



## Notice of Meeting

### STATE WATER SUBCONTRACTORS ADVISORY COMMITTEE

SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

Wednesday, March 25, 2020 – 2:00 to 3:00 PM

***In accordance with the directives provided by Governor Newsom (Executive Order N-29-20), this meeting will be conducted as a phone-in and web-based meeting. Members of the public may participate via conference call and webinar.***

Phone line: 646-749-3112

Access Code: 289-152-109

Webinar: <https://global.gotomeeting.com/join/289152109>

Public comments can be submitted to: [wthomson@co.slo.ca.us](mailto:wthomson@co.slo.ca.us)

For more information: <https://www.slocounty.ca.gov/Departments/Public-Works/Committees-Programs/State-Water-Project-and-Subcontractors-Advisory-Co.aspx>

### AGENDA

- I. **Call to Order**
  - A. Roll Call (Quorum Count)
  - B. Election of Officers
- II. **Public Comment** (*Opportunity for members of the public to address the committee on matters within the committee's jurisdiction. Time for each comment may be limited to three minutes.*)
- III. **Review of Last Meeting's Minutes**
  - A. Approve Minutes of the Nov 20
- IV. **Water Delivery Operations Report**
  - A. 2020 Water Delivery Report (thru Feb 2020)
  - B. Estimated 2020 "End of Year" Stored Water
- V. **Ongoing Updates** (Informational Only)
  - A. Water management contract amendment and proposed joint study with CCWA
  - B. DCP negotiations with DWR
  - C. Water supply contract extension amendment
  - D. Advisory committee appointments and bylaws
- VI. **Future Agenda Items**
- VII. **Date of Next Regular Meeting:** May 27, 2020
- VIII. **Adjournment**

#### Attachments

1. SWSAC Minutes – Nov 2019
2. Water Delivery Operations Report
3. Ongoing Updates

**CONTACT:** *All Americans with Disabilities Act (ADA) accommodations shall be promptly reviewed and resolved.* Persons who require accommodations for any audio, visual or other disability in order to review an agenda, or to participate in the meeting of the State Water Subcontractors Advisory Committee per the ADA, are encouraged to request such accommodation 48 hours in advance of the meeting from Wes Thomson at (805) 781-5252.

**The purpose of the Committee** is, "to monitor all aspects of this agreement and related agreements and to advise the governing bodies of District and Contractor on the functioning of this agreement and related agreements, and to recommend to the governing bodies of District and Contractor any modifications to said agreements that may, from time to time, be appropriate."  
(Art. 31, Water Supply Agreement, 1992)



## **Notice of Meeting**

### **STATE WATER SUBCONTRACTORS ADVISORY COMMITTEE**

SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

**\*\*\*CONFERENCE CALL/WEBINAR ONLY\*\*\***

Wednesday, March 25, 2020 – 2:00 to 3:00 PM

### **Important Notice Regarding COVID-19 Based on guidance from the California Department of Public Health and the California Governor's Officer, in order to minimize the spread of the COVID-19 virus, please note the following:**

1. The meeting will only be held telephonically and via internet via the number and website link information provided on the agenda. After each item is presented, Committee Members will have the opportunity to ask questions. Participants on the phone will then be provided an opportunity to speak for 3 minutes as public comment prior to Committee deliberations and/or actions or moving on to the next item. The chat function on the webinar may also be used to submit comments and ask questions, and will be verbalized by staff during the public comment period for each item. How to use the chat function will be demonstrated at the beginning of the meeting.
2. The Committee's agenda and staff reports are available at the following website:  
<https://www.slocounty.ca.gov/Departments/Public-Works/Committees-Programs/State-Water-Project-and-Subcontractors-Advisory-Co.aspx>.
3. If you choose not to participate in the meeting and wish to make a written comment on any matter within the Committee's subject matter jurisdiction, regardless of whether it is on the agenda for the Committee's consideration or action, please submit your comment via email or U.S. Mail by 5:00 p.m. on the Monday prior to the Committee meeting. Please submit your comment to Wes Thomson at [wthomson@co.slo.ca.us](mailto:wthomson@co.slo.ca.us). Your comment will be placed into the administrative record of the meeting.
4. If you choose not to participate in the meeting and wish to submit verbal comment, please call (805) 781-5252 and ask for Wes Thomson. If leaving a message, state and spell your name, mention the agenda item number you are calling about and leave your comment. The verbal comments must be received by no later than 9:00 a.m. on the morning of the noticed meeting and will be limited to 3 minutes. Every effort will be made to include your comment into the record, but some comments may not be included due to time limitations.

#### Mailing Address:

Attn: Wes Thomson  
County Government Center, Room 206  
San Luis Obispo, CA 93408

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**MINUTES (Draft)**

Chairperson: Rick Koon  
Vice Chairperson: Brad Hagemann  
Secretary: Wes Thomson

The following action minutes are listed as they were acted upon by the State Water Subcontractors Advisory Committee (SWSAC) and as listed on the Regular Meeting agenda for **November 20<sup>th</sup>, 2019**, together with staff reports and related documents attached thereto and incorporated therein by reference.

I. Call to Order & Roll Call (Quorum Count)

Call to order at 9:03 AM; a quorum of 7+ was established.

II. Public Comment

No comments

III. Review of Last Meeting's Minutes

Minutes from the September 25 (Regular), and October 23 (Special), 2019, were reviewed and approved. Motion by R. Livick which is seconded by M. Ritter to approve meeting minutes. (Verbal vote – all in favor, and hearing none opposed.)

IV. Water Delivery Operations Report

- a. 2019 Water Delivery Report (thru Oct 2019)
- b. Projected 2019 "End of Year" Stored Water

V. District Staff Report:

a. Delta Conveyance Project

- i. Presentation by C. Howard (District) on the Delta Conveyance Project. The elements of the presentation were as follows:
  - A. What problems is Delta Conveyance trying to address?
  - B. DWR/SWP Contractor Contract amendment negotiations
  - C. Cost estimates and reliability benefits
  - D. Participation decision by the District/Subcontractors
- ii. SWSAC member vote per attached report.
- iii. Public Comment
  - A. Susan Harvey (Sierra Club) – voice opposition and presented statement.
  - B. Cynthia Replogle (Unassociated/Surfrider) – read statement of opposition.

b. Water Supply Contract Extension

- i. Presentation by C. Howard (District) on the Water Supply Contract Extension Amendment. The elements of the presentation were as follows:
  - A. Purpose of Contract Extension
  - B. Extension Amendment Provisions
- ii. SWSAC member vote per attached report.
- iii. Public Comment – None.

c. SWSAC bylaws

- i. Presentation by C. Howard (District) on the status of the recommended update to the SWSAC bylaws. The elements of the presentation were as follows:
  - A. District as non-voting member
  - B. Public Works Director appointment of County Subcontractor representatives
  - C. Quorum number update
- ii. SWSAC member vote per attached report.
- iii. Public Comment – None

VI. Discuss Future Agenda Items

District will provide updates on the following:

- Board direction/action from the upcoming study session with BOS on Jan 14, 2020.
- Operations – 2020 Project Deliveries.
- Water Management Tools Amendment
- Delta Conveyance Negotiations
- Oroville Repair Cost (if available)

Meeting Adjourned at 10:05 AM.

## State Water Subcontractors Advisory Committee November 20, 2019 Voting Record

**Motion 1:** Recommend that the District Board of Supervisors sign the Agreement in Principle (AIP) for the Delta Conveyance Project (DCP) and the funding agreement for a proportionate share of the cost for planning and environmental review for the DCP with the understanding that Subcontractor costs would be amortized over 5 years.

**Motion 2:** Recommend that the District Board of Supervisors move forward with executing the water supply contract extension amendment between the District and DWR.

**Motion 3:** Recommend that the District Board of Supervisors approve the draft bylaws for the State Water Subcontractors Advisory Committee.

| <b>AGENCY</b>     | <b>Motion 1<br/>(DCP)</b> | <b>Motion 2<br/>(Contract Extension)</b> | <b>Motion 3<br/>(Bylaws)</b> |
|-------------------|---------------------------|--|------------------------------|
| CSA 16 (Shandon)  | Vacant                    | Vacant                                   | Vacant                       |
| CMC               | Abstain                   | Abstain                                  | Yes                          |
| County Ops Center | Vacant                    | Vacant                                   | Vacant                       |
| Cuesta College    | Absent                    | Absent                                   | Absent                       |
| Morro Bay         | Yes                       | Yes                                      | Yes                          |
| Pismo Beach       | Abstain                   | Abstain                                  | Yes                          |
| Oceano CSD*       | Yes                       | Yes                                      | Yes                          |
| San Miguelito MWC | Abstain                   | Abstain                                  | Yes                          |
| Avila Beach CSD   | Yes                       | Yes                                      | Yes                          |
| Avila Valley MWC  | Yes                       | Yes                                      | Yes                          |
| SLCUSD            | Absent                    | Absent                                   | Absent                       |

\*The voting member for Oceano CSD was appointed by their Board on August 8, 2018 and December 11, 2019, and is recommended to be confirmed by the District Board of Supervisors.

**TO:** State Water Subcontractors Advisory Committee  
**FROM:** Wes Thomson, P.E.  
**DATE:** March 25, 2020  
**SUBJECT:** Agenda Item VI: Water Delivery Operations Report

**Recommendation**

Receive updates on the 2020 SWP water delivery operations report.

**Discussion**

- A. 2020 Water Delivery Report (thru Feb 2020):** See attached report.
- B. Estimated 2020 “End of Year” Stored Water:** Handout to be provided at SWSAC meeting.

## 2020 STATE WATER DELIVERIES

|                     |                      | JAN        | FEB        | MAR      | APR      | MAY      | JUN      | JUL      | AUG      | SEP        | OCT      | NOV      | DEC      | TOTAL      |
|---------------------|----------------------|------------|------------|----------|----------|----------|----------|----------|----------|------------|----------|----------|----------|------------|
| <i>SHANDON TO</i>   | CSA 16               | 0.0        | 0.0        | -        | -        | -        | -        | -        | -        | -          | -        | -        | -        | 0          |
| <i>CHORRO V. TO</i> | CMC                  | 30.4       | 28.2       | -        | -        | -        | -        | -        | -        | -          | -        | -        | -        | 59         |
|                     | County Ops           | 32.3       | 30.0       | -        | -        | -        | -        | -        | -        | -          | -        | -        | -        | 62         |
|                     | Cuesta               | 14.6       | 13.5       | -        | -        | -        | -        | -        | -        | -          | -        | -        | -        | 28         |
|                     | City of Morro Bay    | 75.8       | 66.3       | -        | -        | -        | -        | -        | -        | -          | -        | -        | -        | 142        |
| <i>LOPEZ TO</i>     | City of Pismo Beach  | 9.0        | 64.4       | -        | -        | -        | -        | -        | -        | -          | -        | -        | -        | 73         |
|                     | Oceano CSD           | 0.0        | 0.0        | -        | -        | -        | -        | -        | -        | -          | -        | -        | -        | 0          |
|                     | San Miguelito MWC    | 7.7        | 7.1        | -        | -        | -        | -        | -        | -        | -          | -        | -        | -        | 15         |
|                     | Avila Beach CSD      | 5.0        | 4.1        | -        | -        | -        | -        | -        | -        | -          | -        | -        | -        | 9          |
|                     | Avila Valley MWC     | 0.7        | 0.3        | -        | -        | -        | -        | -        | -        | -          | -        | -        | -        | 1.0        |
|                     | San Luis Coastal USD | 0.1        | 0.1        | -        | -        | -        | -        | -        | -        | -          | -        | -        | -        | 0.2        |
|                     | <b>TOTAL</b>         | <b>175</b> | <b>214</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>195</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>389</b> |

**Note:** 1. Deliveries based on CCWA monthly delivery reporting and subcontractor request.  
2. All delivery values reported are in volumetric units of acre-feet (AF).

## 2020 DELIVERY REQUESTS

|                     |                      | JAN        | FEB        | MAR        | APR        | MAY        | JUN        | JUL        | AUG        | SEP        | OCT        | NOV        | DEC        | TOTAL       |
|---------------------|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| <i>SHANDON TO</i>   | CSA 16               | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0           |
| <i>CHORRO V. TO</i> | CMC                  | 33         | 33         | 33         | 33         | 33         | 33         | 33         | 33         | 33         | 33         | 33         | 33         | 396         |
|                     | County Ops           | 35         | 35         | 35         | 35         | 35         | 35         | 35         | 35         | 35         | 35         | 35         | 35         | 420         |
|                     | Cuesta               | 16         | 16         | 17         | 17         | 17         | 17         | 17         | 17         | 17         | 17         | 16         | 16         | 200         |
|                     | City of Morro Bay    | 100        | 100        | 100        | 100        | 100        | 100        | 100        | 100        | 100        | 100        | 100        | 100        | 1200        |
| <i>LOPEZ TO</i>     | City of Pismo Beach  | 9          | 0          | 19         | 39         | 68         | 70         | 100        | 90         | 70         | 85         | 39         | 19         | 608         |
|                     | Oceano CSD           | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 30         | 30         | 30         | 30         | 30         | 150         |
|                     | San Miguelito MWC    | 7          | 7          | 10         | 12         | 13         | 13         | 13         | 12         | 9          | 9          | 7          | 8          | 120         |
|                     | Avila Beach CSD      | 1          | 1          | 1          | 1          | 1          | 2          | 3          | 2          | 1          | 1          | 0          | 0          | 14          |
|                     | Avila Valley MWC     | 1.0        | 1.0        | 1.0        | 2.0        | 2.0        | 2.0        | 2.0        | 2.0        | 2.0        | 2.0        | 1.0        | 2.0        | 20          |
|                     | San Luis Coastal USD | 0.5        | 0.5        | 0.5        | 0.5        | 0.5        | 0.5        | 0.5        | 0.5        | 0.5        | 0.5        | 0.5        | 0.5        | 6           |
|                     | <b>TOTAL</b>         | <b>203</b> | <b>194</b> | <b>217</b> | <b>240</b> | <b>270</b> | <b>273</b> | <b>304</b> | <b>322</b> | <b>298</b> | <b>313</b> | <b>262</b> | <b>244</b> | <b>3134</b> |

**Note:** DWR delivery allocation assumed\* = 100%

\*Assumes District can supply requested delivery under 100% allocation scenario.

### STATE WATER PROJECT

San Luis Obispo County Flood Control and Water Conservation District

P:\State Water\Water Ops\DELIVERY\Actuals\2020\District Accounting and Analysis\Subcon-Deliveries\_2020-01 thru 02

Prepared by WT, 3/20/2020

**TO:** State Water Subcontractors Advisory Committee

**FROM:** Wes Thomson, P.E.

**DATE:** March 25, 2020

**SUBJECT:** Agenda Item V: Ongoing Updates

**Recommendation**

Receive updates on various ongoing efforts.

**Discussion**

**A. Water Management Contract Amendment and Planned Study with CCWA**

1. Water Management “Tools” (WMT) Contract Amendment – The agreement in principle (AIP) that was negotiated in 2018/19 provides improved transfer and exchange opportunities within the SWP (see attached; also provided for Subcontractor review in July 2019). The need for additional transfer/exchange options became apparent during the 2012-2016 drought and the Contractors made their case to DWR that the changes needed to provide more flexibility would require a contract amendment. The draft EIR is out now for review & comment until April 13, 2020, and contract language is being developed concurrently by DWR – potentially ready for review within the next 30-60 days. We will provide that for Subcontractor review as soon as it is available. At this time, it’s not clear yet if DWR will execute and make the amendment effective as the Contractors execute (i.e., implement on a rolling basis) or if they need to have a threshold met.
2. Joint Study with CCWA – Opportunities & Objectives: SLO County FCWCD and CCWA have similar existing challenges but also see opportunities ahead, as “neighbors” within the SWP, to collaborate and maximize our shared facilities to improve how we manage the state water supply for the central coast. Challenges include storage limitations in San Luis Reservoir and decreasing state water project long-term capability due to new regulatory measures. That said, the water management tools offer new opportunities to maximize the Table A water within the coastal branch, potentially utilizing known excess capacity in the system, and develop new strategies to support one another in emergencies or under extended drought conditions.
3. Next Steps (WMT Study): We have worked with CCWA to develop a draft RFQ to solicit professional services for the proposed joint MWT study. The consultant would help us identify “water management alternatives” (physical and administrative methods to optimize the overall management of the supply). The current goal is to have a consultant selected and the contract negotiated by May, and to get the Board of Supervisors’ approval on the funding at the May 19, 2020 meeting. However, the new circumstances related to the COVID-19 pandemic will likely impact the schedule.

**B. DCP Negotiations**

The negotiations between DWR and the Contractors resumed on March 18, 2020, with the Contractors responding to DWR’s 6<sup>th</sup> offer (from Nov 15<sup>th</sup>, 2019) by providing their 7<sup>th</sup> offer (see attached).

The intent behind this approach is to see if there is a path forward under DWR’s 6<sup>th</sup> offer which was a shift in the approach to the project cost allocation and provides for a simpler way for DWR



to manage the operations. The Contractors seek to make a minimal number of changes to the contract with this amendment, but ensure that the benefits attributable to a delta conveyance facility are clearly defined and that there is an accounting structure that will ensure that the PWAs (public water agencies) bearing the cost of the facility will receive the additional supply and delivery reliability benefits.

The PWA's 7<sup>th</sup> offer defined the DCF benefits as follows:

*DCF Benefits shall mean those water supply and capacity benefits attributable to the DCF including but not limited to: (1) Table A water supplies; (2) Article 21 water supplies; (3) carriage water savings; (4) water supply and capacity in the event of a temporary or permanent disruption of Clifton Court Forebay; and (5) capability to move non-project water through the proposed DCF.*

Additionally, the amendment would provide a way for a PWA to opt-out of the project, under the condition that they waive and forego the defined benefits determined to be attributable to the project facility.

PWAs who participate would be billed for Delta Conveyance Facilities Charge Components through their annual Statement of Charges (SOC), and those who opt-out would not see this on their SOC.

The PWAs and DWR are now working to develop a whitepaper that will detail out conceptually how the technical project and water accounting operations could work; negotiations are tentatively set to resume again on April 1, and we understand that the draft whitepaper from the PWAs will be available for public review once it is submitted for DWR's consideration.

The agenda and related documents for the SWP Contract Amendment for Delta Conveyance meetings are posted on the Department of Water Resources Box site, here:

<https://cadwr.box.com/s/irusyewojv4nwzmxzfzngzhmgli9sswcw>.

Additional information can be found on DWR's website, here:

<https://water.ca.gov/Programs/State-Water-Project/Management/Delta-Conveyance-Amendment>

### **C. Water Supply Contract Extension**

The latest update from the State Water Contractors on the Water Supply Contract Extension is that DWR is currently working to address some associated legal issues. There is a "Certifying of Record" which needs to be done mid-July, and then it is anticipated that there will be a trial after that to occur late in the year or in early 2021. Until these steps get worked through, DWR will not be able to move forward to implement the new provisions (mainly financial-related) in the contract amendment. The District will continue to closely monitor this item and keep the Subcontractors updated as it evaluates the opportunity to execute the amendment.

Additional information can be found on DWR's website, here:

<https://water.ca.gov/Programs/State-Water-Project/Management/Water-Supply-Contract-Extension>

**D. Advisory Committee Member Appointments & Bylaws**

On February 4, 2020, the Board of Supervisors approved the bylaws which the SWSAC approved on November 20, 2019 (see attached), and appointed the following agency nominations to the SWSAC:

| <b>Appointee</b> | <b>Status</b>    | <b>Representing</b>                  | <b>Replacing</b> |
|------------------|------------------|--------------------------------------|------------------|
| Shirley Gibson   | Member           | Oceano CSD                           | Jim Coalwell     |
| Allene Villa     | Alternate Member | Oceano CSD                           | Andrew Brunet    |
| Mike Ritter      | Member           | Avila Valley<br>Mutual Water Company | Joe Rappa        |
| Bob Owen         | Alternate Member | Avila Valley<br>Mutual Water Company | Jerry Hartzell   |

## DRAFT WORKING DOCUMENT FOR PUBLIC DISCUSSION

Draft 4 – May 20, 2019

Doc # 00124

### Draft Agreement in Principle for the SWP Water Supply Contract Amendment for Water Management

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

#### **DRAFT Proposed Project Objective**

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

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

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

##### **1. Water Transfers.**

- 1.1. **Terms of a Transfer Agreement:** The PWAs shall determine duration and compensation for all transfers; this includes allowing single, Transfer Packages and multi-year transfers to be as long as the remainder of the term of the contract.
- 1.2. **Transfer Package Definition:** A Transfer Package is comprised of two or more transfer agreements between the same PWAs. If a transfer package is presented to DWR for approval, DWR shall consider each proposed transfer within the package at the same time and shall apply the transfer criteria listed below in the review of each transfer. DWR shall not reclassify a Transfer Package or Transfer as an exchange.
- 1.3. All contract language in Article 56(d) and language related to the Turnback Pool shall be removed.

##### **2. Water Exchanges.**

## DRAFT WORKING DOCUMENT FOR PUBLIC DISCUSSION

Draft 4 – May 20, 2019

Doc # 00124

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

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

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

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

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

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

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

- 3.1. **Buyers and Sellers in Same Year.** PWAs may be both buyers and sellers in the same year and enter into multiple transfers and/or exchanges in the same year.
- 3.2. Basic Criteria Required for Proposed Transfers and Exchanges.
- 3.2.1 Transfers and exchanges must be transparent.
- 3.2.2 Transfers and exchanges must not harm non-participating PWAs.
- 3.2.3 Transfers and exchanges must not create significant adverse impacts in a PWA service area.
- 3.2.4 Transfers and exchanges shall comply with all applicable laws and regulations.

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Doc # 00124

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

The DWR Director shall have discretion to approve exceptions.

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

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

## DRAFT WORKING DOCUMENT FOR PUBLIC DISCUSSION

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

## DRAFT WORKING DOCUMENT FOR PUBLIC DISCUSSION

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- 4.1.2. That the relevant terms of the transfer/exchange have been provided to all State Water Project PWAs and the SWC Water Transfer Committee;
  - 4.1.3. That the PWA is informed and believes that this transfer/exchange will not harm other SWP PWAs, or impact SWP operations.
  - 4.1.4. That the PWA is informed and believes that the transfer/exchange will not affect its ability to make all payments, including payments for its share of the financing costs of DWR's Central Valley Project Revenue Bonds, when due, under its water supply contract.
  - 4.1.5. That the PWA has considered the potential impacts of the transfer/exchange within the PWA's service area.
- 4.2. Add language to the contract that requires PWAs parties to an exchange or transfer to publicly post and provide information to non-party PWAs. The PWAs and DWR agree that DWR will send a Notice to Contractors to outline the following process related to transparency for transfers and exchanges:

At the time the PWA parties submit the Contract Information Form to DWR, they will provide the Contract Information Form to the non-party PWAs. During the time period beginning with the PWA parties submitting the Contract Information Form to DWR and the time before there is a final agreement with DWR for storage or conveyance, the PWA parties will publicly post information regarding the transfer or exchange. If applicable, the PWA parties will request the State Water Contractor Board to support the water transfer. If the State Water Contractor board votes to support the transfer or exchange, the General Manager will send a letter of support to DWR and to the non-party PWAs. Once a storage or conveyance agreement is completed it will be provided to the non-party PWAs.

- 4.3. If requested by the DWR Director with respect to any confirmation of Basic Criteria for Transfers, Exchanges and Carryover Water, the PWA shall cooperate with DWR in providing DWR with information supporting the basis for the confirmation or basic criteria.

### 5. **Stored Water/Carryover Water.**

- 5.1. **Store and Transfer SWP Water in the Same Year.** Modify Article 56(c)(4) and any other applicable sections to allow PWAs to store and transfer Table A water in the same year and modify Article 56(c) and any other applicable

## DRAFT WORKING DOCUMENT FOR PUBLIC DISCUSSION

Draft 4 – May 20, 2019

Doc # 00124

sections to allow a PWA to transfer Table A water to another PWA's service area. DWR will continue to coordinate through the PWAs under the existing SWP contracts.

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

- 5.2.1 Carryover water available for transfer or exchange in this amendment is defined only as stored water described in Article 56(c)(1) and 56(c)(2) and not 12(e).
- 5.2.2 Carryover water may only be exchanged or used in single-year transfers.
- 5.2.3 The PWA purchasing the carryover water must take delivery, in its service areas, unless an exemption is granted under 5.2.8.
- 5.2.4 A PWA may transfer or exchange up to 50% of its carryover water.
- 5.2.5 A PWA may transfer/exchange greater than 50% of its carryover water, if the PWA demonstrate that the transfer or exchange of carryover water will not prevent it from meeting critical water needs in the current year or the following year and obtain approval by DWR Director.
- 5.2.6 All transfer and exchange of carryover water are subject to section 4.2.
- 5.2.7 The PWA receiving the water must confirm that the PWA has a need for that water for use within its service area during the current year unless an exception is granted under 5.2.8.
- 5.2.8 A PWA may request an exception for the following, but not limited to, from the DWR Director:
  - 5.2.8.1 For any exceptions to the criteria listed above;
  - 5.2.8.2 Requests for the transfer and exchange of stored (or carryover) water prior to this water being displaced; and
  - 5.2.8.3 Using San Luis Reservoir as the transfer/exchange point.

## II. ENVIRONMENTAL REVIEW PROCESS



**DRAFT WORKING DOCUMENT FOR PUBLIC DISCUSSION**

Draft 4 – May 20, 2019

Doc # 00124

1. DWR and the PWAs agree that this AIP is intended to be used during the environmental review process for the California Environmental Quality Act (CEQA), to define the proposed project description for the purposes of CEQA, and to permit the next steps of the SWP water supply contract amendment process, including scoping and the preparation of the EIR. The AIP principles are not final contract language and do not represent a contractual commitment by either DWR or the PWAs to approve any proposed project or to sign contract amendments. By concurring with the AIP, DWR and the PWAs express their intent to move forward with the CEQA process with DWR as lead agency and the PWAs as responsible agencies, and ultimately develop a proposed project consisting of contractual amendments consistent with the AIP principles and prepare the EIR for consideration by DWR and the PWAs.
2. At the end of the CEQA process and in compliance with CEQA, DWR and the PWAs will each individually evaluate the EIR and contract amendments, exercise their independent judgment, and determine whether or not to certify the EIR, approve the proposed project and sign the contract amendments or to approve an alternative project. Consequently, even though DWR and the PWAs have agreed to the AIP for the purposes described in the preceding paragraphs, DWR and each PWA retain their full discretion under CEQA to consider and adopt mitigation measures and alternatives, including the alternative of not going forward with the proposed project.

**AGREEMENT IN PRINCIPLE DRAFT WORKING DOCUMENT**  
Draft – March 2020  
**COMPREHENSIVE TRACK-CHANGES VERSION**

This working document for an agreement in principle is developed from the State Water Contractor Public Water Agencies' offers presented from July 24, 2019 to present, the Department of Water Resources' offers presented from July 31, 2019 to present, and information discussed and presented by the technical work groups. The content and format of this document are preliminary in nature and subject to modification.

Language in this document is formatted in order to aid the reader in distinguishing new text from the PWAs in response to DWR's Sixth Offer, negotiation document #082, dated December 20, 2019.

- **Red text identifies** PWAs' seventh offer and the counteroffer to DWR's sixth offer.

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

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

**AIP Objective:**

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

**AIP Outline:**

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

I. Definitions

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

II. Objective 1 - Availability of an option to ~~avoid opt out of, or partially avoid,~~ costs and DCF benefits of the DCF

- a. This AIP makes available to each PWA an option to ~~avoid opt out, or partially avoid, of the,~~ costs and benefits of the DCF through a contract amendment that establishes a Statement of Charges percentage of a DCF project with benefits based on the percentages in the Delta Conveyance Allocation Factors table credit in exchange for expressly waiving rights to water diverted at or conveyed through attributable to the DCF, as described in Section VI of this AIP.
- b. PWAs indicating an intent to ~~avoid opt out, or partially avoid of,~~ costs and benefits of the DCF shall be described in Section VIII of this AIP.
- c. An option to ~~avoid opt out, of or partially avoid,~~ DCF costs and benefits ~~of the DCF~~ are limited such that a PWA must ~~avoid opt out of~~ at least a minimum 100% of its Municipal and Industrial

Table A or 100% of its Agricultural Table A. This provision doesn't prohibit a PWA from taking more than their Table A share, if available, in the Delta Facilities Allocation Factor table.

- III. Objective 2 - Availability of an option to assume ~~, or partially assume, costs~~ additional costs and benefits of the DCF
- a. This AIP makes available to each PWA an option to assume ~~, or partially assume,~~ additional costs and benefits of the DCF through a contract amendment that establishes additional costs on the Statement of Charges surcharge in exchange for DCF Benefits enumerated additional rights to water diverted at or conveyed through the DCF, as described in Section VI of this AIP.
  - b. PWAs indicating an intent to assume ~~, or partially assume,~~ DCF costs and benefits ~~of the DCF~~ shall be described in Section V~~III~~ of this AIP.
- IV. Objective 3 - Pursuit of State Water Project Delta Conveyance Facilities under the State Water Project Water Supply Contracts
- a. The DCF shall be constructed and operated as an integrated component of the State Water Project, and DWR will continue to operate the State Water Project at its sole discretion.
  - b. The DCF is an authorized component of the State Water Project pursuant to California Water Code sections 11100 et seq. and 12930 et seq.
  - ~~c. Effective Date: A contract amendment pursuant to this AIP shall have an effective date no sooner than the billing transition date set forth in State Water Project Water Supply Contract Amendment known as The Contract Extension Amendment.~~
  - cd. Administration of DCF: DWR will account for Project Water attributable to diverted at and conveyed through the DCF and DWR will determine whether or not that Project Water would not have been available at Clifton Court Forebay consistent with the attached whitepaper.
- V. Objective 4 - Delta Conveyance Facility billing ~~credits and surcharges~~
- a. These costs would be billed to and collected from SWP PWAs consistent with the Delta Facilities Allocation Factor table below through their annual Statement of Charges (SOC).
  - b. Delta Conveyance Facilities Charge Components: The purpose of the Delta Conveyance Facilities is water conservation and/or transportation. Accordingly, all capital and minimum operations, maintenance, power and replacement (OMP&R) costs associated with the Delta Conveyance Facilities are 100% reimbursable and shall be recovered by DWR from

PWAs through their annual SOCs consistent with the Delta Facilities Allocation table. These costs shall be allocated to and billed under two new charges as follows:

(1) Delta Conveyance Facilities Capital Charge Component

(2) Delta Conveyance Facilities Minimum OMP&R Component

**c. Delta Conveyance Facilities Capital Charge Component Method of Computation**

1. This computation will recover actual annual debt service created by financing activities (Financing Method) for Delta Conveyance Facilities.
2. Each Financing Method shall provide an annual repayment schedule, which includes all Financing Costs.
3. Financing Costs shall mean the following: Principal of and interest on Revenue Bonds, debt service coverage required by the applicable bond resolution or indenture in relation to such principal and interest, deposits to reserves required by the bond resolution or indenture in relation to such Revenue Bonds, and premiums for insurance or other security obtained in relation to such Revenue Bonds.

**d. Financing Method shall be divided into four categories: Delta Conveyance Facilities Capital Costs paid with the proceeds of Water System Facility Revenue Bonds; Delta Conveyance Facilities Capital Costs paid with amounts in the State Water Resources Development System Reinvestment Account; Delta Conveyance Facilities Capital Costs paid annually for assets that will have a short Economic Useful Life or the costs of which are not substantial, and Delta Conveyance Facilities Capital Costs prepaid by the PWAs consistent with the Delta Facilities Allocation table.**

**e. Delta Conveyance Facilities Capital Charge Component should be allocated to the PWAs in proportion to the Delta Conveyance Facilities Allocation Factors for each calendar year and consistent with the Delta Facilities Allocation table.**

**f. Delta Conveyance Facilities Minimum OMP&R Charge Component Method of Computation**

1. Recovery will be estimated and/or actual annual OMP&R costs determined for the Delta Conveyance Facilities each year.

2. Delta Conveyance Facilities Minimum OMP&R Charge Component shall be allocated to the PWAs in proportion to the Delta Conveyance Facilities Allocation Factors for each calendar year.

g. Delta Conveyance Facilities Energy Charges – The Delta Conveyance energy costs are 100% reimbursable by the PWAs and the methodology will be determined by the SWRDS Finance Committee.

h. Redetermination – These charges shall be subject to redetermination.

b.i. Delta Conveyance Facilities Allocation Factors – The following table is a preliminary allocation of Delta Conveyance Facilities participation percentages. Only PWAs with a greater than 0 percentage would be billed for Delta Conveyance Facilities Charge Components through their annual SOC, using the Delta Conveyance Facility Allocation Factors described in the table. PWAs with a zero allocation factor would not be billed for repayment of costs for construction, operation and maintenance of facilities associated with Delta Conveyance, except to the extent there is a permanent transfer of Table A which would increase a PWA from a greater than zero allocation factor through a subsequent contract amendment.

| <b>Public Water Agency</b>               | <b>Delta Conveyance Facilities Allocation Factors</b> |
|--|---|
| City of Yuba City                        | 0   |
| County of Butte                          | 0   |
| Plumas County FC&WCD                     | 0   |
| Napa County FC&WCD                       | 0   |
| Solano County Water Agency               | 0   |
| Alameda County FC&WCD, Zone 7            |   |
| Alameda County Water District            |   |
| Santa Clara Valley Water District        |   |
| Dudley Ridge Water District              |   |
| Empire-West Side Irrigation District     | 0   |
| Kern County Water Agency-Total           |   |
| County of Kings                          | 0   |
| Oak Flat Water District                  | 0   |
| Tulare Lake Basin Water Storage District | 0   |
| San Luis Obispo County FC&WCD            |   |
| Santa Barbara County FC&WCD              | 0   |
| Antelope Valley-East Kern Water Agency   |   |

|  |          |
|--|----------|
| Santa Clarita Valley Water Agency                      |          |
| Coachella Valley Water District                        |          |
| Crestline-Lake Arrowhead Water Agency                  |          |
| Desert Water Agency                                    |          |
| Littlerock Creek Irrigation District                   | 0        |
| Mojave Water Agency                                    |          |
| Palmdale Water District                                |          |
| San Bernardino Valley Municipal Water District         |          |
| San Gabriel Valley Municipal Water District            |          |
| San Geronio Pass Water Agency                          |          |
| The Metropolitan Water District of Southern California |          |
| Ventura County Watershed Protection District           |          |
| Total  | 100.000% |
|  |          |

**Statement of Charges**

- ~~i. DCF costs shall be billed to and collected from each PWA through the annual Statement of Charges on a separately stated line item comprised of the following components: DCF Capital Charge; DCF Minimum Operations, Maintenance, Power and Replacement Charge; and DCF Variable Operations, Maintenance, Power and Replacement Charge.~~
- ~~ii. These charges shall be subject to redetermination.~~
- ~~b. Upon completion of this AIP, DWR will propose contract amendments establishing the following:~~
  - ~~i. A credit for the costs associated with construction and operation of the DCF for PWAs that indicated an intent to avoid, or partially avoid, costs and benefits of the DCF as recorded in Section VIII of this AIP.~~
  - ~~ii. A surcharge for the costs associated with construction and operation of the DCF for the PWAs that indicated an intent to assume, or partially assume, costs and benefits of the DCF as recorded in Section VIII of this AIP.~~
- ~~c. Upon completion of this AIP, DWR shall determine the specific proportions of participation in the DCF based upon Section VIII of this AIP. These proportions will be reflected in the draft contract amendments prepared by DWR for PWAs indicating an intent to avoid or assume costs and benefits of the DCF.~~
- ~~d. DWR will not propose contract amendments and will not execute said amendments that will in the judgment of the State impair the financial feasibility of project facilities~~



VI. Objective 5 - Delta Conveyance Facility benefits allocation

- a. PWAs that execute a contract amendment to ~~opt out, avoid, or partially avoid~~ of DCF costs and benefits ~~of the DCF~~ will agree, within that amendment, to the following:
- i. A credit to its Statement of Charges as set forth in Section V of this AIP will not appear on its Statement of Charges.
  - ii. Forego and waive any contractual rights to the following:
    - a) Right to or delivery of Project Water diverted at and conveyed through the DCF attributable to the DCF. Provided that DWR ~~determines~~ calculates that such water would not have been available for diversion at Clifton Court Forebay. This AIP will not modify the amounts within Table A but will memorialize this limited ~~Table A~~ reduction for DCF Benefits by ~~amending~~ adding a footnote to the PWA's Table A ~~with a footnote recognizing this new constraint upon its rights and deliveries to reflect their zero allocation for DCF Benefits~~.
    - b) ~~Forego and waive~~ Any contractual rights to or delivery of Article 21 Interruptible Water prior to the point(s) in time each year DWR ~~calculates~~ determines that the SWP share of San Luis Reservoir storage will be displaced by pumping from Clifton Court Forebay for storage in San Luis Reservoir and after displacement of an amount of water in San Luis Reservoir equal to the amount of Project Water diverted at or conveyed through the DCF. Provided that, when supply of Article 21 Interruptible Water is greater than demand for Article 21 Interruptible Water, this constraint shall not prohibit DWR from offering and a PWA from taking delivery of said water. [See Illustration 1.] DWR will administer Article 21 consistent with the white paper, including charging Fair Compensation.
    - c) Right to any Article 21 water that is diverted through the DCF after Point B. Provided that, when supply of Article 21 Interruptible Water is greater than demand for Article 21 Interruptible Water, this constraint shall not prohibit DWR from offering and a PWA from taking delivery of said water for Fair Compensation.
    - d) For the North of Delta PWAs DWR will not change the current administrative process for determining the availability of Article 21. This will be documented in a Notice to Contractors.
    - e) Right to a share of available DCF conveyance capacity unused by DWR for SWP purposes to convey non-SWP project water.
    - f) Right to a share of use available DCF conveyance capacity to convey allocated SWP supplies in the event that pumping directly from the south Delta is prevented or impaired by sea level rise, seismic events, flooding, or other uncontrollable event.

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- g) Right to carriage water savings that DWR determines are realized during its operation of any DCF for purposes of conveying Project Water.
  - h) Right to any credit from wheeling charges to third parties collected by DWR for use of available DCF conveyance capacity.
  - e) ~~Forego and waive any contractual~~ Rights to use of the DCF, unless a subsequent contract with DWR is entered that provides for payment of capital, fixed and variable costs associated with such use.
  
- b. PWAs that execute a contract amendment to assume, ~~or partially assume,~~ costs and benefits of the DCF will agree, within that amendment, to the following:
  - i. ~~A surcharge to its~~ Costs will appear on the Statement of Charges as set forth in the table in the percentages shown in Section V of this AIP.
  - ii. ~~Additional contractual rights to~~ benefits in proportion to the percentage table in Section V of this AIP of the DCF, including but not limited to:
    - a) ~~A right of first refusal for the D~~ elivery of Table A amounts diverted at and conveyed through the DCF, foregone by PWAs avoiding the benefits of the DCF. Provided that this right of first refusal is limited by the proportion assumed of all foregone benefits as set forth in a contract amendment. This AIP will not modify the amounts within Table A but will memorialize this limited Table A addition DCF Benefits ~~by amending the PWA's Table A with a footnote recognizing this new addition of rights~~ the DCF Benefits.
    - b) ~~iii. A right of first refusal for the delivery of Article 21 Interruptible Water~~ attributable to DCF foregone by PWAs avoiding the benefits of the DCF. Provided that this right of first refusal is limited by the proportion assumed of all foregone benefits as set forth in a contract amendment.
    - c) ~~A right of first refusal for a proportional share of A~~ available DCF conveyance capacity unused by DWR for SWP purposes, to convey non-SWP project water. Provided that this right of first refusal is limited by the proportion assumed of all foregone benefits as set forth in a contract amendment.
    - d) ~~Right to a share of~~ Carriage water savings that DWR determines are realized during its operation of any DCF for purposes of conveying Project Water. Provided that this right of first refusal is limited by the proportion assumed of all foregone benefits as set forth in a contract amendment.
    - e) ~~A right of first refusal for a proportional share of A~~ available DCF conveyance capacity to convey allocated SWP supplies in the event that pumping directly from the south Delta is prevented or impaired by sea level rise, seismic events, flooding, or other uncontrollable event. Provided that this right of first refusal is

limited by the proportion assumed of all foregone benefits as set forth in a contract amendment.

f) A credit from wheeling charges to third parties collected by DWR for use of available DCF conveyance capacity.

VII. Objective 6 - Affect upon other Water Supply Contract provisions

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

VIII. Intent to seek approval of option to avoid or assume costs and benefits of Delta Conveyance Facilities of the State Water Project Other Provisions

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

Within the parameters set forth in Section II of this AIP, the following table indicates the intent of each PWA to seek either (1) a contract amendment to avoid costs and benefits of the DCF, or (2) a contract amendment to assume costs and benefits of the DCF, or (3) to maintain the current contracted Table A proportion of the DCF. The table also indicates the intended level of participation by each PWA, equal to contracted Table A if maintaining existing contract, or greater than contracted Table A if exercising an option to assume costs and benefits of the DCF.

| <b>State Water Project Contractor Public Water Agency</b>           | <b>Exercising Option to Avoid</b> | <b>Exercising Option to Assume</b> | <b>Maintaining Existing</b> |
|---|-----------------------------------|------------------------------------|-----------------------------|
| Alameda County Flood Control and Water Conservation District Zone 7 | N                                 | Y (% TBD)                          | N                           |
| Alameda County Water District                                       | N                                 | Y (% TBD)                          | N                           |
| Antelope Valley East Kern Water Agency                              | N                                 | Y (% TBD)                          | N                           |
| City of Yuba City   | Y                                 | N                                  | N                           |
| Coachella Valley Water District                                     | N                                 | Y (% TBD)                          | N                           |
| County of Butte   | Y                                 | N                                  | N                           |
| County of Kings - Government Center                                 | Y                                 | N                                  | N                           |
| Crestline Lake Arrowhead Water Agency                               | N                                 | Y (% TBD)                          | N                           |
| Desert Water Agency   | N                                 | Y (% TBD)                          | N                           |

|  |   |           |   |
|--|---|-----------|---|
| Dudley Ridge Water District  | Y | N         | N |
| Empire West Side Irrigation District                                 | Y | N         | N |
| Kern County Water Agency   | N | Y (% TBD) | N |
| Little Rock Creek Irrigation District                                | N | Y (% TBD) | N |
| Metropolitan Water District of Southern California                   | N | Y (% TBD) | N |
| Mojave Water Agency  | N | Y (% TBD) | N |
| Napa County Flood Control and Water Conservation District            | Y | N         | N |
| Oak Flat Water District  | Y | N         | N |
| Palmdale Water District  | N | Y (% TBD) | N |
| Plumas County Flood Control and Water Conservation District          | Y | N         | N |
| San Bernardino Valley Municipal Water District                       | N | Y (% TBD) | N |
| San Gabriel Valley Municipal Water District                          | N | Y (% TBD) | N |
| San Geronimo Pass Water Agency                                       | N | Y (% TBD) | N |
| San Luis Obispo County Flood Control and Water Conservation District | N | Y (% TBD) | N |
| Santa Barbara County Flood Control and Water Conservation District   | Y | N         | N |
| Santa Clara Valley Water District                                    | N | Y (% TBD) | N |
| Santa Clarita Valley Water Agency                                    | N | Y (% TBD) | N |
| Solano County Water Agency   | Y | N         | N |
| Tulare Lake Basin Water Storage District                             | Y | N         | N |
| Ventura County Watershed Protection District                         | N | Y (% TBD) | N |

IX. Environmental Review Process

DWR and the PWAs agree that this AIP is intended to be used during the environmental review process for the California Environmental Quality Act (CEQA), to define the proposed project description for the purposes of CEQA, and to permit the next steps of the SWP water supply contract amendment process, including scoping and the preparation of the EIR. The AIP principles are not final contract language and do not represent a contractual commitment by either DWR or the PWAs to approve any proposed project or to sign contract amendments. By concurring with the AIP, DWR and the PWAs express their intent to move forward with the CEQA process with DWR as lead agency and the PWAs as responsible agencies, and ultimately develop a proposed project consisting of contractual amendments consistent with the AIP principles and prepare the EIR for consideration by DWR and the PWAs.

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

# BYLAWS

## STATE WATER SUBCONTRACTORS ADVISORY COMMITTEE

SAN LUIS OBISPO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT

*Adopted November 2019; Approved by the Board of Supervisors February 4, 2020*

### 1. NAME

The name of the advisory committee described herein shall be the State Water Subcontractors Advisory Committee ("Committee").

### 2. BACKGROUND

The San Luis Obispo County Flood Control and Water Conservation District ("District") entered into an agreement with the State of California ("State") pursuant to which the State furnishes a water supply ("State Water") to the District. The District subsequently entered into subcontracts ("Water Supply Agreements") with various water suppliers ("Subcontractors") pursuant to which the District furnishes State Water to the Subcontractors. Article 31 of the Water Supply Agreements provides for the formation of an advisory group as more specifically described below.

### 3. PURPOSE, RESPONSIBILITY, AND AUTHORITY

- a. **Purpose:** Pursuant to Article 31 of the Water Supply Agreements, the purpose of the Committee is *"to monitor all aspects of [the Water Supply Agreements] [...] and to advise the governing bodies of District and [Subcontractors] on the functioning of [the Water Supply Agreements] [...], and to recommend to the governing bodies of District and [Subcontractors] any modifications to said agreements that may, from time to time, be appropriate."*
- b. **Authority and Limitations:** The Committee's authority is that of an advisory committee to the San Luis Obispo County Board of Supervisors in its capacity as the San Luis Obispo County Flood Control and Water Conservation District Board of Supervisors ("District Board of Supervisors") regarding the needs and desires of the Subcontractors.
- c. **Role of the District Board of Supervisors:** The District Board of Supervisors may approve, alter, or return any recommendation of the Committee.
- d. **Brown Act Compliance:** The Committee shall comply with all applicable laws, including, but not limited to, the Ralph M. Brown Act (Government Code §§ 54950 et seq.).

#### 4. MEMBERS AND TERMS OF MEMBERSHIP

**General Membership:** Membership on the Committee shall be available to representatives from all Subcontractors and the District. The Committee shall consist of one member (and one alternate member) representing each Subcontractor and one non-voting member (and one non-voting alternate member) representing the District. The alternate member representing each Subcontractor and the District is only authorized to participate as a member on the Committee in the absence of the member.

- a. **Appointment of Members:** Each Subcontractor may nominate a member and an alternate member to represent them on the Committee subject to confirmation by the District Board of Supervisors. Said members shall serve at the pleasure of the governing board of the respective Subcontractor and may be removed at any time by either the District Board of Supervisors or the Subcontractor's governing body, provided that the District Board of Supervisors shall have no authority to replace a removed member with an individual who has not been nominated by the relevant Subcontractor. The member and alternate member representing the District and County Subcontractors shall be County staff from the Public Works Department appointed by and serving at the pleasure of the San Luis Obispo County Director of Public Works.
- b. **Subcontractors:** Committee membership is available to the following District Subcontractors:
  - i. County Service Area No.16 (Improvement District No. 1, Shandon)
  - ii. State of California Department of Corrections (California Men's Colony, San Luis Obispo)
  - iii. County of San Luis Obispo (County Operations Center and El Chorro Regional Park)
  - iv. San Luis Obispo County Community College District (Cuesta College Campus, San Luis Obispo)
  - v. City of Morro Bay
  - vi. City of Pismo Beach
  - vii. Oceano Community Services District
  - viii. San Miguelito Mutual Water Company
  - ix. Avila Beach Community Services District
  - x. Avila Valley Mutual Water Company
  - xi. San Luis Coastal Unified School District
- c. **Vacancies:** Should a member resign or leave the Committee, the alternate member shall serve until a new appointment is made.

## 5. OFFICERS

- a. **Officers:** Officers of the Committee shall consist of a Chair and Vice Chair who shall be elected by the Committee at the first regular meeting of each year.
- b. **Chair Duties:** It shall be the duty of the Committee Chair to (1) preside over all meetings of the Committee, (2) call special meetings of the Committee when necessary consistent with all legal requirements, and (3) appoint subcommittees subject to the confirmation of the Committee.
- c. **Vice Chair Duties:** It shall be the role of the Vice Chair to fulfill the duties of the Chair in his or her absence, and then the Vice Chair shall become the Chair in the following year.
- d. **Committee Administrative Duties:** The administrative duties that are of a secretarial nature shall be handled by District Staff, including keeping meeting minutes, agenda preparation, and correspondence.
- e. **Term:** No elected officer of the Committee shall serve more than two (2) consecutive full one-year terms in the same office.
- f. **Vacancies:** The Vice Chair shall assume the role of Chair in the absence or resignation of the Chair. Vacated officer positions shall be filled by election of the Committee at the next meeting.

## 6. SUBCOMMITTEES

- a. **Purpose:** Subcommittees shall be formed for the limited purpose of providing in-depth knowledge on specific issues related to the interest of the Subcontractors.
- b. **Formation:** Subcommittees shall be formed, and its members appointed by the Chair, subject to the confirmation of the Committee.

## 7. MEETING CONDUCT AND ADMINISTRATION

- a. **Notice of Meetings:** Meetings shall be noticed and conducted in accordance with all applicable laws, including but not limited to the Ralph M. Brown Act (Government Code §§ 54950 et seq.).

- b. **Preferred Meeting Dates, Duration and Location:** Regular meetings of the Committee shall be held on a schedule established by the Committee at the first meeting of each year.
- c. **Frequency:** Meetings of the Committee shall meet at least four times per year. Additional meetings may be scheduled as agreed upon by a majority vote of the Committee.
- d. **Presiding Officer:** If both the Chair and the Vice Chair are unable to preside, District Staff shall assume the role of Chair for the Committee meeting.
- e. **Minutes and Other Records of Business:** District Staff shall keep written notes and an audio recording of each Committee meeting, and shall also be responsible for correspondence, files, and general administration of the Committee. Audio recordings will be kept on file in the San Luis Obispo County Public Works Department office until meeting minutes have been approved by the Committee.
- f. **Special Meetings:** Special meetings of the Committee may be called at any time by the Chair or a majority of the Committee members subject to satisfaction of all legal requirements.
- g. **Quorum:** A quorum of the Committee shall consist of 5 members.
- h. **Voting:** With the exception of the District, each member of the Committee shall be entitled to one (1) vote on all matters before the Committee and any decision (i.e. election of Chair and Vice Chair) or recommendation to the District Board of Supervisors shall be supported by a majority vote.
- i. **Alternate Notification:** It shall be the responsibility of a Committee member who will be absent to contact said member's alternate to attend the meeting in his or her place.
- j. **Member Updates:** Members are encouraged to provide an update on water resource issues relevant to his or her agency at least once per year.

## 8. BYLAW REVISIONS

Bylaws shall be reviewed every two (2) years for recommended updates, or more often if requested by the Committee.