchanges

Description

Under Alternative 3, as with the proposed project, DWR and the PWAs would agree to amend the Contracts based on the May 20, 2019 AIP. However, unlike the proposed project, the Contracts would not be amended to modify provisions of the Contracts and clarify certain terms of the Contracts to provide greater water management regarding transfers and exchanges of SWP water supply within the SWP service area. Some increase in flexibility of exchanges and transfers would be agreed to, but not all. For example, Alternative 3 would amend the Contracts to allow PWAs to transfer carryover water in San Luis Reservoir, but only 20 percent of the carryover water (the proposed project allows for 50 percent), allow limited multi-year transfers of five years or less (the proposed project allows for up to the Contract term), and not allow use of Transfer Packages. In addition, unlike the proposed project, PWAs would transfer water based on cost compensation established by DWR. Also, under Alternative 3, the Contracts would not amend the text in Article 56(f) regarding water exchanges to add provisions, such as conducting water exchanges as buyers and sellers in the same year and increasing the compensation allowed to facilitate the exchanges. Therefore, Alternative 3 would result in a similar or slightly less amount of water transfers among the PWAs than the proposed project, due to the less flexibility in water transfers and exchanges.

Facts in Support of Finding of Infeasibility

Alternative 3 would meet the objectives of the project, but to a lesser degree because the water transfers and exchanges would not provide as much water management flexibility regarding transfers and exchanges. In addition, impacts under Alternative 3 would be similar but greater

when compared to the proposed project. Alternative 3 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Alternative 4: More Flexibility in Water Transfer/Exchanges

Description

Under Alternative 4, as with the proposed project, DWR and the PWAs would agree to amend the Contracts. However, unlike the proposed project, the Contracts would be amended to allow PWAs more flexibility in water transfers and exchanges. Similar to the proposed project, PWAs would be able to transfer carryover water in San Luis Reservoir, transfer water for multiple years without permanently relinquishing that portion of their Table A amounts, and transfer water in Transfer Packages. Similar to the proposed project, PWA would be able to transfer water based on terms they establish for cost compensation and duration, and store and transfer water in the same year. Unlike the proposed project that only allows for a single-year transfers associated with carryover water, Alternative 4 would allow transfers and exchanges to include up to 100 percent of a PWA's carryover in San Luis Reservoir and allow multi-year use of its carryover water in both transfers and exchanges. Similar to the proposed project, the proposed exchange provisions of the AIP would establish a larger range of return ratios in consideration of varying hydrology and also maximum compensation with respect to SWP charges and allow PWAs to conduct additional water exchanges as buyers and sellers in the same year.

Facts in Support of Finding of Infeasibility

Alternative 4 would meet the objectives of the project. In addition, Under Alternative 4 the less than significant impacts associated with changes in flow including, adverse effects to special-status fish or terrestrial species, and water supply would be similar to the proposed project. However, similar to the proposed project, there is potential for Alternative 4 to result in a net deficit in aquifer volume, lowering of the local groundwater table, or subsidence in some areas of the study area with impacts that may be significant and unavoidable.

Alternative 5: Greater Water Management – Only Agriculture to M&I Transfers Allowed

Description

Under Alternative 5, as with the proposed project, DWR and the PWAs would agree to amend the Contracts based on the May 20, 2019 AIP.

Unlike the proposed project, DWR and PWAs would amend Contract provisions to allow the transfer of Table A water only from agricultural PWAs to M&I PWAs and not change any current Contract provisions for exchanges. Transfers from M&I PWAs to M&I PWAs, M&I PWAs to agricultural PWAs, and agricultural PWAs to agricultural PWAs would not be allowed. Similar to

the proposed project, PWAs could transfer carryover water in San Luis Reservoir to PWAs, transfer water for multiple years without permanently relinquishing that portion of their Table A amounts and request DWR's approval of Transfer Package; however, unlike the proposed project, these transfers would only be from agricultural PWAs to M&I PWAs. Similar to the proposed project, Alternative 5 would revise the Contract to allow the PWAs to transfer water based on terms they establish for cost compensation and duration. An agricultural PWA would be able to store and transfer water in the same year to M&I PWAs, and transfer up to 50 percent of its carryover water, but only for a single-year transfer to an M&I PWA (i.e., a future or multi-year commitment of transferring carryover water is not allowed). Under Alternative 5, the Contracts would not be amended to modify the text in Article 56(f) regarding water exchanges to include additional provisions, such as conducting water exchanges as buyers and sellers in the same year.

Similar to the proposed project, Alternative 5 would not build new or modify existing SWP facilities nor change any of the PWA's contractual maximum Table A amounts. Also similar to the proposed project, Alternative 5 would not change the water supply delivered by the SWP as SWP water supply would continue to be delivered to the PWAs consistent with current Contracts terms, including Table A and Article 21 deliveries. Operation of the SWP under this alternative would be subject to ongoing environmental regulations including for water rights, water quality and endangered species protection, among other State and federal laws. Also similar to the proposed project, Alternative 5 would not require additional permits or approvals.

Facts in Support of Finding of Infeasibility

Alternative 5 would meet some of the objectives of the project, but to a lesser degree because the water transfers and exchanges would not provide as much water management flexibility regarding transfers and exchanges. In addition, impacts under Alternative 5 would be similar but greater when compared to the proposed project. Alternative 5 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Environmentally Superior Alternative

CEQA Guidelines Section 15126.6 subd. (e) requires the identification of an environmentally superior alternative to the proposed project.

As presented in the DEIR, implementation of the proposed project would result in less than significant or no physical environmental impacts to all resource areas except for impacts related to groundwater supplies and subsidence, which are significant and unavoidable.

Alternative 4 would result in similar impacts as the proposed project (e.g., net deficit in aquifer volume, lowering of the local groundwater table, or subsidence in some areas of the study area). Alternatives 1, 2, 3, and 5 could result in impacts similar or greater (new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project) than the proposed project. Therefore, because the

proposed project and Alternative 4 would result in similar impacts and the other alternatives may result in similar or greater impacts, Alternative 4 was determined to be the environmentally superior alternative.

Section 7. Statement of Overriding Considerations

DWR hereby declares that, pursuant to CEQA Guidelines Section 15093, it has balanced the benefits of the proposed project against any unavoidable environmental impacts in determining whether to approve the proposed project. Pursuant to the CEQA Guidelines, if the benefits of the proposed project outweigh the unavoidable adverse environmental impacts, those impacts may be considered “acceptable.”

Having evaluated the reduction of adverse significant environmental effect of the proposed project to the extent feasible, considered the entire administrative record on the Project, and weighed the benefits of the proposed project against its unavoidable adverse impact, DWR has determined that each of the following benefits of the proposed project separately and individually outweigh the potential unavoidable adverse impacts and render those potential adverse impacts acceptable based upon the following overriding considerations. The following represents the specific reasons to support this determination based on the final EIR and information contained therein.

Water Transfers

The proposed project would add, delete, and modify provisions of the Contracts and clarify certain terms of the Contracts that will provide greater water management regarding transfers and exchanges of SWP water within the SWP service area.

The transfer provisions of the proposed project would facilitate the PWAs ability to:

- Transfer SWP water for multiple years and multiple parties without permanently relinquishing that portion of their annual Table A amounts;
- negotiate cost compensation and duration among the PWAs on a willing seller-willing buyer basis for water transfers; and
- Transfer SWP water stored outside of the transferring PWA’s service area to the receiving PWA’s service area

All these proposed transfer provisions would provide the PWAs with increased flexibility for short-term and long-term planning and management of their SWP water supplies. The proposed project, however, would not include any change to the PWA’s permanent annual Table A amounts.

Since the Monterey Amendment, DWR has approved short-term water transfers pursuant to Articles 15(a) and 41, and has administered the short-term Turn-Back Water Pool Program pursuant to Article 56 of the Contracts. The Turn-Back Water Pool Program allows a PWA to sell Table A water that it will not use, subject to certain conditions, for a set price that is either 50

percent or 25 percent of the Delta Water Rate for that year. DWR has also administered, on a demonstration basis, a multi-year water pool program for 2013-2014 and 2015-2016 that allowed PWAs to participate in the two-year program as either a buyer or seller for each of the two years (a decision made at the beginning of each of the two-year programs) with greater compensation for the water than allowed under the Turn-Back Water Pool Program. DWR has allowed transfers of Table A water among two PWAs with the same landowner in their respective service areas that do not include an exchange of money.

The proposed project would remove all language related to the Turn-back Pool from the Contracts and, compared to the Turn-Back Water Pool Program where DWR established the price based on the Delta water rate, the proposed project would revise the Contracts to allow the PWAs to transfer water based on terms they establish for cost compensation and duration. Also, in contrast to the Turn-Back Water Pool Program, a water transfer could be as long as the remainder of the term of the PWA's Contract. In addition, a PWA would be able to store and transfer water in the same year, and transfer up to 50 percent of its carryover water in San Luis Reservoir, but only for a single-year transfer (i.e., a future or multi-year commitment of transferring carryover water is not allowed).

The proposed amendments would result in a greater amount of water transfers among the PWAs than under the current Contract provisions. Based on past experience and discussions with PWAs, most water transfers that occur due to the proposed amendments would occur among the PWAs located south of the Delta and would not involve additional export of SWP water from the Delta. Water transfers would be implemented using the existing physical facilities and existing operational and regulatory processes, including CEQA compliance.

Water Exchanges

The proposed project would amend the text in Article 56(f) regarding water exchanges to include additional provisions. The proposed exchange provisions of the AIP would establish return ratios (up to a 5:1 ratio) based on a consideration of varying hydrology and would set compensation based on a PWA's SWP charges.

The proposed amendments would allow PWAs to exchange carryover water in San Luis Reservoir, and exchange up to 50 percent of their carryover water in a single-year transaction (i.e., a future or multi-year commitment of exchanging carryover water is not allowed). The proposed provisions would also allow PWAs to conduct water exchanges of carryover water as buyers and sellers in the same year.

While DWR has approved water exchanges pursuant to Articles 15(a), 41, and 56(f), the proposed project would provide the PWAs with increased flexibility for short-term and long-term planning of water supplies. Under the proposed project, exchanges may be used more frequently to respond to variations in hydrology, such as wet years, and in single dry-year and multiple dry-year conditions.

Acronyms and Glossary

| | |
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| AIP | Agreement in Principle |
| CEQA | California Environmental Quality Act |
| CFR | Code of Federal Regulations |
| Contracts | Water Supply Contracts |
| DEIR | Draft Environmental Impact Report |
| DWR | California Department of Water Resources |
| EIR | Environmental Impact Report |
| FEIR | Final EIR |
| PRC | California Public Resources Code |
| PWAs | Public Water Agencies |
| RDEIR | Recirculated Draft Environmental Impact Report |
| SGMA | Sustainable Groundwater Management Act |
| SWC | State Water Contractors |
| SWP | State Water Project |

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RESOLUTION NO.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARITA VALLEY WATER AGENCY (1) AUTHORIZING AMENDMENTS TO THE SANTA CLARITA VALLEY WATER AGENCY'S LONG TERM WATER SUPPLY CONTRACT WITH THE DEPARTMENT OF WATER RESOURCES TO SUPPLEMENT AND CLARIFY WATER MANAGEMENT TOOLS REGARDING TRANSFERS AND EXCHANGES OF SWP WATER; AND (2) MAKING RESPONSIBLE AGENCY FINDINGS PURSUANT TO CEQA FOR THE FINAL ENVIRONMENTAL IMPACT REPORT FOR THE STATE WATER PROJECT SUPPLY CONTRACT AMENDMENTS FOR WATER MANAGEMENT, AND ADOPTING CEQA FINDINGS AND STATEMENT OF OVERRIDING CONSIDERATIONS

WHEREAS, the Santa Clarita Valley Water Agency has a long term water supply contract (SWP Contract) with the State of California Department of Water Resources (DWR) for the delivery of State Water Project (SWP) water; and

WHEREAS, under the existing SWP Contract, water transfers are permitted in a limited and very specific manner, resulting in their infrequent use, and the parameters for exchanges of water, while allowed, lack specificity and clear guidance, which impede planning; and

WHEREAS, the Santa Clarita Valley Water Agency, along with other public water agencies with SWP Contracts (PWAs) conducted a series of public negotiations with DWR with the goal of agreeing on concepts to supplement and clarify the existing water transfer and exchange provisions of the SWP Contracts to provide improved water management; and

WHEREAS, in June 2018, PWAs and DWR agreed upon an Agreement in Principle (AIP), which included specific principles to clarify and enhance the terms of the SWP water supply contract related to water transfers and exchanges to improve water management capabilities and PWA options; and

WHEREAS, in October 2018, DWR circulated a Draft Environmental Impact Report (2018 DEIR) that considered impacts related to the AIP, which at that time also included certain cost allocation sections for the California WaterFix project (WaterFix); and

WHEREAS, in early 2019, Governor Newsom decided not to move forward with California WaterFix and DWR rescinded its approvals of the AIP project. The PWAs and DWR subsequently held a public negotiation and agreed to remove the WaterFix cost allocation sections from AIP, but to retain the water management provisions, and the AIP was finalized on May 20, 2019; and

WHEREAS, the proposed amendment to the Santa Clarita Valley Water Agency SWP Contract for consideration by the Board articulates in contract language the principles of the final AIP; and

WHEREAS, DWR is the lead agency for the water management amendments, called the State Water Project Supply Contract Amendments for Water Management (Project), pursuant to CEQA (Pub. Res. Code §§ 21000, et seq.) and the State CEQA Guidelines (14 CCR §§ 15000, et seq.). As the lead agency, DWR is responsible for assuring that an adequate analysis of the Project's environmental impacts is conducted; and

WHEREAS, on February 28, 2020, DWR issued a Partially Recirculated Draft Environmental Impact Report (DEIR) for the Project, which was circulated for public review for 94 days through June 1, 2020; and

WHEREAS, DWR prepared a Final Environmental Impact Report for the Project, which included the DEIR, appendices, comments on the DEIR, responses to comments on the DEIR, and revisions to the DEIR (collectively, FEIR); and

WHEREAS, on August 25, 2020, DWR certified the FEIR, adopted CEQA Findings of Fact and Statement of Overriding Considerations and approved the Project; and

WHEREAS, the FEIR concluded that the Project would have significant and unavoidable impacts to groundwater hydrology and water quality, and cumulatively considerable and unavoidable impacts to groundwater supplies and subsidence. As such, DWR adopted CEQA Findings of Fact and Statement of Overriding Considerations for the Project (attached as Exhibit "A"); and

WHEREAS, the Santa Clarita Valley Water Agency and DWR propose to amend the Santa Clarita Valley Water Agency SWP Contract by approving the amendment attached as Exhibit "B" to this Resolution (Amendment), the environmental effects of which were studied in the FEIR; and

WHEREAS, the Santa Clarita Valley Water Agency is a responsible agency and has more limited approval and implementing authority over the Amendment than does DWR; and

WHEREAS, the Board of Directors of the Santa Clarita Valley Water Agency, at its scheduled public meeting on November 4, 2020, independently reviewed and considered the FEIR, CEQA Findings of Fact and Statement of Overriding Considerations, and other related documents and evidence in the record before it; and

WHEREAS, all the procedures of CEQA and the State CEQA Guidelines have been met, and the FEIR prepared in connection with the Project is sufficiently detailed so that all the potentially significant effects of the Project and the Amendment on the environment and measures feasible to avoid or substantially lessen such effects have been evaluated in accordance with CEQA; and

WHEREAS, as contained herein, the Santa Clarita Valley Water Agency has endeavored in good faith to set forth the basis for its decision on the Amendment;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Santa Clarita Valley Water Agency as follows:

1. The above recitals are true and correct and are incorporated herein by reference as an operative portion of this Resolution.
2. Based on the above findings, the Board hereby approves the Amendment and authorizes the General Manager to execute it on behalf of the Santa Clarita Valley Water Agency, which is incorporated herein and attached hereto as Exhibit "B".

3. The FEIR prepared for the Project, which can be found at <https://water.ca.gov/News/Public-Notices/2020/August/SWP-Water-Supply-Contract-EIR>, is hereby received by the Board and incorporated herein by this reference
4. Pursuant to State CEQA Guidelines section 15096 and in its limited role as a responsible agency under CEQA, the Board has reviewed and considered the FEIR, as well as DWR's certification of the FEIR and approval of the Project, and DWR's CEQA Findings of Fact and Statement of Overriding Considerations, and the Board incorporates those items herein by reference. As to those resources within the Santa Clarita Valley Water Agency power and authority as a responsible agency under CEQA, the Board exercises its independent judgment and finds that the FEIR contains a complete, objective and accurate reporting of the Amendment's impacts.
5. Exercising its independent judgment, the Board concurs with the CEQA Findings of Fact and Statement of Overriding Considerations approved by DWR and hereby adopts those CEQA Findings of Fact and Statement of Overriding Considerations, attached hereto as Exhibit "A" and incorporated herein by this reference. The Board further finds that there are no feasible mitigation measures or alternatives within its authority that would substantially lessen or avoid any significant effects that the Project would have on the environment, for the reasons explained in the FEIR.
6. The Board concurs with the Statement of Overriding Considerations adopted by DWR and finds that the benefits of the Amendment outweigh the adverse environmental impacts not reduced to below a level of significance.
7. The Board hereby authorizes and directs staff to file and have posted a Notice of Determination with the County Clerk and with the State Clearinghouse within 5 working days of the adoption of this Resolution.
8. The documents and materials that constitute the record of proceedings for this Resolution are located at Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350, Attn: Board Secretary.

CEQA Findings of Fact and Statement of Overriding Considerations for the State Water Project Water Supply Contract Amendments for Water Management

Section 1. Description of the Project

The proposed project includes amending certain provisions of the State Water Resources Development System (SWRDS) Water Supply Contracts (Contracts). SWRDS (defined in Wat. Code, Section 12931), or more commonly referred to as the SWP, was enacted into law by the Burns-Porter Act, passed by the Legislature in 1959 and approved by the voters in 1960. The Department of Water Resources constructed and currently operates and maintains the SWP, a system of storage and conveyance facilities that provide water to 29 State Water Contractors known as the Public Water Agencies (PWAs)¹. The Contracts include water management provisions as the methods of delivery, storage and use of water and financial provisions for recovery of costs associated with the planning, construction, and operation and maintenance of the SWP.

DWR and the PWAs have a common interest to ensure the efficient delivery of SWP water supplies and to ensure the SWP's financial integrity. In order to address water management flexibility DWR and the PWAs agreed to the following objectives:

- Supplement and clarify terms of the SWP water supply contract that will provide greater water management regarding transfers and exchanges of SWP water supply within the SWP service area.

The proposed project would add, delete, and modify provisions of the Contracts and clarify certain terms of the Contracts that will provide greater water management regarding transfers and

¹ The State Water Project Public Water Agencies include Alameda County Flood Control and Water Conservation District (Zone 7), Alameda County Water District, Antelope Valley-East Kern Water Agency, City of Yuba City, Coachella Valley Water District, County of Butte, County of Kings, Crestline-Lake Arrowhead Water Agency, Desert Water Agency, Dudley Ridge Water District, Empire West Side Irrigation District, Kern County Water Agency, Littlerock Creek Irrigation District, The Metropolitan Water District of Southern California, Mojave Water Agency, Napa County Flood Control and Water Conservation District, Oak Flat Water District, Palmdale Water District, Plumas County Flood Control and Water Conservation District, San Bernardino Valley Municipal Water District, San Gabriel Valley Municipal Water District, San Geronio Pass Water Agency, San Luis Obispo County Flood Control and Water Conservation District, Santa Barbara County Flood Control and Water Conservation District, Santa Clara Valley Water District, Santa Clarita WA (formerly Castaic Lake WA), Solano County Water Agency, Tulare Lake Basin Water Storage District, and Ventura County Flood Control District.

exchanges of SWP water within the SWP service area. In addition, the proposed project would not build new or modify existing SWP facilities nor change any of the PWA's annual Table A amounts.² The proposed project would not change the water supply delivered by the SWP, as SWP water would continue to be delivered to the PWAs consistent with current Contract terms and all regulatory requirements. The May 20, 2019 AIP is included as Appendix A of the 2020 Partially Recirculated Draft Environmental Impact Report (RDEIR).

Section 2. Findings Required Under CEQA

CEQA requires that the lead agency adopt mitigation measures or alternatives, where feasible, to substantially lessen or avoid significant environment impacts that would otherwise occur. Mitigation measures or alternatives are not required, however, where such changes are infeasible or where the responsibility for the project lies with some other agency. (CEQA Guidelines, Section 15091, sub. (a), (b).)

With respect to a project for which significant impacts are not avoided or substantially lessened, a public agency, after adopting proper findings, may nevertheless approve the project if the agency first adopts a statement of overriding considerations setting forth the specific reasons why the agency found that the project's "benefits" rendered "acceptable" its "unavoidable adverse environmental effects." (CEQA Guidelines, Sections 15093, 15043, sub. (b); see also Pub. Resources Code, Section 21081, sub. (b).)

In seeking to effectuate the substantive policy of CEQA to substantially lessen or avoid significant environmental effects to the extent feasible, an agency, in adopting findings, need not necessarily address the feasibility of both mitigation measures and environmentally superior alternatives when contemplating approval of a proposed project with significant impacts. Where a significant impact can be mitigated to an "acceptable" level solely by the adoption of feasible mitigation measures, the agency, in drafting its findings, has no obligation to consider the feasibility of any environmentally superior alternative that could also substantially lessen or avoid that same impact — even if the alternative would render the impact less severe than would the proposed project as mitigated. (*Laurel Hills Homeowners Association v. City Council* (1978) 83 Cal.App.3d 515, 521; see also *Kings County Farm Bureau v. City of Hanford* (1990) 221 Cal.App.3d 692, 730-731; and *Laurel Heights Improvement Association v. Regents of the University of California* ("Laurel Heights I") (1988) 47 Cal.3d 376, 400-403.)

In cases in which a project's significant effects cannot be mitigated or avoided, an agency, after adopting proper findings, may nevertheless approve the project if it first adopts a statement of overriding considerations setting forth the specific reasons why the agency found that the "benefits of the project outweigh the significant effects on the environment." (Pub. Resources Code, Section 21081, sub. (b); see also, CEQA Guidelines, Sections 15043, subd. (b), 15093 .)

² The maximum amount of SWP water that the PWAs can request pursuant to their individual water supply contract. annual Table A amounts also serve as a basis for allocation of some SWP costs among the contractors.

In the Statement of Overriding Considerations found at the conclusion of this exhibit, DWR identifies the benefit that, in its judgment, outweighs the significant environmental effects that the projects would cause.

The California Supreme Court has stated that “[t]he wisdom of approving ... any development project, a delicate task which requires a balancing of interests, is necessarily left to the sound discretion of the local officials and their constituents who are responsible for such decisions. The law as we interpret and apply it simply requires that those decisions be informed, and therefore balanced.” (*Citizens of Goleta* (1990) 52 Cal.3d 553, 564.)

In support of its approval of the proposed project, DWR’s findings are set forth below for the potentially significant environmental effects and alternatives of the proposed project identified in the EIR pursuant to Public Resources Code, Section 21080 and Section 15091 of the CEQA Guidelines.

These findings do not attempt to describe the full analysis of each environmental impact contained in the 2018 DEIR and 2020 RDEIR (collectively referred to in this document as the DEIR). Instead, a full explanation of these environmental findings and conclusions can be found in the DEIR and these findings hereby incorporate by reference the discussion and analysis in the DEIR supporting the determination regarding the impacts of the proposed project. In making these findings, DWR ratifies, adopts and incorporates in these findings the determinations and conclusions of the DEIR and Final EIR (FEIR) relating to environmental impacts except to the extent any such determinations and conclusions are specifically and expressly modified by these findings.

As described below and in the DEIR, there were two significant impacts identified for the proposed project and they were associated with groundwater hydrology and water quality. There were no mitigation measures identified in the DEIR to substantially lessen or avoid the potentially significant and significant groundwater resource impacts of the proposed project. Therefore, a Mitigation Monitoring and Reporting Program was not developed for the proposed project and is not included herein.

Unless otherwise specified, all page references presented herein are to the 2020 RDEIR.

2.1. Significant and Unavoidable Impacts

The following significant and potentially significant environmental impacts of the project are unavoidable and cannot be mitigated in a manner that would lessen the significant impact to below the level of significance. Notwithstanding disclosure of these impacts, DWR elects to approve the project due to overriding considerations as set forth below in Section 7, the statement of overriding considerations.

Impact Category: Groundwater Hydrology and Water Quality

Impact 5.10-1: The increase in groundwater pumping associated with changes in transfers and exchanges implemented by PWAs could substantially deplete groundwater supplies in some areas of the study area. [p. 5.10-17 – 5.10-21]

Finding. It is possible that transfers and exchanges of SWP water among the PWAs could result in benefits to groundwater levels, as transferred or exchanged water could be used instead of groundwater supplies or this water could be used for groundwater recharge. However, it is also possible that transfers and exchanges from agricultural to M&I PWAs could result in an increase in groundwater pumping resulting in a net deficit in aquifer volume or lowering the local groundwater table in some areas of the study area. DWR's conclusion is based on a program-level analysis, as there is uncertainty in the amount of groundwater use that may occur.

Because the Sustainable Groundwater Management Act (SGMA) is in the process of being implemented and because the extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known, assumptions related to the ability of SGMA to mitigate any changes in groundwater levels are speculative.

PWAs could propose feasible mitigation measures to reduce significant impacts to less than significant in some cases, although it is not possible for DWR to conclude that feasible mitigation measures would be available to avoid or mitigate significant groundwater effects in all cases. Per CEQA Guidelines Section 15091(a)(2), implementation and enforcement mitigation measures are within the responsibility and jurisdiction of another public agency and not the agency making the finding.

The extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known. Therefore, it is concluded that the potential increase in groundwater pumping could result in a net deficit in aquifer volume or lowering the local groundwater table. **For these reasons, this impact is significant and unavoidable.**

Impact 5.10-2: The increase in groundwater pumping associated with changes in transfers and exchanges implemented by PWAs could result in subsidence in some of the study area. [p. 5.10-22 – 5.10-25]

Finding. It is possible that transfers and exchanges among the PWAs could result in benefits to groundwater levels, as transferred or exchanged water could be used instead of groundwater supplies or this water could be used for groundwater recharge. However, it is also possible that transfers and exchanges from agricultural to M&I PWAs could result in an increase in groundwater pumping in some areas of the study area causing subsidence due to a net deficit in aquifer volume or lowering the local groundwater table. Because the extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known, it is concluded that groundwater pumping in

some areas of the study area would cause subsidence due to a net deficit in aquifer volume or lowering the local groundwater table and the impact would be potentially significant.

Because SGMA is in the process of being implemented and because the extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known, assumptions related to the ability of SGMA to mitigate any changes in groundwater levels or related subsidence are speculative.

PWAs could propose feasible mitigation measures to reduce significant impacts to less than significant in some cases, although it is not possible for DWR to conclude that feasible mitigation measures would be available to avoid or mitigate significant groundwater effects in all cases. Per CEQA Guidelines Section 15091(a)(2), implementation and enforcement mitigation measures are within the responsibility and jurisdiction of another public agency and not the agency making the finding.

DWR has no information on specific implementation of the transfers and exchanges from the proposed project and it has no authority to implement mitigation measures in the PWA service area. **For these reasons, this impact is significant and unavoidable.**

Section 3. Cumulative Impacts

Cumulative impacts, as defined in Section 15355 of the CEQA Guidelines, refer to two or more individual effects that, when taken together, are “considerable” or that compound or increase other environmental impacts. Cumulative impacts can result from individually minor, but collectively significant, actions when added to the impacts of other closely related past, present, or reasonably foreseeable future projects. Pertinent guidance for cumulative impact analysis is provided in Section 15130 of the CEQA Guidelines.

The DEIR presents the cumulative impact analysis for the proposed project. Each impact discussion in the DEIR assesses whether the incremental effects of the proposed project could combine with similar effects of one or more of the projects identified in the 2020 RDEIR (p.6-2 – 6.14) to cause or contribute to a significant cumulative effect. If so, the analysis considers whether the incremental contribution of the proposed project would be cumulatively significant (p. 6-8 –6-14).

DWR hereby finds that implementation of the proposed project would not result in physical environmental impacts on the following resource areas: hazards and hazardous materials; noise; population, employment and housing; public services and recreation; surface water hydrology and water quality; transportation; and utilities and service systems. Therefore, these resource areas would not contribute to a cumulative effect and would not compound or increase an environmental impact of these other projects.

The cumulative impact analysis associated with the remaining resource areas (aesthetics, agriculture and forest resources, air quality, biological resources, cultural resources, energy, geology and soils, GHG, groundwater hydrology and water quality, land use and planning, and water supply) focused on six types of impacts that were identified as less than significant or

potential impacts of the proposed project that could contribute to cumulative impacts with the cumulative projects (Contract Extension Project, Monterey Amendment and Settlement Agreement, and Sustainable Groundwater Management Act Implementation) identified in the DEIR. The six types of impacts are impacts to groundwater supplies, subsidence, fallowing and changes in crop patterns, energy and Greenhouse Gas (GHG), reservoir storage, and surface water flow above or below diversions. Impacts associated with fallowing and changes in crop patterns, energy and GHG, reservoir storage, and surface water flow above or below diversions were determined to be less than significant with no mitigation required.

Related to groundwater supplies and subsidence, DWR hereby finds as follows:

Groundwater Supplies and Subsidence

Findings. The incremental contribution of the proposed project's effect on groundwater supplies and subsidence would be cumulatively considerable when viewed in connection with the effects of past projects, and current and probable future projects (as full implementation of SGMA is not anticipated until 2040 or 2042). This cumulative impact would be **significant**. PWAs may provide mitigation in their project-level analysis for exchanges and transfers. However, per CEQA Guidelines Section 15091(a)(2), implementation and enforcement mitigation measures are within the responsibility and jurisdiction of another public agency and not the agency making the finding.

Because DWR has no information on specific implementation of the transfers and exchanges from the proposed project and it has no authority to implement mitigation measures in the PWA service area, the cumulative impact would remain **significant and unavoidable**.

Section 4. Significant Irreversible Environmental Changes

According to Sections 15126, subd. (c) and 15126.2, subd. (c) of the CEQA Guidelines, an EIR is required to address any significant irreversible environmental changes that would occur should the proposed project be implemented.

The proposed project would add, delete and modify provisions of the Contracts to clarify terms of the Contracts that will provide greater water management regarding transfers and exchanges of SWP water supply within the service area. The proposed project would not build or modify existing SWP facilities nor change each PWA's contractual maximum Table A amounts. The proposed project would amend and add financial provisions to the Contracts based on the negotiated Agreements in Principle between DWR and the PWAs. Therefore, the proposed project would not result in the commitment of nonrenewable natural resources such as gravel, petroleum products, steel, and slowly renewable resources such as wood products any differently than under existing conditions, and there would be no significant irreversible environmental changes.

Section 5. Growth-Inducing Effects

The CEQA Guidelines Section 15126.2, subd. (d) requires that an EIR evaluate the growth-inducing impacts of a project. As identified in CEQA Section 15126.2(d), growth inducement is not in and of itself an “environmental impact;” however, growth can result in adverse environmental consequences. Growth inducement may constitute an adverse impact if the growth is not consistent with or accommodated by the land use plans and policies for the affected area. Local land use plans, typically General Plans, provide for land use development patterns and growth policies that allow for the “orderly” expansion of urban development supported by adequate urban public services, such as water supply, sewer service, and new roadway infrastructure. A project that would induce “disorderly” growth (i.e., a project in conflict with local land use plans) could indirectly cause adverse environmental impacts. To assess whether a project with the potential to induce growth is expected to result in significant impacts, it is important to assess the degree to which the growth associated with a project would or would not be consistent with applicable land use plans.

In California, cities and counties have primary authority³ over land use decisions, while water suppliers, through laws and agreements, are expected and usually required to provide water service if water supply is available. Approval or denial of development proposals is the responsibility of the cities and counties in the study area. Numerous laws are intended to ensure that water supply planning, including planning for water supply infrastructure, and land use planning (such as the approval of, or establishment of constraints to, development) proceed in an orderly fashion.

The proposed project would not build new or modify existing SWP facilities nor change each PWA’s contractual maximum Table A amounts. As discussed in DEIR Section 5.14, Population, Employment, and Housing, (p. 5.14-2 to 5.14-5) because there would be no new facilities built or existing facilities modified, no housing is proposed as part of the project or required as a result of it, nor would the project provide substantial new permanent employment opportunities. Therefore, the proposed project would not result in direct growth inducement.

Because the proposed project would not result in the construction of new or modification of existing water supply storage, treatment or conveyance facilities it would not remove an obstacle to growth associated with water supply.

As discussed in DEIR Section 5.3 Agricultural and Forestry Resources of the DEIR (p. 5.3-7 to 5.3-9), it is possible that transfers from agricultural to M&I PWAs could result in fallowing of agricultural lands and/or changes in crop patterns (e.g., switching from high water-using crops to low water-using crops) in the study area. It is also possible that exchange of SWP water from agricultural to M&I PWAs could occur. However, these transfers and exchanges and any associated fallowing of agricultural land and/or changes in cropping patterns in the study area would not be anticipated to change the existing agricultural land use designations because the land use would remain in agricultural use. Furthermore, additional water transfers or exchanges

³ Although cities and counties have primary authority over land use planning, there are exceptions to this such as the CEC (with permit authority and CEQA lead agency status for some thermal power plant projects) and the CPUC (with regulatory authority and CEQA lead agency status for certain utility projects).

are not expected to substantially affect the acreage of land fallowed or put into dry farming compared to existing practices for other reasons (e.g., market conditions, economic conditions, etc.). As a result, it would not be anticipated that there would be a change in land uses associated with delivery of SWP water supplies including, conversion of agricultural land uses to urban uses or increased developed uses in urban areas.

While with the proposed amendments transfers and exchanges could be more frequent and longer in duration, they would not be a permanent transfer of a PWAs annual Table A amounts; therefore, it would not represent a viable long-term source of urban water supply to support additional unplanned growth. Therefore, the proposed amendments would not result in additional water supply that could support growth over what is currently planned for in those jurisdictions and the proposed project would not result in indirect growth inducement.

Furthermore, cities and counties are responsible for considering the environmental effects of their growth and land use planning decisions (including, but not limited to, conversion of agricultural land to urban uses, loss of sensitive habitats, and increases in criteria air emissions). As new developments are proposed, or general plans adopted, local jurisdictions prepare environmental compliance documents to analyze the impacts associated with development in their jurisdiction pursuant to CEQA. The impacts of growth would be analyzed in detail in general plan EIRs and in project-level CEQA compliance documents. Mitigation measures for identified significant impacts would be the responsibility of the local jurisdictions in which the growth would occur. If identified impacts could not be mitigated to a level below the established thresholds, then the local jurisdiction would need to adopt overriding considerations.

Section 6. Alternatives

DWR has considered the project alternatives presented and analyzed in the DEIR and presented during the comment period and public hearing process. DWR finds that these alternatives are infeasible. Based on the impacts identified in the DEIR and other reasons summarized below, and as supported by substantial evidence in the record, DWR finds that approval and implementation of the proposed project as proposed is the most desirable, feasible, and appropriate action and hereby rejects the other alternatives and other combinations and/or variations of alternatives as infeasible based on consideration of the relevant factors set forth in CEQA Guidelines Section 15126.6, subdivision (f). (See also CEQA Guidelines, Section 15091, subd. (a)(3).) Each alternative and the facts supporting the finding of infeasibility of each alternative are set forth below.

Alternatives Considered and Dismissed from Further Consideration

The alternative described below was rejected for further consideration (p 7-3 – 7-4).

Implement New Water Conservation Provisions in the Contracts: Agriculture and urban water efficiency, conservation, and management measures are governed by the existing regulatory and legal requirements independent from the proposed project, including Assembly

Bill 1668 and Senate Bill 606. Additional water conservation measures in the Contracts would not provide greater water management regarding transfers and exchanges of SWP water as compared to the proposed project because water conservation is already required. Consequently, these actions are independent from the proposed project and do not meet the basic project objectives. Therefore, amending the Contracts to require implementation of agriculture and M&I water conservation measures was rejected, as these actions are required by state statute and are met by local water agencies under existing law.

Summary of Alternatives Considered

CEQA requires that an EIR describe and evaluate a range of reasonable alternatives to a project or to the location of a project that would feasibly attain most of the basic project objectives and avoid or substantially lessen significant project impacts. The purpose of the alternatives analysis is to determine whether or not a variation of the proposed project would reduce or eliminate significant project impacts within the framework of the project's basic objectives.

The alternatives considered in the DEIR include:

- Alternative 1: No Project
- Alternative 2: Reduce Table A Deliveries
- Alternative 3: Reduced Flexibility in Water Transfers/Exchanges
- Alternative 4: More Flexibility in Water Transfers/Exchanges
- Alternative 5: Only Agriculture to M&I Transfers Allowed

Alternative 1: No Project

Description

CEQA Guidelines section 15126.6, subd. (e) requires consideration of a No Project Alternative. The purpose of this alternative is to allow the decision makers to compare impacts of approving a project with impacts of not approving a project. Under the No Project Alternative, DWR takes no action, and DWR and the PWAs would continue to operate and finance the SWP under the current Contracts.

Facts in Support of Finding of Infeasibility

Alternative 1 would not meet the objective of the project because Alternative 1 does not provide greater water management regarding transfers and exchanges of SWP water supply within the SWP service area and as compared to the proposed project. In addition, impacts under Alternative 1 would be similar but greater when compared to the proposed project. Alternative 1 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Alternative 2: Amending Contract to Reduce Table A Deliveries

Description

Under Alternative 2, as with the proposed project, DWR and the PWAs would agree to amend the Contracts based on the May 20, 2019 AIP. However, unlike the proposed project, the Contracts would be amended to reduce annual Table A amounts proportionately for all the PWAs.

Facts in Support of Finding of Infeasibility

Alternative 2 would not meet the objectives of the project because it would cause a reduction in delivery of annual Table A amounts proportional for all PWAs and would not provide greater water management regarding transfers and exchanges. In addition, impacts under Alternative 2 would be similar but greater when compared to the proposed project. Alternative 2 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Alternative 3: Less Flexibility in Water Transfers/Exchanges

Description

Under Alternative 3, as with the proposed project, DWR and the PWAs would agree to amend the Contracts based on the May 20, 2019 AIP. However, unlike the proposed project, the Contracts would not be amended to modify provisions of the Contracts and clarify certain terms of the Contracts to provide greater water management regarding transfers and exchanges of SWP water supply within the SWP service area. Some increase in flexibility of exchanges and transfers would be agreed to, but not all. For example, Alternative 3 would amend the Contracts to allow PWAs to transfer carryover water in San Luis Reservoir, but only 20 percent of the carryover water (the proposed project allows for 50 percent), allow limited multi-year transfers of five years or less (the proposed project allows for up to the Contract term), and not allow use of Transfer Packages. In addition, unlike the proposed project, PWAs would transfer water based on cost compensation established by DWR. Also, under Alternative 3, the Contracts would not amend the text in Article 56(f) regarding water exchanges to add provisions, such as conducting water exchanges as buyers and sellers in the same year and increasing the compensation allowed to facilitate the exchanges. Therefore, Alternative 3 would result in a similar or slightly less amount of water transfers among the PWAs than the proposed project, due to the less flexibility in water transfers and exchanges.

Facts in Support of Finding of Infeasibility

Alternative 3 would meet the objectives of the project, but to a lesser degree because the water transfers and exchanges would not provide as much water management flexibility regarding transfers and exchanges. In addition, impacts under Alternative 3 would be similar but greater

when compared to the proposed project. Alternative 3 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Alternative 4: More Flexibility in Water Transfer/Exchanges

Description

Under Alternative 4, as with the proposed project, DWR and the PWAs would agree to amend the Contracts. However, unlike the proposed project, the Contracts would be amended to allow PWAs more flexibility in water transfers and exchanges. Similar to the proposed project, PWAs would be able to transfer carryover water in San Luis Reservoir, transfer water for multiple years without permanently relinquishing that portion of their Table A amounts, and transfer water in Transfer Packages. Similar to the proposed project, PWA would be able to transfer water based on terms they establish for cost compensation and duration, and store and transfer water in the same year. Unlike the proposed project that only allows for a single-year transfers associated with carryover water, Alternative 4 would allow transfers and exchanges to include up to 100 percent of a PWA's carryover in San Luis Reservoir and allow multi-year use of its carryover water in both transfers and exchanges. Similar to the proposed project, the proposed exchange provisions of the AIP would establish a larger range of return ratios in consideration of varying hydrology and also maximum compensation with respect to SWP charges and allow PWAs to conduct additional water exchanges as buyers and sellers in the same year.

Facts in Support of Finding of Infeasibility

Alternative 4 would meet the objectives of the project. In addition, Under Alternative 4 the less than significant impacts associated with changes in flow including, adverse effects to special-status fish or terrestrial species, and water supply would be similar to the proposed project. However, similar to the proposed project, there is potential for Alternative 4 to result in a net deficit in aquifer volume, lowering of the local groundwater table, or subsidence in some areas of the study area with impacts that may be significant and unavoidable.

Alternative 5: Greater Water Management – Only Agriculture to M&I Transfers Allowed

Description

Under Alternative 5, as with the proposed project, DWR and the PWAs would agree to amend the Contracts based on the May 20, 2019 AIP.

Unlike the proposed project, DWR and PWAs would amend Contract provisions to allow the transfer of Table A water only from agricultural PWAs to M&I PWAs and not change any current Contract provisions for exchanges. Transfers from M&I PWAs to M&I PWAs, M&I PWAs to agricultural PWAs, and agricultural PWAs to agricultural PWAs would not be allowed. Similar to

the proposed project, PWAs could transfer carryover water in San Luis Reservoir to PWAs, transfer water for multiple years without permanently relinquishing that portion of their Table A amounts and request DWR's approval of Transfer Package; however, unlike the proposed project, these transfers would only be from agricultural PWAs to M&I PWAs. Similar to the proposed project, Alternative 5 would revise the Contract to allow the PWAs to transfer water based on terms they establish for cost compensation and duration. An agricultural PWA would be able to store and transfer water in the same year to M&I PWAs, and transfer up to 50 percent of its carryover water, but only for a single-year transfer to an M&I PWA (i.e., a future or multi-year commitment of transferring carryover water is not allowed). Under Alternative 5, the Contracts would not be amended to modify the text in Article 56(f) regarding water exchanges to include additional provisions, such as conducting water exchanges as buyers and sellers in the same year.

Similar to the proposed project, Alternative 5 would not build new or modify existing SWP facilities nor change any of the PWA's contractual maximum Table A amounts. Also similar to the proposed project, Alternative 5 would not change the water supply delivered by the SWP as SWP water supply would continue to be delivered to the PWAs consistent with current Contracts terms, including Table A and Article 21 deliveries. Operation of the SWP under this alternative would be subject to ongoing environmental regulations including for water rights, water quality and endangered species protection, among other State and federal laws. Also similar to the proposed project, Alternative 5 would not require additional permits or approvals.

Facts in Support of Finding of Infeasibility

Alternative 5 would meet some of the objectives of the project, but to a lesser degree because the water transfers and exchanges would not provide as much water management flexibility regarding transfers and exchanges. In addition, impacts under Alternative 5 would be similar but greater when compared to the proposed project. Alternative 5 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Environmentally Superior Alternative

CEQA Guidelines Section 15126.6 subd. (e) requires the identification of an environmentally superior alternative to the proposed project.

As presented in the DEIR, implementation of the proposed project would result in less than significant or no physical environmental impacts to all resource areas except for impacts related to groundwater supplies and subsidence, which are significant and unavoidable.

Alternative 4 would result in similar impacts as the proposed project (e.g., net deficit in aquifer volume, lowering of the local groundwater table, or subsidence in some areas of the study area). Alternatives 1, 2, 3, and 5 could result in impacts similar or greater (new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project) than the proposed project. Therefore, because the

proposed project and Alternative 4 would result in similar impacts and the other alternatives may result in similar or greater impacts, Alternative 4 was determined to be the environmentally superior alternative.

Section 7. Statement of Overriding Considerations

DWR hereby declares that, pursuant to CEQA Guidelines Section 15093, it has balanced the benefits of the proposed project against any unavoidable environmental impacts in determining whether to approve the proposed project. Pursuant to the CEQA Guidelines, if the benefits of the proposed project outweigh the unavoidable adverse environmental impacts, those impacts may be considered “acceptable.”

Having evaluated the reduction of adverse significant environmental effect of the proposed project to the extent feasible, considered the entire administrative record on the Project, and weighed the benefits of the proposed project against its unavoidable adverse impact, DWR has determined that each of the following benefits of the proposed project separately and individually outweigh the potential unavoidable adverse impacts and render those potential adverse impacts acceptable based upon the following overriding considerations. The following represents the specific reasons to support this determination based on the final EIR and information contained therein.

Water Transfers

The proposed project would add, delete, and modify provisions of the Contracts and clarify certain terms of the Contracts that will provide greater water management regarding transfers and exchanges of SWP water within the SWP service area.

The transfer provisions of the proposed project would facilitate the PWAs ability to:

- Transfer SWP water for multiple years and multiple parties without permanently relinquishing that portion of their annual Table A amounts;
- negotiate cost compensation and duration among the PWAs on a willing seller-willing buyer basis for water transfers; and
- Transfer SWP water stored outside of the transferring PWA’s service area to the receiving PWA’s service area

All these proposed transfer provisions would provide the PWAs with increased flexibility for short-term and long-term planning and management of their SWP water supplies. The proposed project, however, would not include any change to the PWA’s permanent annual Table A amounts.

Since the Monterey Amendment, DWR has approved short-term water transfers pursuant to Articles 15(a) and 41, and has administered the short-term Turn-Back Water Pool Program pursuant to Article 56 of the Contracts. The Turn-Back Water Pool Program allows a PWA to sell Table A water that it will not use, subject to certain conditions, for a set price that is either 50

percent or 25 percent of the Delta Water Rate for that year. DWR has also administered, on a demonstration basis, a multi-year water pool program for 2013-2014 and 2015-2016 that allowed PWAs to participate in the two-year program as either a buyer or seller for each of the two years (a decision made at the beginning of each of the two-year programs) with greater compensation for the water than allowed under the Turn-Back Water Pool Program. DWR has allowed transfers of Table A water among two PWAs with the same landowner in their respective service areas that do not include an exchange of money.

The proposed project would remove all language related to the Turn-back Pool from the Contracts and, compared to the Turn-Back Water Pool Program where DWR established the price based on the Delta water rate, the proposed project would revise the Contracts to allow the PWAs to transfer water based on terms they establish for cost compensation and duration. Also, in contrast to the Turn-Back Water Pool Program, a water transfer could be as long as the remainder of the term of the PWA's Contract. In addition, a PWA would be able to store and transfer water in the same year, and transfer up to 50 percent of its carryover water in San Luis Reservoir, but only for a single-year transfer (i.e., a future or multi-year commitment of transferring carryover water is not allowed).

The proposed amendments would result in a greater amount of water transfers among the PWAs than under the current Contract provisions. Based on past experience and discussions with PWAs, most water transfers that occur due to the proposed amendments would occur among the PWAs located south of the Delta and would not involve additional export of SWP water from the Delta. Water transfers would be implemented using the existing physical facilities and existing operational and regulatory processes, including CEQA compliance.

Water Exchanges

The proposed project would amend the text in Article 56(f) regarding water exchanges to include additional provisions. The proposed exchange provisions of the AIP would establish return ratios (up to a 5:1 ratio) based on a consideration of varying hydrology and would set compensation based on a PWA's SWP charges.

The proposed amendments would allow PWAs to exchange carryover water in San Luis Reservoir, and exchange up to 50 percent of their carryover water in a single-year transaction (i.e., a future or multi-year commitment of exchanging carryover water is not allowed). The proposed provisions would also allow PWAs to conduct water exchanges of carryover water as buyers and sellers in the same year.

While DWR has approved water exchanges pursuant to Articles 15(a), 41, and 56(f), the proposed project would provide the PWAs with increased flexibility for short-term and long-term planning of water supplies. Under the proposed project, exchanges may be used more frequently to respond to variations in hydrology, such as wet years, and in single dry-year and multiple dry-year conditions.

Acronyms and Glossary

| | |
|-----------|--|
| AIP | Agreement in Principle |
| CEQA | California Environmental Quality Act |
| CFR | Code of Federal Regulations |
| Contracts | Water Supply Contracts |
| DEIR | Draft Environmental Impact Report |
| DWR | California Department of Water Resources |
| EIR | Environmental Impact Report |
| FEIR | Final EIR |
| PRC | California Public Resources Code |
| PWAs | Public Water Agencies |
| RDEIR | Recirculated Draft Environmental Impact Report |
| SGMA | Sustainable Groundwater Management Act |
| SWC | State Water Contractors |
| SWP | State Water Project |

EXHIBIT B

STATE OF CALIFORNIA
CALIFORNIA NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES

AMENDMENT NO. «Amendment_No_WMT» (THE WATER MANAGEMENT
AMENDMENT)
TO WATER SUPPLY CONTRACT
BETWEEN
THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES
AND
«CONTRACTOR_up»

THIS AMENDMENT to the Water Supply Contract is made this _____ day of _____, 20____ pursuant to the provisions of the California Water Resources Development Bond Act, the Central Valley Project Act, and other applicable laws of the State of California, between the State of California, acting by and through its Department of Water Resources, herein referred to as the “State,” and «Contractor_lc», herein referred to as the “«DistrictAgency1».”

TABLE OF CONTENTS

| | |
|---|-----------|
| RECITALS | 3 |
| AMENDED CONTRACT TEXT | 5 |
| ARTICLE 1 IS AMENDED TO ADD THE FOLLOWING DEFINITIONS | 5 |
| 1. Definitions | 5 |
| ARTICLES 21 and 56 ARE DELETED IN THEIR ENTIRETY AND REPLACED WITH THE FOLLOWING TEXT: | 5 |
| 21. Interruptible Water Service | 5 |
| 56. Use, Storage-of Project Water Outside of Service Area and Article 56 Carryover Water | 7 |
| NEW CONTRACT ARTICLES | 17 |
| ARTICLE 57 IS ADDED TO THE CONTRACT AS A NEW ARTICLE AS FOLLOWS: | 17 |
| 57. Provisions Applicable to Both Transfers and Exchanges of Project Water.. | 17 |
| WATER MANAGEMENT AMENDMENT IMPLEMENTING AND ADMINISTRATIVE PROVISIONS..... | 20 |
| 1. EFFECTIVE DATE OF WATER MANAGEMENT AMENDMENT | 20 |
| 2. ADMINISTRATION OF CONTRACTS WITHOUT WATER MANAGEMENT AMENDMENT | 21 |
| 3. OTHER CONTRACT PROVISIONS..... | 21 |
| 4. DocuSign..... | 21 |

RECITALS

- A. The State and the «DistrictAgency1» entered into and subsequently amended a water supply contract (the “contract”), dated «WSC_Execution_Date», providing that the State shall supply certain quantities of water to the «DistrictAgency1» and providing that the «DistrictAgency1» shall make certain payments to the State, and setting forth the terms and conditions of such supply and such payments; and
- B. The State and the «DistrictAgency1», in an effort to manage water supplies in a changing environment, explored non-structural solutions to provide greater flexibility in managing State Water Project (SWP) water supplies; and
- C. The State and the «DistrictAgency1», in an effort to support the achievement of the coequal goals for the Delta set forth in the Delta Reform Act, sought solutions to develop water supply management practices to enhance flexibility and reliability of SWP water supplies while the «DistrictAgency1» is also demonstrating its commitment to expand its water supply portfolio by investing in local water supplies; and
- D. The State and the «DistrictAgency1», in response to the Governor’s Water Resiliency Portfolio, wish to maintain and diversify water supplies while protecting and enhancing natural systems without changing the way in which the SWP operates; and
- E. The State and the «DistrictAgency1» sought to create a programmatic solution through transfers or exchanges of SWP water supplies that encourages regional approaches among water users sharing watersheds and strengthening partnerships with local water agencies, irrigation districts, and other stakeholders; and
- F. The State and the «DistrictAgency1», in an effort to comply with the Open and Transparent Water Data Platform Act (Assembly Bill 1755), sought means to create greater transparency in water transfers and exchanges; and
- G. The State, the «DistrictAgency1» and representatives of certain other SWP Contractors have negotiated and agreed upon a document (dated May 20, 2019), the subject of which is “ Draft Agreement in Principle for the SWP Water Supply Contract Amendment for Water Management” (the “Agreement in Principle”); and
- H. The Agreement in Principle describes that the SWP Water Supply Contract Amendment for Water Management “supplements and clarifies 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”; the principles agreed to achieve this without relying upon increased SWP diversions

or changing the way in which the SWP operates, and are consistent with all applicable contract and regulatory requirements; and

- I. The State, the «DistrictAgency1» and those Contractors intending to be subject to the contract amendments contemplated by the Agreement in Principle subsequently prepared an amendment to their respective Contracts to implement the provisions of the Agreement in Principle, and such amendment was named the “SWP Water Supply Contract Amendment for Water Management”; and
- J. The State and the «DistrictAgency1» desire to implement continued service through the contract and under the terms and conditions of this “SWP Water Supply Contract Amendment for Water Management”;

NOW, THEREFORE, IT IS MUTUALLY AGREED that the following changes and additions are hereby made to the «DistrictAgency1»'s water supply contract with that State:

AMENDED CONTRACT TEXT

ARTICLE 1 IS AMENDED TO ADD THE FOLLOWING DEFINITIONS, PROVIDED THAT IF THIS WATER MANAGEMENT AMENDMENT TAKES EFFECT BEFORE THE CONTRACT EXTENSION AMENDMENT TAKES EFFECT, THE ADDITIONS HEREIN SHALL CONTINUE IN EFFECT AFTER THE CONTRACT EXTENSION AMENDMENT TAKES EFFECT NOTWITHSTANDING THE CONTRACT EXTENSION AMENDMENT'S DELETION AND REPLACEMENT OF ARTICLE 1 IN ITS ENTIRETY:

1. Definitions

- (au) **“Article 56 Carryover Water”** shall mean water that the District elects to store under Article 56 in project surface conservation facilities for delivery in a subsequent year or years.

ARTICLES 21 and 56 ARE DELETED IN THEIR ENTIRETY AND REPLACED WITH THE FOLLOWING TEXT:

21. Interruptible Water Service

(a) Allocation of Interruptible Water

Each year from water sources available to the project, the State shall make available and allocate interruptible water to contractors in accordance with the procedure in Article 18(a). Allocations of interruptible water in any one year may not be carried over for delivery in a subsequent year, nor shall the delivery of interruptible water in any year impact the «DistrictAgency1»'s approved deliveries of Annual Table A Amount or the «DistrictAgency1»'s allocation of water for the next year. Deliveries of interruptible water in excess of the «DistrictAgency1»'s Annual Table A Amount may be made if the deliveries do not adversely affect the State's delivery of Annual Table A Amount to other contractors or adversely affect project operations. Any amounts of water owed to the «DistrictAgency1» as of the date of this amendment pursuant to former Article 12(d), any contract provisions or letter agreements relating to wet weather water, and any Article 14(b) balances accumulated prior to 1995, are canceled. The State shall hereafter use its best efforts, in a manner that causes no adverse impacts upon other contractors or the project, to avoid adverse economic

impacts due to the «DistrictAgency1»'s inability to take water during wet weather.

(b) Notice and Process for Obtaining Interruptible Water

The State shall periodically prepare and publish a notice to contractors describing the availability of interruptible water under this Article. To obtain a supply of interruptible water, including a supply from a transfer of interruptible water, the «DistrictAgency1» shall execute a further agreement with the State. The State will timely process such requests for scheduling the delivery of the interruptible water.

(c) Rates

For any interruptible water delivered pursuant to this Article, the «DistrictAgency1» shall pay the State the same (including adjustments) for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water as if such interruptible water were Table A Amount water, as well as all incremental operation, maintenance, and replacement costs, and any other incremental costs, as determined by the State. The State shall not include any administrative or contract preparation charge. Incremental costs shall mean those nonpower costs which would not be incurred if interruptible water were not scheduled for or delivered to the «DistrictAgency1». Only those contractors not participating in the repayment of the capital costs of a reach shall be required to pay any use of facilities charge for the delivery of interruptible water through that reach.

(d) Transfers of Interruptible Water

- (1) Tulare Lake Basin Water Storage District, Empire West-Side Irrigation District, Oak Flat Water District, and County of Kings may transfer to other contractors a portion of interruptible water allocated to them under subdivision (a) when the State determines that interruptible water is available.
- (2) The State may approve the transfer of a portion of interruptible water allocated under subdivision (a) to contractors other than those listed in (d)(1) if the contractor acquiring the water can demonstrate a special need for the transfer of interruptible water.

- (3) The contractors participating in the transfer shall determine the cost compensation for the transfers of interruptible water. The transfers of interruptible water shall be consistent with Articles 56(d) and 57.

56. Use, Storage-of Project Water Outside of Service Area and Article 56 Carryover Water

(a) State Consent to Use of Project Water Outside of Service Area

Notwithstanding the provisions of Article 15(a), the State hereby consents to the «DistrictAgency1» storing Project Water in a groundwater storage program, project surface conservation facilities and in nonproject surface storage facilities located outside its service area for later use by the «DistrictAgency1» within its service area and to the «DistrictAgency1» transferring or exchanging Project Water outside its service area consistent with agreements executed under this contract.

(b) Groundwater Storage Programs

The «DistrictAgency1» shall cooperate with other contractors in the development and establishment of groundwater storage programs. The «DistrictAgency1» may elect to store Project Water in a groundwater storage program outside its service area for later use within its service area. There shall be no limit on the amount of Project Water the «DistrictAgency1» can store outside its service area during any year in a then existing and operational groundwater storage program.

(1) Transfers of Annual Table A Amount stored in a groundwater storage program outside a contractor's service area.

In accordance with applicable water rights law and the terms of this Article, the «DistrictAgency1» may transfer any Annual Table A Amount stored on or after the effective date of the Water Management Amendment in a groundwater storage program outside its service area to another contractor for use in that contractor's service area. These transfers must comply with the requirements of Articles 56(c)(4)(i)-(v), (6) and (7), and Article 57. The «DistrictAgency1» will include these transfers in its preliminary water delivery schedule required in Article 12(a).

(2) Exchanges of any Annual Table A Amount stored in a groundwater storage program outside a contractor's service area.

In accordance with applicable water rights law and the terms of this Article, the «DistrictAgency1» may exchange any Annual Table A Amount stored on or after the effective date of the Water Management Amendment in a groundwater storage program outside its service area with another contractor for use in that contractor's service area. These exchanges must comply with the requirements in Article 56(c)(4)(i)-(v). The «DistrictAgency1» shall include these exchanges in its preliminary water delivery schedule pursuant to Article 12(a).

(c) Article 56 Carryover Water and Transfers or Exchanges of Article 56 Carryover Water

- (1) In accordance with any applicable water rights laws, the «DistrictAgency1» may elect to use Article 56 Carryover Water within its service area, or transfer or exchange Article 56 Carryover Water to another contractor for use in that contractor's service area in accordance with the provisions of subdivision (c)(4) of this Article. The «DistrictAgency1» shall submit to the State a preliminary water delivery schedule on or before October 1 of each year pursuant to Article 12(a), the quantity of water it wishes to store as Article 56 Carryover Water in the next succeeding year, and the quantity of Article 56 Carryover Water it wishes to transfer or exchange with another contractor in the next succeeding year. The amount of Project Water the «DistrictAgency1» can add to storage in project surface conservation facilities and in nonproject surface storage facilities located outside the «DistrictAgency1»'s service area each year shall be limited to the lesser of the percent of the «DistrictAgency1»'s Annual Table A Amount shown in column 2 or the acre-feet shown in column 3 of the following table, depending on the State's final Table A water supply allocation percentage as shown in column 1. For the purpose of determining the amount of Project Water the «DistrictAgency1» can store, the final water supply allocation percentage shown in column 1 of the table below shall apply to the «DistrictAgency1». However, there shall be no limit to storage in nonproject facilities in a year in which the State's final water supply allocation percentage is one hundred

percent. These limits shall not apply to water stored pursuant to Articles 12(e) and 14(b).

| 1. Final Water Supply Allocation Percentage | 2. Maximum Percentage of «DistrictAgency1»'s Annual Table A Amount That Can Be Stored | 3. Maximum Acre-Feet That Can Be Stored |
|---|---|---|
| 50% or less | 25% | 100,000 |
| 51% | 26% | 104,000 |
| 52% | 27% | 108,000 |
| 53% | 28% | 112,000 |
| 54% | 29% | 116,000 |
| 55% | 30% | 120,000 |
| 56% | 31% | 124,000 |
| 57% | 32% | 128,000 |
| 58% | 33% | 132,000 |
| 59% | 34% | 136,000 |
| 60% | 35% | 140,000 |
| 61% | 36% | 144,000 |
| 62% | 37% | 148,000 |
| 63% | 38% | 152,000 |
| 64% | 39% | 156,000 |
| 65% | 40% | 160,000 |
| 66% | 41% | 164,000 |
| 67% | 42% | 168,000 |
| 68% | 43% | 172,000 |
| 69% | 44% | 176,000 |
| 70% | 45% | 180,000 |
| 71% | 46% | 184,000 |
| 72% | 47% | 188,000 |
| 73% | 48% | 192,000 |
| 74% | 49% | 196,000 |
| 75% or more | 50% | 200,000 |

- (2) Storage capacity in project surface conservation facilities at any time in excess of that needed for project operations shall be made available to requesting contractors for storage of project and Nonproject Water. If such storage requests exceed the available storage capacity, the available capacity shall be allocated among contractors requesting storage in proportion to their Annual Table A Amounts for that year. The «DistrictAgency1» may store water in excess of its allocated share of capacity as long as capacity is available for such storage.

- (3) If the State determines that a reallocation of excess storage capacity is needed as a result of project operations or because of the exercise of a contractor's storage right, the available capacity shall be reallocated among contractors requesting storage in proportion to their respective Annual Table A Amounts for that year. If such reallocation results in the need to displace water from the storage balance for any contractor or noncontractor, the water to be displaced shall be displaced in the following order of priority:

First, water, if any, stored for noncontractors;

Second, water stored for a contractor that previously was in excess of that contractor's allocation of storage capacity; and

Third, water stored for a contractor that previously was within that contractor's allocated storage capacity.

The State shall determine whether water stored in a project surface water conservation facility is subject to displacement and give as much notice as feasible of a potential displacement. If the «DistrictAgency1» transfers or exchanges Article 56 Carryover Water pursuant to this subdivision to another contractor for storage in such facility, the State shall recalculate the amount of water that is subject to potential displacement for both contractors participating in the transfer or exchange. The State's recalculation shall be made pursuant to subdivision (4) of this Article.

(4) Transfers or Exchanges of Article 56 Carryover Water

The «DistrictAgency1» may transfer or exchange its Article 56 Carryover Water as provided in this subdivision under a transfer or an exchange agreement with another contractor. Water stored pursuant to Articles 12(e) and 14(b) and Nonproject Water shall not be transferred or exchanged. Transfers or exchanges of Article 56 Carryover Water under this subdivision shall comply with subdivision (f) of this Article and Article 57 as applicable, which shall constitute the exclusive means to transfer or exchange Article 56 Carryover Water.

On or around January 15 of each year, the State shall determine the maximum amount of Article 56 Carryover

Water as of January 1 that will be available for transfers or exchanges during that year. The State's determination shall be consistent with subdivisions (c)(1) and (c)(2) of this Article.

The State shall timely process requests for transfers or exchanges of Article 56 Carryover Water by participating contractors. After execution of the transfer or exchange agreement between the State and the contractors participating in the transfer or exchange, the State shall recalculate each contractor's storage amounts for the contractors participating in the transfer or exchange. The State's recalculation shall result in an increase by an amount of water within the storage amounts for the contractor receiving the water and a decrease by the same amount of water for the contractor transferring or exchanging water. The State's recalculation shall be based on the criteria set forth in the State's transfer or exchange agreement with the participating contractors. The State's calculations shall also apply when a contractor uses Article 56 Carryover Water to complete an exchange.

Transfers and exchanges of Article 56 Carryover Water shall meet all of the following criteria:

- (i) Transfers or exchanges of Article 56 Carryover Water are limited to a single-year. Project Water returned as part of an exchange under subdivision (c)(4) may be returned over multiple years.
- (ii) The «DistrictAgency1» may transfer or exchange an amount up to fifty percent (50%) of its Article 56 Carryover Water to another contractor for use in that contractor's service area.
- (iii) Subject to approval of the State, the «DistrictAgency1» may transfer or exchange an amount greater than 50% of its Article 56 Carryover Water to another contractor for use in that contractor's service area. The «DistrictAgency1» seeking to transfer or exchange greater than 50% of its Article 56 Carryover Water shall submit a written request to the State for approval. The

«DistrictAgency1»r making such a request shall demonstrate to the State how it will continue to meet its critical water needs in the current year of the transfer or exchange and in the following year.

- (iv) The contractor receiving the water transferred or exchanged under subdivisions (4)(i) or (ii) above shall confirm in writing to the State its need for the water that year and shall take delivery of the water transferred or exchanged in the same year.
 - (v) Subject to the approval of the State, the «DistrictAgency1» may seek an exception to the requirements of subdivisions (4)(i), (ii), and (iii) above. The «DistrictAgency1» seeking an exception shall submit a written request to the State demonstrating to the State the need for 1) using project surface conservation facilities as the transfer or exchange point for Article 56 Carryover Water if the receiving contractor cannot take delivery of the transfer or exchange water in that same year, 2) using project surface conservation facilities for the transfer or exchange of one contractor's Article 56 Carryover Water to another contractor to reduce the risk of the water being displaced, or 3) for some other need.
- (5) The restrictions on storage of Project Water outside a «DistrictAgency1»'s service area provided for in this subdivision (c), shall not apply to storage in any project off-stream storage facilities constructed south of the Delta after the date of the Monterey Amendment.
- (6) For any Project Water stored outside its service area pursuant to subdivisions (b) and (c), the «DistrictAgency1» shall pay the State the same (including adjustments) for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water as the «DistrictAgency1» pays for the transportation of Annual Table A Amount to the reach of the project transportation facility from which the water is delivered to storage. If Table A Amount is stored, the Delta Water

Charge shall be charged only in the year of delivery to interim storage. For any stored water returned to a project transportation facility for final delivery to its service area, the «DistrictAgency1» shall pay the State the same for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water calculated from the point of return to the aqueduct to the turn-out in the «DistrictAgency1»'s service area. In addition, the «DistrictAgency1» shall pay all incremental operation, maintenance, and replacement costs, and any other incremental costs, as determined by the State, which shall not include any administrative or contract preparation charge. Incremental costs shall mean those nonpower costs which would not be incurred if such water were scheduled for or delivered to the «DistrictAgency1»'s service area instead of to interim storage outside the service area. Only those contractors not participating in the repayment of a reach shall be required to pay a use of facilities charge for use of a reach for the delivery of water to, or return of water from, interim storage.

- (7) A «DistrictAgency1» electing to store Project Water in a nonproject facility within the service area of another contractor shall execute a contract with that other contractor prior to storing such water which shall be in conformity with this Article and will include at least provisions concerning the point of delivery and the time and method for transporting such water.

(d) Non-Permanent Water Transfers of Project Water

Notwithstanding the provisions of Article 15(a), the State hereby consents to the «DistrictAgency1» transferring Project Water outside its service area in accordance with the following:

- (1) The participating contractors shall determine the duration and compensation for all water transfers, including single-year transfers, Transfer Packages and multi-year transfers.
- (2) The duration of a multi-year transfer shall be determined by the participating contractors to the transfer, but the term of the transfer agreement shall not extend beyond the term of the Contract with the earliest term.
- (3) A Transfer Package shall be comprised of two or more water transfer agreements between the same contractors. The

State shall consider each proposed water transfer within the package at the same time and shall apply the transfer criteria pursuant to Article 57 in the review and approval of each transfer. The State shall not consider a Transfer Package as an exchange.

(e) Continuance of Article 12(e) Carry-over Provisions

The provisions of this Article are in addition to the provisions of Article 12(e), and nothing in this Article shall be construed to modify or amend the provisions of Article 12(e). Any contractor electing to transfer or exchange Project Water during any year in accordance with the provisions of subdivision (c) of this Article, shall not be precluded from using the provisions of Article 12(e) for carrying over water from the last three months of that year into the first three months of the succeeding year.

(f) Bona Fide Exchanges Permitted

Notwithstanding the provisions of Article 15(a), the State hereby consents to the «DistrictAgency1» exchanging Project Water outside its service area consistent with this Article. Nothing in this Article shall prevent the «DistrictAgency1» from entering into bona fide exchanges of Project Water for use outside the «DistrictAgency1»'s service area with other parties for Project Water or Nonproject Water if the State consents to the use of the Project Water outside the «DistrictAgency1»'s service area. Also, nothing in this Article shall prevent the «DistrictAgency1» from continuing those exchange or sale arrangements entered into prior to September 1, 1995. Nothing in this Article shall prevent the «DistrictAgency1» from continuing those exchange or sale arrangements entered into prior to the effective date of this Amendment which had previously received any required State approvals. The State recognizes that the hydrology in any given year is an important factor in exchanges. A "bona fide exchange" shall mean an exchange of water involving the «DistrictAgency1» and another party where the primary consideration for one party furnishing water to another party is the return of a substantially similar amount of water, after giving due consideration to the hydrology, the length of time during which the water will be returned, and reasonable payment for costs incurred. In addition, the State shall consider reasonable deductions based on expected storage or transportation losses that may be made from water delivered. The State may also consider any other nonfinancial conditions of the return. A "bona fide exchange" shall not involve a significant payment unrelated to costs incurred in effectuating the

exchange. The State, in consultation with the contractors, shall have authority to determine whether a proposed exchange of water constitutes a “bona fide exchange” within the meaning of this paragraph and not a disguised sale.

(g) Exchanges of Project Water

Exchanges of Project Water shall be consistent with Article 57. In addition, the State shall apply the following criteria to its review of each exchange of Project Water as set forth below:

(1) Exchange Ratio

Exchange ratio shall mean the amount of water delivered from a contractor’s project supply in a year to another contractor compared to the amount of water returned to the first contractor in a subsequent year by the other contractor. All exchanges shall be subject to the applicable exchange ratio in this Article as determined by the allocation of available supply for the Annual Table A Amount at the time the exchange transaction between the contractors is executed.

- (a) For allocations greater than or equal to 50%, the exchange ratio shall be no greater than 2 to 1.
- (b) For allocations greater than 25% and less than 50%, the exchange ratio shall be no greater than 3 to 1.
- (c) For allocations greater than 15% and less than or equal to 25%, the exchange ratio shall be no greater than 4 to 1.
- (d) For allocations less than or equal to 15%, the exchange ratio shall be no greater than 5 to 1.

(2) Cost Compensation

The State shall determine the maximum cost compensation calculation using the following formula:

The numerator shall be the exchanging contractor’s conservation minimum and capital and transportation minimum and capital charges, including capital surcharges. DWR will set the denominator using the

State Water Project allocation which incorporates the May 1 monthly Bulletin 120 runoff forecast.

If the «DistrictAgency1» submits a request for approval of an exchange prior to May 1, the State shall provide timely approval with the obligation of the contractors to meet the requirement of the maximum compensation. If the maximum compensation is exceeded because the agreement between the contractors is executed prior to the State Water Project allocation as defined in (c)(2) above, the contractors will revisit the agreement between the two contractors and make any necessary adjustments to the compensation. If the contractors make any adjustments to the compensation, they shall notify the State.

(3) Period During Which the Water May Be Returned:

The period for the water to be returned shall not be greater than 10 years and shall not go beyond the expiration date of this Contract. If the return of the exchange water cannot be completed within 10 years, the State may approve a request for an extension of time.

(h) Other Transfers

Nothing in this Article shall modify or amend the provisions of Articles 15(a), 18(a) or Article 41, except as expressly provided for in subdivisions (c) and (d) of this Article and in subdivision (d) of Article 21.

NEW CONTRACT ARTICLES

ARTICLE 57 IS ADDED TO THE CONTRACT AS A NEW ARTICLE AS FOLLOWS:

57. Provisions Applicable to Both Transfers and Exchanges of Project Water

- (a) Nothing in this Article modifies or limits Article 18 (a).
- (b) Transfers and exchanges shall not have the protection of Article 14(b).
- (b) The «DistrictAgency1» may be both a buyer and seller in the same year and enter into multiple transfers and exchanges within the same year.
- (d) Subject to the State's review and approval, all transfers and exchanges shall satisfy the following criteria:
 - (1) Transfers and exchanges shall comply with all applicable laws and regulations.
 - (2) Transfers and exchanges shall not impact the financial integrity of the State Water Project, Transfers and exchange agreements shall include provisions to cover all costs to the State for the movement of water such as power costs and use of facility charge.
 - (3) Transfers and exchanges shall be transparent, including compliance with subdivisions (g) and (h) of this Article.
 - (4) Transfers and exchanges shall not harm other contractors not participating in the transfer or exchange.
 - (5) Transfers and exchanges shall not create significant adverse impacts to the service area of each contractor participating in the transfer or exchange.
 - (6) Transfers and exchanges shall not adversely impact State Water Project operations.
- (e) The «DistrictAgency1» may petition the State and the State shall have discretion to approve an exception to the criteria set forth in subdivision (d) in the following cases:
 - (1) When a transfer or an exchange does not meet the criteria, but the «DistrictAgency1» has determined that there is a compelling need to proceed with the transfer or exchange.

- (2) When the «DistrictAgency1» has received water in a transfer or an exchange and cannot take all of the water identified in the transaction in the same year, the «DistrictAgency1» may request to store its water consistent with Article 56(c), including in San Luis Reservoir.
- (f) The State will timely process such requests for scheduling the delivery of the transferred or exchanged water. Contractors participating in a transfer or an exchange shall submit the request in a timely manner.
 - (g) The District shall, for each transfer or exchange it participates in, confirm to the State in a resolution or other appropriate document approving the transfer or exchange, including use of Article 56(c) stored water, that:
 - (1) The «DistrictAgency1» has complied with all applicable laws.
 - (2) The «DistrictAgency1» has provided any required notices to public agencies and the public.
 - (3) The «DistrictAgency1» has provided the relevant terms to all contractors and to the Water Transfers Committee of the State Water Contractors Association.
 - (4) The «DistrictAgency1» is informed and believes that the transfer or exchange will not harm other contractors.
 - (5) The «DistrictAgency1» is informed and believes that the transfer or exchange will not adversely impact State Water Project operations.
 - (6) The «DistrictAgency1» is informed and believes that the transfer or exchange will not affect its ability to make all payments, including payments when due under its Contract for its share of the financing costs of the State's Central Valley Project Revenue Bonds.
 - (7) The «DistrictAgency1» has considered the potential impacts of the transfer or exchange within its service area.

(h) Dispute Resolution Process Prior to Executing an Agreement

The State and the contractors shall comply with the following process to resolve disputes if a contractor that is not participating in the transfer or exchange claims that the proposed transfer and/or exchange has a significant adverse impact.

- i. Any claim to a significant adverse impact may only be made after the «DistrictAgency1» has submitted the relevant terms pursuant to Article 57(g)(3) and before the State approves a transfer or an exchange agreement.
- ii. In the event that any dispute cannot be resolved among the contractors, the State will convene a group including the Department's Chief of the State Water Project Analysis Office, the Department's Chief Counsel and the Department's Chief of the Division of Operations or their designees and the contractors involved. The contractor's representatives shall be chosen by each contractor. Any contractor claiming a significant adverse impact must submit written documentation to support this claim and identify a proposed solution. This documentation must be provided 2 weeks in advance of a meeting of the group that includes the representatives identified in this paragraph.
- iii. If this group cannot resolve the dispute, the issue will be taken to the Director of the Department of Water Resources and that decision will be final.

WATER MANAGEMENT AMENDMENT IMPLEMENTING AND ADMINISTRATIVE PROVISIONS

IT IS FURTHER MUTUALLY AGREED that the following provisions, which shall not be part of the Water Supply Contract text, shall be a part of this Amendment and be binding on the Parties.

1. EFFECTIVE DATE OF WATER MANAGEMENT AMENDMENT

- (a) The Water Management Amendment shall take effect (“Water Management Amendment effective date”) on the last day of the calendar month in which the State and 24 or more contractors have executed the Water Management Amendment, unless a final judgment by a court of competent jurisdiction has been entered that the Water Management Amendment is invalid or unenforceable or a final order has been entered that enjoins the implementation of the Water Management Amendment.
- (b) If any part of the Water Management Amendment of any contractor is determined by a court of competent jurisdiction in a final judgment or order to be invalid or unenforceable, the Water Management Amendments of all contractors shall be of no force and effect unless the State and 24 or more contractors agree any the remaining provisions of the contract may remain in full force and effect.
- (c) If 24 or more contractors have not executed the Water Management Amendment by February 28, 2021 then within 30 days the State, after consultation with the contractors that have executed the amendment, shall make a determination whether to waive the requirement of subdivision (a) of this effective date provision. The State shall promptly notify all contractors of the State’s determination. If the State determines, pursuant to this Article to allow the Water Management Amendment to take effect, it shall take effect only as to those consenting contractors.
- (d) If any contractor has not executed the Water Management Amendment within sixty (60) days after its effective date pursuant to subdivisions (a) through (c) of this effective date provision, this Amendment shall not take effect as to such contractor unless the contractor and the State, in its discretion, thereafter execute such contractor’s Water Management Amendment, in which case the Water Management Amendment effective date for purposes of that contractor’s Amendment shall be as agreed upon by the State and

contractor, and shall replace the effective date identified in subdivision (a) for that contractor.

2. ADMINISTRATION OF CONTRACTS WITHOUT WATER MANAGEMENT AMENDMENT

The State shall administer the water supply contracts of any contractors that do not execute the Water Management Amendment in a manner that is consistent with the contractual rights of such contractors. These contractors' rights are not anticipated to be affected adversely or benefited by the Water Management Amendments.

3. OTHER CONTRACT PROVISIONS

Except as amended by this Amendment, all provisions of the contract shall be and remain the same and in full force and effect, provided, however, that any reference to the definition of a term in Article 1, shall be deemed to be a reference to the definition of that term, notwithstanding that the definition has been re-lettered within Article 1. In preparing a consolidated contract, the parties agree to update all such references to reflect the definitions' lettering within Article 1.

4. DocuSign

The Parties agree to accept electronic signatures generated using DocuSign as original signatures.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment on the date first above written.

Approved as to Legal Form
and Sufficiency:

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

Chief Counsel
Department of Water Resources

Director

Date

Approved as to Form:

«CONTRACTOR_up»

General Counsel
«Contractor_lc»

General Manager

Date



COMMITTEE MEMORANDUM

DATE: October 1, 2020

TO: Water Resources and Watershed Committee

FROM: Dirk Marks *DM*
Director of Water Resources

SUBJECT: Recommend Adopting a Resolution Authorizing the General Manager to Enter into a Cost Sharing Agreement for Planning Activities for a Delta Conveyance Facility and Authorize SCV Water's Membership in the Delta Conveyance Design and Construction Authority

SUMMARY

This item proposes authorizing SCV Water to enter into a cost sharing agreement with DWR to fund SCV Water's share of projected environmental review, planning, and design costs for the proposed Delta Conveyance Facility through 2024. SCV Water's cost share (net of prior funding credits) is estimated at up to \$8.96 million over that period. These costs would be funded from the Agency's State Water Project fund.

In addition, this item seeks authorization of SCV Water's membership in the Delta Conveyance Design and Construction Authority (DCA), a joint powers authority comprised of contracting agencies. The DCA is conducting the planning and design effort in conjunction with DWR. The DCA is governed by its participating contracting agency members.

On July 21, 2017, the Department of Water Resources (DWR) approved the project known as the California WaterFix Project (WaterFix), which was a dual conveyance project that involved two new diversion points and two tunnels moving water from the Sacramento River north of the Delta under the Delta to State Water Project and Central Project water pumping facilities in the South Delta. SCV Water's predecessor (Castaic Lake Water Agency) Board of Directors previously approved participating in WaterFix and participating in a funding agreement to pay a share of preconstruction planning activities associated with the WaterFix project. The Agency joined the Delta Conveyance Finance Authority which was anticipated to issue financial instruments to facilitate design and construction of the project. In addition, in 2018 several SWP contractors entered into a Joint Powers Agreement forming the Delta Conveyance Design and Construction Joint Powers Authority (DCA). It was anticipated that other participating contractors could join the DCA in the future. At the time, the WaterFix project had approvals under California Environmental Quality Act (CEQA), federal Endangered Species Act (ESA), and California Endangered Species Act (CESA).

In the State of the State address in January 2019, Governor Newsom announced that he did not support WaterFix as configured but that he did support a one tunnel conveyance project. Consistent with this, in May 2019, the Department of Water Resources (DWR) rescinded its approvals of the WaterFix project and began planning for a single tunnel option. Shortly thereafter, DWR began public negotiations with the State Water Project (SWP) public water agencies (PWAs) to agree upon a framework, referred to as an Agreement in Principle (AIP), for the amendment of SWP water supply contracts to allocate costs and benefits in the event that a

potential single tunnel facility was ultimately approved. The AIP will be the basis for a future contract amendment only if a project is ultimately approved and only after necessary environmental review is completed.

In January 2020, DWR released a Notice of Preparation of an Environmental Impact Report (EIR) pursuant to CEQA for a proposed single tunnel project with 6,000 cfs of capacity referred to as the Delta Conveyance Project (DCP). DWR is currently conducting environmental review and is relying on the DCA for engineering work related to defining the Project's footprint.

After fifteen public negotiation sessions, DWR and PWAs have developed a draft AIP that contains provisions for the allocation of costs and benefits for a potential Delta Conveyance Project. As a Delta Conveyance Facility is authorized under the existing SWP Contract, the AIP allows PWAs an option to: 1) execute a contract to increase their participation above their Table A percentage (to the extent other contractors chose not to participate), or 2) opt out of the Delta Conveyance Project costs and benefits entirely. In the draft AIP, there is a table with the names of each SWP contractor and a space to fill in the participation percentage in order to complete the AIP and proceed with the planning and the environmental review efforts related to the Delta Conveyance Project. DWR is asking SWP contractors to fill in the allocation factor table with each PWA's participation percentage assuming a 6,000 cfs facility. Currently, the proposed project is a SWP project only, as the CVP has not indicated any interest in pursuing Delta Conveyance at this time. Again, the participation options are 100% of Table A, zero (opting out), or more than 100% of Table A. This participation percentage will first be used to inform the percentage of planning funding allocated to participating PWAs.

Included in the discussion below is a description of the proposed project, including the anticipated preliminary benefits, information about DWR's estimated schedule for the completion of environmental review and potential planning/permitting processes, and the preliminary cost estimate, as well as the draft AIP. Upon completing the environmental process, the AIP will be converted into contract amendment language and PWAs will consider an amendment to their contracts consistent with the AIP. At this time, each PWA's participation percentage in the Delta Conveyance Project will be decided. Attached to this staff report is the current version of the draft AIP (Attachment 1) with the blank allocation factor table, which must be completed. However, the current action before you is limited to approving a participation percentage for planning funding as described below.

DWR is asking that PWAs enter into a new funding agreement with DWR to advance their participation percentage of up to \$385 Million that is needed for the preliminary design, environmental planning, and other preconstruction activities to assist in the environmental process for the proposed project. These funds would support DWR's environmental planning work as well as DCA work that is needed to inform environmental planning. The funding agreements provide that PWAs would be reimbursed or receive a credit for the advanced funds upon the first sale of revenue bonds to pay for the Delta Conveyance Project. To the extent the Delta Conveyance Project does not proceed, the advanced funds would not be recovered. Attached to this staff report is a copy of a proposed funding agreement with DWR (Attachment 2).

Additionally, given the shift from a two tunnel WaterFix project to a potential single-tunnel Delta Conveyance Project and changes in the mix of agencies anticipating participation in the Delta Conveyance Project, the existing and prospective members of the DCA have been discussing amendments to the Joint Powers Agreement that created the DCA. The purpose is to better align representation with PWA participation.

Lastly, the proposed actions discussed herein do not constitute the approval by SCV Water of the Delta Conveyance Project or its construction, of any amendment to the long term water supply contract with DWR, or to any actions by the DCA that may cause direct or reasonably foreseeable indirect environmental impacts. As such, the actions recommended herein are not a “project” requiring environmental review under the California Environmental Quality Act (“CEQA”) pursuant to State CEQA Guidelines 15378. Further, and even were the actions to be considered a CEQA “project,” these actions would be statutorily exempt from environmental review pursuant to CEQA Guidelines 15262 because the actions merely call for the funding and completion and feasibility and planning studies, including the completion of CEQA review itself.

DISCUSSION

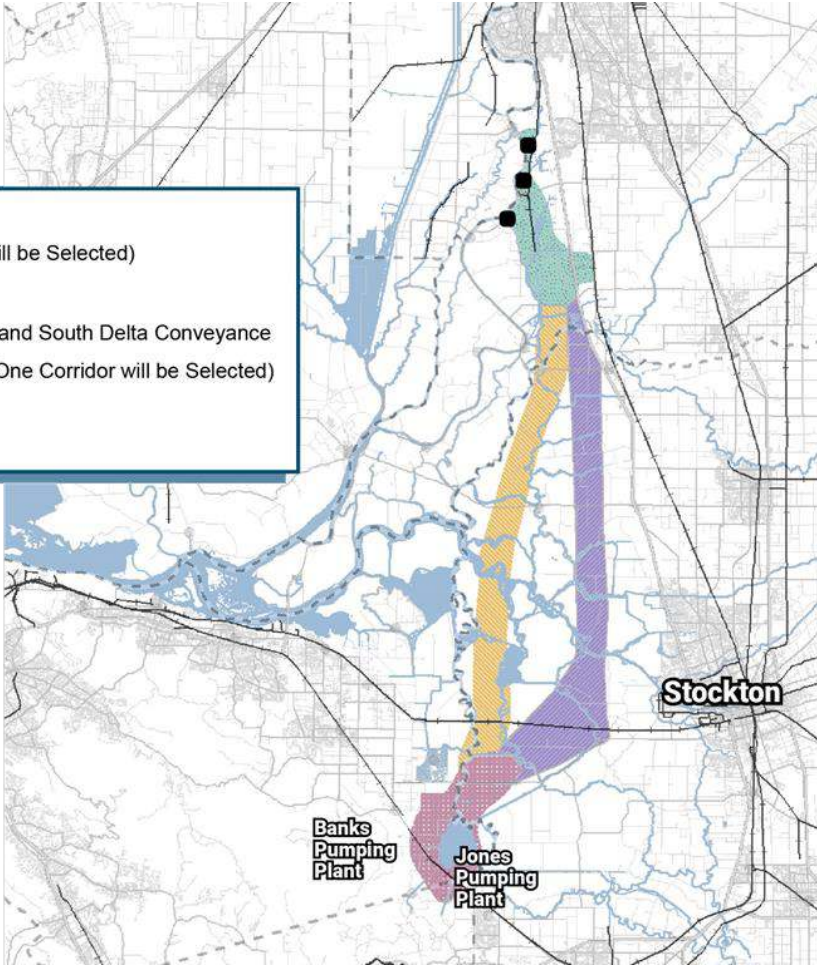
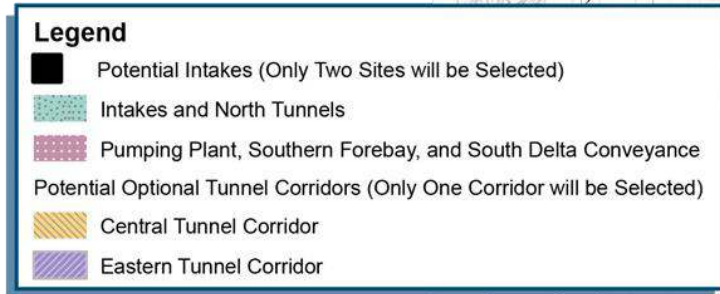
Background on the Proposed Delta Conveyance Project

The existing SWP Delta water conveyance facilities, which include Clifton Court Forebay and Banks Pumping Plant in the south Delta, enable DWR to divert water and lift it into the California Aqueduct for south-of-Delta PWAs. As described in DWR’s Notice of Preparation, the proposed Delta Conveyance Project would construct and operate new conveyance facilities in the Delta that would add to and be operated as part of the existing SWP infrastructure. Specifically, new points of diversion with intake facilities would be located in the north Delta along the Sacramento River between Freeport and the confluence with Sutter Slough, and would include a single tunnel to convey water from the new intakes to the existing Banks Pumping Plant in the south Delta. The new facilities would provide an alternate location to divert Delta water while maintaining DWR’s ability to divert water through existing facilities in the South Delta. Thus, this results in “dual conveyance” option because there would be two complimentary methods to divert and convey water. Dual conveyance does not mean DWR is seeking to expand their water rights, rather it refers to operating both the new points of diversion and the existing points of diversion in a manner that allows DWR flexibility to meet water quality standards and operating permit restrictions.

The proposed project is anticipated to be sized to convey up to 6,000 cfs of water from the Sacramento River to the SWP facilities in the south Delta, and would include: two intakes (3,000 cfs each), one underground tunnel (two routes are being considered), intermediate and southern forebays, a pumping plant, south Delta conveyance facilities, and other ancillary facilities. DWR is considering other alternatives as part of the environmental review process, with capacities ranging from 3,000 to 7,500 cfs and participation with and without the CVP.

The Delta Conveyance Project overarching objective is to protect the SWPs ability to continue to deliver water south of the Delta. Additional objectives articulated in the Notice of Preparation are to make the SWP more resilient to the impacts of climate change and extreme weather events, minimize the potential public health and safety impacts from reduced quantity and quality of water caused by earthquakes, and provide SWP operational flexibility to improve aquatic conditions and better manage risks of additional future regulatory constraints on project operations.

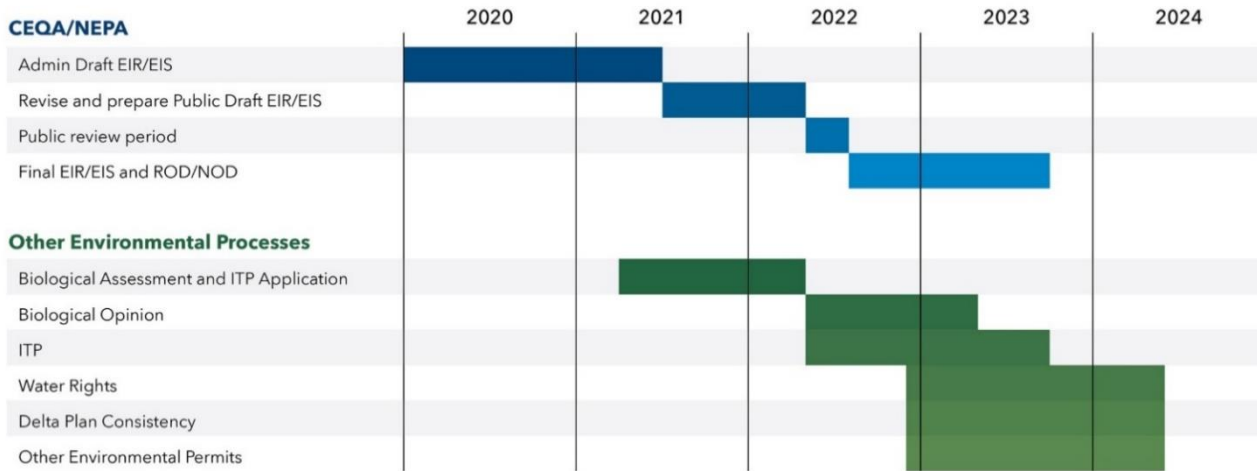
Delta Conveyance Project Proposed New Facilities



Status of Proposed Project and Schedule

DWR's preliminary schedule has a final EIR being completed in 2023 and other environmental review, permitting and regulatory processes being completed in 2024. Once the Delta Conveyance Project receives all necessary approvals and permits and has complied with all legal requirements, including but not limited to obtaining a change in point of diversion to DWR's existing water rights permit, construction could begin. At present, DWR is engaged in a CEQA scoping process and has solicited comments on potential impacts and alternatives. DWR is currently screening and refining project alternatives to come up with a reasonable range of project alternatives that avoid or substantially reduce potentially significant impacts.

Delta Conveyance Project Schedule



Preliminary Benefits of the Proposed Project

DWR is currently developing the Delta Conveyance Proposed Project. At this time DWR has not defined the project operations and has not completed regulatory processes that may impact project operations. The primary objective of the DCP, as stated in the Notice of Preparation is to restore and protect the ability to deliver SWP supplies to the south-of-Delta PWAs. The DCP is also expected to improve SWP resiliency under multiple future risks that can be low frequency-high impact such as seismic risks in the Delta, or sustained impacts including climate change and sea level rise or Delta regulations. It is not possible to know the exact future conditions under which the DCP would operate, but the conditions are likely a combination of many of the known and unknown risks.

The State Water Contractors, Inc. conducted a preliminary SWP water supply analysis under a range of existing and future scenarios, with and without the Delta Conveyance Project, to help assess the DCP's ability to maintain or improve SWP reliability and resiliency. The selected range of future scenarios are intended to represent potential SWP operating conditions under future regulatory, climate change, sea level rise, and seismic risks. Each selected future scenario was simulated with and without the DCP. For this analysis the modeling assumed a 6,000 cfs diversion capacity and north Delta diversion operations criteria consistent with permitting from California WaterFix¹. The specific Proposed Project, including operational criteria, that DWR will ultimately select may be different. DWR's CalSim II model, representing the SWP facilities, regulations and operations, was used to develop coarse estimates of potential water supply changes with the DCP. As the Proposed Project is further defined and permitted, and this coarse modeling is further refined, the estimated water supply benefits with the DCP may change.

Figure 1 shows preliminary modeled average annual SWP exports under existing and future scenarios and corresponding increment resulting with the DCP. All future scenarios modeled indicate potentially lower SWP exports than the existing scenarios. DCP shows potential to alleviate reductions to SWP reliability under many plausible future risk scenarios. The Current

¹ This included operations required by the federal Biological Opinions, CESA Incidental Take Permit specifically for the proposed north Delta diversion intakes under California WaterFix.

Trends² future scenario, which provides a reasonable representation of conditions expected at the start of the DCP operations, indicates approximately 300 TAF reduction in average annual SWP exports without DCP, compared to existing scenarios. DCP, under same circumstances, potentially provides about 500 TAF increment on average, with the greatest increase in the wetter years. On average, about 60% of the increased SWP deliveries are Table A and 40% are Article 21. Furthermore, preliminary modeling results shown in Figure 1 also indicate that on average, the DCP is estimated to result in about 100 TAF to 1 MAF per year of increased SWP exports under potential greater Delta regulations scenarios in the future, about 700 TAF per year under seismic risks and long-term south Delta export disruption due to long-term Delta island flooding, and about 900 TAF per year under extreme sea level rise in the future, all when compared to the respective scenarios without the DCP.

Preliminary water supply estimates also indicate that the DCP would maintain existing water supply reliability under a broad range of future conditions that may occur while the DCP is operational³. Without the DCP, SWP exports are estimated to be reduced by about 300 TAF to 1,000 TAF on average per year under various future scenarios modeled due to regulatory changes, sea level rise in the Delta, and seismic risk, when compared to the existing conditions. When the DCP was included, estimated annual SWP exports in the future scenarios were similar to the existing export values under most scenarios as shown in Figure 2, demonstrating the improved resilience of the SWP with the DCP.

In addition to the water supply benefits estimated above, the DCP is expected to provide additional benefits including improved flow patterns in the south Delta for fisheries, operational flexibility to capture peak storm flows, water quality improvements for SWP deliveries, conveyance capacity for water transfers and potential carriage water savings.

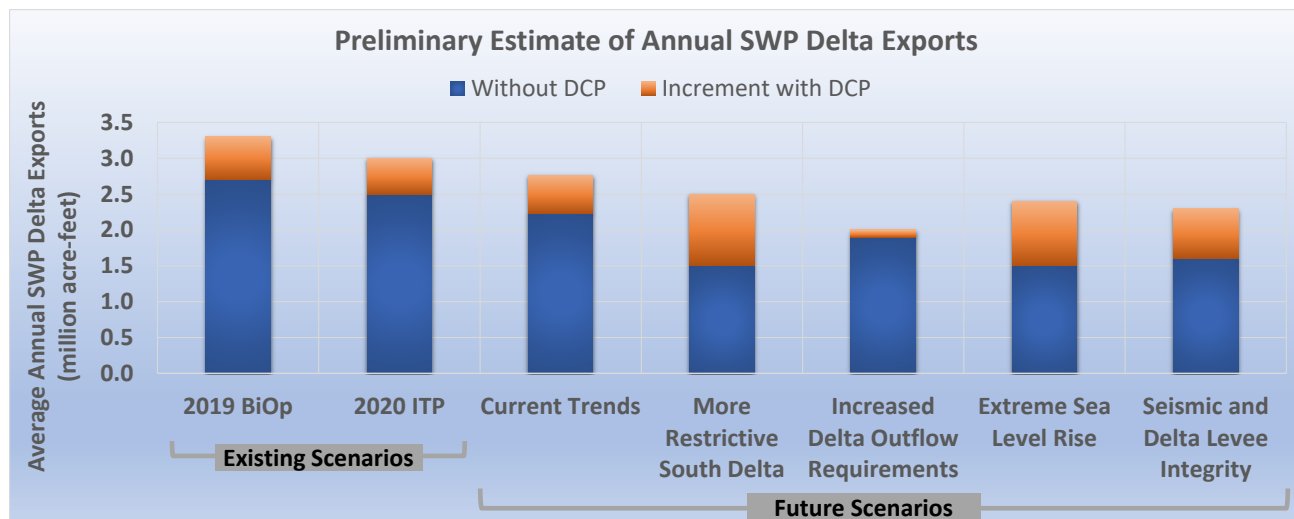


Figure 1: Preliminary modeled average annual SWP exports under existing and future scenarios and corresponding increment resulting with the DCP

² Current Trends scenario assumes operating to the current regulatory requirements including 2019 federal biological opinions for CVP and SWP and 2020 incidental take permit for SWP, existing Delta levee configuration, and projected climate change and sea level rise around 2040.

³ Extreme Sea Level Rise scenario assumes projected sea level rise value of 140 cm at around 2065. The future scenarios selected for this analysis are not intended to fully encompass all the future conditions during the life of the Delta Conveyance Project.

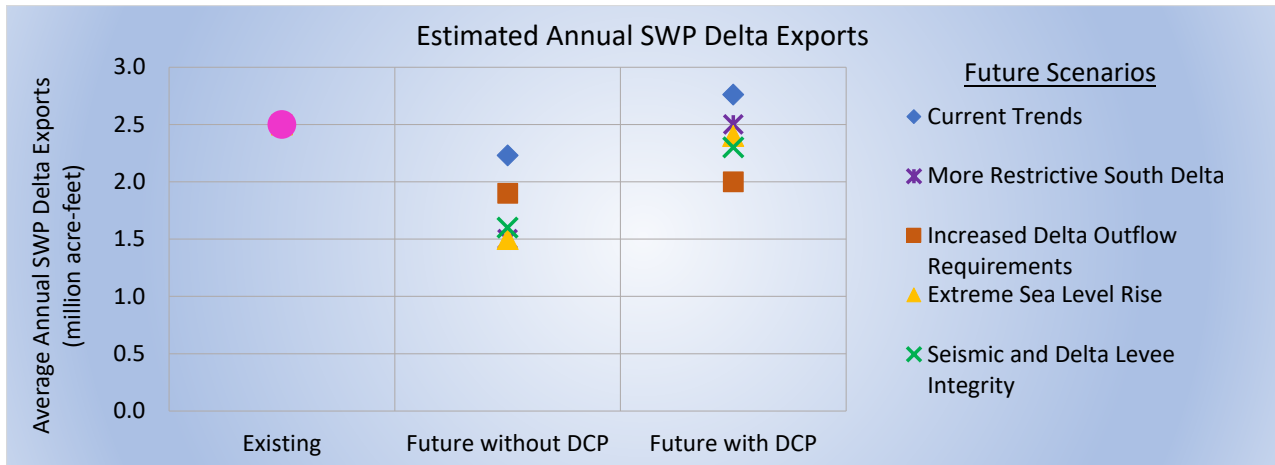


Figure 2: Preliminary modeled average annual SWP exports under the future scenarios with and without the DCP compared to the existing scenario

Preliminary Estimated Costs of the Project

In consideration of SCV Water and certain PWA's advancing planning funds for the proposed project, the DCA, following industry standards, developed preliminary cost information based on information currently available for the proposed Delta Conveyance Project. It is important to emphasize that the DCA is still very early in the planning process and the cost estimate is only a snapshot based on the current status. This snapshot does not represent the final conceptual design, the final mitigation costs, or all cost items such as community benefits, DWR planning costs, or financing costs. The snapshot includes an estimate for construction costs, soft costs, and environmental mitigation costs in undiscounted 2020 dollars. This means the cost information excludes future inflation. In other words, it assumes that the project would all be built in 2020.

The proposed project features included in the cost information are as follows:

- Two intakes at 3,000 cfs each, for a total capacity of 6,000 cfs
- 42 miles of tunnels and associated shafts
- Southern Complex Facilities:
 - Pump Station
 - Forebay
 - Connections to existing CA Aqueduct

The DCA cost information includes a 38% composite contingency for unforeseeable elements of cost within the construction cost estimate. The DCA has provided their best estimate for unknown items where their professional experience indicates that there will likely be additional risk. The DCA identified contingency levels for each feature of the proposed project listed above to reflect the uncertainty at the time the cost information was developed. The DCA's contingency reflects the DCA's assessment of the proposed projects design status, identified risks, and professional judgment of unforeseeable elements of cost. As the engineering work advances and the unknown elements of the proposed project are revealed or resolved, contingency levels will decrease, and the identified project elements will be included in the construction estimates.

It is the DCA's opinion, based on the information available to the DCA today and the estimated contingency levels, that there is a 50% probability that the proposed Delta Conveyance Project would be within the estimated total of \$15.9 billion in 2020 dollars. AECOM reviewed the DCA estimate and found that based on industry standards the cost range may be reduced between \$2.28 to \$4.37 billion. AECOM's assessment did not perform a bottom up estimate of the project but reviewed the cost estimate in light of industry standards, in particular contingencies. The AECOM work found that the DCA estimate assumed conservative design, included in design elements risk mitigation, and additionally added a 38% contingency. This resulted in roughly a 44% contingency for the DCA estimate. The AECOM work serves as a useful guidepost for identifying a possible range of costs but should not be considered as a cost estimate for the DCP. As planning proceeds, more information will become available to inform potential construction and associated costs, and cost information will be updated and refined.

Draft Agreement In Principle

As indicated above, the draft AIP is a framework to amend the Agency's SWP water supply contract with DWR and it allocates the Delta Conveyance Project's costs and benefits discussed above. Specifically, the AIP includes the following:

- Provides an option for PWAs to opt out of the costs and benefits of the proposed project, meaning those who opt out will put zero in the allocation table and will not pay for the costs nor be entitled to the benefits.
- Participating PWAs must be in for at least 100% of their Table A percentage.
- PWAs may opt to participate at more than 100% to the extent that other PWAs do not participate and there is additional Table A percentage available. For example, if the Board were to decide to participate in the proposed project at 110% of the Agency's Table A supply, the Agency's would be in for a minimum of 100% of its Table A percentage plus the additional 10% only if other PWAs decided to opt out and there was additional Table A participation percentage available. It is likely that certain PWAs will opt out.
- Indicates that the proposed project will be constructed and operated as an integrated component of the SWP and any contract amendment will go into effect no sooner than the transition date in the Contract Extension Amendment.
- DWR will determine the amount of water attributable to the proposed project each year, which will inform what is available for participants.
- Describes the details of how costs will be determined and charged, including that participating PWAs will be responsible for costs equal to each of their project participation percentage.
- Describes the benefits of the project that participants will receive, including water, both Table A and Article 21, attributable to the proposed project and conveyance capacity in the new facility.

Requested Action on Participation Level

DWR is requesting that contractors fill out the table in the AIP and indicate the participation percentage so DWR can confirm that the proposed project is 100% subscribed and planning costs can be allocated accordingly. To that end, staff is asking the Board to make a decision as to its desired participation percentage in the proposed project for planning funds. As described above, when the AIP becomes contract language, each PWA will have to approve the proposed contract language, including the participation percentage.

The SWC conducted a straw poll among SWP contractors regarding their likely participation. As anticipated, contractors North of the Delta, most agricultural contractors and Santa Barbara County indicated they did not anticipate participating in the project. Participating contractors generally agreed that they would recommend to that their agencies proportionately take up this anticipated shortfall. Thus, Agency staff is recommending a participation level of 2.6% of the project.

As indicated above, the Board at this time is only indicating its desired participation percentage in the proposed project, and is not approving the execution of a contract amendment to its SWP water supply contract. Consideration of a contract amendment will take place after environmental review is complete and contract language is drafted. The Board is, however, also being asked to make a decision to advance funding for the planning costs, which include preparation of EIR, regulatory processes and permitting, and necessary design work to inform the environmental planning portion of the proposed project.

Funding Agreements

As indicated above, DWR is requiring those contractors who choose to participate in the proposed project to enter into a funding agreement to advance funds for environmental review, planning, and design of the proposed project through 2024. The current estimate of these environmental related planning costs of up to \$385 million. The Agency's share of these funds would be up to \$10,002,372. The funding agreements provide that PWAs would be reimbursed or receive a credit for the advanced funds for the previously authorized WaterFix project. The Agency's share of these funds is \$852,631 bringing the net cost to the Agency to \$8,961,859. Pursuant to the Delta Conveyance Facility (DCF) agreement with DWR, the Agency at this time has the option to approve advancing either the entire amount, or an amount for the first two years, which would be equal to \$3,840,797 at which time additional information on potential costs, benefits and regulatory framework would be known. Staff's recommendation is that the General Manager be authorized to enter into an agreement for the entire amount and after two years assess the likelihood of the success of the project and potentially terminate the agreement. Again, these funds would support the environmental review, planning, and design work necessary to inform environmental planning, and participating PWAs would be reimbursed or receive a credit for the advanced funds upon the first sale of revenue bonds to pay for the Delta Conveyance Project. If the Delta Conveyance Project does not proceed, the advanced funds would not be recovered.

DCA JPA Amendment

In May 2018, certain contractors entered into a Joint Powers Agreement and formed the DCA, whose purpose was to actively participate with DWR in the design and construction of California WaterFix. The DCA subsequently entered into a Joint Powers Agreement with DWR (JEPA). Shortly after the Governor indicated support for a single tunnel project and DWR rescinded its approvals of WaterFix, the JEPA was amended and its purpose shifted to provide preliminary design, planning and other preconstruction activities to assist the environmental process for a potential Delta Conveyance Project. Given the shift to the Delta Conveyance Project, issuance of the NOP, and completion of a draft of the AIP, staff of participating PWAs have been discussing an update to the DCA Joint Powers Agreement. In particular, there is a desire to reorganize the governance structure to better align with current participation in the proposed project.

The proposed amendment would restructure the DCA Board of Directors as follows:

- Change the number of DCA Board of Directors from four (4) to seven (7) and representation would parallel that of the State Water Contractor's, Inc. Board with various classes representing various regions as indicated below:
 - (1) seat for Class 2 members representing South Bay contractors (excluding Santa Clara Valley Water District)
 - (1) seat for participating agencies within Classes 7, 5 and 3 representing West Branch contractors, Coastal Branch contractors and agricultural contractors. Based on initial indications of participation, this group would consist of SCV Water, Ventura County Watershed Protection District, San Luis Obispo County Flood Control and Water Conservation District, and Dudley Ridge Water District.
 - Two seats for Class 8 members representing the East Branch Contractors
- Continue one (1) seat each for:
 - Metropolitan Water District of Southern California (State Water Project)
 - Kern County Water Agency
 - Santa Clara Valley Water District

If the Agency joins the DCF, its Director would potentially represent Dudley Ridge Water District, San Luis Obispo County and Ventura County, along with SCV Water. SCV Water has the largest Table A amount among these contractors.

Decisions would be made based on a majority of Board members, however, any Board member may request a redetermination be conducted for board items dealing with issuance of notes or other forms of indebtedness, including entering into leases for real property or equipment, adoption or amendment of the budget, consultant contracts greater than \$1 Million or future construction contracts greater than \$10 Million. That redetermination vote would be based on each Board member's proportionate DCF participation amount and require at least a certain 70% threshold to pass. The revised draft agreement was not available at the time this report was prepared, but is anticipated to be available for review by the Board.

CALIFORNIA ENVIRONMENTAL QUALITY ACT COMPLIANCE

Neither designating a potential participation level for the DCP, entering into a funding agreement with DWR for planning costs nor entering in to the DCA Joint Powers Authority Agreement constitute the approval by SCV Water of DCP or its construction, of any amendment to the long term water supply contract with DWR, or to any actions by the DCA that may cause direct or reasonably foreseeable indirect environmental impacts. As such, the actions recommended herein are not a "project" requiring environmental review under the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines 15378. Further, and even were the actions to be considered a CEQA "project," these actions would be statutorily exempt from environmental review pursuant to CEQA Guidelines 15262 because the actions merely call for the funding and completion and feasibility and planning studies, including the completion of CEQA review itself.

FINANCIAL CONSIDERATIONS

Participation in the DCF agreement to fund planning activities would commit the Agency to fund up to \$10,002,372. Recognizing credits due from the WaterFix Project, an estimated expenditure

of \$8,961,859 from the State Water Project Fund would be required if the agreement were to extend to completion.

RECOMMENDATION

That the Water Resources and Watershed Committee recommends that the Board of Directors adopt a resolution:

- (1) Authorizing the General Manager to inform the Department of Water Resources that the Agency desires to participate in the Delta Conveyance Project at a 2.6% participation level.
- (2) Authorizing the General Manager to execute a funding agreement with the Department of Water Resources for environmental planning costs associated with the Delta Conveyance Project in the amount of up to \$10,002,372.
- (3) Authorizing the General Manager to enter the amended Delta Conveyance Design and Construction Authority Joint Powers Agreement.
- (4) Directing the General Manager to have staff prepare and file a Notice of Exemption within five working days of the approval of said resolution that the Agency's actions are not a "project" requiring environmental review pursuant to State CEQA Guidelines 15378 and, alternatively, are statutorily exempt from CEQA review pursuant to State CEQA Guidelines 15262.

Attachments

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ATTACHMENT 1

AGREEMENT IN PRINCIPLE

April 30, 2020

This Agreement in Principle has been developed from the State Water Contractor Public Water Agencies' offers presented from July 24, 2019 to present, Department of Water Resources' offers presented from July 31, 2019 to present, and information discussed and presented by the technical and legal work groups.

Agreement in Principle for the State Water Project Water Supply Contract Amendment on a Delta Conveyance Project

This Agreement in Principle (**AIP**) is by and between certain State Water Project Public Water Agencies (**PWAs**) and the State of California through the Department of Water Resources (**DWR**) for the purpose of amending the State Water Project Water Supply Contracts.

AIP Objective:

1. Develop an agreement between the State Water Project Contractor Public Water Agencies and Department of Water Resources to equitably allocate costs and benefits of a potential Delta Conveyance Facility that preserves operational flexibility such that the Department of Water Resources can manage the State Water Project to meet regulatory requirements, contractual responsibilities, and State Water Project purposes.

AIP Outline:

- I. Definitions
- II. Objective 1 - Availability of an option to opt out of costs and benefits of Delta Conveyance Facilities of the State Water Project
- III. Objective 2 - Availability of an option to assume, or partially assume, costs and benefits of Delta Conveyance Facilities of the State Water Project
- IV. Objective 3 - Pursuit of State Water Project Delta Conveyance Facilities under the State Water Project Water Supply Contracts
- V. Objective 4 - Delta Conveyance Facility billing
- VI. Objective 5 - Delta Conveyance Facility benefits allocation
- VII. Objective 6 - Affect upon other Water Supply Contract provisions
- VIII. Other Provisions
- IX. Environmental Review Process
- X. Authorized Representative Signatures

I. Definitions

- a. **Clifton Court Forebay** shall mean the existing State Water Project diversion at Clifton Court Forebay facility through its intake located on Old River in the southern Delta and the associated Skinner Fish Facility.
- b. **Delta** shall mean the Sacramento-San Joaquin Delta as defined in Section 12220 of the California Water Code on the date of approval of the Bond Act by the votes of the State of California.
- c. **Delta Conveyance Facility (DCF)** shall mean those facilities of the State Water Project consisting of a water diversion intake structure, or structures, located on the Sacramento River and connected by facilities to Banks Pumping Plant in the southern Delta with a single tunnel that will serve the water supply purposes of the State Water Project.
- d. **DCF Benefits** shall mean those water supply and capacity benefits attributable to the DCF including but not limited to: (1) Table A water supplies; (2) Article 21 water supplies; (3) carriage water savings; (4) reliable water supply and use of DCF available capacity in the event of a temporary or permanent physical, regulatory, or contractual disruption of southern Delta diversions; and (5) use of DCF available capacity to move non-project water through the proposed DCF.
- e. **Fair Compensation** shall include but is not limited to capital recovery, operations and maintenance, replacement, and variable charges associated with the use of the DCF capacity.
- f. **State Water Project (SWP)** shall mean the State Water Resources Development System as described in California Water Code section 12931.
- g. **State Water Project Contractor Public Water Agencies (PWAs)** shall include the 29 entities holding State Water Project Water Supply Contracts with the Department of Water Resources.

II. Objective 1 - Availability of an option to opt out of costs and DCF Benefits

- a. This AIP makes available to each PWA an option to opt out of the costs and benefits of the DCF through a contract amendment that establishes a Statement of Charges (SOC) percentage of DCF Benefits based on the percentages in the Delta Conveyance Allocation Factors table to water attributable to the DCF, as described in Section VI of this AIP.
- b. PWAs indicating an intent to opt out of costs and benefits of the DCF shall be described in Section VI(a) of this AIP.
- c. An option to opt out of DCF costs and benefits are limited such that a PWA must opt out of at least a minimum 100% of its Municipal and Industrial Table A or 100% of its Agricultural Table A. This provision doesn't prohibit a PWA from taking more than their Table A share, if available, in the Delta Facilities Allocation Factor table.

- III. Objective 2 - Availability of an option to assume additional costs and benefits of the DCF
 - a. This AIP makes available to each PWA an option to assume additional costs and benefits of the DCF through a contract amendment that establishes additional costs on the SOC in exchange for DCF Benefits based on the percentages in the Delta Conveyance Allocation Factors table to water attributable to the DCF, as described in Section VI of this AIP.
 - b. PWAs indicating an intent to assume DCF costs and benefits shall be described in Section VI(b) of this AIP.
- IV. Objective 3 - Pursuit of State Water Project Delta Conveyance Facilities under the State Water Project Water Supply Contracts
 - a. The DCF shall be constructed and operated as an integrated component of the State Water Project, and DWR will continue to operate the State Water Project at its sole discretion.
 - b. The DCF is an authorized component of the State Water Project pursuant to California Water Code sections 11100 et seq. and 12930 et seq.
 - c. Effective Date: A contract amendment pursuant to this AIP shall have an effective date no sooner than the billing transition date set forth in State Water Project Water Supply Contract Amendment known as The Contract Extension Amendment.
 - d. Administration of DCF: DWR will forecast and account for Project Water attributable to the DCF and DWR will determine whether or not that Project Water would not have been available at Clifton Court Forebay. A whitepaper describing the DWR's and the PWAs' current understanding of the approach on forecasting, administration, and accounting is contained in Attachment 1. Attachment 1 will not be incorporated into contract language.
- V. Objective 4 - Delta Conveyance Facility billing
 - a. These costs would be billed to and collected from SWP PWAs consistent with the Delta Facilities Allocation Factor table below through their annual SOC.
 - b. Delta Conveyance Facilities Charge Components:** All capital and minimum operations, maintenance, power and replacement (OMP&R) costs associated with the DCF are 100% reimbursable and shall be recovered by DWR from PWAs through their annual SOC's consistent with the Delta Facilities Allocation Factor table. These costs shall be allocated to and billed under two new charges as follows:
 - (1) Delta Conveyance Facilities Capital Charge Component.
 - (2) Delta Conveyance Facilities Minimum OMP&R Component.
 - c. Delta Conveyance Facilities Capital Charge Component Method of Computation**
 - 1. This computation will recover actual annual debt service created by financing activities (Financing Method) for DCF.

2. Each Financing Method shall provide an annual repayment schedule, which includes all Financing Costs.
 3. Financing Costs shall mean the following: Principal of and interest on Revenue Bonds, debt service coverage required by the applicable bond resolution or indenture in relation to such principal and interest, deposits to reserves required by the bond resolution or indenture in relation to such Revenue Bonds, and premiums for insurance or other security obtained in relation to such Revenue Bonds.
- d. Financing Method shall be divided into four categories: DCF Capital Costs paid with the proceeds of Revenue Bonds; DCF Capital Costs paid with amounts in the State Water Resources Development System Reinvestment Account; DCF Capital Costs paid annually for assets that will have a short Economic Useful Life or the costs of which are not substantial, and DCF Capital Costs prepaid by the PWAs consistent with the Delta Facilities Allocation table.
 - e. DCF Capital Charge Component should be allocated to the PWAs in proportion to the Delta Conveyance Facilities Allocation Factors for each calendar year and consistent with the Delta Facilities Allocation Factor table.
 - f. **Delta Conveyance Facilities Minimum OMP&R Charge Component Method of Computation**
 1. Recovery will be estimated and/or actual annual OMP&R costs determined for the DCF each year.
 2. DCF Minimum OMP&R Charge Component shall be allocated to the PWAs in proportion to the Delta Conveyance Facilities Allocation Factors for each calendar year.
 - g. **Delta Conveyance Facilities Energy Charges:** The DCF energy costs are 100% reimbursable by the PWAs and the methodology will be determined by DWR, reviewed in the SWRDS Finance Committee, and approved by the Director.
 - h. **Redetermination:** These charges shall be subject to redetermination.
 - i. **Step-up:** PWAs that execute a contract amendment to opt out will not be allocated any portion of a step-up required in the event of a default on a DCF Capital Charge.
 - j. **Delta Conveyance Facilities Allocation Factors:** The following table is a preliminary allocation of DCF participation percentages. Only PWAs with a greater than 0 percentage would be billed for DCF Charge Components through their annual SOC, using the Delta Conveyance Facility Allocation Factors described in the table. PWAs with a zero allocation factor would not be billed for repayment of costs for construction, operation and maintenance of facilities associated with DCF, except to the extent there is a permanent transfer of Table A which would increase a PWA from a greater than zero allocation factor through a subsequent contract amendment.

| Public Water Agency | Delta Conveyance Facilities Allocation Factors |
|--|---|
| City of Yuba City | 0 |
| County of Butte | 0 |
| Plumas County FC&WCD | 0 |
| Napa County FC&WCD | 0 |
| Solano County Water Agency | 0 |
| Alameda County FC&WCD, Zone 7 | |
| Alameda County Water District | |
| Santa Clara Valley Water District | |
| Dudley Ridge Water District | |
| Empire-West Side Irrigation District | 0 |
| Kern County Water Agency-Total | |
| County of Kings | 0 |
| Oak Flat Water District | 0 |
| Tulare Lake Basin Water Storage District | 0 |
| San Luis Obispo County FC&WCD | |
| Santa Barbara County FC&WCD | 0 |
| Antelope Valley-East Kern Water Agency | |
| Santa Clarita Valley Water Agency | |
| Coachella Valley Water District | |
| Crestline-Lake Arrowhead Water Agency | |
| Desert Water Agency | |
| Littlerock Creek Irrigation District | 0 |
| Mojave Water Agency | |
| Palmdale Water District | |
| San Bernardino Valley Municipal Water District | |
| San Gabriel Valley Municipal Water District | |
| San Geronimo Pass Water Agency | |
| The Metropolitan Water District of Southern California | |
| Ventura County Watershed Protection District | |
| Total | 100.000% |

VI. Objective 5 - Delta Conveyance Facility Benefits Allocation

- a. PWAs that execute a contract amendment to opt out of DCF costs and benefits will agree, within that amendment, to the following:
 - i. Charges as set forth in Section V of this AIP will not appear on its SOC.
 - ii. Forego and waive any contractual rights to the following:
 - a. Right to or delivery of Project Water attributable to the DCF, provided that DWR determines that such water would not have been available for diversion at Clifton Court Forebay. This AIP will not modify the amounts within Table A but will memorialize this limited reduction for DCF Benefits by adding a footnote to the PWA's Table A to reflect their zero allocation for DCF Benefits.
 - b. Any contractual rights to or delivery of Article 21 Interruptible Water prior to the point(s) in time each year DWR determines that a volume of water equal to the volume of current year Project Water for Table A in San Luis Reservoir attributable to DCF in the SWP share of San Luis Reservoir storage will be displaced or evacuated by a quantity of exports equal to the quantity of exports from Clifton Court Forebay that would have been stored in San Luis Reservoir absent the DCF. Provided that, when Article 21 Interruptible Water supply is greater than demand from PWAs with a greater than zero Delta Conveyance Facility Allocation factor, Article 21 Interruptible Water will be made available to all PWAs based on Table A percentage.
 - c. Any contractual rights to or delivery of Article 21 Interruptible Water attributable to the DCF after a volume of water equal to the volume of current year Project Water for Table A in San Luis Reservoir attributable to DCF has been evacuated or displaced by the exports from Clifton Court Forebay that would have been stored in San Luis Reservoir absent DCF. Provided that, when Article 21 Interruptible Water supply is greater than demand from PWAs with a greater than zero Delta Conveyance Facility Allocation Factor, Article 21 Interruptible Water will be made available to all PWAs based on Table A percentage.
 - d. Right to use DCF conveyance capacity unused by DWR for SWP purposes to convey non-project water, except as provided in subsection h.
 - e. Right to use available DCF conveyance capacity to convey Project Water in the event that pumping directly from the south Delta is prevented or impaired by a physical, regulatory or contractual disruption, including but not limited to sea level rise, seismic events, flooding, or other uncontrollable event.
 - f. Right to carriage water savings that DWR determines are realized during its operation of any DCF for purposes of conveying Project Water.
 - g. Right to any credit from Fair Compensation collected by DWR for use of available DCF conveyance capacity.

- h. Rights to use of the DCF, unless a subsequent contract with DWR is entered that provides for payment of Fair Compensation associated with such use.
 - iii. For the North of Delta PWAs, DWR will not change the current administrative process for determining the availability of Article 21 due to the DCF. This process will be documented in the Article 21 administration that is distributed via a Notice to Contractors.
 - b. PWAs that execute a contract amendment to assume costs and benefits of the DCF will agree, within that amendment, to the following:
 - i. Charges will appear on the SOC as set forth in the table in the percentages shown in Section V of this AIP.
 - ii. DCF Benefits in proportion to the percentage table in Section V of this AIP, including but not limited to:
 - a) Delivery of Table A amounts diverted at and conveyed through the DCF. This AIP will not modify the amounts within Table A but will memorialize this DCF Benefits by amending the PWA's Table A with a footnote. The footnote will recognize each PWA's DCF Benefits consistent with the Delta Conveyance Facilities Allocation Factors.
 - b) Article 21 Interruptible Water attributable to DCF.
 - c) Available DCF conveyance capacity unused by DWR for SWP purposes, to convey non-project water for ultimate use within that PWA's service area.
 - d) Carriage water savings that DWR determines are realized during its operation of any DCF for purposes of conveying Project Water.
 - e) Available DCF conveyance capacity to convey Project Water in the event that pumping in the south Delta is prevented or impaired by a physical, regulatory or contractual disruption, including but not limited to sea level rise, seismic events, flooding, or other uncontrollable event.
 - f) A credit from Fair Compensation collected by DWR for use of available DCF conveyance capacity.
 - c. Nothing in this AIP changes Article 18(a) in the existing State Water Project Water Supply Contracts.

VII. Objective 6 - Affect Upon Other Water Supply Contract Provisions

- a. Unless specifically stated in this AIP and incorporated into a subsequent contract amendment, there are no changes to the PWAs' rights and obligations under the existing State Water Project Water Supply Contracts.
- b. Transfers and exchanges are not intended to be modified under this AIP and shall be subject to the provisions of the then existing State Water Project Water Supply Contracts.

VIII. Other Provisions

- a. Clifton Court Forebay Diversion Priority: In the event that DWR uses its discretion to move Project Water through the DCF that could have been moved through Clifton Court Forebay Intake, PWAs with a greater than zero Delta Conveyance Facilities Allocation Factor will be given a first priority of available capacity, as determined by DWR, based on their percentage in section V to move up to that same amount of non-project water at Clifton Court Forebay Intake.

IX. Environmental Review Process

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 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.

At the end of the CEQA process and in compliance with CEQA, DWR and the PWAs will each individually evaluate the EIR and Contract Amendment, exercise their independent judgment, and determine whether or not to certify the EIR, approve the proposed project and sign the contract amendment 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.

[This page intentionally left blank.]

ATTACHMENT 2

Three groups:

- **Group A: Contractors who did not sign 2018**
- **Group B:**
 - o **Signed 2018 but no reimbursement**
 - o **Signed 2018 but reimbursed**
- **Group C: Signed 2018 and signed 2019 reauthorization (re-authorize use of x and add some sum) **Use this form agreement****

**State of California
California Natural Resources Agency
DEPARTMENT OF WATER RESOURCES**

**AGREEMENT FOR
THE ADVANCE OR CONTRIBUTION OF MONEY TO
THE DEPARTMENT OF WATER RESOURCES
BY
THE [_____] WATER DISTRICT**

**FOR PRELIMINARY PLANNING AND DESIGN COSTS RELATED TO A
POTENTIAL DELTA CONVEYANCE PROJECT**

THIS AGREEMENT is made, pursuant to the provisions of all applicable laws of the State of California, between the State of California, acting by and through its Department of Water Resources (“Department” or “DWR”), and the [_____] Water District (“Contractor”), each herein referred to individually as a “Party” and collectively as the “Parties”.

Recitals

WHEREAS, DWR and the Contractor listed on the signature page hereto have entered into and subsequently amended a long-term water supply contract, herein referred to as a “Water Supply Contract,” providing that DWR will supply certain quantities of water to the Contractor, providing that Contractor shall make certain payments to DWR, and setting forth the terms and conditions of such supply and such payments; and

WHEREAS, the Bay Delta Conservation Plan (“BDCP”) process was initiated in 2005-2006 and the Delta Habitat Conservation and Conveyance Program (“DHCCP”) was initiated in 2008; and

WHEREAS, the Bay Delta Conservation Plan (“BDCP”) and (“DHCCP”) resulted in development of a project known as the California WaterFix (“WaterFix”); and

WHEREAS, on July 21, 2017, DWR approved the California WaterFix project; and

WHEREAS, certain Contractors have entered into that certain Joint Powers Agreement dated May 14, 2018 forming the Delta Conveyance Design and Construction Authority (“DCA”); and

WHEREAS, DWR and DCA have entered into that certain Joint Powers Agreement (“JEPA”), dated May 22, 2018, as amended and restated, and as the same has or may be further amended, wherein the DCA will provide preliminary design, planning and other preconstruction activities to

assist the environmental planning process for a potential Delta conveyance project under the supervision of DWR (the “Work” as defined in the JEPA); and

WHEREAS, Contractor previously entered into a funding agreement with DWR dated August 24, 2018 to provide a share of preconstruction planning activity costs for California WaterFix (“2018 Gap Funding Agreement”); and

WHEREAS, on May 2, 2019, DWR rescinded its approval of the California WaterFix project and subsequently notified Contractor by letter on May 24, 2019 that DWR would not expend funds contributed under the 2018 Gap Funding Agreement to pay invoices for DCA costs incurred after May 2, 2019, absent further Contractor authorization (see Exhibit A); and

WHEREAS, Contractor in 2019 provided further authorization to DWR to expend the funds contributed pursuant to the 2018 Gap Funding Agreement for the Work in accordance with the JEPA, as the same may be amended from time to time; and

WHEREAS, Contract desires to provide additional funding consistent with this Agreement; and

WHEREAS, a copy of the resolution or other Board authorization of the Board of Directors of Contractor authorizing its General Manager to execute this Agreement is attached hereto as Exhibit B; and

WHEREAS, a State Agency may advance or contribute funds to DWR for SWP purposes pursuant to Water Code section 11135 and (ii) DWR may accept such advanced or contributed funds and thereafter use such funds in accordance with the terms of this Agreement pursuant to Water Code section 11141; and

WHEREAS, Contractor agreed to advance or contribute to DWR \$[] pursuant to the 2018 Gap Funding Agreement;

WHEREAS, in 2019 Contractor entered into a funding agreement with DWR wherein Contractor reauthorized DWR to use remaining 2018 Contributed Funds for purposes consistent with that agreement; and

WHEREAS, DWR and Contractor desire to enter into this funding Agreement to provide additional funding to be spent consistent with this Agreement.

AGREEMENT

NOW, THEREFORE, it is mutually agreed by the Parties as follows:

1. When used in this Agreement, terms defined in the Water Supply Contract (as defined herein) shall be defined by reference to the Water Supply Contractor. In addition, the following definitions shall apply:

- a. **“Calendar Year”** means the period January 1 through December 31.
- b. **“Contributed Funds”** means money contributed or advanced to DWR by Contractor pursuant to this Agreement. The total initial amount Contractor agrees to provide is [amount] and is comprised of the following annual amounts to be paid to DWR in the manner described in Section 5 of this Agreement are [amount] for 2020, [amount] 2021...
- c. **“2018 Contributed Funds”** means money contributed by Contractor pursuant to the 2018 Gap Funding Agreement.
- d.
- e. **“2019 Funding Agreement”** means the agreement that authorized DWR to use remaining 2018 Contributed Funds for planning of a Delta conveyance project.
- f. **“Contribution Payment(s)”** means the payments of Contributed Funds that Contractor agrees to provide to DWR pursuant this Agreement
- g. **“Contractor”** means a State Agency that is a party to a Water Supply Contract with DWR.
- h. **“Department”** or **“DWR”** means the California Department of Water Resources.
- i. **“Effective Date”** has the meaning ascribed to it in section 11 hereof.
- j. **“JEPA”** means the Joint Exercise of Powers Agreement between DWR and the DCA dated May 22, 2018, as amended and restated and as may be further amended from time to time.
- k. **“Pay-Go Charge”** means the charge included on Contractor’s Statements of Charges for the purpose of collecting Contributed Funds that Contractor agrees to advance or contribute to DWR pursuant to this Agreement.
- l. **“Party”** or **“Parties”** means DWR, the undersigned Contractor, or all signatories to this Agreement.
- m. **“State Agency”** has the meaning ascribed to it by Water Code section 11102.
- n. **“SWP”** or **“State Water Project”** means the State Water Project operated by DWR. The SWP generally includes the State Water Facilities, as defined in California Water Code section 12934(d), and certain facilities authorized by the Central Valley Project Act at section 11100 *et. seq.*
- o. **“Water Supply Contract”** means the long-term water supply contract, as amended and as may be amended in the future, between Contractor and DWR.

- p. “**Work**” has the meaning ascribed to it in the Recitals to this Agreement.
2. Effect of Agreement. Effect of Agreement. DWR and Contractor agree that nothing in this Agreement supersedes previous funding agreements or the obligations under those funding agreements unless specifically addressed in this Agreement.
 3. Purposes of Agreement. This Agreement documents Contractors agreement to provide Contributed Funds to DWR for the purposes set forth in Section 4, the manner of providing those funds as set forth in Section 5, and the means by which future contributions may be made.
 4. Use of Funds. DWR shall use any remaining 2018 Contributed Funds, Contributed Funds and any future Contributed Funds collected from Contractor pursuant to section 5 hereof, for the payment of DCA invoices submitted to DWR on or after the Effective Date for the Work done or costs incurred by DCA, or for Delta conveyance project planning work done by DWR through the Delta Conveyance Office (“DCO”) and any other purpose consistent with the JEPA, as the same has been, and may be, amended from time to time.
 5. Charge Procedure. [Option 1: Contractor shall pay its Pay-Go Charge on the date(s) and in the amount(s) set forth on the revised Statement of Charges for 2021, and subsequent Statements of Charges issued to Contractor by DWR. The annual amounts will be paid in twelve monthly installments.] [Option 2: Contractor agrees to pay its Contribution Payments on or before the dates set forth in the Contributed Funds definition.] Contractor may agree, without amending this Agreement, to advance additional funds after the Effective Date, which shall be considered Contributed Funds, by delivery to DWR of a letter in substantially the form attached hereto as Exhibit C, which letter shall specify the amount to be advanced or contributed, whether the payments will be in the form of one or more lump sums or in 12 equal installments, and together with such other information the Parties deem necessary or desirable to effectuate the advance or contribution. A copy of the resolution, or other Board authorization, of Contractor’s Board of Directors approving the subject contribution shall be enclosed with the letter. Upon receipt of a contribution letter DWR shall indicate its agreement by returning a counter signed copy of the letter to Contractor. The agreed upon advance or contribution shall thereafter be included in Contractor’s Statement of Charges or a revised Statement of Charges, as appropriate. The charge shall be designated by reference to the year in which the charge is to begin, followed, if there be more than one such subsequent advance or contribution in a year by a dash and an integer followed by the words Pay-Go Charge.
 6. Limitation. With respect to the Work and the DCA, nothing in this Agreement imposes any duty or obligation either expressly or by implication on DWR other than the duty to use Contributed Funds to pay the undisputed portion of DCA invoices submitted to DWR during the term of this Agreement in accordance with the terms of this Agreement and the JEPA if, as and when Contributed Funds have been received by DWR under this Agreement

and other similar agreements or arrangements with other Contractors for purposes substantially the same as those described herein and is available for the payment thereof.

7. Reporting. DWR, through its DCO and in coordination with its State Water Project Analysis Office (SWPAO), shall annually prepare a report summarizing the advances or contributions received, and expenditures made pursuant to, this Agreement. The first such report shall be completed not later than March 31, 2021 and thereafter not later than March 31 of each subsequent year. Contractor may request in writing a summary of the advances, contributions, and expenditures at any time during the term of this Agreement and DWR shall provide such within thirty (30) days of such written request.
8. Status of Project. Contractor recognizes that the funds contributed pursuant to this Agreement are for the planning activities in support of DWR's environmental review and permitting process, including but not limited to the Work, for a potential Delta conveyance project. The advance or contribution of Contributed Funds is not contingent on, or in exchange for, DWR's agreement to exercise its discretion in future to approve a Delta conveyance project.
9. Unspent Funds. Upon termination of this Agreement, it is the intent of the Parties that any unspent Contributed Funds remaining after payment of all costs for which the funds were contributed will be returned to Contractor as a credit on Contractor's Statement of Charges in proportion to its percentage share of advances or contributions made by all Contractors that entered into Agreements similar to this Agreement.
10. Reimbursement of Contributed Funds. If a Delta conveyance project is approved by DWR and is implemented it is the intent of the Parties hereto that the Contributed Funds spent in accordance with this Agreement, the 2018 Gap Funding Agreement, and the 2019 Funding Agreement be reimbursed or credited to Contractor according to the relative amount each such Contractor paid pursuant to this Agreement, the 2019 Funding Agreement and the 2018 Gap Funding Agreement, upon the issuance and sale of revenue bonds by either the Department or a Joint Powers Authority established, whichever occurs earlier, for the purpose of, among other things, funding a future Delta conveyance facility. The Department shall be under no obligation to issue and sell bonds for the purpose(s) described in the foregoing sentence or to undertake any reimbursement or credit as so described, unless a determination is first made by DWR in its sole discretion that such issuance and sale of revenue bonds, such reimbursement, or such credit as applicable is consistent with applicable law, applicable judicial rulings, and applicable contractual obligations of DWR, and the Parties have negotiated and executed such further agreements as may be necessary to accomplish such credit or reimbursement on terms acceptable to DWR.
11. Effective Date and Term. This Agreement shall become effective on the date the last Party hereto signs the Agreement as set forth on the signature page(s) hereto ("Effective Date") and shall continue in effect until terminated in writing by the Parties. The Parties obligations under Section 10 shall survive termination of this Agreement.

12. Invoices, Notices or Other Communications. All invoices, notices, or other communications required under this Agreement will be in writing, and will be deemed to have been duly given upon the date of service, if: (i) served personally on the Party to whom notice is to be given; (ii) sent by electronic mail, and the Party to whom notice is to be given confirms receipt; or (iii) on the third day after mailing, if mailed to the Party to whom invoice, notice or other communication is directed, by first-class mail, postage prepaid, and properly addressed to the designated representative(s) of the Party set forth below.

DWR: Pedro Villalobos
Chief, State Water Project Analysis Office
Department of Water Resources
1416 Ninth Street, Room 1620
Post Office Box 94236
Sacramento, California 94236-0001

Copy to
Anthony Meyers
Executive Director, Delta Conveyance Office
Department of Water Resources
901 P Street, Room 413
Sacramento, California 94236-0001

Copy to
Christopher Martin
Office of the Chief Counsel
Department of Water Resources
1416 Ninth Street, Room 1620
Post Office Box 94236
Sacramento, California 94236-0001

Contractor:

Copy to:
[insert name]
General Manager
[insert Agency name]
[insert address]
[insert city, CA zip code]

13. No Delegation of Authority. Nothing in this Agreement constitutes a delegation by any Party of its existing authority to make any decision it is mandated to make. Nothing in this Agreement shall limit DWR's final decision-making authority at the time of consideration of future Delta conveyance facility related approvals. All provisions of this Agreement are

intended to be, and shall to the extent reasonable be interpreted to be, consistent with all applicable provisions of State and federal law. The undersigned recognize that the Parties are public agencies and have specific statutory responsibilities, and that actions of these public agencies must be consistent with applicable procedural and substantive requirements of State and federal law. Nothing in this Agreement is intended to, nor will have the effect of, constraining or limiting any public agency in carrying out its statutory responsibilities or requiring an agency to take any action inconsistent with applicable law. Nothing in this Agreement constitutes an admission by any Party as to the proper interpretation of any provision of law, nor will it have the effect of, waiving or limiting any public entity's rights and remedies under applicable law except as expressly provided elsewhere in this Agreement. Execution of this Agreement does not constitute pre-approval of any project or preferred project alternative, or waive or otherwise abridge responsible trustee duties required, or discretion authorized or granted by, State and federal law.

14. Amendment. Except as otherwise set forth above, this Agreement may only be amended or modified by a subsequent written agreement approved and executed by both Parties.
15. Applicable Law. This Agreement will be construed under and will be deemed to be governed by the laws of the United States and the State of California.
16. Integration. This Agreement constitutes the sole, final, complete, exclusive and integrated expression and statement of the terms of this Agreement among the Parties concerning the subject matter, and supersedes all prior negotiations, representations or agreement, either oral or written, that may be related to the subject matter of this Agreement.
17. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which shall constitute one and the same agreement. Each signing Party shall have received a copy of the signature page signed by every other Party.

Exhibits attached and incorporated herein:

Exhibit A Letter from DWR dated May 21, 2019

Exhibit B Board Resolution or other Board Authorization

Exhibit C Form of Letter Regarding Future Contributions

IN WITNESS WHEREOF, the Parties hereto, by their authorized representatives, have executed this Agreement on the date(s) set forth below.

Approved as to Legal Form
and Sufficiency

State of California
Department of Water Resources

Spencer Kenner, Chief Counsel

Karla A. Nemeth,
Director

Date

Date

Approved as to Legal Form
and Sufficiency

[_____] Water District

Signature

Signature

Printed Name

Printed Name

Date

Title

Date

Exhibit A

Letter from DWR to Contractor

Exhibit B

Resolution of the Board of Directors of Contractor

Exhibit C

Form of Contribution Letter

[date]
[address]

Re: Contribution or Advance of Money for Delta Conveyance Planning Activities

Dear Mr. Villalobos:

This letter is sent pursuant to section 5 of the Agreement for the Advance of Contribution of Money to the Department of Water Resources for Preliminary Planning and Design Costs Related to a Potential Delta Conveyance Project dated _____, 2019 between Department of Water Resources and the [agency] (“Funding Agreement”).

On [date] the Board of Directors of [agency] approved the contribution or advance of \$[amount] to the Department for use in accordance with the terms of the Funding Agreement. A copy of the Board’s resolution is enclosed with this letter. The contribution or advance will be collected from [agency] in [a lump sum][equal monthly installments] by inclusion of a charge [on its Statement of Charges for [year]][on a revised Statement of Charges for [year] that Department will issue to [agency]]. The charge shall be referred to as the [year] Pay-go Charge. As provided by section 5 of the Agreement the contribution or advance described herein will be subject to the terms and conditions of the Agreement.

Please confirm your agreement to the foregoing by countersigning in the space provided below and returning an original copy of this letter agreement to [agency] at [address].

[signature blocks for agency and Department]

Enclosure(s)

cc: Gary Lippner, Deputy Director of Delta Conveyance

ATTACHMENT 3

RESOLUTION NO.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARITA VALLEY WATER AGENCY (1) AUTHORIZING A LEVEL OF PARTICIPATION IN THE DELTA CONVEYANCE PROJECT, (2) AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A FUNDING AGREEMENT FOR ENVIRONMENTAL PLANNING COSTS FOR THE PROJECT; AND (3) AUTHORIZE ENTERING INTO THE DELTA CONVEYANCE DESIGN AND CONSTRUCTION AUTHORITY JOINT POWERS AGREEMENT

WHEREAS, the Agency has a long-term water supply contract with the State of California Department of Water Resources (DWR) for the delivery of State Water Project (SWP) water; and

WHEREAS, on July 21, 2017, DWR approved the project known as the California WaterFix, which was a dual conveyance project that involved two new diversion points and two tunnels moving water from the Sacramento River north of the Delta under the Delta to State Water Project and Central Project water pumping facilities in the South Delta; and

WHEREAS, the purpose of the WaterFix project was to improve the reliability of SWP water for the Agency and other contractors; and

WHEREAS, the Agency's predecessor (Castaic Lake Water Agency) previously approved participating in WaterFix and participating in a funding agreement to pay a share of preconstruction planning activities associated with the WaterFix project; and

WHEREAS, in 2019, the Governor announced that he did not support the WaterFix project but he instead supported a one tunnel conveyance project. DWR subsequently rescinded its approvals of the WaterFix project and began planning for a single tunnel option; and

WHEREAS, DWR began public negotiations with the State Water Project (SWP) contractors to agree upon a framework, referred to as an Agreement in Principle (AIP), for the amendment of SWP water supply contracts to allocate costs and benefits in the event that a potential single tunnel facility is ultimately approved; and

WHEREAS, in January 2020, DWR released a Notice of Preparation of an Environmental Impact Report (EIR) pursuant to CEQA for a proposed single tunnel project with 6,000 cfs of capacity referred to as the Delta Conveyance Project (DCP), and DWR is currently conducting environmental review; and

WHEREAS, after fifteen public negotiations, DWR and SWP contractors, also referred to as Public Water Agencies (PWAs) have developed a draft AIP that contains provisions for the allocation of costs and benefits for a potential Delta Conveyance Project; and

WHEREAS, DWR has requested that the Agency identify the level of its desired participation in the DCP assuming a 6,000 cfs facility, which will be used to inform the percentage of planning costs allocated to the Agency; and

WHEREAS, DWR has also requested that the Agency enter into a new funding agreement with DWR for an amount equal to the Agency's participation percentage of the preliminary design, environmental planning, and other preconstruction activities for DCP, which is up to \$10,002,372; and

WHEREAS, the Delta Conveyance Design and Construction Authority (DCA) was created by certain SWP contractors to actively participate with DWR in the design and construction of California WaterFix. The DCA subsequently entered into a Joint Powers Agreement with DWR; and

WHEREAS, given the shift from a two tunnel WaterFix project to a potential single-tunnel DCP project and a significant change in the anticipated participation for DCP, the existing and prospective members of the DCA desire to amend the DCA Joint Powers Agreement to better align representation with PWA participation; and

WHEREAS, the proposed actions below do not constitute the approval by Agency of DCP or its construction, of any amendment to the long term water supply contract with DWR, or to any actions by the DCA that may cause direct or reasonably foreseeable indirect environmental impacts. As such, the actions recommended herein are not a "project" requiring environmental review under the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines 15378. Further, and even were the actions to be considered a CEQA "project," these actions would be statutorily exempt from environmental review pursuant to CEQA Guidelines 15262 because the actions merely call for the funding and completion and feasibility and planning studies, including the completion of CEQA review itself.

NOW, THEREFORE, BE IT RESOLVED by the Board Of Directors of the Santa Clarita Valley Water Agency:

1. The above recitals are true and correct and are incorporated herein by reference as an operative portion of this Resolution.
2. The General Manager is authorized to inform the Department of Water Resources that the Agency desires to participate in the Delta Conveyance Project at a 2.6% participation level.
3. The General Manager is authorized to execute a funding agreement with the Department of Water Resources for environmental planning costs associated with the Delta Conveyance Project in the amount of up to \$10,002,372. Attached as Exhibit A.
4. The General Manager is authorized to execute a Joint Powers Agreement to become a member of the Delta Conveyance Design and Construction Authority. Attached as Exhibit B.
5. For the reasons set forth above, the Agency's actions are not a "project" requiring environmental review pursuant to State CEQA Guidelines 15378 and, alternatively, are statutorily exempt from CEQA review pursuant to State CEQA Guidelines 15262. Agency staff is directed to prepare and file a Notice of Exemption within five working days of the approval of this Resolution.
6. The custodian of the records upon which this Resolution is based is the Secretary to the Board, who may be contacted at Agency headquarters at Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350.

EXHIBIT A

Three groups:

- **Group A: Contractors who did not sign 2018**
- **Group B:**
 - o **Signed 2018 but no reimbursement**
 - o **Signed 2018 but reimbursed**
- **Group C: Signed 2018 and signed 2019 reauthorization (re-authorize use of x and add some sum) **Use this form agreement****

**State of California
California Natural Resources Agency
DEPARTMENT OF WATER RESOURCES**

**AGREEMENT FOR
THE ADVANCE OR CONTRIBUTION OF MONEY TO
THE DEPARTMENT OF WATER RESOURCES
BY
THE [_____] WATER DISTRICT**

**FOR PRELIMINARY PLANNING AND DESIGN COSTS RELATED TO A
POTENTIAL DELTA CONVEYANCE PROJECT**

THIS AGREEMENT is made, pursuant to the provisions of all applicable laws of the State of California, between the State of California, acting by and through its Department of Water Resources (“Department” or “DWR”), and the [_____] Water District (“Contractor”), each herein referred to individually as a “Party” and collectively as the “Parties”.

Recitals

WHEREAS, DWR and the Contractor listed on the signature page hereto have entered into and subsequently amended a long-term water supply contract, herein referred to as a “Water Supply Contract,” providing that DWR will supply certain quantities of water to the Contractor, providing that Contractor shall make certain payments to DWR, and setting forth the terms and conditions of such supply and such payments; and

WHEREAS, the Bay Delta Conservation Plan (“BDCP”) process was initiated in 2005-2006 and the Delta Habitat Conservation and Conveyance Program (“DHCCP”) was initiated in 2008; and

WHEREAS, the Bay Delta Conservation Plan (“BDCP”) and (“DHCCP”) resulted in development of a project known as the California WaterFix (“WaterFix”); and

WHEREAS, on July 21, 2017, DWR approved the California WaterFix project; and

WHEREAS, certain Contractors have entered into that certain Joint Powers Agreement dated May 14, 2018 forming the Delta Conveyance Design and Construction Authority (“DCA”); and

WHEREAS, DWR and DCA have entered into that certain Joint Powers Agreement (“JEPA”), dated May 22, 2018, as amended and restated, and as the same has or may be further amended, wherein the DCA will provide preliminary design, planning and other preconstruction activities to

assist the environmental planning process for a potential Delta conveyance project under the supervision of DWR (the “Work” as defined in the JEPA); and

WHEREAS, Contractor previously entered into a funding agreement with DWR dated August 24, 2018 to provide a share of preconstruction planning activity costs for California WaterFix (“2018 Gap Funding Agreement”); and

WHEREAS, on May 2, 2019, DWR rescinded its approval of the California WaterFix project and subsequently notified Contractor by letter on May 24, 2019 that DWR would not expend funds contributed under the 2018 Gap Funding Agreement to pay invoices for DCA costs incurred after May 2, 2019, absent further Contractor authorization (see Exhibit A); and

WHEREAS, Contractor in 2019 provided further authorization to DWR to expend the funds contributed pursuant to the 2018 Gap Funding Agreement for the Work in accordance with the JEPA, as the same may be amended from time to time; and

WHEREAS, Contract desires to provide additional funding consistent with this Agreement; and

WHEREAS, a copy of the resolution or other Board authorization of the Board of Directors of Contractor authorizing its General Manager to execute this Agreement is attached hereto as Exhibit B; and

WHEREAS, a State Agency may advance or contribute funds to DWR for SWP purposes pursuant to Water Code section 11135 and (ii) DWR may accept such advanced or contributed funds and thereafter use such funds in accordance with the terms of this Agreement pursuant to Water Code section 11141; and

WHEREAS, Contractor agreed to advance or contribute to DWR \$[] pursuant to the 2018 Gap Funding Agreement;

WHEREAS, in 2019 Contractor entered into a funding agreement with DWR wherein Contractor reauthorized DWR to use remaining 2018 Contributed Funds for purposes consistent with that agreement; and

WHEREAS, DWR and Contractor desire to enter into this funding Agreement to provide additional funding to be spent consistent with this Agreement.

AGREEMENT

NOW, THEREFORE, it is mutually agreed by the Parties as follows:

1. When used in this Agreement, terms defined in the Water Supply Contract (as defined herein) shall be defined by reference to the Water Supply Contractor. In addition, the following definitions shall apply:

- a. **“Calendar Year”** means the period January 1 through December 31.
- b. **“Contributed Funds”** means money contributed or advanced to DWR by Contractor pursuant to this Agreement. The total initial amount Contractor agrees to provide is [amount] and is comprised of the following annual amounts to be paid to DWR in the manner described in Section 5 of this Agreement are [amount] for 2020, [amount] 2021...
- c. **“2018 Contributed Funds”** means money contributed by Contractor pursuant to the 2018 Gap Funding Agreement.
- d.
- e. **“2019 Funding Agreement”** means the agreement that authorized DWR to use remaining 2018 Contributed Funds for planning of a Delta conveyance project.
- f. **“Contribution Payment(s)”** means the payments of Contributed Funds that Contractor agrees to provide to DWR pursuant this Agreement
- g. **“Contractor”** means a State Agency that is a party to a Water Supply Contract with DWR.
- h. **“Department”** or **“DWR”** means the California Department of Water Resources.
- i. **“Effective Date”** has the meaning ascribed to it in section 11 hereof.
- j. **“JEPA”** means the Joint Exercise of Powers Agreement between DWR and the DCA dated May 22, 2018, as amended and restated and as may be further amended from time to time.
- k. **“Pay-Go Charge”** means the charge included on Contractor’s Statements of Charges for the purpose of collecting Contributed Funds that Contractor agrees to advance or contribute to DWR pursuant to this Agreement.
- l. **“Party”** or **“Parties”** means DWR, the undersigned Contractor, or all signatories to this Agreement.
- m. **“State Agency”** has the meaning ascribed to it by Water Code section 11102.
- n. **“SWP”** or **“State Water Project”** means the State Water Project operated by DWR. The SWP generally includes the State Water Facilities, as defined in California Water Code section 12934(d), and certain facilities authorized by the Central Valley Project Act at section 11100 *et. seq.*
- o. **“Water Supply Contract”** means the long-term water supply contract, as amended and as may be amended in the future, between Contractor and DWR.

- p. “**Work**” has the meaning ascribed to it in the Recitals to this Agreement.
2. Effect of Agreement. Effect of Agreement. DWR and Contractor agree that nothing in this Agreement supersedes previous funding agreements or the obligations under those funding agreements unless specifically addressed in this Agreement.
 3. Purposes of Agreement. This Agreement documents Contractors agreement to provide Contributed Funds to DWR for the purposes set forth in Section 4, the manner of providing those funds as set forth in Section 5, and the means by which future contributions may be made.
 4. Use of Funds. DWR shall use any remaining 2018 Contributed Funds, Contributed Funds and any future Contributed Funds collected from Contractor pursuant to section 5 hereof, for the payment of DCA invoices submitted to DWR on or after the Effective Date for the Work done or costs incurred by DCA, or for Delta conveyance project planning work done by DWR through the Delta Conveyance Office (“DCO”) and any other purpose consistent with the JEPA, as the same has been, and may be, amended from time to time.
 5. Charge Procedure. [Option 1: Contractor shall pay its Pay-Go Charge on the date(s) and in the amount(s) set forth on the revised Statement of Charges for 2021, and subsequent Statements of Charges issued to Contractor by DWR. The annual amounts will be paid in twelve monthly installments.] [Option 2: Contractor agrees to pay its Contribution Payments on or before the dates set forth in the Contributed Funds definition.] Contractor may agree, without amending this Agreement, to advance additional funds after the Effective Date, which shall be considered Contributed Funds, by delivery to DWR of a letter in substantially the form attached hereto as Exhibit C, which letter shall specify the amount to be advanced or contributed, whether the payments will be in the form of one or more lump sums or in 12 equal installments, and together with such other information the Parties deem necessary or desirable to effectuate the advance or contribution. A copy of the resolution, or other Board authorization, of Contractor’s Board of Directors approving the subject contribution shall be enclosed with the letter. Upon receipt of a contribution letter DWR shall indicate its agreement by returning a counter signed copy of the letter to Contractor. The agreed upon advance or contribution shall thereafter be included in Contractor’s Statement of Charges or a revised Statement of Charges, as appropriate. The charge shall be designated by reference to the year in which the charge is to begin, followed, if there be more than one such subsequent advance or contribution in a year by a dash and an integer followed by the words Pay-Go Charge.
 6. Limitation. With respect to the Work and the DCA, nothing in this Agreement imposes any duty or obligation either expressly or by implication on DWR other than the duty to use Contributed Funds to pay the undisputed portion of DCA invoices submitted to DWR during the term of this Agreement in accordance with the terms of this Agreement and the JEPA if, as and when Contributed Funds have been received by DWR under this Agreement

and other similar agreements or arrangements with other Contractors for purposes substantially the same as those described herein and is available for the payment thereof.

7. Reporting. DWR, through its DCO and in coordination with its State Water Project Analysis Office (SWPAO), shall annually prepare a report summarizing the advances or contributions received, and expenditures made pursuant to, this Agreement. The first such report shall be completed not later than March 31, 2021 and thereafter not later than March 31 of each subsequent year. Contractor may request in writing a summary of the advances, contributions, and expenditures at any time during the term of this Agreement and DWR shall provide such within thirty (30) days of such written request.
8. Status of Project. Contractor recognizes that the funds contributed pursuant to this Agreement are for the planning activities in support of DWR's environmental review and permitting process, including but not limited to the Work, for a potential Delta conveyance project. The advance or contribution of Contributed Funds is not contingent on, or in exchange for, DWR's agreement to exercise its discretion in future to approve a Delta conveyance project.
9. Unspent Funds. Upon termination of this Agreement, it is the intent of the Parties that any unspent Contributed Funds remaining after payment of all costs for which the funds were contributed will be returned to Contractor as a credit on Contractor's Statement of Charges in proportion to its percentage share of advances or contributions made by all Contractors that entered into Agreements similar to this Agreement.
10. Reimbursement of Contributed Funds. If a Delta conveyance project is approved by DWR and is implemented it is the intent of the Parties hereto that the Contributed Funds spent in accordance with this Agreement, the 2018 Gap Funding Agreement, and the 2019 Funding Agreement be reimbursed or credited to Contractor according to the relative amount each such Contractor paid pursuant to this Agreement, the 2019 Funding Agreement and the 2018 Gap Funding Agreement, upon the issuance and sale of revenue bonds by either the Department or a Joint Powers Authority established, whichever occurs earlier, for the purpose of, among other things, funding a future Delta conveyance facility. The Department shall be under no obligation to issue and sell bonds for the purpose(s) described in the foregoing sentence or to undertake any reimbursement or credit as so described, unless a determination is first made by DWR in its sole discretion that such issuance and sale of revenue bonds, such reimbursement, or such credit as applicable is consistent with applicable law, applicable judicial rulings, and applicable contractual obligations of DWR, and the Parties have negotiated and executed such further agreements as may be necessary to accomplish such credit or reimbursement on terms acceptable to DWR.
11. Effective Date and Term. This Agreement shall become effective on the date the last Party hereto signs the Agreement as set forth on the signature page(s) hereto ("Effective Date") and shall continue in effect until terminated in writing by the Parties. The Parties obligations under Section 10 shall survive termination of this Agreement.

12. Invoices, Notices or Other Communications. All invoices, notices, or other communications required under this Agreement will be in writing, and will be deemed to have been duly given upon the date of service, if: (i) served personally on the Party to whom notice is to be given; (ii) sent by electronic mail, and the Party to whom notice is to be given confirms receipt; or (iii) on the third day after mailing, if mailed to the Party to whom invoice, notice or other communication is directed, by first-class mail, postage prepaid, and properly addressed to the designated representative(s) of the Party set forth below.

DWR: Pedro Villalobos
Chief, State Water Project Analysis Office
Department of Water Resources
1416 Ninth Street, Room 1620
Post Office Box 94236
Sacramento, California 94236-0001

Copy to
Anthony Meyers
Executive Director, Delta Conveyance Office
Department of Water Resources
901 P Street, Room 413
Sacramento, California 94236-0001

Copy to
Christopher Martin
Office of the Chief Counsel
Department of Water Resources
1416 Ninth Street, Room 1620
Post Office Box 94236
Sacramento, California 94236-0001

Contractor:

Copy to:
[insert name]
General Manager
[insert Agency name]
[insert address]
[insert city, CA zip code]

13. No Delegation of Authority. Nothing in this Agreement constitutes a delegation by any Party of its existing authority to make any decision it is mandated to make. Nothing in this Agreement shall limit DWR's final decision-making authority at the time of consideration of future Delta conveyance facility related approvals. All provisions of this Agreement are

intended to be, and shall to the extent reasonable be interpreted to be, consistent with all applicable provisions of State and federal law. The undersigned recognize that the Parties are public agencies and have specific statutory responsibilities, and that actions of these public agencies must be consistent with applicable procedural and substantive requirements of State and federal law. Nothing in this Agreement is intended to, nor will have the effect of, constraining or limiting any public agency in carrying out its statutory responsibilities or requiring an agency to take any action inconsistent with applicable law. Nothing in this Agreement constitutes an admission by any Party as to the proper interpretation of any provision of law, nor will it have the effect of, waiving or limiting any public entity's rights and remedies under applicable law except as expressly provided elsewhere in this Agreement. Execution of this Agreement does not constitute pre-approval of any project or preferred project alternative, or waive or otherwise abridge responsible trustee duties required, or discretion authorized or granted by, State and federal law.

14. Amendment. Except as otherwise set forth above, this Agreement may only be amended or modified by a subsequent written agreement approved and executed by both Parties.
15. Applicable Law. This Agreement will be construed under and will be deemed to be governed by the laws of the United States and the State of California.
16. Integration. This Agreement constitutes the sole, final, complete, exclusive and integrated expression and statement of the terms of this Agreement among the Parties concerning the subject matter, and supersedes all prior negotiations, representations or agreement, either oral or written, that may be related to the subject matter of this Agreement.
17. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which shall constitute one and the same agreement. Each signing Party shall have received a copy of the signature page signed by every other Party.

Exhibits attached and incorporated herein:

Exhibit A Letter from DWR dated May 21, 2019

Exhibit B Board Resolution or other Board Authorization

Exhibit C Form of Letter Regarding Future Contributions

IN WITNESS WHEREOF, the Parties hereto, by their authorized representatives, have executed this Agreement on the date(s) set forth below.

Approved as to Legal Form
and Sufficiency

State of California
Department of Water Resources

Spencer Kenner, Chief Counsel

Karla A. Nemeth,
Director

Date

Date

Approved as to Legal Form
and Sufficiency

[_____] Water District

Signature

Signature

Printed Name

Printed Name

Date

Title

Date

Exhibit A

Letter from DWR to Contractor

Exhibit B

Resolution of the Board of Directors of Contractor

Exhibit C

Form of Contribution Letter

[date]

[address]

Re: Contribution or Advance of Money for Delta Conveyance Planning Activities

Dear Mr. Villalobos:

This letter is sent pursuant to section 5 of the Agreement for the Advance of Contribution of Money to the Department of Water Resources for Preliminary Planning and Design Costs Related to a Potential Delta Conveyance Project dated _____, 2019 between Department of Water Resources and the [agency] (“Funding Agreement”).

On [date] the Board of Directors of [agency] approved the contribution or advance of \$[amount] to the Department for use in accordance with the terms of the Funding Agreement. A copy of the Board’s resolution is enclosed with this letter. The contribution or advance will be collected from [agency] in [a lump sum][equal monthly installments] by inclusion of a charge [on its Statement of Charges for [year]][on a revised Statement of Charges for [year] that Department will issue to [agency]]. The charge shall be referred to as the [year] Pay-go Charge. As provided by section 5 of the Agreement the contribution or advance described herein will be subject to the terms and conditions of the Agreement.

Please confirm your agreement to the foregoing by countersigning in the space provided below and returning an original copy of this letter agreement to [agency] at [address].

[signature blocks for agency and Department]

Enclosure(s)

cc: Gary Lippner, Deputy Director of Delta Conveyance

TO BE PROVIDED WITH BOARD REPORT

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COMMITTEE MEMORANDUM

DATE: October 6, 2020

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 Amend the GSI Water Solutions, Inc. Contract for Development of a Groundwater Sustainability Plan on Behalf of the Santa Clarita Valley Groundwater Sustainability Agency

SUMMARY

Consistent with the Administrative Services Agreement between SCV Water and the Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA), SCV Water has undertaken the development of the SCV-GSA's Groundwater Sustainability Plan (GSP). The complexity of preparing the GSP has proven greater than originally anticipated requiring expanded scope which will require the use \$153,236 of project's budgeted contingency to cover the expanded scope of work for GSI Water Solutions (GSI), the primary technical consultant. Further, GSI's scope of work was expanded by the recently executed Round 3 Sustainable Groundwater Management Planning Grant (Round 3 Grant) and will require \$167,160 to include a peer review of the GSP's groundwater model and to place data loggers to record data from up to 12 monitoring wells and 40 temperature probes along the Santa Clara River. While the subject work was not originally included in GSI's scope of work, most of this work was recognized in the original GSP work plan and current cost estimate for all GSP work remains within the original estimate. Thus, staff recommends amending the GSI contract by \$320,396. Further, it should be noted that the Agency's overall net cost for preparation of the GSP will be substantially reduced by the award of Round 3 grant that is estimated to make up to \$891,159 available to the Agency.

There is some uncertainty regarding the timing of these expenditures, but the FY 2020/21 Budget reflects most of these increased costs, and adjustment to the FY 2021/22 Budget year may be needed. The revenue from the grant will, however, more than offset these increased costs.

The SCV-GSA Board took action on October 5, 2020 to approve use of budgeted contingency funds and authorize SCV Water to amend the subject contract for the budget contingency and the grant work.

BACKGROUND AND DISCUSSION

Contingency Funded Work

In December 2018, staff presented two memorandums to the SCV-GSA Board. The first memorandum described the GSP technical consultant selection process, recommending the SCV-GSA Board authorize SCV Water to enter into a contract with GSI Water Solutions (GSI) to develop the Groundwater Sustainability Plan (GSP). It included a table showing GSI's original proposal cost of \$1,536,500, and after negotiation and scope modification, a cost reduction to \$1,251,550. The second memorandum sought the SCV-GSA Board's approval to adopt the FY 2018/19 Budget, that incorporated a 15% contingency in recognition of the significant uncertainty regarding the complexity involved in preparing the GSP.

Since that time, the level of necessary work to prepare the GSP has increased beyond that reflected in the contract and is anticipated to remain at the increased level through completion of the plan.

Following discussions with GSI Water Solutions, they provided a proposal to address increased scope to be funded by contingency funds. The proposal seeks additional funds for the contract's Task 1A, Project Management, Task 1D, Workshops and Board Meetings, and a new Task 1F, Stakeholder Advisory Committee Support. We proposed this additional work be addressed via authorization to use contingency funds. Additional details by scope are listed below.

Task 1A Project Management

The original budget contemplated one conference call with SCV Water per month, and 1 hour per month for project management activities. Scope increases result from: a) closer coordination on a number of complex matters not recognized in the original scope of work requiring more frequent interactions with SCV Water related to both technical and stakeholder efforts, b) COVID-19 related inefficiencies with site access agreements and sub-contractor coordination, and c) more detailed project and budget tracking.

Task 1D Workshops and Board Meetings

The original budget contemplated four workshops and 12 Board meetings. Workshop support was limited to one presentation preparation and delivery per workshop. Scope increases are related to: a) the addition of more than one presentation per workshop, b) the addition of two workshops, and c) additional interaction with CV Strategies in this regard.

New Task 1F Stakeholder Advisory Committee Support

The original scope of work with GSI did not contemplate the higher level of support for the Stakeholder Advisory Committee process. Scope increase is related to: a) supporting CV Strategies development of technical content, b) delivering draft presentations to the SAC, revising presentations prior to workshops based on input from the SAC, and c) attending SAC debrief meetings and finalizing changes to presented material based on SAC input.

Summary Table

| Task | Original Allocation | Estimated remaining budget (July 2020) | Estimated supplemental budget |
|---------------------------------|---------------------|--|-------------------------------|
| 1A Project Management | \$71,428 | (\$3,965) | \$97,151 |
| 1D Workshops and Board Meetings | \$61,683 | \$40,188 | \$7,245 |
| 1F SAC support | \$0 | (\$24, 475) | \$48,840 |
| Total | | | \$153,236 |

Use of \$153,236 from the contingency will utilize approximately 80% of the available contingency. At this stage, we are not aware of future demands on the remaining contingency funds. Accordingly, staff recommends that GSI's contract be amended by \$153,236 to allow for utilization of contingency funds for the expanded scope work.

Work Related to the Round 3 Grant

On May 14, 2020, SCV Water entered into a Proposition 68 Round 3 Grant agreement that will fund up to \$891,159 of Agency GSP related expenses. Most of this grant funding covers work in the consultant's original scope of work. However, the grant also funds additional work not included in the original scope, including a peer review of the GSP's groundwater flow model and placement of data loggers along the Santa Clara River.

New Task: Groundwater Model Peer Review

The purpose of the groundwater flowmodel peer review is to facilitate third-party analysis of the model and its suitability for use in GSP development which may increase public acceptance of the groundwater model. Peer review work includes administration and coordination by Jacobs that will secure two expert peer reviewers and coordinate the peer review with a third expert peer reviewer. Proposals have been received to perform this existing budgeted work. A proposal from Jacobs to conduct the peer review process (\$88,980) has been received and has been authorized by SCV Water under the General Manager's authority. In addition, a proposal from GSI for its participation and support for the peer review process totals \$35,000.

New Task: Installation of Data Loggers

Additionally, GSI's proposal includes scope and budget to install data loggers (\$132,160) to study groundwater and surface water interaction along the Santa Clara River. This work includes installation of up to 12 water level pressure transducers with data loggers in a maximum of 12 shallow wells to automatically track changes in groundwater levels and temperature. Data will be used to correlate groundwater elevation and temperature data collected by temperature probes described below, to assess groundwater and surface water interactions.

Further work includes installation of up to 40 temperature probe data loggers. These temperature probe data loggers will be connected to up to 40 temperature probes placed under the Proposition 1 SGWP Round 2 Grant. Installation of these devices will be made near the river

in shallow soils or shallow water. Data will be used in conjunction with the pressure transducer data to assess groundwater and surface water interactions.

Accordingly, staff recommends that GSI's contract also be amended by \$167,160 for Round 3 Grant activities not already covered by GSI's current scope of work.

CONCLUSION

Preparation of the GSP has required increased scope and will require additional scope through January 2022. The additional funds requested by GSI for are considered sufficient for the specific tasks for remainder of the project.

Consistent with direction provided by the SCV-GSA Board of Directors, staff seeks SCV Water Board approval to amend the GSI contract to authorize the work described above.

FINANCIAL CONSIDERATIONS:

The proposed modifications to the GSI contract would increase the GSI contract by \$320,396. Work would be funded by use of existing project contingency, existing FY 2020/21 Budget, and offsets from Round 3 Sustainable Groundwater Management Planning Grant.

While the subject work was not originally included in GSI's original scope of work, the overall GSP work effort remains within the consultant costs estimated in the GSP development work plan for FY 2018/19 through FY 2021/22 included in attached Table (Attachment 1). This Estimated Consultant Costs table contains detailed budget information presented to the SCV-GSA in June 2020 as part of its FY 2020/21 Budget adoption. Budget expenses relative to this memorandum are shown in boxes with thick borders. The FY 2020/21 consultant costs are included in SCV Water's FY 2020/21 Budget.

The timing of these expenditures is uncertain and the FY 2021/22 Budget may include adjustments for costs not incurred in FY 2020/21. Further, it should be noted that the Agency's overall net cost for preparation of the GSP will be substantially reduced by the award of Round 3 Grant that is estimated to make up to \$891,159 available to the Agency.

RECOMMENDATIONS

That the Water Resources and Watershed Committee recommends the Board of Directors approve the attached resolution (Attachment 2) authorizing the General Manager to amend the GSI Water Solutions, Inc. Contract in the amount of \$320,396 to perform the work describe above.

RDV

Attachments

MGS

ATTACHMENT 1

Estimated Consultant Costs Table

| | FY 18/19 | FY 19/20 | FY 20/21 | FY 21/22 | TOTAL |
|---|------------------|------------------|--------------------|------------------|--------------------|
| Consultant Cost Estimate for GSP Development | | | | | |
| Groundwater Model Readiness - Additional Calibration of Modflow USG | \$35,000 | | | | \$35,000 |
| RFP Development - Status of Groundwater Model Memo | \$5,800 | | | | \$5,800 |
| RFP Development – Consultant Assistance in Drafting RFP's and Reviewing Proposals | \$20,000 | | | | \$20,000 |
| GSP Technical Consultant | \$37,883 | \$400,000 | \$528,667 | \$285,000 | \$1,251,550 |
| R3 Grant Application Tech Support for Meetings | | | \$15,000 | \$14,980 | \$29,980 |
| R3 Grant Application GSP Tech Consultant Install of Data Loggers | | | \$132,160 | | \$132,160 |
| GSP Stakeholder Engagement Consultant | \$5,976.00 | \$50,000 | \$50,000 | \$44,024 | \$150,000 |
| GSP Grant Administration Consultant | \$2,625 | \$2,500 | \$10,000 | \$13,682 | \$28,807 |
| Peer Review Group to Evaluate Modflow USG for Suitability | | \$15,000 | \$45,000 | \$40,000 | \$100,000 |
| R3 Grant Application Incremental Cost for GW Flowmodel Peer Review | | | \$25,000 | | \$25,000 |
| R3 Grant Application Infiltration Testing and Pilot Studies | | \$123,275 | \$123,275 | | \$246,550 |
| Subtotal | \$107,284 | \$590,775 | \$929,102 | \$397,686 | \$2,024,847 |
| Consultant Cost Estimate for Contingency Fund | | | | | |
| 15% Contingency for Stakeholder Engagement Consultant | \$896 | \$7,500 | \$7,500 | \$6,604 | \$22,500 |
| 15% Contingency for GSP Technical Consultant | \$5,682 | \$60,000 | \$79,300 | \$42,750 | \$187,733 |
| Subtotal | \$6,579 | \$67,500 | \$86,800 | \$49,354 | \$210,233 |
| Total Consultant Cost Estimate for Technical Development | \$113,863 | \$658,275 | \$1,015,902 | \$447,040 | \$2,235,080 |
| Consultant Cost Estimate for Administration | | | | | |
| Grant Application Cost | | \$33,504 | | | \$33,504 |
| Pre GSP Adoption Rate Study for Fee Collection | | | \$50,000 | | \$50,000 |
| Rate Study for Post GSP Adoption Fee Collection | | | \$75,000 | | \$75,000 |
| Agency Insurance through JPIA | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$10,000 |
| Legal | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$60,000 |
| Annual Audit Costs | \$3,288 | \$3,353 | \$3,420 | \$3,700 | \$13,761 |
| Subtotal | \$20,788 | \$54,357 | \$145,920 | \$21,200 | \$242,265 |

| | | | | | |
|---|------------------|------------------|--------------------|------------------|--------------------|
| Consultant Cost Estimate for Post GSP Adoption Activities | | | | | |
| Required Annual Report, Monitoring, Reporting, Database Maintenance | | | | \$25,000 | \$25,000 |
| Project Development (CEQA, Design, Construction, O&M) | | | | | |
| Subtotal | | | | \$25,000 | \$25,000 |
| Total Consultant Cost Estimate All Categories | | | | | |
| | \$134,651 | \$712,632 | \$1,161,822 | \$493,240 | \$2,502,345 |

ATTACHMENT 2

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARITA VALLEY WATER AGENCY TO AUTHORIZE THE GENERAL MANAGER TO AMEND THE GSI WATER SOLUTIONS, INC. CONTRACT TO DEVELOP A GROUNDWATER SUSTAINABILITY PLAN ON BEHALF OF THE SANTA CLARITA VALLEY GROUNDWATER SUSTAINABILITY AGENCY

WHEREAS, the Santa Clarita Valley Water Agency's Board of Directors previously authorized the General Manager to execute an Agreement with GSI Water Solutions Inc. (GSI) in the amount of \$1,251,550 for developing the Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA) Groundwater Sustainability Plan (GSP); and

WHEREAS, the complexity of preparing the GSP has proven greater than originally anticipated; and

WHEREAS, SCV Water's work plan to complete this work included contingency funds for out of scope work; and

WHEREAS, the successful Round 3 Grant application includes additional consultant scope for a groundwater model peer review and installation of data loggers; and

WHEREAS, staff propose the use of \$153,236 of contingency funds to cover out of scope work related to increased scope for project management, meetings, and the stakeholder effort; and

WHEREAS, staff propose the use of \$167,160 to cover out of scope work for a groundwater model peer review and installation of data loggers; and

WHEREAS, the total cost of the out of scope work and associated GSI contract amendment is \$320,396; and

WHEREAS, the subject work was not originally included in GSI's scope of work but the overall GSP work remains within the costs estimated in the GSP work plan that extends from FY 2018/19 through FY 2021/22; and

WHEREAS, the Agency's overall net cost for preparation of the GSP will be substantially reduced by the award of up to \$891,159 of Round 3 grant revenue; and

WHEREAS, maintaining the current higher level of effort needed to complete the GSP by January 2022 is necessary; and

WHEREAS, the FY 2020/21 Budget reflects most of these increased costs; and

WHEREAS, the timing of these expenditures is uncertain, and the FY 2021/22 Budget may include adjustments for costs not incurred in FY 2020/21.


NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the Santa Clarita Valley Water Agency authorize the General Manager to amend the GSI Water Solutions, Inc. contract to develop the Groundwater Sustainability Plan by increasing the contract by \$320,396.

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COMMITTEE MEMORANDUM

DATE: October 14, 2020

TO: Water Resources and Watershed Committee

FROM: Matthew S. Dickens, MPA 
Resource Conservation Manager

SUBJECT: Update on Conservation Activities & Performance

SUMMARY

Congratulations to SCV Water and its customers! The U.S. Environmental Protection Agency's (EPA) WaterSense program awarded SCV Water its first 2020 Excellence Award for a focused effort to improve EPA Water Scores for Multi-family buildings (Attachment A – Sample Press Release). SCV Water used the EPA Water Score tool to collect water use data for nearly 80% of the multifamily complexes in the valley. Based on the scores, the agency targeted four properties with the highest water savings potential and enlisted property management as partners. SCV Water's consultant then conducted water efficiency check-ups, checking toilets for leaks and installing high-efficiency showerheads and aerators in the units' bathrooms and kitchens. Further, each resident received a card describing the WaterSense labeled products and water-saving tips. In 2019 and early 2020, approximately 3,000 toilets were replaced in the first phase of the program.



DISCUSSION

Water Efficiency Works – Multifamily Apartment Project

The showcase for SCV Water's award is the Water Efficiency Works – Multi-family Apartment Water Efficiency Program (WEW-MFA) and includes Education and Outreach Activities, Strategic Collaboration, and the Promotion and Adoption of Water Sense Labeled Products. Research for the program started in 2018 and continued into 2019 and was developed using the EPA's Portfolio Manager Water Score tool for Multi-Family Apartments. SCV Water collected water use data and property data on approximately 80% of the multi-family complexes in Santa Clarita Valley to generate a water score for each property. The water score and the overall volume of water use of each property was used to determine target properties and customers with the highest water savings potential. SCV Water conducted interviews with multiple property owners to gauge interest in the program and to understand customer needs, concerns, and motivations. Additional program information is included in the agency's communication brief (Attachment B).

Phase I check-ups for the Multifamily Project began in February of 2019 and included four multi-family complexes in Santa Clarita. SCV Water, with support from its consultant WaterWise Consulting, LLC, conducted check-ups for 1,615 apartment units resulted in the installation of 616 high-efficiency kitchen faucet aerators, 1,988 high-efficiency bathroom faucet aerators, and 1,848 high-efficiency showerheads.

During the water efficiency check-ups, SCV Water’s consultant also located leaks, identified flush volumes for existing toilets and completed a comprehensive irrigation inspection. The consultant also provided a “Leave Behind Card” (Attachment C) which identified the use of WaterSense Labeled products and tips and practices to improve behavioral impacts essential to water use efficiency. At the conclusion of the check-up, both SCV Water and the customer received water efficiency reports containing details of the water efficiency improvements and additional opportunities for sustained water conservation. Table 1 identifies conservation activities that occurred during the first phase of the project including ~3,000 UHET installations and denotes actual and estimated water savings. Using meter data, SCV Water staff verified over 55 million gallons conserved in 2019 as a result of the device retrofits, toilet installations, and leak repairs.

Table 1. 2019 Conservation Activity (WEW-MFA Project)

| Phase | Site | Survey Month(s) | Units | K. Aerators | B. Aerators | Showerheads | Leave- Behind Cards | Toilets Replaced with UHETs | Water Score Before Efficiency Measures | Water Score After Efficiency Measures (as of June 2020) | Verified Gallons Saved So Far* | Estimated Gallons Saved/Year** |
|--|------|-----------------|--------------|-------------|--------------|--------------|---------------------|-----------------------------|--|---|--------------------------------|--------------------------------|
| I | A | Feb-19 | 256 | 133 | 253 | 247 | 233 | 358 | 18 | 51 | 8,553,540 | 7,880,928 |
| I | B | Mar-19 | 328 | 145 | 441 | 398 | 287 | 584 | 9 | 38 | 12,645,194 | 11,532,528 |
| I | C | Apr-19 | 255 | 142 | 287 | 332 | 226 | 489 | 1 | 13 | 15,864,118 | 13,599,388 |
| II | D*** | Nov-19 | 776 | 196 | 1,007 | 871 | 652 | 1,468 | 8 | 13 | 6,513,494 | 21,583,540 |
| TOTALS | | | 1,615 | 616 | 1,988 | 1,848 | 1,398 | 2,899 | | | 43,576,346 | 54,596,384 |
| * Verified Gallons Saved So Far includes estimated water saved after the checkups and after the UHET installations using actual water use as of June 2020. | | | | | | | | | | | | |
| ** Estimated Gallons Saved per Year was calculated from average monthly water savings estimates multiplied by 12 months. | | | | | | | | | | | | |
| *** Site D - Checkups were conducted in November 2019 and toilets were installed in February 2020. | | | | | | | | | | | | |
| All Fixtures Installed are WaterSense certified products. | | | | | | | | | | | | |

Based on these results, SCV Water and its partners, including multi-family complex management and landscape irrigation staff plan to expand the program to include all properties with water scores below optimal performance.

Additional Water-Efficiency Program Promotion

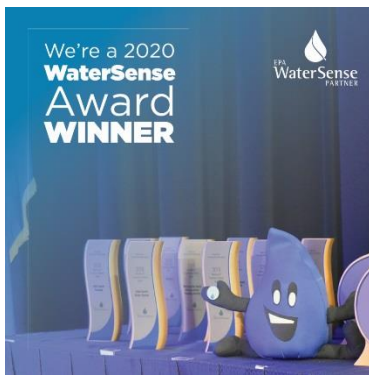
Currently, SCV Water offers rebates and incentives for many water use efficiency products including WaterSense Labeled Irrigation Controllers, Spray Sprinkler Bodies, Residential/Commercial Toilets, and Urinals. In addition to the retrofit and toilet installation activities identified in the WEW-MFA program, SCV Water has provided hundreds of irrigation-related rebates to residential, commercial, and dedicated irrigation customers via its HELP initiatives (Healthy & Efficiency Landscape Programs). Table 2 identifies rebate activities for 2019.

Table 2. 2019 SCV Water HELP Rebates

| Customer Class | WaterSense Labeled Irrigation Controllers | WaterSense Labeled Spray Sprinkler Bodies |
|-----------------------|--|--|
| Residential | 276 | 24 |
| Non-Residential | 2 | 1,250 |
| <i>Total</i> | <i>278</i> | <i>1,274</i> |

Following the installation of the WaterSense Labeled Irrigation Controller, HE Nozzles, and WaterSense Labeled Spray Sprinkler Bodies, SCV Water staff verified that post-retrofit consumption dropped by ~60%.

Conclusion



SCV Water greatly appreciates the value WaterSense adds to its efforts and will continue to look for ways to communicate these benefits. As noted in the discussion and supplemental materials, effective utilization of the Water Score tool assists with the agency’s prioritization efforts and such data-driven conservation engagement has achieved significant savings. While COVID-19 has delayed program momentum, SCV Water is encouraged by the feedback it has received from customers and have noted intention to expand the program to additional sites. Based on this feedback, the program has potential to grow by >400%.

MD

Attachments:

- Attachment A – 2020 Awards Partner Sample Press Release
- Attachment B – SCV Water 2019 MF Project Communication Brief
- Attachment C – Leave Behind Card

MGS

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ATTACHMENT A



Sample Press Release

**CONTACT: SCV Water
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Resource Conservation Manager**

FOR IMMEDIATE RELEASE

October XX, 2020

The Santa Clarita Valley Water Agency Wins WaterSense® 2020 Excellence Award

Washington, D.C.—The U.S. Environmental Protection Agency (EPA) has recognized the Santa Clarita Valley Water Agency (SCV Water) with a 2020 WaterSense Excellence Award for promoting WaterSense and water efficiency in 2019. WaterSense recently recognized a total of 29 utilities, manufacturers, builders, and other organizations that are making it possible for consumers and businesses to save billions of gallons of water each year as part of its Partner of the Year Awards.

WaterSense, a voluntary partnership program sponsored by EPA, is both a label for water-efficient products and a resource for helping consumers learn ways to save water. WaterSense labeled products, homes, and programs helped consumers and businesses save 871 billion gallons of water in 2019, along with the energy used to heat that water and money on utility bills.

“Since the program started in 2006, our WaterSense partners have made it possible for consumers and businesses to save more than 4.4 trillion gallons of water and \$87 billion on utility bills,” said Veronica Blette, WaterSense Program Manager. “Our award winners in particular have gone above and beyond to make water, energy, and money savings easy for Americans.”

WaterSense Award winners demonstrate their commitment to saving this precious resource by producing, building, and promoting labeled products and homes that are independently certified to use less water and perform well, as well as offering certification programs for water-smart irrigation professionals. WaterSense honored SCV Water as a 2020 Excellence Award for its focused effort to improve the EPA Water Score for Multi-family apartments.

“SCV Water is honored to win our first WaterSense Excellence Award” said Resource Conservation Manager Matt Dickens. “We’re so fortunate to collaborate with WaterSense and our local partners to improve water use efficiency in our community.”

For more information about WaterSense and the 2020 award winners, visit www.epa.gov/watersense.

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WaterSense, a partnership program sponsored by EPA, seeks to protect the future of our nation's water supply by offering consumers and businesses simple ways to use less water with water-efficient products, homes, and services.

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ATTACHMENT B

SCV Water – Water Efficiency Works (Multifamily Apartment Project)

Improving Water Use Efficiency, Quality of Service and User Experience.

Communication brief prepared by:

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April 2020

Overview – Water Efficiency Works (Multifamily Apartment Project)

The Santa Clarita Valley Water Agency (SCV Water) is committed to providing the highest quality of service to our customers and to ensuring that water supplies are reliable, affordable, and sustainable today and tomorrow. In support of this goal, and to better serve our commercial, industrial, and institutional customers, SCV Water developed the Water Efficiency Works (WEW) program which offers educational, technical, and financial incentives to encourage water conservation program participation.

Like programs provided to residential customers, WEW offers free facility/site check-ups and installation of free high-efficiency devices including showerheads, kitchen and bathroom faucet aerators and rebates for WaterSense Certified toilets. The program also offers irrigation system inspections, and rebates for purchasing and installing smart controllers and other irrigation efficiency improvements (turf conversion, high-efficiency sprinkler nozzles, pressure regulation, and drip irrigation).

Launched in 2018, SCV Water's WEW program focused on the Multifamily apartments (MF). Utilizing the free Portfolio Manager Water Score tool for apartments provided by the EPA, SCV Water conservation staff have developed baseline analysis and efficiency benchmarking for over 80% of apartments in the valley. A highly successful campaign has engaged property owners, managers, landscape contractors, and residents. With the completion of Phase I, it is anticipated that interest and participation in the program will continue to grow.



Multifamily Apartment Project

Scope & Methodology



Utilize existing tools to identify opportunities for water use efficiency and develop processes for engagement, collaboration, and community partnerships. Tools should provide a baseline for conservation activity and serve as a mechanism to develop performance benchmarking for long-term programmatic evaluation, measurement, and verification.

Water Score Analysis



EPA Water Score for Multifamily Housing, a recent addition to the Energy Star Portfolio Manager and supported by WaterSense, ranks water use performance compared to similar properties across the country. SCV Water has currently evaluated ~80% of the multi-family customers in its service territory and plans to expand analysis to all apartments in the valley.

Outreach & Engagement



Following the Water Score Analysis, SCV Water worked with the Wolcott Company to survey property owners and managers for sites with high water use efficiency opportunities. 32 unique complexes were included in the survey with 21 successful responses (3 sites refused, 8 did not respond). Findings concludes that customers were mostly interested in check-ups, rebates, and follow-up with the agency. Further, the survey noted participants' request for additional resources and information.

Conservation Activity



SCV Water coordinated apartment management and staff to launch the check-ups in 2019 and has installed 2,899 Ultra-High Efficiency Toilets. Pursuant to completion of the indoor programs, SCV Water will work with apartment maintenance and landscape contractor staff to improve its overall irrigation efficiency.

Measurement & Verification



Immediately following the check-ups and installation of HE devices, participant Water Scores increased. SCV Water will continue to monitor Water Scores to reflect the total outcomes and impacts resulting from participation in the WEW Program.

Scope and Methodology

Objectives

To provide education, training, and incentives to encourage implementation of cost-effective water efficiency improvements and achieve conservation targets while improving utility of water service.

Supplemental Objectives

- Mission/Vision alignment and delivery
- Stakeholder identification, engagement, partnerships, and collaboration
- Integrated communications and marketing strategies
- Performance measurement/management

Methodologies

- EPA Water Score for Multi-family Housing
 - Comparisons to national efficiency standards
 - Scores range from 1-100
 - Top performers score 75 or better
- Interviews and surveys with stakeholders (property managers, staff, and participants)
- Site surveys (Check-Ups)
 - Leak detection
 - High-efficiency product installation (showerheads, aerators, toilet flappers)
 - Irrigation inspection
 - Report on findings & recommendations
- Customer implements conservation measures
- Program evaluation, measurement & verification



► Targets ► Stakeholders ► Engagement ► Implementation ► Next Steps

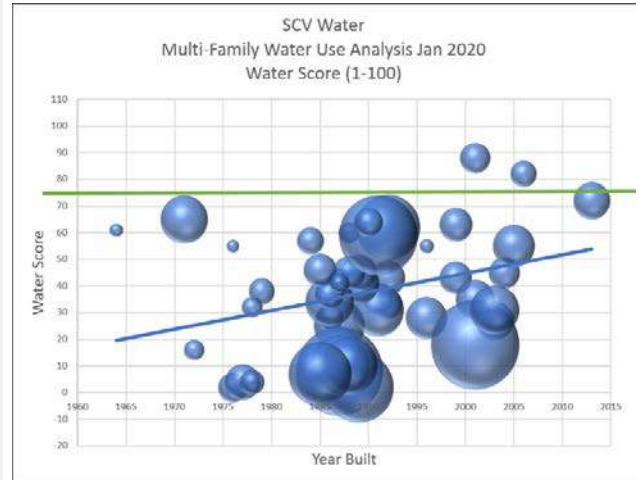
Targets

Prioritizing customers with the highest potential for water savings. Using the EPA's Water Score tool, SCV Water conservation team identified unique customers and customer groups with the highest propensity for water savings.

The bulk of multifamily customers have water scores far below the Water Score efficiency target of 75. The conservation team directed outreach, engagement, and programmatic activity to customers with low performance scores

Plumbing codes have proven water conservation benefits, though opportunities for additional savings persist. Creating a baseline Water Score, SCV Water can monitor, measure, and verify performance in the short and long-term.

Comparison of Common Sites



Multifamily Property Managers demonstrate a high level of interest in programmatic support for indoor and outdoor water use efficiency rebates and technical consultation.

- Indoor water-use efficiency measures include leak detection and installation of HE kitchen and bathroom faucet aerators, showerheads, ultra-high efficiency toilets, and toilet leak repair, where feasible.
- Outdoor measures include rebates for water efficient plants, drip irrigation, HE nozzles, pressure regulation, and smart irrigation controllers.

Multifamily Property Owners are developing sustainability plans and seek support for their long-term “green” initiatives.

Residents continue to identify water conservation and water use efficiency as an essential service and prioritize its associated values and benefits. Multifamily residential customers comprise about 15% of total annual water sales and have had low participation historically.

SCV Water recognizes that water conservation is cost-effective and critical to its mission, vision, and values. Additionally, the agency continues to work towards meeting its SBx7-7 20% Reduction in GPCD by 2020 goals and is in the process of developing strategies to comply with the Conservation Long-term Framework identified in AB1668 and SB 606 set to begin in 2023.

Engagement

Develop and Implement Integrated Communication Plan

- Integrate mission, message, brand into business activities and tactics
- Develop organic branding to effectively reflect mission, vision, and values

Strengthen Targeting Capabilities and Build New Audiences

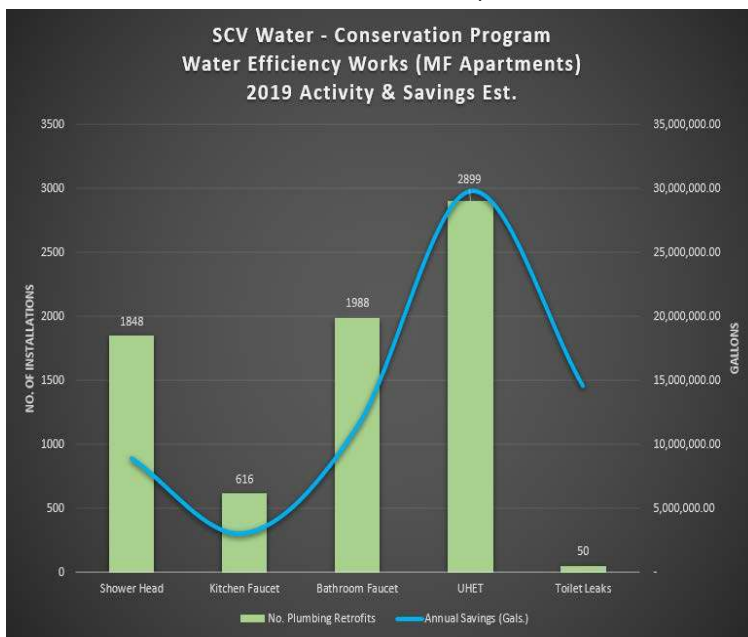
- Focus on programs with high demand
- Target high-opportunity customers
- Pre-1994 complexes and target groups

Expand and Enhance Online Presence, Social Media Use, and Traditional Marketing Materials

- Continue to update website and drive traffic to programs.
- Incorporate email management systems for email campaigns (Mail Chimp or Constant Contact)
- Enhance social media via Facebook, Instagram, and YouTube (user-generated video content is key)
- Curate traditional marketing materials for use with direct mailers, posters/flyers, news releases and magazine ads, promotional giveaways, and special events

An essential component to the WEW Program includes the installation of WaterSense labeled HE products, leak detection, and management practices. In 2019, the following activities have been implemented.

- **Site Surveys**
 - 4 Apt. Complexes, 1,615 Units
- **HE Product Installation**
 - 2,604 HE Kitchen/Bath Aerators
 - 1,848 HE Showerheads
 - ~100 Toilet Flappers (Leak Repairs)
 - **Report on Findings**
 - Indoor Activities Complete
 - Irrigation Efficiency Opportunities
- **UHET Installation**
 - 1,341 UHETs
- **Irrigation Efficiency Improvements**
 - 128 Irrigation Zones Inspected
 - Pressure Regulation
 - Drip Conversion for Non-Turf Irrigation
 - HE Nozzles
 - Turf Conversion



Implementation

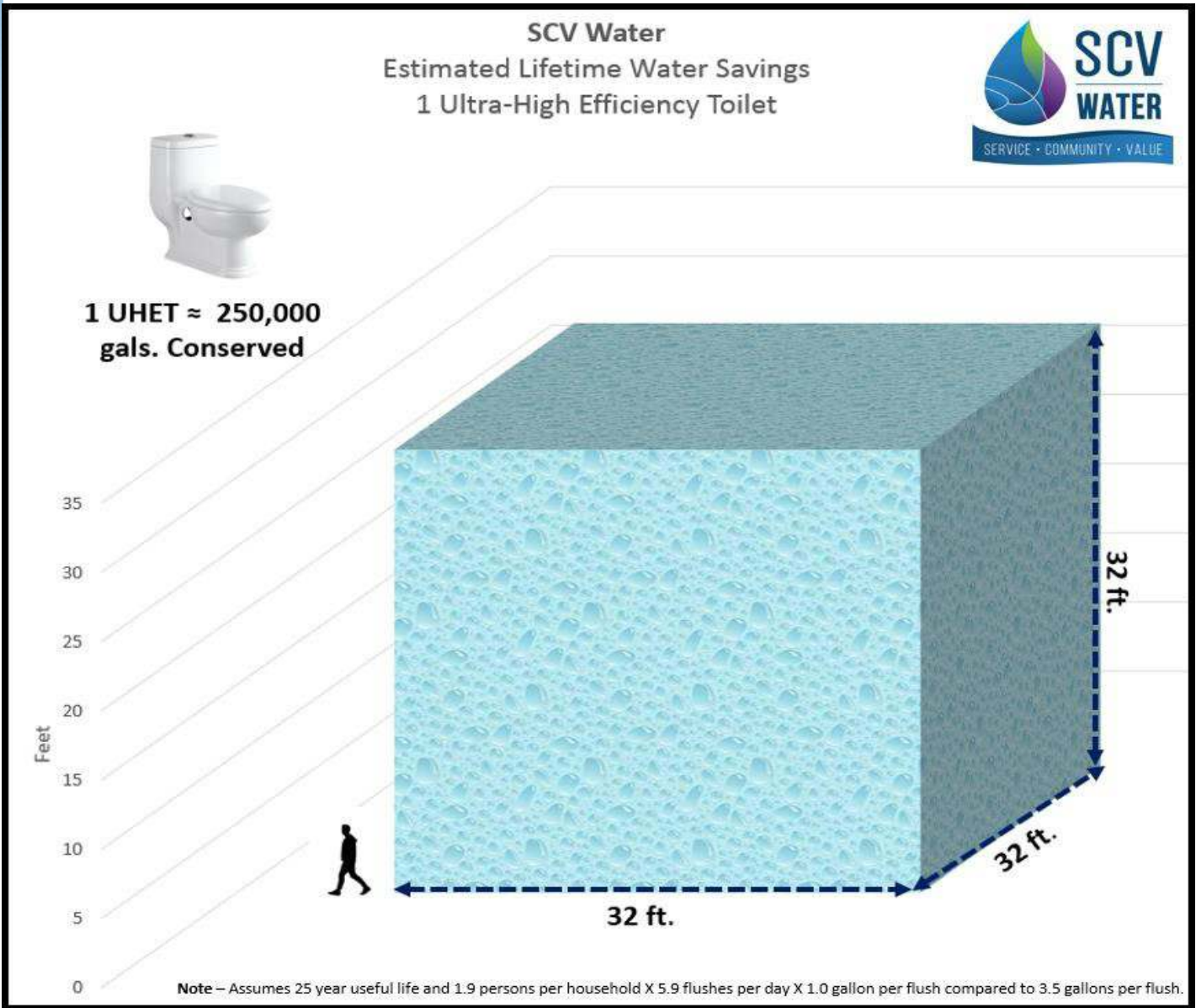
Timeline

Next Steps

The four phases are effective immediately and extend through 2021.

These actions create a comprehensive effort towards supporting the multi-family apartment community's sustainability goals.

| | |
|--|---|
| <i>FY 18/19</i> Phase 1 | Data Analysis & Targeted Engagement to develop collaboration and partnership opportunities and to identify conservation and water use efficiency opportunities. |
| <i>June 2019</i> Phase 2 | Field Verification & Conversion upon initial activities to ensure continuity of operations, continue to implement recommendations, monitor performance, and adapt as needed. |
| <i>June 2020</i> Phase 3 | |
| <i>Beyond June 2020</i> Phase 4 | Program Expansion, Performance Measurement & Verification, Adaption goals of a water efficient facility, including irrigation efficiency operations, as identified in the associated reports, monitored annually via the Water Score Tool and expand services to new commercial customers and apartment complexes. |



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ATTACHMENT C

...TO BE PART OF THE WATER CONSERVATION SUCCESS STORY.

A water check-up was performed at your home. Depending on the need, water-saving fixtures like a high-efficiency showerhead or faucet aerator were installed.

While fixtures can help save water, you can also help in how you use water. For instance:

BATHROOM

- Don't use your toilet as a trash can. Those extra flushes add up.
- Turn off the water when you wash, brush your teeth or shave.
- Take shallow baths and plug the drain before you run water.
- Keep showers short, 5-10 minutes.

LAUNDRY

- Use the load selector to match water level to size of load.
- Presoak heavily soiled items.
- Always use the minimum amount of detergent.

KITCHEN

- Do only full loads of dishes in the dishwasher and avoid using extra cycles.
- Hand wash dishes.
- Scrape dishes, but don't pre-rinse. Soak pots and pans before washing.
- Instead of running water continuously, fill wash and rinse basins with water.
- Use a minimum amount of dish detergent.
- Use sink disposal unit sparingly.
- Instead of cooling water by running, keep a container of cold water in the refrigerator.

IT'S YOUR TURN...
MON

Your Partners in Water Conservation



conserve.yourSVCwater.com

...SER PARTE DEL ÉXITO DE LA CONSERVACIÓN DEL AGUA.

Un chequeo de agua se realizó en su casa. Dependiendo de la necesidad, se instalaron accesorios que ahorran agua, como un cabezal de ducha o aireador de grifo.

Los accesorios pueden ayudar a ahorrar agua, también puede ayudar a usar el agua. Por ejemplo:

BAÑO

- No uses tu inodoro como un bote de basura. Esos colores adicionales se suman.
- Apague el agua cuando se lave, cepille los dientes o afeite.
- Tome baños poco profundos y tape el desagüe antes de dejar correr el agua.
- Mantenga las duchas cortas, 5-10 minutos.

LAVANDERÍA

- Use el selector de carga para ajustar el nivel de agua al tamaño de la carga.
- Remojare artículos que están muy sucio.
- Siempre use la mínima cantidad de detergente.

COCINA

- Haga solo cargas completas en la máquina de lavaplatos y evite usar ciclos adicionales.
- Lavar a mano los platos.
- Raspe los platos, pero no enjuague previamente. Remoje las ollas y sartenes antes de lavar.
- En lugar de dejar correr el agua continuamente, rellene los lavabos y enjuáguelos con agua.
- Use una mínima cantidad de detergente para los platos.
- Use la unidad de desecho del fregadero con moderación.
- En lugar de enfriar el agua corriendo, mantenga un contenedor con agua fría en el refrigerador.

AHORA ES TU TURNO...

Sus Socios en la Conservación del Agua



EPA
WaterSense
PARTNER

SCV WATER

SERVICE • COMMUNITY • VALUE

conserve.yourSCVwater.com

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

**ITEM NO.
7**

FY 2020/21

| | Item | Jul 7 Board | Jul 8 Comm | Jul 21 Board | Aug 4 Board | Aug 12 Comm | Aug 18 Board | Sep 1 Board | Sep 9 Comm | Sep 15 Board | Oct 6 Board | Oct 14 Comm | Nov 4 Board <i>Rescheduled</i> | Nov 12 Comm <i>Rescheduled</i> | Dec 1 Board <i>Cancel or Move</i> | Dec 9 Comm | Jan 5 Board | Jan 13 Comm | Feb 2 Board | Feb 10 Comm | Mar 2 Board | Mar 10 Comm | Apr 6 Board | Apr 14 Comm | May 4 Board | May 12 Comm | Jun 1 Board | Jun 9 Comm |
|----|---|-------------|------------|--------------|-------------|-------------|--------------|-------------|------------|--------------|-------------|-------------|-----------------------------------|-----------------------------------|--------------------------------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| 1 | Recommend Approval of a Resolution Authorizing the General Manager to Amend the GSI Water Solutions, Inc. Contract for Field Investigation of Potential Recharge Sites | | | | | | | | C | | C | | | | | | | | | | | | | | | | | |
| 2 | Recommend Approval of Resolution Adopting CEQA Findings for State Water Project Water Management Tools and Authorizing the General Manager to Execute a Contract Amendment for the State Water Project Water Management Tools | | | | | | | | | | | P | P | | | | | | | | | | | | | | | |
| 3 | Recommend Adopting a Resolution Authorizing General Manager to Enter into a Cost Sharing Agreement for Planning Activities for a Delta Conveyance Facility and Authorize SCV Water's Membership in the Delta Conveyance Design and Construction Authority | | | | | | | | | | | P | P | | | | | | | | | | | | | | | |
| 4 | Recommend Approval of a Resolution Authorizing the General Manager to Amend the GSI Water Solutions, Inc. Contract for Development of a Groundwater Sustainability Plan on Behalf of the Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA) | | | | | | | | | | | P | P | | | | | | | | | | | | | | | |
| 5 | Update on Conservation Activities & Performance | | C | | | | | | C | | | P | | P | | P | | P | | P | | P | | P | | P | | P |
| 6 | Recommend Authorizing the General Manager to Implement the Purple PREP Pilot for Recycled Water Onsite Conversion Support | | | | | | | | | | | | | P | P | | | | | | | | | | | | | |
| 7 | Update on the 2020 UWMP | | | | | | | | | | | | | P | | | P | | | | | P | | | | | | |
| 8 | Status of Watershed Recharge Feasibility Study | | | | | | | | | | | | | P | | | | P | | | | | | | | | | |
| 9 | Review of Energy Resiliency and Battery Storage Feasibility Assessment | | | | | | | | | | | | | P | | | | | | | | | | | | | | |
| 10 | Status of Recycled Water Program | | | | | | | | | | | | | P | | | | | | | | | | | | | | |
| 11 | Status of Water Supplies | | | | | | | | | | | | | | | P | | | | P | | | | | | | | |
| 12 | Status of Sustainable Groundwater Management Act Implementation | | | | | | | | | C | | | | | | P | | | | | | P | | | | | | |
| 13 | Status of Sites Reservoir Project | | | | | | | | | | | | | | | P | | | | | | | | | | | | |
| 14 | Status of Devil's Den Solar Generation Facilities | | | | | | | | | | | | | | | P | | | | | | | | | | | | |
| 15 | Status of Integrated Regional Water Management Plan Update | | | | | | | | | | | | | | | P | | | | | | | | | | | | |
| 16 | Status of Upper Santa Clara River Salt and Nutrient Management Plan | | | | | | | | | | | | | | | P | | | | | | | | | | | | |
| 17 | Recommend Approval of a Resolution Adopting Recycled Water Rules and Regulations | | | | | | | | | | | | | | | P | P | | | | | | | | | | | |

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

FY 2020/21

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| 18 | Devil's Den Semi-Annual Report | | C | | | | | | | | | | | | | | | | | P | | | | | | | | |
| 19 | Status of Water Supply and Water Banking Programs | | | | | | | | C | | | | | | | | | | | | | P | | | | | | |
| 20 | Review and Discussion of FY 2021/22 and FY 2022/23 Water Resources Operating Budget and Minor and Major Capital Projects Budgets | | | | | | | | | | | | | | | | | | | | | | | P | | | | |
| 21 | Recommend Authorizing the General Manager to Extend the Site Control Agreement between SCV Water and Alamo Springs, LLC through December 31, 2021 | C | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 22 | Recommend Approving a Resolution Adopting the SCV Water Grant Policy and Procedure Manual | | C | | | | C | | | | | | | | | | | | | | | | | | | | | |
| 23 | Recommend Authorizing the General Manager to Exercise a 1-Year Extension of the Devil's Den Agricultural Lease Agreement with Rolling Hills Farms | | C | | C | | | | | | | | | | | | | | | | | | | | | | | |
| 24 | Recommend Authorizing the General Manager to Issue a Work Authorization to Kennedy Jenks, Inc. for Preparation of the 2020 Urban Water Management Plan | | C | | C | | | | | | | | | | | | | | | | | | | | | | | |
| 25 | Update on Recycled Water Purple PREP | | | | | C | | | | | | | | | | | | | | | | | | | | | | |
| 26 | Update on Education Garden State Water Project Exhibit | | | | | C | | | | | | | | | | | | | | | | | | | | | | |
| 27 | Update on State Water Project Matters | | | | | | | | C | | | | | | | | | | | | | | | | | | | |
| 28 | Recommend Approval of a Resolution Authorizing the General Manager to Execute Amendment No. 6 to the Agreement for the Supply and Conveyance of Water by the Department of Water Resources of the State of California to the Participating State Water Project Contractors Under the Dry Year Water Purchase Program | | | | | | | | C | C | | | | | | | | | | | | | | | | | | |
| 29 | Public Hearing: 2020 UWMP | | | | | | | | | | | | | | | | | | | | | | | | | | P | |
| 30 | Public Hearing: Water Shortage Congingency Plan (TBD) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 31 | Recommend Approval of a Resolution Adopting the Water Shortage Contingency Plan (TBD) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 32 | Adopt a Resolution Authorizing the General Manager to Apply for Grant Funding Under the WaterSmart Drought Response Program and Execute a Grant Agreement with the Federal Bureau of Reclamation | | | | | C | | | | | | | | | | | | | | | | | | | | | | |
| 33 | Review of Water Management Options to Enhance Reliability | | | | C | | | | | | | | | | | | | | | | | | | | | | | |
| 34 | Recommend Authorizing the General Manager to Execute an Amendment to the Reservoir Agreement for Sites Reservoir to Fund Necessary Planning Costs | | | | C | | | | | | | | | | | | | | | | | | | | | | | |

P = Planned
C = Completed

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

FY 2020/21

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CNL = Cancelled
CNT = Continued Item