



- Board of Directors
Water Planning and Stewardship Committee

2/9/2021 Board Meeting

7-4

Subject

Review and consider the Department of Water Resources' certified Final Environmental Impact Report and take related CEQA actions and approve the State Water Project Contract Amendment for Water Management

Executive Summary

Metropolitan and other Public Water Agencies (PWAs) publicly negotiated an Agreement in Principle (AIP) with the California Department of Water Resource (DWR) for a State Water Project Contract Amendment to provide more flexibility in managing State Water Project (SWP) transfers and exchanges. Legal representatives from DWR and the PWAs have since developed contract amendment language based on the AIP. The proposed amendment would provide improved flexibility for PWAs to utilize water transfers and exchanges to better manage their SWP water supplies in the face of changing hydrology, sea level rise, and changing environmental regulations. The proposed amendment would provide improved flexibility for PWAs to utilize water transfers and exchanges to better manage their SWP water supplies in the face of challenges like climate change, sea level rise, and changing environmental regulations. The proposed amendment is consistent with the Governor's 2020 Water Resilience Portfolio; specifically, Portfolio Action 21 to "ease movement of water across the state by simplifying water transfers" as it relates to facilitating transfers between State Water Project PWAs.

Details

Background

Metropolitan has a long-term contract (SWP Contract) with DWR to participate in the SWP. Under the existing SWP Contract, water transfers are permitted in a limited manner, which constrains the operational flexibility of PWAs to manage their water supplies. While the existing SWP Contract allows for exchanges, it does not articulate the parameters for exchanges. PWAs have relied on DWR's case-by-case application, which results in uncertainty and lost opportunities due to a long review process.

The proposed amendment would provide uniform criteria for all PWAs. The contract amendment does not increase SWP diversions or alter SWP operational criteria. The contract amendment would be effective on the last day of the month after 24 of the 29 PWAs have executed the contract amendment. If at least 24 PWAs have not executed the amendment by February 28, 2021, DWR may decide, in consultation with those PWAs who have executed, whether to allow the amendment to take effect. As of January 25, 2021, 20 PWAs have executed the amendment, and 4 PWAs are scheduled to approve the amendment by February 9, 2021, when Metropolitan's Board will consider this amendment.

Negotiations Process

DWR and the PWAs conducted public contract negotiations to seek greater operational flexibility as hydrology changes and as DWR operates under more constraints. These negotiations developed concepts to supplement and clarify the existing SWP Contracts' water transfer and exchange provisions.

In a December 2017 Notice to Contractors, DWR indicated its desire to supplement and clarify the water management tools through this public process. In June 2018, PWAs and DWR completed an AIP, which included specific principles to accomplish this goal. These principles included adding contract language to include a transparent process for transfers and exchanges. The principles also include amending existing contract

provisions to provide new flexibility for single and multi-year non-permanent water transfers, allowing PWAs to set terms of compensation for transfers and exchanges, and providing for the limited transfer of carryover and Article 21 (interruptible) water.

This amendment (**Attachment 1**) only addresses water management tools related to water transfers and exchanges. It does not include any financial provisions related to potential Delta conveyance facilities. In the last several years, there have been two other negotiations to amend the SWP Contract. Metropolitan's Board approved the Contract Extension Amendment on December 11, 2018 (Board Letter #8-8). That amendment extended Metropolitan's SWP Contract term through 2085 and improved the project's overall financial integrity and management. The Delta Conveyance Facility AIP was completed on April 30, 2020, through public negotiations between DWR and PWAs. The future Delta Conveyance Facility amendment would add terms and conditions applicable to the construction, operation, and maintenance of a new Delta conveyance facility, and will be presented to the Board for consideration once an approved Delta conveyance facility is advanced.

Key Points

The proposed water management tools amendment supplements and clarifies terms of the SWP Contract related to water transfers and exchanges within the SWP service area to improve water management capabilities and options, as summarized below.

Exchanges:

The existing contract provisions currently allow for exchanges but do not provide clarity on parameters or limitations. Over the years, DWR developed administrative procedures for exchanges and applied them on a case-by-case basis. In order to provide certainty and clarity, the proposed amendment confirms criteria for exchanges and defines the maximum compensation allowed. Additionally, it provides exchange ratios that are based on the SWP allocation, allowing higher exchange ratios, up to five to one, for those years with lower SWP allocations. Finally, exchanges can be completed over and up to a ten-year period, with certain exceptions that may allow for additional time to complete the exchange. The defined compensation and exchange ratios will streamline DWR's review of proposed exchanges and provide a consistent platform for the PWAs to manage water.

Transfers:

Currently, the only two mechanisms to transfer SWP water are permanent transfers of Table A contract rights to another PWA or single-year transfers (known as the turnback pool). Permanent transfers are not affected by this amendment. The PWAs and DWR recognized that the turnback pool did not provide sufficient incentives for transfers and was rarely used. This amendment eliminates the turnback pool mechanism and adds more desirable new tools for single-year and multi-year non-permanent transfers, which may increase transfer activity.

To implement new transfers, the amendment adds Article 57. This article permits single- or multiple-year transfers. Any transfer must comply with transparency provisions and requires DWR approval. However, the PWAs are free to set the duration and compensation terms.

Other provisions allow for more flexibility in where water can be transferred or exchanged, allow for the transfer of carryover water in San Luis Reservoir, add a dispute resolution process for transfers or exchanges that may impact a non-party PWA, and allow a subset of small contractors to transfer Article 21 water.

Environmental Documentation

In October 2018, DWR circulated a Draft Environmental Impact Report (DEIR) for the contract amendments. The AIP at that time included both cost allocation for the California WaterFix project (CA WaterFix) and the water management provisions. In early 2019, Governor Newsom decided not to move forward with the two-tunnel CA WaterFix proposed project in favor of a one-tunnel project, and DWR rescinded its approvals for CA WaterFix. After this shift, the PWAs and DWR held a public negotiation session and agreed to remove the CA WaterFix cost allocation sections from AIP, but to keep all the water management provisions in the AIP. DWR and the PWA finalized the AIP for water management provisions on May 20, 2019. In February 2020, DWR amended and recirculated the Partially Recirculated DEIR for the State Water Project Supply Contract Amendments for Water Management. In August 2020, DWR certified the Final EIR.

Benefit to Metropolitan

Staff recommends approval of the water management amendment. This amendment provides Metropolitan additional flexibility to manage its SWP supplies more efficiently. For example, Metropolitan would have increased ability to manage carryover storage in San Luis Reservoir and the ability to participate in exchanges with other PWAs to develop mutually beneficial outcomes regarding carryover storage. Additionally, by allowing other PWAs to transfer water more flexibly, it creates new partnership opportunities. Finally, the new provisions provide fair compensation for transfers and exchanges.

Policy

By Minute Item 51425, dated December 11, 2018, the Board reviewed and considered the certified Final EIR, and authorized the General Manager to sign an amendment to Metropolitan's State Water Project contract with the California Department of Water Resources extending the contract term an additional 50 years to terminate December 31, 2085; and making adjustments to the methodology used to calculate the charges for service.

By Minute item 20984, dated November 1, 1960, the Board adopted Resolution 5838 and approved execution of the State Water Project Contract with the Department of Water Resources.

Metropolitan Water District Administrative Code Section 4203: Water Transfer Policy.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

DWR, acting as the Lead Agency, prepared a Draft EIR for Contract Amendments for Water Management and the California WaterFix and circulated it for public review on October 26, 2018. On May 2, 2019, the Director of DWR issued a memo withdrawing approval of California WaterFix. On May 20, 2019, DWR and the SWP Public Water Agencies (PWAs) held a public meeting and negotiated a change to the June 27, 2018 Agreement in Principle (AIP) to remove the objective that would have addressed the cost allocation of California WaterFix because DWR rescinded California WaterFix approvals.

DWR, acting as the Lead Agency, prepared a Partially Recirculated Draft Environmental Impact Report in February 2020 for the amended project description that reflects removal of the AIP provisions regarding cost allocation for the California WaterFix. The Final EIR was certified on August 25, 2020. The Lead Agency also approved a Findings of Fact and a Statement of Overriding Considerations (SOC). A Notice of Determination was filed with the State Clearinghouse on August 28, 2020. Metropolitan, as a Responsible Agency under CEQA, is required to certify that it has reviewed and considered the information in the certified Final EIR and adopt the Lead Agency's findings and SOC prior to approval of the formal terms and conditions of the contract extension amendment. The environmental documentation is included in **Attachment 2**.

CEQA determination for Option #2:

None required

Board Options

Option #1

Review and consider the certified Final EIR and take related CEQA actions, and authorize the General Manager to sign the proposed amendment to Metropolitan's State Water Project contract with the California Department of Water Resources.

Fiscal Impact: The proposed amendment largely does not affect Metropolitan's SWP costs. The amendment does allow for a greater degree of water management through potential exchanges or transfers. Metropolitan could incur costs or receive revenues depending on whether Metropolitan is acting as a buyer or seller in each transaction. The individual negotiated agreements would determine the revenue or cost.

Business Analysis: The water management amendment provides flexibility for Metropolitan to balance SWP supply needs and costs by providing tools to transfer or exchange water with other PWAs. This flexibility allows for greater rate stability through efficient supply/demand management and encourages partnerships with other PWAs to most effectively manage SWP supplies.

Option #2

Do not adopt the CEQA determination and do not approve the State Water Project Contract Amendment.

Fiscal Impact: There are no fiscal impacts under Option #2.

Business Analysis: Metropolitan would continue to participate in the SWP under the existing contract provisions.

Staff Recommendation

Option # 1



Brad Coffey
Manager, Water Resource Management

1/26/2021
Date



Jeffrey Krontlinger
General Manager

1/28/2021
Date

Attachment 1 – Amendment No. 30 (The Water Management Amendment) to Water Supply Contract Between The State of California Department of Water Resources and The Metropolitan Water District of Southern California

Attachment 2 – Final Environmental Impact Report

Ref# wrm12677906

STATE OF CALIFORNIA
CALIFORNIA NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES

AMENDMENT NO. 30 (THE WATER MANAGEMENT AMENDMENT)
TO WATER SUPPLY CONTRACT
BETWEEN
THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES
AND
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

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 The Metropolitan Water District of Southern California, herein referred to as the "District."

TABLE OF CONTENTS

Recitals	3
Amended Contract Text.....	5
Article 1: Definitions	5
Article 21: Interruptible Water	5
Article 56: Use and Storage of Project Water Outside of Service Area and Article 56 Carryover Water	7
New Contract Articles	17
Article 57: Provisions Applicable to Both Transfers and Exchanges of Water	17
Water Management Amendment Implementing and Administrative Provisions ...	20
Effective Date of Water Management Amendment.....	20
Administration of Contracts Without Water Management Amendment.....	21
Other Contract Provisions.....	21
DocuSign	21

RECITALS

- A. The State and the District entered into and subsequently amended a water supply contract (the “contract”), dated November 4, 1960, providing that the State shall supply certain quantities of water to the District and providing that the District 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 District, 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 District, 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 District is also demonstrating its commitment to expand its water supply portfolio by investing in local water supplies; and
- D. The State and the District, 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 District 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 District, 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 District 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 District 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 District 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 District'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 District's approved deliveries of Annual Table A Amount or the District's allocation of water for the next year. Deliveries of interruptible water in excess of the District'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 District 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 District'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 District 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 District 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 District. 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 and 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 District 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 District within its service area and to the District transferring or exchanging Project Water outside its service area consistent with agreements executed under this contract.

(b) Groundwater Storage Programs

The District shall cooperate with other contractors in the development and establishment of groundwater storage programs. The District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District can add to storage in project surface conservation facilities and in nonproject surface storage facilities located outside the District's service area each year shall be limited to the lesser of the percent of the District'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 District can store, the final water supply allocation percentage shown in column 1 of the table below shall apply to the District. 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 District'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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District may seek an exception to the requirements of subdivisions (4)(i), (ii), and (iii) above. The District 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 the District'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 District 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 District 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 District 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 District's service area. In addition, the District 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 District'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) If the District elects to store Project Water in a nonproject facility within the service area of another contractor it 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 District 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 District exchanging Project Water outside its service area consistent with this Article. Nothing in this Article shall prevent the District from entering into bona fide exchanges of Project Water for use outside the District'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 District's service area. Also, nothing in this Article shall prevent the District from continuing those exchange or sale arrangements entered into prior to September 1, 1995. Nothing in this Article shall prevent the District 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 District 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.

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 District 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.

(g) 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).
- (c) The District 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 District 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 District has determined that there is a compelling need to proceed with the transfer or exchange.

- (2) When the District 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 District 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 District has complied with all applicable laws.
 - (2) The District has provided any required notices to public agencies and the public.
 - (3) The District has provided the relevant terms to all contractors and to the Water Transfers Committee of the State Water Contractors Association.
 - (4) The District is informed and believes that the transfer or exchange will not harm other contractors.
 - (5) The District is informed and believes that the transfer or exchange will not adversely impact State Water Project operations.
 - (6) The District 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 District 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.

- (1) Any claim to a significant adverse impact may only be made after the District has submitted the relevant terms pursuant to Article

57(g)(3) and before the State approves a transfer or an exchange agreement.

- (2) 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.
- (3) 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:

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

General Counsel
The Metropolitan Water District of
Southern California

General Manager

Date



*THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA*
700 N. Alameda Street, Los Angeles, California 90012

2/9/2021 Board Meeting

Board Letter # 7-4

Review and consider the Department of Water Resources' certified Final Environmental Impact Report and take related CEQA actions and approve the State Water Project Contract Amendment for Water Management

Attachment 2 – EIR Documentation

The CEQA documentation attachments are not included

You may review this documents by clicking on this link:

[BOD 7-4 B-L Att. No. 2](#)

OR

By contacting Metropolitan's Board Executive Secretary at: (213) 217-6291
or via email at DL-BoardSupportTeam@mwdh2o.com



● **Board of Directors**
Water Planning and Stewardship Committee

10/13/2020 Board Meeting

7-6

Subject

Appropriate \$5 million, and authorize an amendment to the 2019 Reservoir Project Agreement with the Sites Project Authority to allow participation in the Sites Reservoir Project Phase 2 Workplan; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

In 2017 and 2019, the Board appropriated \$1,500,000 and \$4,212,500, respectively, to authorize participation in the Phase 1 Workplan and the 2019 Workplan of the Sites Reservoir Project (Project) located in northern California. The Sites Project Authority is now proposing a Phase 2 Workplan, also referred to as the Amendment 2 Workplan, that will move the Project forward through the end of 2021. This limited Phase 2 Workplan will focus on the continued development of project permits, environmental planning documents, a final federal feasibility report, and a draft operations plan.

The Phase 2 Workplan would be implemented through a second amendment to the 2019 Reservoir Project Agreement (Second Amendment) previously executed by Metropolitan and other project participants. The budget for this limited Phase 2 Workplan is \$31.75 million, which includes funding from the state of California, United States Bureau of Reclamation (USBR), and 21 public water agencies. The proposed budget would require a \$100 per acre-foot funding investment from reservoir participants. For Metropolitan to continue its participation and reserve 50,000 acre-feet (AF) of water supply participation rights in the Project, the cost share would total \$5,000,000. The funding would be paid in installments over the 15-month workplan period.

Continued participation in planning and analysis of the Project will preserve the opportunity to work with the participants to improve water supplies for both northern and southern California, enhance critical habitat for native fish species, prepare for climate change impacts, and develop key analyses of Project feasibility. The Project is identified as a priority project in the Governor's Water Resilience Portfolio and is one of the first multi-benefit reservoirs in California that will have dedicated water storage and yield to be used for fishery enhancement, instream flows releases in drier periods, and improved habitat for native species. As before, Metropolitan's agreement to participate in funding for the Phase 2 Workplan does not commit Metropolitan to moving forward with the actual Project.

The Sites Project Authority is requesting that all participating agencies execute the Second Amendment by November 2020.

Details

Background

History

The Project first emerged as part of a second stage of the State Water Project (SWP) proposed in the 1980s, which included a peripheral canal and other northern California water-related projects. In 1996, the Project was further analyzed by the California Department of Water Resources (DWR) and USBR as part of the CALFED Bay-Delta process. The CALFED process resulted in a Programmatic Record of Decision that recommended implementation of the Project as a component of the Preferred Program Alternative. In 2010, the Sites Project Authority was formed as a joint powers authority to continue moving forward with development of the Project.

Project Location

The Project is located in the Antelope Valley, north of Sacramento, about 10 miles west of the town of Maxwell on Interstate 5 in northern California (**Attachment 1**). The Antelope Valley is separated from the greater Sacramento Valley by a low range of hills, making it suitable for off-stream storage of water from the Sacramento River.

Project Description

The Project is currently analyzing a 1.3 million to 1.5 million AF water storage reservoir. In comparison, Folsom Reservoir on the American River stores about 1.0 million AF of water. The Project would require the construction of two large dams up to 310 feet high and nine smaller saddle dams. The water stored in the Project reservoir would be diverted from the Sacramento River during unregulated high-flow events using existing intake facilities on the river at Red Bluff Diversion Dam and Glenn-Colusa Diversion Dam. Water from these diversions would be conveyed through the existing Tehama-Colusa and the Glenn-Colusa canals to the reservoir (**Attachment 2**). Combined, the diversions could take as much as 3,900 cubic feet per second of water from the Sacramento River to the Project reservoir. Water discharged from the reservoir would flow through the existing Tehama-Colusa Canal, then into the Colusa Basin Drain before reaching the Sacramento River or the Upper Yolo Bypass. These discharges would move down the river or bypass to Project partners, including Central Valley Project (CVP) and SWP agencies south of the Delta.

Key Benefits

The following is a summary of the key benefits of the proposed Project:

- Off-Stream Storage. The Project will be off-stream of the Sacramento River using existing modern-screened fish intakes designed to mitigate fish losses and not block fish migration or spawning.
- Dedicated Ecosystem Water. Current methods of allocating water to support ecosystem health rely on minimum flow standards. The Project will be one of the first reservoirs in California that will have dedicated ecosystem water to enable more flexible and effective water management during dry times. This ecosystem water will be used to enhance instream fishery flows, water temperatures for spawning, pulse flows for out-migrating fish, riparian/floodplain habitat, water quality, and other environmental purposes.
- Climate Change Resiliency. The Project will enhance the ability to prepare for potential future climate change effects, including more intense levels of precipitation/runoff, faster snowmelt, and increased flood flows.
- Fish Friendly Wet-Year Storage, Dry-Year Yield. The Project will enhance the ability to store unregulated flows during high precipitation years and release those water supplies for environmental and water supply purposed during dry water years.
- Significant Local and Statewide Support. The Project has significant local, statewide, and bipartisan support from more than 175 organizations, agencies, businesses, and elected officials.
- Enhance Depleted Groundwater Basins. The state estimates that approximately 50 percent of the water that could be used to replenish California's groundwater will need to come out of the Sacramento River. The Project is well suited to staging and conveying water to areas where groundwater depletion is producing undesirable effects.
- Local Flood Control and Recreational Opportunities. The Project will enhance flood control protection for small communities prone to flooding near the reservoir project and expand recreational opportunities in northern California.

Project Yield

The current operations model estimates the annual water yield of the Project at approximately 240,000 AF per year. This model utilizes upstream Sacramento River flow and fishery criteria, assumed in earlier phases of the Project. Additional modeling analyses will continue to be conducted as further refinements are made to Project

operations and projected regulatory requirements, including proposed Delta Conveyance operations. Implementation of the proposed Delta Conveyance Project would allow for greater yields south of the Delta. DWR estimates that if the Project were operational in 2016 (categorized as a ‘below-normal’ water year for the Sacramento River), the reservoir could have captured 448,000 AF of water supplies. Final Project formulation and annual operations will determine how the firm yield will be divided between meeting water supply and environmental improvements funded by State Proposition 1 grant and federal Water Infrastructure Investment for the Nation (WIIN) Act appropriations.

Proposed Budget & MWD Cost Share

The proposed budget to fund this limited Phase 2 Workplan is estimated at \$31.75 million, which includes:

- State Proposition 1 Funds \$7,300,000
- Federal WIIN Act Funds \$4,000,000
- Carryover Funds \$750,000
- Local (Reservoir Participants) \$19,700,000

The proposed budget would require a \$100 per acre-foot funding investment from reservoir participants. For Metropolitan to continue its participation and reserve 50,000 AF of water supplies under the 2019 Reservoir Project Agreement and Second Amendment (**Attachment 3 and 4**), the cost share would total \$5,000,000. The funding would be paid in installments over the 15-month workplan period from September 2020 through December 2021.

The final amount of water supplies available to Metropolitan and other participants from the Project, if it is implemented, and the unit costs will depend on state and federal participation levels, the total dollar amount that Metropolitan and others elect to contribute through future phases, and the final costs and yield for the Project.

Estimated Overall Project Cost

Over the last six months, the Sites Project Authority participating agencies conducted a value-planning effort to minimize potential Project costs and impacts. That effort resulted in an improved Project that reduced costs from \$5.2 billion to a range of \$3.0 billion to 3.3 billion (in 2019 dollars), a reduction of approximately \$2 billion. Cost savings came primarily from the removal of the proposed 13.5-mile Delevan Diversion pipelines and intake facility on the Sacramento River. The annual costs for operations, maintenance, and power are estimated at \$83 million to \$100 million annually. Efforts are underway by the Sites Project Authority to continue refining the Project cost estimates.

STATUS UPDATE	PREVIOUS PROJECT	REVISED PROJECT
Project Costs	\$4.0 billion	\$2.4 – 2.7 billion
Contingences	\$1.2 billion	\$0.6 billion
Total Costs (2019 dollars)	\$5.2 billion	\$3.0 - 3.3 billion

Project Environmental Documentation

An initial feasibility study and Administrative Draft Environmental Impact Report (EIR) were completed in 2013 by DWR. A Public Draft EIR/ Environmental Impact Statement (EIS) for the Project was released by the Sites Project Authority (state lead agency) and the USBR (federal lead agency) in August 2017.

However, with the completion of the recent value-planning process, a Revised Draft EIR and Supplemental EIS will need to be released due to the smaller Project footprint and operational changes. The Revised Draft EIR and Supplemental EIS are scheduled to be released in July 2021, with a Final EIR/EIS completed in mid-2022.

State Proposition 1 Grant Investment Funding

In 2017, the Sites Project Authority submitted an application for State Proposition 1 grant funding to the California Water Commission. Proposition 1 includes \$2.7 billion for new storage projects. In 2018, the California Water Commission approved \$816 million in funding for the Project, with \$40 million available to complete the environmental documentation and obtain permits. This state investment will pay for a portion of the

reservoir cost, and in return, the state of California will receive flood control and recreation benefits as well as a portion of the water produced by the Project to be dedicated to environmental benefits in the watershed and Delta.

Sites Project Authority Members

The Sites Project Authority was formed under California law as a joint powers authority and currently consists of 11 public agencies: Colusa County, Glenn County, Tehama-Colusa Canal Authority, Colusa County Water District, Glenn-Colusa Irrigation District, Reclamation District 108, Westside Water District, Sacramento County Water Agency/City of Sacramento, Placer County Water Agency/City of Roseville, Western Canal Water District, Maxwell Irrigation District (and DWR [as a non-voting member] and USBR [as a cost-share partner]).

Current Participating Project Partners

Currently, there are 30 agencies that form a Reservoir Project Committee participating in funding the 2020-21 Workplan. This includes members of the Sites Project Authority, nine State Water Contractor agencies, one State Water Contractor subagency, one south-of-Delta CVP contractor, and others. A full list of participating agencies is attached (**Attachment 5**). Metropolitan is currently a member of the Sites Reservoir Project Committee, which has certain decision-making authority in carrying out the budget and 2020-21 Workplan.

Participating agencies are currently in the process of reviewing the Second Amendment with their boards to approve participation and funding. The Sites Project Authority is also in discussions with other agencies that have expressed an interest in participating in the Project.

Schedule

The proposed key milestones, including permit application submittals, to be completed over the next 15 months include:

- Jun 2020 – Draft Final Federal Feasibility Report and 6-month review process
- May 2021 – State Proposition 1 Feasibility Report
- Jun 2021 – Joint US Fish and Wildlife Service/National Marine Fisheries Service Biological Assessment for Section 7 Compliance
- July 2021 – Recirculated Draft Revised EIR and Supplemental EIS
- Dec 2021 – California Department of Fish and Wildlife Incidental Take Permit Application for Operations and Construction
- Dec 2021 – Clean Water Act Section 401 and 404 Permit Applications
- Dec 2021 – Encroachment Permit/Section 408 Permission Application
- Dec 2021 – Programmatic Agreement for Section 106 Compliance
- Dec 2021 – State validation of eligibility for additional Proposition 1 grant funds

The final EIR is scheduled for completion in mid-2022, with construction completion estimated by 2030 (**Attachment 6**).

Previous Metropolitan Board Authorizations

In April 2017, the Metropolitan Board authorized appropriation of \$1.5 million and participation in the Phase 1 Sites Reservoir Project Agreement. The \$35 million budget for the 2017-18 Workplan includes funding from the state of California, USBR, and public water agencies.

On February 12, 2019, the Metropolitan Board authorized appropriation of \$4,212,500, and participation in the 2019 Reservoir Project Agreement (**Attachment 3**) through December 31, 2019. The budget for the 2019 agreement was approximately \$15 million.

In January 2020, the General Manager approved the First Amendment to the 2019 Reservoir Project Agreement that called for a 180-day no-cost extension from February 1 through June 30, 2020. The First Amendment allowed participants to continue feasibility planning, water supply modeling, and environmental review efforts through June 30, 2020. That no-cost extension was further extended through August 31, 2020. Funding for these no-cost extensions was from previously budgeted funds under the 2019 Reservoir Project Agreement.

Metropolitan's Fiscal Year 2020/21 Budget

Funding for the Sites Phase 2 Workplan was not included as a specific line item in Metropolitan's fiscal year 2020/21 budget. Staff anticipated a need for additional funding for the Sites Reservoir studies at some point during the upcoming budget cycle, but the timing and amount of needed funding was not known. Accordingly, staff is proposing to use budgeted SWP funds, as was done with the previous phases of the Sites Reservoir project. Staff has briefed the Board on this project in the past and is bringing this item for Board consideration due to its merits (including climate change resiliency, environmental enhancement, flood flow capture, etc.) and to continue the opportunity to participate in this multi-agency, multi-benefit project.

Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 45753, dated May 11, 2004, the Board adopted refined Bay-Delta finance and cost allocation policy principles for communication with the California Bay-Delta Authority and interested parties, as set forth in the letter signed by the Chief Executive Officer on April 20, 2004.

By Minute Item 46637, dated April 11, 2006, the Board adopted the policy principles regarding long-term actions for the Sacramento-San Joaquin River Delta as described in the revised letter signed by the General Manager on April 4, 2006.

By Minute Item 47135, dated June 12, 2007, the Board supported, in principle, the proposed Delta Action Plan, as set forth in the letter signed by the General Manager on May 25, 2007.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines), and involves only feasibility or planning studies for possible future actions which the Board has not approved, adopted or funded (Section 15262 of the State CEQA Guidelines). In addition, the proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines because the proposed action involves basic data collection and research activities which do not result in a serious or major disturbance to an environmental resource, which may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded (Class 6, Section 15306 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

- a. Authorize the General Manager to sign the Second Amendment to the 2019 Reservoir Project Agreement with the Sites Project Authority and other participants for participation in the Phase 2 Workplan process for an amount not to exceed \$5,000,000; and
- b. Appropriate \$5,000,000 for the Phase 2 Workplan based on reserving an option for 50,000 AF of water supply yield.

Fiscal Impact: \$5,000,000 in budgeted State Water Project funds.

Business Analysis: Allows active participation in the development of the Project, its benefits, and associated operations plan that could impact SWP supplies. Maintains option for reserving priority status in participating in future Project implementation.

Option #2

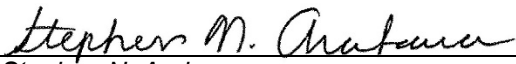
Do not authorize the General Manager to sign the Second Amendment to the 2019 Reservoir Project Agreement with the Sites Project Authority for participation in the Phase 2 Workplan.

Fiscal Impact: None

Business Analysis: Vacates the option to participate in the benefits of the Project.

Staff Recommendation

Option #1

	9/24/2020
Stephen N. Arakawa	Date
Manager, Bay-Delta Initiatives	

	9/30/2020
Jeffrey Nightlinger	Date
General Manager	

Attachment 1 – Sites Reservoir Location Map

Attachment 2 – Sites Reservoir Facilities Map

Attachment 3 – 2019 Reservoir Project Agreement

Attachment 4 – Second Amendment to the 2019 Reservoir Project Agreement

Attachment 5 – Sites Reservoir Project Participants

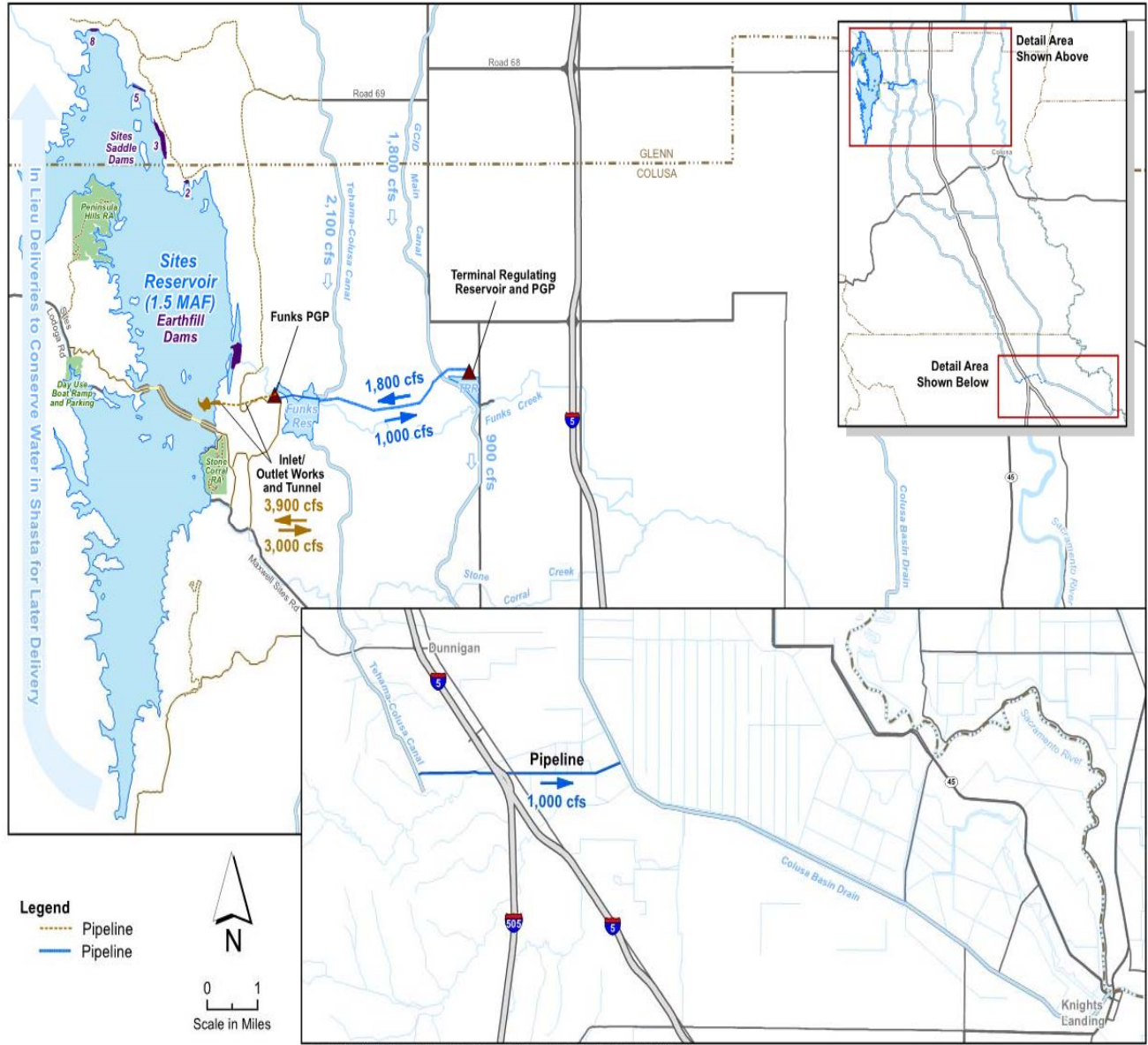
Attachment 6 – Sites Reservoir Schedule

Ref# eo12670633

Sites Reservoir – Location Map



Sites Reservoir Project Facilities Map



SITES PROJECT AUTHORITY

2019 RESERVOIR PROJECT AGREEMENT

DATED AS OF APRIL 1, 2019

BY AND AMONG

SITES PROJECT AUTHORITY

AND

THE PROJECT AGREEMENT MEMBERS LISTED HEREIN

TABLE OF CONTENTS

Section 1	Definitions.....	2
Section 2	Purpose.....	3
Section 3	Reservoir Project Committee.....	3
Section 4	Funding	5
Section 5	Participation Percentages	6
Section 6	Future Development of the Sites Reservoir Project.....	6
Section 7	Indemnity and Contribution.....	7
Section 8	Term.....	7
Section 9	Withdrawal From Further Participation.....	7
Section 10	Admission of New Project Agreement Members	8
Section 11	Amendments	8
Section 12	Assignment; Binding on Successors	8
Section 13	Counterparts.....	9
Section 14	Merger of Prior Agreements	9
Section 15	Severability	9
Section 16	Choice of Law.....	9
Section 17	Notices	9
EXHIBIT A	PROJECT AGREEMENT MEMBERS	A-1
EXHIBIT B	2019 WORK PLAN.....	B-1
EXHIBIT C	NOTIFICATIONS	C-1

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

RECITALS

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

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

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

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

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

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

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

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

AGREEMENT

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

Section 1 Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 2 **Purpose**

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

Section 3 **Reservoir Project Committee**

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 4 Funding

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

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

(c) Allocation of Project Agreement Expenses. The Project Agreement Members agree that all expenses incurred by them and/or by the Authority under this Project Agreement are the costs of the Project Agreement Members and not of the Authority or the Project Agreement Members of the Authority that do not execute this Project Agreement, and shall be paid by the Project Agreement Members; provided, however, that this Section shall not preclude the Project

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

Section 5 Participation Percentages

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

Section 6 Future Development of the Sites Reservoir Project

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

(b) Without limiting the foregoing, any Project Agreement Member that elects to continue participating in the development, financing, and construction of the Sites Reservoir Project to the time when the Authority offers contracts for a water supply or other services, will be afforded a first right, equal to that Project Agreement Member's Participation Percentage, to contract for a share of any water supply that is developed, and for storage capacity that may be available from, the Sites Reservoir Project. In any successor phase agreements, Project Agreement Members who are parties to this Project Agreement that submitted a proposal to participate before February 15, 2019, shall be granted rights to contract for a share of any water supply that is developed, and for storage capacity

that may be available from the Sites Reservoir Project prior to the rights of those becoming parties to this Project Agreement after that date. The Authority and the Project Agreement Members will cooperate on the drafting of provisions in the water supply contract that will allow a Project Agreement Member or other eligible entity that commits to purchase a Sites Reservoir Project water supply to transfer water that the entity may not need from time to time on terms and conditions acceptable to the such Project Agreement Member.

Section 7 Indemnity and Contribution

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

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

Section 8 Term

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

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

Section 9 Withdrawal From Further Participation

To withdraw from this Project Agreement, a Project Agreement Member shall give the Authority and other Project Agreement Members written notice of such withdrawal not less than 30 days prior to the withdrawal date. As of the withdrawal date, all rights of participation in this Project Agreement shall cease for the withdrawing Project Agreement Member. The financial obligation as prescribed in the Bylaws' Section 5.11 in effect on the withdrawal date, shall consist of the

withdrawing Member's share of the following costs: (a) payment of its share of all non-contract costs incurred prior to the date of the written notice of withdrawal, and (b) those contract costs associated with funds approved in either contract amendments or task orders that were approved prior to the date of the written notice of withdrawal for which the contractor's work extends beyond the withdrawal date. However, a withdrawing member shall have no liability for any change order or extensions of any contractor's work that the remaining Project Agreement Members agree to after the withdrawing Member provides written notice of withdrawal. Withdrawal from this Project Agreement shall not be considered a Material Change Item and shall not be subject to the Dispute Resolution process provided for in Section 13.3 of the Bylaws.

Section 10 Admission of New Project Agreement Members

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

Section 11 Amendments

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

Section 12 Assignment; Binding on Successors

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

Section 13 Counterparts

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

Section 14 Merger of Prior Agreements

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

Section 15 Severability

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

Section 16 Choice of Law

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

Section 17 Notices

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

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

Dated: _____

SITES PROJECT AUTHORITY

By: _____

Name:

Title:

[PROJECT AGREEMENT MEMBER]

Dated: _____

(Authority & Project Agreement Member)

By: _____

Name:

Title:

EXHIBIT A

PROJECT AGREEMENT MEMBERS

Participant	Participation (Annualized Acre-Foot)	
	Preliminary	Percent
American Canyon, City of	~4,000	1.7%
Antelope Valley-East Kern Water Agency	~500	0.2%
Carter Mutual Water Company ‡	~500	0.2%
Coachella Valley Water District	~10,000	4.3%
Colusa County	~10,000	4.3%
Colusa County Water District	~13,100	5.6%
Desert Water Agency	~6,500	2.8%
Glenn-Colusa Irrigation District	~5,000	2.1%
Metropolitan Water District of S. CA	~50,000	21.4%
Pacific Resources Mutual Water Company ‡	~20,000	8.5%
Reclamation District 108	~5,000	2.1%
San Bernardino Valley Municipal Water District	~21,400	9.1%
San Geronio Pass Water Agency	~14,000	6.0%
Santa Clara Valley Water District	24,000	10.3%
Santa Clarita Valley Water Agency	~5,000	2.1%
TC-4: Cortina Water District	~300	0.1%
TC-4: Davis Water District	~2,000	0.9%
TC-4: Dunnigan Water District	~2,774	1.2%
TC-4: LaGrande Water District	~1,000	0.4%
Westside Water District	~15,000	6.4%
Wheeler Ridge-Maricopa Water Storage District	14,000	6.0%
Zone 7 Water Agency	~10,000	4.3%
Potential new participants	TBD	%
Total:	234,074	100.0%

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

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

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

EXHIBIT B
2019 WORK PLAN

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

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

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

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

Summary - Page 1 of 2

NOTE: 2019 proposed budget, which is applicable to this Agreement, was approved by the Reservoir Committee at their November 16, 2018 meeting with the Reservoir Committee's share of expenses listed on page B-2.

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

EXHIBIT C

NOTIFICATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Attention: Mr. Bill Vanderwaal

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

Attention: Mr. Dirk Marks

Santa Clarita Valley Water Agency
27234 Bouquet Canyon Road
Santa Clarita, CA 91350

Attention: Mr. Doug Headrick

San Bernardino Valley Municipal Water District
380 East Vanderbilt Way
San Bernardino, CA 92408-3593

Attention: Dan Ruiz

Westside Water District
5005 State Hwy 20
Williams, CA 95987

Attention: Mr. Jeff Davis

San Geronio Pass Water Agency
1210 Beaumont Ave,
Beaumont, CA 92223

Attention: Robert Kunde

Wheeler Ridge-Maricopa Water Storage District
12109 Highway 166
Bakersfield, CA 93313

Attention: Ms. Cindy Kao

Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3686

Attention: Ms. Valerie Pryor

Zone 7 Water Agency
100 North Canyons Parkway
Livermore, CA 945

Attention: Mr. Dirk Marks

SECOND AMENDMENT TO 2019 RESERVOIR PROJECT AGREEMENT

BY AND AMONG
SITES PROJECT AUTHORITY

and

THE PROJECT AGREEMENT MEMBERS LISTED HEREIN

Dated as of July 1, 2020

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

WITNESSETH:

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

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

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

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

ARTICLE I

DEFINITIONS

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

ARTICLE II

AMENDMENTS TO AGREEMENT

Section 2.01. **Project Agreement Members.**

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

Section 2.02. **Work Plan.**

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

Section 2.03. **Funding.**

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

PROJECT AGREEMENT MEMBER PARTICIPATION

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

ARTICLE IV

MISCELLANEOUS

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

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

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

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

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

Dated: _____

SITES PROJECT AUTHORITY

By: _____

Name:

Title:

[PROJECT AGREEMENT MEMBER]

Dated: _____

(Authority & Project Agreement Member)

By: _____

Name:

Title:

PARTICIPATION AMOUNT

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

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

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

EXHIBIT A

PROJECT AGREEMENT MEMBERS

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

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

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

EXHIBIT B
AMENDMENT 2 WORK PLAN

Exhibit B
Reservoir Committee
2020 and 2021 Work Plan

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

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

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

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

Reservoir Committee Work Plan Summary

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

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

Amendment 2 Budget by Month (\$000s)

Reservoir Committee Work Plan Summary

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

Sites Reservoir Project

Project Participants in Phase 2 Workplan Planning Process

Sacramento Valley

- Carter Municipal Water Company
- City of American Canyon
- Colusa County
- Colusa County Water District
- Cortina Water District
- Davis Water District
- Dunnigan Water District
- Glenn County
- Glenn-Colusa Irrigation District
- La Grande Water District
- Placer County Water Agency
- Reclamation District 108
- City of Roseville
- Sacramento County Water Agency
- City of Sacramento
- Tehama Colusa Canal Authority
- Westside Water District
- Western Canal Water District

Bay Area

- Santa Clara Valley Water District
- Zone 7 Water Agency

Southern California

- Antelope Valley - East Kern Water Agency
- Coachella Valley Water District
- Desert Water Agency
- Metropolitan Water District
- San Bernardino Valley Municipal Water District
- San Geronio Pass Water Agency
- Santa Clarita Valley Water Agency

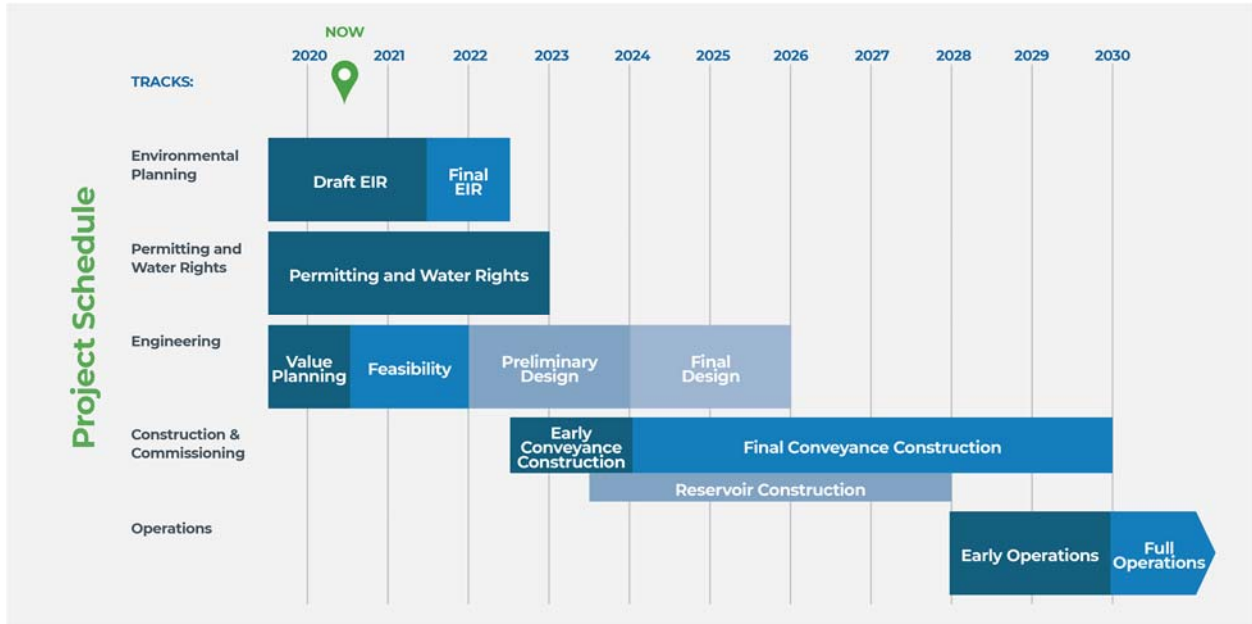
San Joaquin Valley

- Wheeler Ridge - Maricopa Water Storage District

State/Federal

- California Department of Water Resources
- US Bureau of Reclamation

Sites Reservoir Schedule



	2020				2021				2022		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	AMENDMENT 1A and 1B				AMENDMENT 2						
Go/No-Go Decision Points	★				★				★		
Participation Agreement Materials	Home board package approved				Home board package approved				Final EIR/EIS		
Value Planning	Preferred Project Facilities				EIR/EIS Response to Comments and Revisions				Submit Application		
Engineering	Engineering to support Project Description				Engineering to support Prop 1 Feasibility				Submit to State		
Confirm Operations and Temperature Benefits	Preferred Project Operations				State Review				State Validation of Eligibility		
Environmental Documentation	Ongoing Operations Modeling Support				Submit to USFWS & NMFS				Submit to CDFW		
Prop 1 Feasibility Report (Env, Eng, Fin, Eco)	Advance Key Permits Needed for Project Certainty				Final Section 106 PA						
Water Rights											
Biological Assessment											
Incidental Take Permit (CDFW)											
106 Programmatic Agreement											

NOTE: This graphic includes schedule drivers only and does not include all activities/deliverables. This work plan is based on current participation commitments.