



Santa Clara Valley Water District Board of Directors Meeting

Headquarters Building Boardroom
5700 Almaden Expressway
San Jose, CA 95118

***AMENDED/APPENDED**
AMENDED 5:00 P.M. SPECIAL BOARD MEETING ON
CALIFORNIA WATERFIX
AGENDA

Wednesday, May 2, 2018
5:00 PM

***ITEMS AMENDED AND/OR APPENDED SINCE THE ORIGINAL PUBLICATION OF THIS AGENDA
ARE IDENTIFIED BY AN ASTERISK (*) HEREIN**

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

DISTRICT BOARD OF DIRECTORS

Richard P Santos, Chair, District 3
Linda J LeZotte, Vice Chair, District 4
John L Varela, District 1
Barbara Keegan, District 2
Nai Hsueh, District 5
Tony Estremera, District 6
Gary Kremen - District 7

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

NORMA CAMACHO
Chief Executive Officer

MICHELE L KING, CMC
Clerk of the Board
(408) 265-2600
Fax (408) 266-0271
www.valleywater.org

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

**Santa Clara Valley Water District
Board of Directors**

***AMENDED/APPEDED
AGENDA**

***ITEMS AMENDED AND/OR APPEDED SINCE THE ORIGINAL PUBLICATION OF THIS AGENDA
ARE IDENTIFIED BY AN ASTERISK (*) HEREIN**

Wednesday, May 2, 2018

5:00 PM

Headquarters Building Boardroom

1. CALL TO ORDER:

1.1. Roll Call.

1.2. Pledge of Allegiance/National Anthem.

1.3. Time Open for Public Comment on any Item not on the Agenda.

Notice to the public: This item is reserved for persons desiring to address the Board on any matter not on this agenda. Members of the public who wish to address the Board on any item not listed on the agenda should complete a Speaker Card and present it to the Clerk of the Board. The Board Chair will call individuals to the podium in turn. Speakers comments should be limited to three minutes or as set by the Chair. The law does not permit Board action on, or extended discussion of, any item not on the agenda except under special circumstances. If Board action is requested, the matter may be placed on a future agenda. All comments that require a response will be referred to staff for a reply in writing. The Board may take action on any item of business appearing on the posted agenda.

2. TIME CERTAIN:

5:00 PM

*2.1. Update on the California WaterFix, Authorization to Execute Agreements, Designation of District Representative, and Adoption of CEQA Findings. [18-0372](#)

Recommendation:

- A. Receive an update on the California WaterFix (WaterFix);
- B. Consider the potential environmental effects of the project as discussed in the Lead Agency's Final Environmental Impact Report and adopt the Resolution, MAKING RESPONSIBLE AGENCY FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT TO AUTHORIZE EXECUTION OF AGREEMENTS RELATING TO DESIGN, CONSTRUCTION, AND FINANCING OF THE CALIFORNIA WATERFIX PROJECT;
- C. Consider the potential costs and benefits of the WaterFix to Santa Clara County and adopt the Resolution, AUTHORIZING SUPPORT OF, AND PARTICIPATION IN, CALIFORNIA WATERFIX;

- D. Approve and Authorize the Chief Executive Officer (CEO) to execute a Capacity Interest Option Agreement with Metropolitan Water District of Southern California that is in substantial conformance with the Capacity Interest Option Agreement provided in Attachment 1;
- E. Approve and authorize the Board to execute a Joint Powers Agreement Forming the Delta Conveyance Design and Construction Joint Powers Authority (Design and Construction JPA) that is in substantial conformance to the agreement provided in Attachment 2, and designate a District representative and alternate to serve on the Board of Directors of the Design and Construction JPA for the first two years following formation;
- F. Direct the CEO to negotiate terms and conditions for the District to participate in the WaterFix Financial Arrangements (See section 4.3), including a joint powers authority for financing construction of the WaterFix and bring the necessary agreements to the Board for approval;
- G. Delegate authority to the CEO to negotiate terms and conditions and execute an agreement between the Department of Water Resources and the District for preconstruction capital costs for the WaterFix for a District contribution of up to \$3.5 Million (Gap Funding Agreement);
- H. Direct staff to continue participating in WaterFix discussions to further develop agreements and contract amendments to protect the District's investment; and
- I. Direct staff to evaluate and negotiate long term water transfers, water supply alternatives and storage opportunities related to WaterFix, and bring terms and conditions to Board for consideration.

Manager: Garth Hall, 408-630-2750

Attachments: [*Attachment 1: Draft Option Agreement](#)
 [*Attachment 2: Draft DCA Agreement](#)
 [Attachment 3: SCVWD Resolution 17-68](#)
 [Attachment 4: 091217 Board Agenda Item](#)
 [Attachment 5: 101717 Board Agenda Item](#)
 [Attachment 6: Guiding Principles Evaluation](#)
 [Attachment 7: Resolution, WaterFix Participation](#)
 [Attachment 8: Resolution, CEQA](#)
 [*Attachment 9: PowerPoint](#)
 [*Supplemental Board Agenda Memo](#)
 [*Supplemental Attachment 1: Revised Resolution, CEQA](#)
 [*Handout 2.1-A: Supporting Comments](#)
 [*Handout 2.1-B: Opposing Comments](#)

Est. Staff Time: 30 Minutes

3. ADJOURN:

- 3.1. Clerk Review and Clarification of Board Requests.
- 3.2. Adjourn to 11:00 a.m. Closed Session and 1:00 p.m. Regular Meeting on May 8, 2018, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

File No.: 18-0372

Agenda Date: 5/2/2018

Item No.: *2.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Update on the California WaterFix, Authorization to Execute Agreements, Designation of District Representative, and Adoption of CEQA Findings.

RECOMMENDATION:

- A. Receive an update on the California WaterFix (WaterFix);
- B. Consider the potential environmental effects of the project as discussed in the Lead Agency's Final Environmental Impact Report and adopt the Resolution, MAKING RESPONSIBLE AGENCY FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT TO AUTHORIZE EXECUTION OF AGREEMENTS RELATING TO DESIGN, CONSTRUCTION, AND FINANCING OF THE CALIFORNIA WATERFIX PROJECT;
- C. Consider the potential costs and benefits of the WaterFix to Santa Clara County and adopt the Resolution, AUTHORIZING SUPPORT OF, AND PARTICIPATION IN, CALIFORNIA WATERFIX;
- D. Approve and Authorize the Chief Executive Officer (CEO) to execute a Capacity Interest Option Agreement with Metropolitan Water District of Southern California that is in substantial conformance with the Capacity Interest Option Agreement provided in Attachment 1;
- E. Approve and authorize the Board to execute a Joint Powers Agreement Forming the Delta Conveyance Design and Construction Joint Powers Authority (Design and Construction JPA) that is in substantial conformance to the agreement provided in Attachment 2, and designate a District representative and alternate to serve on the Board of Directors of the Design and Construction JPA for the first two years following formation;
- F. Direct the CEO to negotiate terms and conditions for the District to participate in the WaterFix Financial Arrangements (See section 4.3), including a joint powers authority for financing construction of the WaterFix and bring the necessary agreements to the Board for approval;
- G. Delegate authority to the CEO to negotiate terms and conditions and execute an agreement between the Department of Water Resources and the District for preconstruction capital costs for the WaterFix for a District contribution of up to \$3.5 Million (Gap Funding Agreement);
- H. Direct staff to continue participating in WaterFix discussions to further develop agreements

and contract amendments to protect the District's investment; and

- I. Direct staff to evaluate and negotiate long term water transfers, water supply alternatives and storage opportunities related to WaterFix, and bring terms and conditions to Board for consideration.

SUMMARY:

1.0 Recent Developments

On October 17, 2017, the District Board adopted Resolution 17- 68 in which the District declared its conditional support for the California WaterFix (WaterFix) and adopted Guiding Principles for Participation in the California WaterFix (Guiding Principles, Attachment 3). Guiding Principle 3 states, *"Given that Westlands Water District and certain other agriculture districts have declined to participate in the WaterFix project, we are supportive of a lower cost, scaled down, and staged project that is consistent with the existing environmental impact reports and other administrative proceedings."* In response to the District's principles and given most Central Valley Project (CVP) contractors had not agreed to finance their share of the project at that time, the Department of Water Resources (DWR) proposed on February 7, 2018, to move forward with a staged project, focusing first on a 6,000 cubic foot per second (cfs) tunnel as the first stage.

The State analyzed the cost and yield of a 6,000 cfs tunnel and initiated environmental review for the proposed changes. Subsequently, Metropolitan Water District of Southern California (MWD) staff provided analysis to their board confirming the estimates of cost and yield, but also showing that the full 9,000 cfs project would have greater environmental benefits, water quality improvements, and resiliency against earthquakes and climate change.

In a letter dated April 9, 2018, Governor Jerry Brown strongly urged the MWD Board to support financing construction of the full 9,000 cfs project in a single stage. The next day, MWD's Board voted to authorize MWD to finance its share of the State Water Project (SWP) portion of a 9,000 cfs project, as well as to fully fund the unsubscribed CVP share of the project, in combination up to 64.6% of total project costs. This decision moved the project away from a staged approach and back to full implementation of the twin tunnel project in one stage, as originally envisioned and currently approved by DWR. MWD's decision is based on the expectation that CVP contractors would ultimately participate through future purchases of capacity interest from MWD, wheeling arrangements, or transfer agreements. The split between the SWP and CVP in the full project was estimated as 67% SWP and 33% CVP based on an updated analysis of the State's modeling work.

2.0 Project Costs and Benefits

The WaterFix project before the Board at this time is the original 9,000 cfs project for which the State adopted an Environmental Impact Report/Environmental Impact (EIR/EIS) in July 2017. SWP contractors are expected to pay 67% of project costs and receive 67% of the WaterFix incremental

yield; the District would receive 2.5% of the SWP benefit share, corresponding to its share of SWP contract supply (i.e., "Table A" contract amount). MWD is expected to finance the 33% share originally intended for the CVP contractors and, in return, receive an interest in 3,000 cfs of capacity. The District may secure an interest in capacity to convey its CVP supplies through an agreement with MWD as well as a proportional share of WaterFix incremental yield through additional agreements with the U.S. Bureau of Reclamation (Reclamation). Staff has estimated that a capacity interest of 200 cfs, or 6.7% of the 3,000 cfs to be held by MWD for CVP contractors, would provide sufficient reliability to sustain the District's CVP supplies if modeling projections are realized.

The benefits and costs of the project remain similar to those described in the September 12, 2017 and October 17, 2017 Board agenda memos, which are provided as Attachments 4 and 5. The primary benefits of the project are summarized in Table 1.

Table 1. Summary of WaterFix Benefits

Benefit	Staff Analysis of WaterFix
Sustained water supplies	Offsets supply reduction, improves groundwater storage conditions, increases reserves in the Semitropic Groundwater Bank, reduces the frequency and magnitude of water shortages.
More fish-friendly diversions	Equipped with state-of-the-art fish screens located away from important fish habitat; 52% of SWP/CVP exports, on average, will be through these more fish friendly diversions; diverts primarily during higher flow periods safer for fish.
Reduced reverse river flows to protect fish	Changes negative flow (-2,200 cfs on average) to more natural, positive flow (+50 cfs); reduces entrainment.
Improved water quality	20% decrease in average annual salinity of SWP/CVP exports; reduces salt loading to drinking water treatment plants and county groundwater basins.
Resiliency during Delta failure events	Continues water deliveries if Delta fails from earthquakes, sea level rise, and extreme flood events.
Resiliency to climate change including sea level rise	Diverts where salinity intrusion will be minimal under sea level rise scenarios; facilitates diversion during extreme storm events.
Increased access to transfer supplies	Conveys transfer water when existing system cannot; reduces water loss during transport.
Improved yield of storage projects	More than doubles the average benefit of proposed new storage projects

Staff have refined the quantification of the District's share of cost and water supply yield to reflect the modification in the SWP/CVP project split from 55%/45% to 67%/33% as well as updated modeling results, as described below.

2.1 Updated Water Supply Analysis

The existing long-term average SWP/CVP water deliveries to the District are about 170,000 acre-feet

per year (AF/Y); these supplies are projected to decline over time in response to continued environmental degradation in the Delta, climate change and sea level rise, and increased regulatory constraints. The State has updated its analysis of WaterFix benefits using the most recent modeling results from DWR, which includes the refined operations criteria approved in the biological opinions. Staff has used the updated models to revise the analysis of water supply yield and costs to the District, reflecting staff's recommended participation approach.

The District's share of SWP WaterFix cost and yield is 2.5%. On the CVP side, staff evaluated the cost and benefit of potentially securing 200 cfs of capacity interest through an agreement with MWD, with the anticipation that a proportional share of CVP project yield (6.7%) would be secured through future operating agreements and contracts with Reclamation.

WaterFix Project	Recommended District Participation Level
State Water Project share of Project (67%)	2.5%
Share of Project Intended for Central Valley Project (33%)	200 cfs (6.7%)

Table 2. Recommended District Participation Level

The results indicate that, if no action is taken to improve the existing Delta conveyance approach, the District's SWP and CVP deliveries could drop by about 36,000 AF/Y due to anticipated additional regulatory constraints to protect threatened and endangered fish within the Delta. With participation in the WaterFix, this decline can be avoided by diversion of water during high flow periods. Total deliveries with the WaterFix remain similar to current average levels, and incremental yield produced by the WaterFix is measured against a degraded future baseline, as described in Section C of staff's September 12, 2017 Board agenda memo (Attachment 4). Based on updated modeling analysis, the District's annual share of available incremental water supply from WaterFix is estimated to be 18,000 acre-feet from the SWP side and 25,000 acre-feet from the CVP side, for a total of 43,000 acre-feet. Greater amounts of yield are realized in wetter years, indicating that benefits may be optimized if coupled with additional storage opportunities. Overall, the modeling indicates that the project could sustain existing levels of imported SWP and CVP supplies and protect Santa Clara County from a 36,000 acre-foot decline in imported water supplies that is projected to occur if no action is taken.

Table 3. Summary of Potential WaterFix Incremental Yield for District

	Updated Analysis	Sep.12, 2017 Staff Analysis
--	------------------	-----------------------------

	SWP-Side 2.5% share	CVP-Side 6 share	SWP-CVP Combined	
Estimated incremental water supply yield to District				
Percent of Total Project	1.7%	2.2%	3.9%	2.5% - 3.9%
Annual Average WaterFix Yield Available to District (AF)	18,000	25,000	43,000	28,500 - 44,300 AF/year

2.2 Long Term Transfers

Modeling analysis indicates that the District may potentially receive roughly 25,000 AF/Y of CVP supply as WaterFix yield. However, because of the lack of a currently viable CVP participation approach and limited interest from other CVP contractors, the ability to realize this benefit is uncertain.

There is a risk that the District may be unable to secure necessary operating agreements and contracts with Reclamation. A potential approach to offset this risk is to secure long-term transfers from other SWP contractors. Transfer supplies may be available from SWP contractors that have expressed an interest in reducing their cost (and associated share of yield) of participating in the WaterFix. District staff recommends that the District identify opportunities and negotiate potential transfer arrangements and additional storage opportunities that will be brought to the Board for discussion in the future. Independently or paired, additional new water supplies and/or storage would help mitigate this uncertainty associated with securing CVP supplies.

2.3 Updated Analysis of District Costs

Assuming the District's participation level is as described in Table 2, staff's analysis of costs indicates that the WaterFix remains one of the most cost-effective options available, with the District's share of capital costs (unfinanced) in 2017 dollars ranging from \$280 million if the District participates only on the SWP side, to \$650 million if the District participates on both the SWP and CVP sides of the project. The updated analysis of levelized unit cost of project participation remains consistent with staff's October 2017 estimate at roughly \$600/AF (2017 dollars). The monthly increase in cost per average household in northern Santa Clara County for FY 2033, which coincides with the anticipated beginning of project operation, is estimated at \$10.26.

Table 4. Summary of District costs

	Updated Analysis		Sep.12, 2017 Staff Analysis
	SWP-Side 2. share	SWP-CVP Combined	
Costs to Santa Clara County			
Percent of Total Project Costs	1.7%	3.9%	2.5% - 3.9%

Total Capital Costs (2017 dollars)	\$280 million	\$650 million	\$420-650 million
Present Value (PV) fully financed Capital Cost (2017)	\$230 million	\$535 million	\$345 - 535 million
Total Annual O&M (2017 dollars)	\$1.1 million	\$2.5 million	\$1.6-2.5 million
Cost per Acre-Foot (2017 dollars)	\$610	\$600	\$600
Rate Impacts (assuming all CWF costs are placed on water rates)			
Peak North County M&I Groundwater Charge Increase (FY45)	\$151/AF	\$313/AF	Not provided
Monthly Increase per Avg. Household (FY33) N. County	\$4.96	\$10.26	Not provided
Monthly Increase per Avg. Household (FY33) S. County	\$0.00	\$4.47	Not provided

As shown in Table 5, the dollar per acre foot cost for the WaterFix is among the lowest while its potential yield is highest among projects analyzed by staff, making the WaterFix a cost-effective project.

Table 5. Comparison of Potential Water Supply Options

Project	Unit Cost	Average Annual Yield (AF)	District Lifecycle Cost (Present Value, 2017)
Morgan Hill Recharge	\$400/AF	2,000	\$20 million
Los Vaqueros ¹	\$400/AF	3,000	\$40 million
California WaterFix	\$600/AF	41,000	\$620 million
Sites Reservoir ¹	\$800/AF	8,000	\$170 million
Water Contract Purchase	\$800/AF	12,000	\$360 million
Lexington Pipeline	\$1,000/AF	3,000	\$90 million
Groundwater Banking	\$1,300/AF	2,000	\$60 million
Saratoga Recharge	\$1,300/AF	1,000	\$50 million
Dry Year Options/Transfers	\$1,400/AF	2,000	\$100 million
Potable Reuse - Los Gatos Ponds	\$2,000/AF	19,000	\$1.22 billion
Pacheco Reservoir ¹	\$2,700/AF	6,000	\$450 million
Potable Reuse – Ford Pond	\$2,800/AF	3,000	\$300 million
Potable Reuse – Injection Wells	\$3,100/AF	12,000	\$1.18 billion

3.0 Board Guiding Principles

Staff evaluated whether the proposed project and project participation approach satisfy the Board's

seven guiding principles established in October 2017 (Attachment 3). The results, summarized in Attachment 6, show that conditions leading to the Board's adoption of Guiding Principle 3 have substantially changed, and that all other principles have been achieved, or significant progress has been made toward achieving them.

Guiding Principle 3 states: *"Given that Westlands Water District and certain other agriculture districts have declined to participate in the WaterFix project, we are supportive of a lower cost, scaled down, and staged project that is consistent with the existing environmental impact reports and other administrative proceedings."* The State responded to the District's principle by proposing a staged project on February 7, 2018, and, along with State and federal contractors, focused significant analysis on a first stage that included a single 6,000 cfs tunnel.

The consideration of a staged approach was driven by lack of participation from CVP contractors; however, MWD's April 10, 2018, decision to finance the unsubscribed CVP portion of the tunnels has produced a significant change in conditions. Concerns regarding the ability to fund the project have been substantially mitigated. MWD's approach reduces the District's financial risk by providing the District with additional options to resolve issues and receive WaterFix benefits on the CVP side. Staff have successfully negotiated terms and conditions for a capacity interest option agreement with MWD to hold a space for future District participation at minimal cost, as discussed in Section 4.1. If the District is unable to secure the needed approvals from Reclamation to receive benefits on the CVP side, the option agreement will allow the District to forego CVP participation and associated costs.

The current WaterFix project also meets the following key elements of Guiding Principle 3:

- *District elected officials active in WaterFix governance:* Design and Construction Authority (DCA) and Finance Joint Powers Authority (JPA) includes District as governing board member, specifically as Chair and Vice Chair in governance structure during rotating terms.
- *Less impacts to fisheries and environment:* The District championed and won inclusion of an environmental compliance committee within the DCA structure. As originally planned by DWR, WaterFix intakes will be fitted with state-of-the-art fish screens that are more protective of fish, and project operations are expected to result in more positive net river flows than under current conditions.

Given that conditions leading to the Board's adoption of Guiding Principle 3 have substantially changed, and the WaterFix project meets all other Guiding Principles and cost-effectively provides significant water supply benefits as described above and in Attachments 4 and 5, staff recommends that the District adopt the Resolution Authorizing District Participation in the WaterFix provided in Attachment 7.

4.0 Key Agreements and Arrangements

Staff has continued to work with state and federal agencies and other prospective WaterFix participants to further define the project and develop agreements consistent with the Board Guiding Principles. Key agreements are described below.

4.1 CVP Option Agreement

Since MWD's April 10 decision, District staff have explored opportunities to protect the District's CVP supplies by negotiating an option agreement with MWD. This agreement provides the District up to three (3) years to secure necessary agreements and approvals with Reclamation to support a 200 cfs investment, with the possibility to extend the option term for another two (2) years. The District would pay a lump sum amount of \$10 Million over the next three years, of which \$5 Million will be applied to the purchase of the capacity, to preserve the option to purchase a capacity interest in the project for its CVP supplies. The District could exercise this option if and when it determines there are sufficient assurances that it would realize the water supply benefits of its CVP participation. This approach limits the financial risk to the District if Reclamation support is not secured.

4.2 Joint Powers Agreement Forming the Delta Conveyance Design and Construction Joint Powers Authority (Construction JPA Formation Agreement)

The Design and Construction JPA Formation Agreement creates the Design-Construction Authority (DCA, or Design and Construction JPA) made up of participating SWP and CVP contractors for the single purpose of designing and constructing the conveyance project. The Design and Construction JPA would contract with DWR to take on the responsibility of project delivery and would perform the detailed work of designing and constructing the WaterFix facilities. The Design and Construction JPA is also intended to address some of the project cost uncertainties and ensure quality control and effective cost management. The structure, roles and responsibilities of the Design and Construction JPA were described in more detail during agenda item 2.8 at the August 22, 2017 Board meeting.

The Design and Construction JPA Formation Agreement, provided as Attachment 2, would be executed between the SWP and CVP contractors that will bear at least some of the financial obligation for the WaterFix and that elect to become members. The Design and Construction JPA would be governed by a 5- to 7-member Board of Directors made up of the District, should the District decide to participate, and other participating water agencies. Upon formation, the Design and Construction JPA Board would adopt governance policies and provide for the delegation of responsibilities to Design and Construction JPA staff for the design and construction of the WaterFix. Directors would rotate through chair and vice-chair positions for the Board as well as through similar positions on an Environmental Compliance and Mitigation Committee proposed by District staff and endorsed by other water agencies. Stand-up costs for the Design and Construction JPA are currently estimated at \$1 million, with each member contributing \$200,000 per Board seat.

The Design and Construction JPA would dissolve after DWR's final acceptance of the project.

Participation in the Design and Construction JPA would give the District a prominent role in ensuring the project is constructed on budget, on schedule and according to specifications. Staff recommends

that the Board authorize the CEO to execute the Construction JPA Formation Agreement if the final agreement is in substantial conformance to the agreement provided in Attachment 2. Staff also recommends that the Board designate a District representative and alternate to serve on the Design and Construction JPA Board of Directors for the first two years following formation.

4.3 WaterFix Financial Arrangements

Several approaches for financing the WaterFix have been proposed by various water agencies and DWR (collectively, the “WaterFix Financial Arrangements”):

- A) Several public water agencies have approved the formation of a joint powers authority (the “Financing JPA”) that would facilitate the issuance of revenue bonds by DWR (the “DWR Bonds”) to finance the construction of the WaterFix. The Financing JPA may issue bonds (the “Financing JPA Bonds”) for the purpose of financing WaterFix through the purchase of the DWR bonds; and
- B) Staff from various public water agencies have proposed supporting the Financing JPA bonds by protecting the purchasers of such bonds from the risk of non-payment or invalidity of DWR Bonds through one or more agreements, including debt service support agreements, or through the purchase by participating public water agencies of DWR Bonds or other property through installment purchase agreements; and
- C) The Financing JPA and DWR would enter into a security agreement (the “Security Agreement”) pursuant to which DWR would agree that if it defaults in the payment of debt service on the DWR Bonds or other agreed-upon conditions, DWR would transfer to the Financing JPA or another designated entity all of DWR’s right, title and interest in the Waterfix and use its efforts to assist any other necessary transfers to permit the Financing JPA or other designated entity to construct the WaterFix; and
- D) The Financing JPA may also be used to finance the purchase of the unsubscribed capacity interest, or CVP share, of the WaterFix.

On April 10, 2018, the MWD Board authorized and approved MWD’s participation in the WaterFix Financial Arrangements. The staff of a number of other water agencies have indicated that they will recommend their boards consider participation in the Finance JPA. These water agencies include Dudley Ridge Water District (partial participation), Zone 7 Water Agency (previously approved), Alameda County Water District, Kern County Water Agency (partial participation), Antelope Valley-East Kern Water Agency, Coachella Valley Water District, Desert Water Agency, Mojave Water

Agency, San Bernardino Valley Municipal Water District, and the San Geronio Pass Water Agency. Staff recommends that the Board authorize the CEO to negotiate terms and conditions for the District to participate in the WaterFix Financial Arrangements and bring the necessary agreements to the Board for approval.

4.4 *Agreement between the District and Department of Water Resources for Gap Funding of Preconstruction Capital Costs for the California WaterFix (Gap Funding Agreement)*

WaterFix revenue bonds are not expected to be issued until approximately mid-2019. In the interim, DWR anticipates meeting a funding gap of \$133 million with contributions from project participants through a Gap Funding Agreement as well as with State Water Resources Development System funds. Gap funding would be reimbursed with interest upon issuance of the first series of bonds. The funds would be used to support preconstruction work, including study, review, planning, engineering, and design.

The District's share of gap funding is expected to be proportional to its 2.5% participation level in the SWP share of the WaterFix, which corresponds to roughly \$3.5 million. Staff recommends that the Board delegate authority to the CEO to negotiate terms and execute the gap funding agreement between the District and DWR for up to \$3.5 million.

4.5. *Other Important Agreements*

There are several other important agreements being contemplated and negotiated; these include an amendment to the SWP contract for WaterFix cost allocation and improved water management, an amendment to the District's CVP contract to provide for conveyance of the District's CVP supplies through the WaterFix, and several additional financing agreements related to charges, crediting, and bond issuance. These will be brought to the Board for action upon conclusion of negotiations.

5.0 Environmental Review

An Environmental Impact Report (EIR) for WaterFix was prepared by DWR, the lead agency under CEQA. The Final EIR was certified and the project was approved by the Lead Agency in July 2017. DWR also adopted the Findings of Fact (Findings), the Statement of Overriding Considerations (SOC) and the Mitigation Monitoring and Reporting Program (MMRP), and filed a Notice of Determination (NOD). The Final EIR identifies the District as a Responsible Agency for actions related to the project. The NOD, Final EIR, Findings, SOC, and MMRP can be found on DWR's website at: <http://baydeltaconservationplan.com/NoticeofDetermination.aspx>.

Pursuant to Section 15096 of the CEQA Guidelines, before a responsible agency reaches a decision on a project, the agency must consider the environmental impacts of the project as shown in the EIR and reach its own conclusions on whether and how to approve the project involved. The responsible agency is also required to make findings for each significant impact, adopt a MMRP, and make SOC when a project would result in significant and unavoidable impacts. Staff reviewed DWR's EIR and concluded that the EIR is adequate for use by the District to make a decision on the project. Staff also reviewed DWR's Findings, MMRP, and SOC and recommends that the Board adopt DWR's Findings, MMRP, and SOC to comply with the requirement to make responsible agency and other necessary findings before taking action on the project. Note that DWR, as the Lead Agency, is

ultimately responsible for ensuring that feasible mitigation measures are implemented. A draft resolution for the Board to consider for adopting DWR's Findings, MMRP, and SOC is provided in Attachment 8.

6.0 Additional Considerations

Risks associated with project implementation may be managed through implementation of effective organizational structures and execution and implementation of agreements. Table 6 below summarizes some potential risks and actions to manage those risks.

Table 6. Risk Management Strategy for WaterFix

Area of Consideration	Management Strategy
1. Water supply uncertainty	Staff will evaluate benefits of participating in long-term transfers and additional storage opportunities and negotiate terms and conditions for consideration and approval by the Board.
2. Financing costs	Develop appropriate terms and conditions for participation in the Finance JPA.
3. Cost control	Secure significant District role in Design and Construction Authority governance.
4. Validation action	Develop and implement the WaterFix Financial Arrangements
5. Permitting delays and/or regulatory constraints	Ensure off-ramps are available in key agreements, enter into Capacity Interest Option Agreement with MWD, and provide updates and receive direction from Board as needed.
6. Federal support for CVP reliability	Negotiate with Reclamation to secure necessary operating agreements and contracts.
7. Other Participants' decisions	Support efforts of others to implement long-term transfers and broaden water management tools; negotiate terms for District participation in long-term transfers and additional storage programs.

7.0. Next Steps

1. Within the next two months, staff anticipates bringing the final form of a finance JPA formation agreement to the Board for consideration and approval.
2. In the coming months, staff will work to identify the best opportunities and negotiate terms and conditions for long term transfers and additional storage opportunities.

FINANCIAL IMPACT:

The cost associated with the Gap Funding Agreement is \$3.5 Million, and the cost associated with the Design and Construction JPA is \$200,000. Funds are available in the projected fiscal year 2018 (FY18) and FY19 budgets to cover both of these costs.

Execution of the Capacity Interest Option Agreement would obligate the District to pay \$10 Million over the next three years, of which \$5 Million would be applied to the purchase of the capacity. Funds are available in FY18 and FY19 for half of this amount, and additional funds will be budgeted

in future years accordingly.

Staff estimates a debt service range of \$900,000 to \$25 Million annually and approximately \$5 Million for annual O&M expenses for the District's participation in the SWP portion of the WaterFix.

Staff estimates a debt service range of \$1.2 Million to \$34 Million annually and approximately \$7 Million for annual O&M expenses if the Board chooses to secure 200 cfs of capacity interest to sustain the District's CVP supplies. Staff will bring potential agreements to secure the capacity interest to the Board for consideration at such time that staff has obtained sufficient assurances of realizing the water supply benefits of its CVP participation .

Estimated California WaterFix costs for SWP participation and 200 cfs of capacity interest are consistent with the CWF costs included in the groundwater production charge projection presented to the Board during the FY19 rate setting cycle.

CEQA:

An Environmental Impact Report was prepared by the Department of Water Resources, the lead agency under CEQA and is available at the following website:

<http://baydeltaconservationplan.com/NoticeofDetermination.aspx>.

ATTACHMENTS:

*Attachment 1: Option Agreement

*Attachment 2: Draft DCA Agreement

Attachment 3: SCVWD Resolution 17-68

Attachment 4: 091217 Board Agenda Item

Attachment 5: 101717 Board Agenda Item

Attachment 6: Guiding Principles Evaluation

Attachment 7: Resolution, WaterFix Participation

Attachment 8: Resolution, CEQA

*Attachment 9: PowerPoint

*Supplemental Agenda Memo

*Supplemental Attachment 1: Revised Resolution, CEQA

*Handout 2.1-A: Supporting Comments

*Handout 2.1-B: Opposing Comments

UNCLASSIFIED MANAGER:

Garth Hall, 408-630-2750

**AGREEMENT BETWEEN THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
AND SANTA CLARA VALLEY WATER DISTRICT FOR AN OPTION TO PURCHASE A CAPACITY
INTEREST IN THE CALIFORNIA WATERFIX**

THIS OPTION ("Agreement") is made and effective as of June __, 2018 by and between the Metropolitan Water District of Southern California, a California water district ("MWD") and the Santa Clara Valley Water District, a California water district ("SCVWD"). MWD and SCVWD may be referred to individually as a party, or collectively as the parties.

A. The California Department of Water Resources ("DWR") has approved the construction of the California WaterFix (the "WaterFix"), as described in the Final Environmental Impact Report for the project, State Clearinghouse Number 2008032062, as may be amended or supplemented; and

B. Approximately 67% of the capacity of the WaterFix is subscribed by [mostly] California State Water Project ("SWP") contractors and approximately 33% of the capacity of the WaterFix is unsubscribed (the unsubscribed portion of the capacity of the WaterFix being referred to herein as the "Unsubscribed Capacity Interest"); and

C. DWR and MWD, and, at MWD's election, the [Financing JPA] designated by MWD (the "Financing JPA") have entered into a master agreement, attached as Exhibit A (the "Master Agreement") [TO BE NEGOTIATED AND DEVELOPED], under which the Finance JPA will purchase the Unsubscribed Capacity Interest in exchange for payments that the Finance JPA will make to DWR during the construction of the WaterFix and which DWR will use to construct the WaterFix; and

D. The Finance JPA will issue one or more series of revenue bonds (the "JPA Bonds") which it will use to finance the payments it will make under the terms of the Master Agreement; and

E. The Finance JPA and MWD have entered into an installment purchase agreement or a series of installment purchase agreements (collectively, the "Capacity Interest IPA") pursuant to which the Finance JPA will transfer the Unsubscribed Capacity Interest to MWD and MWD will make installment payments that will support the payment of the JPA Bonds; and

F. MWD desires to enter into one or more purchase agreements (the "Capacity Interest Purchase Agreement") under which other water agencies would agree to purchase or make payments for the purchase of the Unsubscribed Capacity Interest and MWD would transfer to any such water agency all or a portion of the Unsubscribed Capacity Interest; and

G. The Master Agreement and Capacity Interest Purchase Agreement provide that a purchased capacity interest may be used for the diversion and conveyance of water under SWP's or the U.S. Bureau of Reclamation's ("USBR") water rights, transfer water for use by a capacity interest owner and any other water on a space-available basis pursuant to Water Code section 1810.

H. SCVWD is interested in purchasing a portion of the Unsubscribed Capacity Interest in order to sustain and protect its Central Valley Project (the "CVP") supplies; and

I. In order for SCVWD to sustain its CVP supplies through participation in the WaterFix, a number of approvals and agreements with the U.S. Bureau of Reclamation ("USBR") must be secured; and

J. SCVWD desires to acquire the exclusive right to purchase, without becoming obligated to purchase until the necessary approvals and agreements with USBR are secured and until the option is exercised in accordance with this Option Agreement, up to 200 cubic feet per second ("cfs") of the Unsubscribed Capacity Interest under the terms and conditions set forth in the Capacity Interest Purchase Agreement, attached as Exhibit B [TO BE NEGOTIATED AND DEVELOPED].

NOW THEREFORE, the Parties agree as follows:

1. Recitals. The recitals and facts set forth above are true and correct and are incorporated herein by this reference.

2. Grant of Option. Subject to the terms of the Master Agreement, MWD grants to SCVWD the exclusive right to purchase up to 200 cfs of the Unsubscribed Capacity Interest (the "Optioned Capacity Interest") under the terms and conditions set forth in the Capacity Interest Purchase Agreement [TO BE NEGOTIATED AND DEVELOPED and to include (1) price, (2) provisions concerning DWR's operation of the capacity and the purchase being subject to the Master Agreement, (3) waiver of any warranty or representation of the condition or title of the capacity other than MWD's, (4) and other provisions that ensure MWD will be released from obligations between MWD and SCVWD].

3. Term. The Agreement shall become effective on the date of execution and shall remain in effect for three years (Option Term). However, if after diligent effort, SCVWD is unable to secure approvals and agreements from USBR that, in SCVWD's sole judgment, meet SCVWD's needs and interests, SCVWD may request and MWD will not unreasonably object to extending the term for up to an additional two years to allow completion for USBR approvals and agreements.

4. Option Fee. SCVWD will pay the total sum of ten (10) million dollars for and in consideration of the exclusive right and option (Option) to purchase the Optioned Capacity Interest. Five (5) million dollars of the total 10 million dollars will be applied to the purchase of the capacity interest. Within 60 days of execution of this Agreement, SCVWD will pay MWD five (5) million dollars. SCVWD will then pay an additional 2.5 million dollars in each of the remaining two years of the Option Term, to be paid by June 30th of each year.

5. Exercise of Option. SCVWD may exercise its exclusive right to purchase the Optioned Capacity Interest in the WaterFix pursuant to the Option, at any time during the Option Term by giving written notice (the "Notice") to MWD, in accordance with Section 13 herein, and executing the Capacity

Interest Purchase Agreement in the form of Exhibit B. MWD must, within thirty (30) days of receiving SCVWD's Notice, execute and deliver to SCVWD an executed counterpart original of the Capacity Interest Purchase Agreement. In the event that SCVWD does not exercise its exclusive right to purchase a capacity interest during the Option Term, MWD shall be entitled to retain the Option Fee, and this Agreement shall become null and void and neither party shall have any other liability, obligation, or duty under or pursuant to this Agreement.

6. Assignment. SCVWD shall not assign this Agreement, the Option or any of SCVWD's rights or obligations hereunder, in whole or in part, at any time without the prior written consent of MWD. SCVWD shall notify MWD, in writing, of any such proposed assignment and the name of the proposed assignee.

7. Return of Option Fee. [If, during the Option Term or any extension thereof, but before exercise of the Option, if DWR has declared a default under the Master Agreement that could give rise to a termination of the Master Agreement or cause a material impact to SCVWD, SCVWD may seek to receive the return of SCVWD's Option Fee.

8. Authority. MWD and SCVWD each represents and warrants to the other that entering into this Option is within its authority, does not violate any agreement to which it is a party, and does not require the consent of any other person. Furthermore, each person executing this Option Agreement on behalf of MWD and SCVWD represents and warrants that such person is duly and validly authorized to do so.

9. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof. All prior agreements with respect to that subject matter, whether verbal, written or implied, are hereby superseded in their entirety by this Agreement and are of no further force or effect. Amendments to this Agreement shall be effective only if in writing, and then only when signed by the authorized representatives of the respective Parties.

10. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be void or unenforceable, that provision shall be deemed automatically reformed to be enforceable to the maximum extent legally permissible, and the balance of this Agreement shall be unaffected.

11. Ambiguities. This Agreement shall be interpreted as if it had been jointly drafted by both parties. Therefore, the normal rule of construction that ambiguities are construed against the drafter is hereby waived.

12. Notices. All notices under this Agreement shall be effective (i) when personally delivered to MWD or SCVWD, as the case may be, (ii) when sent by email on a business day between the hours of 8 a.m. and 5 p.m., or (iii) three business days after deposit in the United States mail, registered or certified, postage fully prepaid and addressed to the respective parties as follows:

To MWD: Attn: [Name, Title]

[Mailing Address]
[City, State Zip Code]
Telephone No.:
E-mail Address:

To SCVWD: Attn: [Name, Title]
5750 Almaden Expressway
San Jose, CA 95118-3686
Telephone No.: (408) 630-XXXX
E-mail Address:

or such other address or facsimile number as the parties may from time to time designate in writing. As a matter of convenience, however, communications between MWD and SCVWD shall, to the extent feasible, be conducted orally by telephone or in person, and/or through the parties' respective counsel, with such communications to be confirmed and made effective in writing as set forth above; provided, no such oral notice or communication shall be effective unless so confirmed in writing.

13. Further Action. The Parties agree to perform all further acts, and to execute, acknowledge, and deliver any documents that may be reasonably necessary, appropriate or desirable to carry out the purposes of this Agreement. MWD and SCVWD acknowledge that the actions contemplated by this Agreement will require regular consultation and coordination and the Parties shall in good faith engage in all such consultation and coordination necessary or appropriate to facilitate the arrangements contemplated by this Agreement.

14. Third Party Beneficiaries. This Agreement does not create, and shall not be construed to create, any rights enforceable by any person, partnership, corporation, joint venture, limited liability company or other form of organization or association of any kind that is not a party to this Agreement.

15. Binding Effect. This Agreement is intended to be and shall be binding upon and enforceable against each of the Parties hereto. This Agreement shall be governed by and construed in accordance with the laws of the State of California and may be signed in any number of counterparts. Facsimile and electronic signatures shall be binding.

16. Waiver. Any waiver of the provisions of this Agreement by the Party entitled to the benefits thereof as to any instance must be in writing and shall in no event be deemed a waiver of the same provision with respect to any other instance or a waiver of any other provision of this Agreement.

WRITTEN IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: [NAME]

[TITLE]

Date: _____

SANTA CLARA VALLEY WATER DISTRICT

By: [NAME]

[TITLE]

Date: _____

PAGE INTENTIONALLY LEFT BLANK

JOINT POWERS AGREEMENT
FORMING
THE DELTA CONVEYANCE DESIGN AND
CONSTRUCTION JOINT POWERS
AUTHORITY

Effective _____, 2018

Joint Powers Agreement – The Delta Conveyance Design and Construction Joint Powers Authority

This AGREEMENT is made and entered into by and among the parties on the attached Exhibit A, which are referred to herein individually as a “Party” and collectively as “Parties”.

RECITALS

WHEREAS, each of the Parties is a public agency organized and operating under the laws of the State of California; and

WHEREAS, California Government Code Sections 6500, et seq., (“Act”) provide that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, Government Code section 6584 also confers powers on a joint powers agency that are independent of, complete and supplementary to any common powers delegated in a joint powers agreement; and

WHEREAS, the Parties desire to allow for the protection of both the Sacramento-San Joaquin Delta (“Delta”) ecosystem and the more than 25 million people and 2,000,000 acres of highly productive farm land that currently depend upon water conveyed through the Delta; and

WHEREAS, the Parties desire to provide such protections, in part, through improvements in water infrastructure; and

WHEREAS, the California Department of Water Resources (“DWR”) is a department within the State of California Natural Resources Agency and is responsible for constructing, operating, and maintaining the State Water Resource Development System, more commonly known as the State Water Project (“SWP”), and

WHEREAS, DWR desires to design and construct new Delta water conveyance facilities (“Conveyance Project”) to be owned and operated by DWR, that would convey water from the Sacramento River north of the Delta directly to the existing SWP and Central Valley Project (“CVP”) pumping plants located in the south Delta, and

WHEREAS, the purposes of the Conveyance Project are to make physical and operational improvements to the SWP and the CVP necessary to: protect and maintain ecosystem health; maintain water quality; and restore and protect water supplies so that the SWP and CVP are capable of readily delivering water within a stable regulatory framework at costs that are not so high as to preclude, and in amounts that are sufficient to support, the financing of the investments necessary to fund construction and operation of facilities and/or improvements, and

WHEREAS, the Parties constitute certain public water agencies that will each bear at least some of the financial obligation the Conveyance Project, and

WHEREAS, the Parties desire that the Conveyance Project be completed in a safe, timely, cost-effective and efficient manner, and

WHEREAS, DWR has determined that the timely and efficient design and construction of the Conveyance Project will require additional resources not available to DWR and that, therefore, it is in the best interest of the State of California and its citizens to partner with the Parties in the design and construction of the Conveyance Project; and

WHEREAS, the Delta Conveyance Design and Construction Joint Powers Authority (“Construction Authority”) proposes to enter into an agreement with DWR establishing that the Construction Authority will undertake those activities required to complete the design and construction of the Conveyance Project; and

WHEREAS, the agreement with DWR is intended to obtain cost savings by allowing more flexible means of designing, contracting, constructing, and financing the Conveyance Project; and

WHEREAS, the Parties each have and possess the powers to design, construct, and implement water infrastructure projects; and

WHEREAS, the Parties each desire to exercise those powers regarding the design and construction of the Conveyance Project as provided in the Joint Exercise of Powers Agreement between the Department of Water Resources and the Construction Authority, and

WHEREAS, the aforementioned activities may best be achieved through the cooperative action of the Parties operating through a joint powers authority; and

WHEREAS, the Parties intend that upon acceptance of the Conveyance Project by DWR, the Construction Authority will be dissolved.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the Parties agree as follows:

ARTICLE I: DEFINITIONS

For the purpose of this Agreement, the meaning of the terms hereinafter set forth shall be the following:

- 1.1 “Addenda” means any addenda, amendments, modifications, supplements or exhibits to the Agreement that are executed, approved or added in accordance with the terms of this Agreement after the Effective Date.
- 1.2 “Agreement” means this Joint Powers Agreement, including Exhibits A and B attached, which creates the Delta Conveyance Design and Construction Joint Powers Authority.

- 1.3 “Alternate Director” means an Alternate Director of the Board appointed in accordance with Article 6 (Directors and Officers).
- 1.4 “Applicable” means applicable as determined by the Board or an Officer, whichever is appropriate, in their sole discretion.
- 1.5 “Article” means an article of this Agreement and, unless otherwise specified, refers to all Sections within that article.
- 1.6 “Board” or “Board of Directors” means the governing body of the Delta Conveyance Design and Construction Joint Powers Authority.
- 1.7 “Central Valley Project” or “CVP” means the federal reclamation project operated by Reclamation pursuant to federal reclamation law (Act of June 17, 1902 (32 Stat. 388)) and acts amendatory or supplementary thereto.
- 1.8 “Construction Authority Stand Up Costs” mean the stand up costs for the Construction Authority as described in Article XII (**BUDGET AND EXPENSES**) of this Agreement.
- 1.9 “Conveyance Project” means the project described in Section 2(a) of the Joint Exercise of Powers Agreement between the Department of Water Resources, State of California and the Construction Authority.
- 1.10 “Delta” has the meaning set forth in the Recitals.
- 1.11 “Delta Conveyance Design and Construction Joint Powers Authority” or “Construction Authority” means the public agency created by this Agreement.
- 1.12 “Director” means a Director of the Board appointed in accordance with Article 6 (Directors and Officers).
- 1.13 “DWR” has the meaning set forth in the Recitals.
- 1.14 “Effective Date” means the date set forth in Section 3.1.
- 1.15 “Member” means a public entity that satisfies the requirements of Article V (**Membership**) of this Agreement.
- 1.16 “Members” mean all of the public entities that satisfy the requirements of Article V (**Membership**) of this Agreement.
- 1.17 “Officer” means an Officer of the Delta Conveyance Design and Construction Joint Powers Authority appointed in accordance with Section 6.2.
- 1.18 “President” means the President of the Delta Conveyance Design and Construction Joint Powers Authority appointed in accordance with Section 6.3.
- 1.19 “Reclamation” means the United States Bureau of Reclamation.

- 1.20 “Secretary” means the Secretary of the Delta Conveyance Design and Construction Joint Powers Authority appointed in accordance with Section 6.3.
- 1.21 “Section” means a section, subsection or sub-subsection within an Article of this Agreement and, unless otherwise specified, refers to all numbered and lettered divisions within that section, subsection or sub-subsection.
- 1.22 “State” means the State of California.
- 1.23 “State Water Project” or “SWP” means the State Water Facilities, as defined in California Water Code section 12934(d).
- 1.24 “Treasurer” means the Treasurer of the Conveyance Project Coordination Agency appointed in accordance with Section 6.3.
- 1.25 “Vice-President” means the Vice-President of the Delta Conveyance Design and Construction Joint Powers Authority appointed in accordance with Section 6.7.

ARTICLE II: CREATION OF THE CONVEYANCE PROJECT COORDINATION AGENCY

There is hereby created pursuant to the Joint Exercise of Powers Act, California Government Code section 6500 *et seq.*, a public entity to be known as the “Delta Conveyance Design and Construction Authority.” Delta Conveyance Design and Construction Joint Powers Authority shall be a public entity separate from its Members.

ARTICLE III: TERM

This Agreement shall become effective when at least two Members (1) execute this Agreement and (2) agree there is sufficient representation to fund the Construction Authority’s Stand Up Costs.

This Agreement shall remain in effect until terminated pursuant to the provisions of Article XIV (**Withdrawal of Members**) of this Agreement.

ARTICLE IV: PURPOSES AND POWERS

4.1 Purpose. The purpose of this Agreement is to establish a public entity separate and apart from its Members to undertake those activities required to complete the design and construction of the Conveyance Project.

4.2 Powers. The Delta Conveyance Design and Construction Joint Powers Authority shall have the power in the name of the Construction Authority to exercise those common powers, and all independent, complete and/or supplementary powers authorized by Government Code section 6584 *et. seq.* or as otherwise authorized by law, necessary or appropriate to design and construct the Conveyance Project including, but not limited to, the following:

4.2.1 To make and enter into contracts necessary for the full exercise of the Delta Conveyance Design and Construction Joint Powers Authority powers;

4.2.2 To incur debts, liabilities, or obligations subject to the limitation herein set forth;

4.2.3 To acquire real or personal property, including, without limitation, by purchase, lease, gift, bequest, or devise, to hold, manage, lease and dispose of any such property;

4.2.4 To hold, manage, operate and maintain all Construction Authority property, facilities, buildings, structures, vehicles, apparatus and equipment;

4.2.5 To contract for the services of engineers, attorneys, technical specialists, financial consultants, and to employ such other persons as it deems necessary;

4.2.6 To apply for, accept, and receive state, federal or local licenses, permits, grants, loans, or other aid from any agency of the United States, the State or other public or private entities as the Delta Conveyance Design and Construction Joint Powers Authority deems necessary for the full exercise of its powers;

4.2.7 To undertake any investigations, studies, and matters of general administration;

4.2.8 To develop, collect, provide, and disseminate to the Members and others information that furthers the purposes of the Delta Conveyance Design and Construction Joint Powers Authority;

4.2.9 To sue and be sued in its own name;

4.2.10 To receive gifts, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporations and any governmental entity;

4.2.11 To procure bonds, insurance and self-insurance as it deems advisable to protect the Parties and Construction Authority and its property, officers, employees, contractors and agents;

4.2.12 To perform all acts necessary or proper to carry out fully the purposes of this Agreement; and

4.2.13 To also exercise the independent, complete and/or supplementary powers of a joint powers agency, as provided by law.

4.3 To the extent required under Government Code section 6509, in the event that the State Water Project Contractors Authority becomes a party to this Agreement, and upon approval of the Board, the Construction Authority shall exercise its powers in the manner and according to the methods provided under the laws applicable to the State Water Project Contractors Authority.

Prior to such event, to the extent required under Government Code section 6509, the Construction Authority shall exercise its powers in the manner and according to the methods provided under the laws applicable to the Metropolitan Water District of Southern California.

4.4 Except as expressly provided herein, nothing in this Agreement shall be construed as affecting the rights or obligations of the Parties, including but not limited to any rights or obligations pursuant to contracts for delivery of water from the CVP or SWP.

ARTICLE V: MEMBERSHIP

5.1 Members. Membership in the Delta Conveyance Design and Construction Joint Powers Authority shall be limited to those public entities (1) that possess the common powers described in Article IV (**Purposes and Powers**) of this Agreement, (2) that will bear at least some of the financial obligation for the Conveyance Project, and (3) that execute this Agreement within five (5) months of it becoming effective and any addenda thereto. The Members will be listed in Exhibit A and, upon direction from the Board, Exhibit A may be modified without constituting an amendment to this Agreement.

5.2 New Members. It is recognized that entities, other than the original Members may wish to participate in the Construction Authority. Additional entities may become Members of the Authority upon such terms and conditions as provided by the Board upon affirmative vote of four (4) out of five (5) or 80% of all the Directors, whichever number is less.

ARTICLE VI: DIRECTORS AND OFFICERS

6.1 Board of Directors. The Delta Conveyance Design and Construction Joint Powers Authority shall be governed by a Board of Directors.

6.1.1 Initially, there shall be up to five (5) Directors and five (5) Alternative Directors, with each pair appointed by and representing the following Members or class of Members:

- i. Metropolitan Water District of Southern California (State Water Project)
- ii. Kern County Water Agency
- iii. Santa Clara Valley Water District
- iv. State Water Project contractor, selected by otherwise non-represented State Water Project contractors.
- v. Metropolitan Water District of Southern California (Non State Water Project capacity)

The number of Directors may be expanded to seven (7) Directors and seven (7) Alternative Directors if, at any point after the execution of this Agreement, there are three or more CVP contractors, other than Santa Clara Valley Water District, that desire to become Members. CVP contractors may be assigned Director and Alternative Director positions upon such terms and conditions as provided by the Board upon affirmative vote of four (4) out of five (5) or 80% of all the Directors.

6.1.2 As set forth in Article VII (**Director Meetings**) of this Agreement, each Director and Alternative Director shall be appointed prior to the initial meeting, or within 30 days of an entity becoming a Member.

6.1.3 Directors and Alternative Directors shall receive such compensation from the Authority for services as may from time to time be established by the Board. In addition, Directors and Alternative Directors shall be reimbursed for expenses incurred by such Director or Alternative Directors in the conduct of the Construction Authority's business.

6.1.4 The names of all Directors and Alternative Directors shall be on file with the Board.

6.1.5 The Directors and Alternative Directors shall be directors, officers or employees of the Member or class of Members he or she represents.

6.1.6 The vote, assent, or approval of the Member for the appointment of the Director and Alternate Director shall be evidenced by a copy of the resolution of the governing board, the board minutes of the relevant meeting, or a letter of the governing board or executive officer of the Member or an association of a class of Members filed with the Construction Authority.

6.1.7 Process to Fill Vacancies. In the event of a vacancy on the Board, the Member for which the Board vacancy exists shall fill such vacancy according to reasonable procedures determined by the Construction Authority consistent with this Article VI (**DIRECTORS AND OFFICERS**).

6.1.8 Each Director and Alternate Director shall hold office from the first meeting of the Board after his or her appointment by the Member he or she represents until a successor is selected and the Construction Authority is notified.

6.1.9 Directors and Alternate Directors serve at the pleasure of the Member or class of Members. A Director and Alternate Director office shall be declared vacant if the person serving dies, resigns, the Member the Director or Alternate Director serves withdraws from this Agreement, the membership of the Member the Director or Alternate Director serves is terminated, or whenever, at the discretion of the particular Member, the Director or Alternative Director is incapable of serving. Upon the Director office becoming vacant, the Alternate Director, if the office is not vacant, shall serve as Director, until the Member or class of Members appoints a Director.

6.1.10 All the power and authority of the Delta Conveyance Design and Construction Joint Powers Authority will be exercised by the Board, subject however to the rights reserved by the Members as herein set forth; provided, however, that the Board may delegate such powers and authority to the President or Executive Director as the Board may determine by motion, resolution or ordinance. The Board may also appoint and delegate such powers and authority to advisory committees or subcommittees composed of Directors and Officers as the Board may determine by motion, resolution or ordinance.

6.1.11 The Board may adopt from time to time such bylaws, rules and regulations for the conduct of its affairs as may be required.

6.2 Officers. Officers of the Construction Authority shall be a President, Vice President, Secretary, and Treasurer. Any number of offices may be held by the same person provided that the President shall not also serve as the Vice President, Secretary, or Treasurer. The Vice President, or in the Vice President's absence, the Secretary shall exercise all powers of the President in the President's absence or inability to act. The President, the Vice President, and the Secretary must be members of the Board of Directors. The President shall chair meetings of the Board. In the absence of the President, the Vice President shall be the chair such meetings. In the absence of the President and Vice President, the Secretary shall chair the meeting.

6.3 Appointment of Officers. Officers shall serve two (2) year terms and, except for the offices of President and Vice President, serve at the pleasure of the Board. The offices of President and Vice President shall be filled in accordance with Exhibit B and the terms of the initial President and Vice President shall commence at the initial Board meeting or as soon as practical thereafter. As provided for in Article VII (**BOARD MEETINGS**) of this Agreement, the Secretary and Treasurer shall be chosen at the initial Board meeting or as soon as practical thereafter. The Secretary and Treasurer may serve for multiple consecutive terms. Any Officer may resign at any time upon written notice to the Board.

6.3.1 The offices of President and Vice President shall rotate in accordance with Exhibit B. However, Exhibit B shall not become effective until the Members that will initially fill the offices of President and Vice President, as prescribed in Exhibit B, have executed this Agreement. The Board may choose an interim President and Vice-President that will serve until Exhibit B becomes effective. Exhibit B may be modified by a unanimous vote of all the Directors without constituting an amendment to this Agreement.

ARTICLE VII: BOARD MEETINGS

7.1 Initial Meeting. The initial meeting of the Board of Directors shall be held within 15 days of completion of the appointments of initial Directors and Alternative Directors, and held in Sacramento, California. The Board shall, at its first meeting or as soon thereafter as practicable, appoint the Secretary and Treasurer, and select an Auditor. Unless changed by the Board, the principle office of the Construction Authority shall be located in Sacramento County.

7.2 Time and Place. The Board shall meet at least twice per year at a time and place set by the Board, and at such other times as may be determined by the Board.

7.3 Special Meetings. Special meetings of the Directors may be called by the President or a majority of all the Directors.

7.4 Conduct. All meetings of the Board, including special and emergency meetings, shall be noticed, held, adjourned, and conducted in accordance with the Ralph M. Brown Act, to the extent applicable. The Board and Alternate Directors may use tele-conferencing or video-conferencing in connection with any meeting in conformance with and to the extent authorized by the applicable laws.

ARTICLE VIII: MEMBER VOTING

8.1 Quorum. A quorum of any meeting of the Board shall consist of a majority of the Directors. In the absence of a quorum, any meeting of the Directors may be adjourned from time to time by a vote of a majority present, but no other business may be transacted.

8.2 Director Votes. Each Director shall have one (1) vote. All decisions by the Board shall be made by a majority vote of all the Directors, except the vote of four (4) out of five (5) or 80% of Directors, whichever number is less, shall be required to (1) endorse or otherwise support any legislation, (2) terminate the membership of a Member as provided in Article XIV (**WITHDRAWAL OF MEMBERS**) , (3) as provided in Article V (**MEMBERSHIP**), and (4) as provided in Article XII (**BUDGET AND EXPENSES**), for the issuance of notes or other forms of indebtedness, including entering into leases for real property or equipment. Alternate Directors shall have no vote if the Director is present. If the Director is not present, the Alternate Director may cast a vote.

ARTICLE IX: EXECUTIVE DIRECTOR

9.1 Appointment. The Board shall hire an Executive Director. The Executive Director shall be compensated for his/her services, as determined by the Board.

9.2 Duties. The Executive Director shall be the chief administrative officer of the Construction Authority, shall serve at the pleasure of the Board of Directors, and shall be responsible to the Board for the proper and efficient administration of the Construction Authority. The Executive Director shall have the powers that the Board delegate by motion, resolution or ordinance. The Executive Director will be delegated requisite authority to carry out such responsibilities as permitted by law.

9.3 Staff. The Executive Director shall employ such additional full-time and/or part-time employees, assistants and independent contractors that may be necessary from time to time to accomplish the purposes of the Construction Authority.

9.4 Term and Termination. The Executive Director will serve until he/she resigns or the Board decides to terminate his/her employment.

ARTICLE X: COMMITTEES

The Board shall also appoint one or more advisory committees or establish standing committees, including an Environmental Compliance and Mitigation Committee to be chaired in accordance with Exhibit B. As stated in Article 6.3.1, Exhibit B may be modified by a unanimous vote of all the Directors without constituting an amendment to this Agreement. The Board shall determine the purpose and need for such committees and the necessary qualifications for individuals appointed to them. Each advisory or standing committee shall include at least one Director and the Director shall act as the chair thereof. The Board may delegate such powers and authority to advisory committees or standing committees as the Board may determine by motion, resolution or ordinance.

ARTICLE XI: ACCOUNTING PRACTICES

11.1 General. The Board shall establish and maintain such funds and accounts as may be required by generally accepted utility accounting practice.

11.2 Fiscal Year. Unless the Directors decide otherwise, the fiscal year for the Authority shall be July 1 through June 31.

11.3 Auditor.

11.3.1 An Auditor shall be chosen annually by, and serve at the pleasure of the Board. As provided for in Article VII (**Director Meetings**) of this Agreement, the Auditor shall be chosen at the first Board meeting. An Auditor may serve for multiple consecutive terms. The Auditor may resign at any time upon written notice to the Board.

11.3.2 The Auditor shall make an annual audit of the accounts and records of the Authority. A report shall be filed as a public record with the Auditor of the county where the Authority is domiciled consistent with Government Code section 6505, and with each agency that is a Member. Such report also shall be filed with the Secretary of State within twelve (12) months of the end of the fiscal year under examination.

11.4 Treasurer. The Board, or its designated representative, shall contract with an independent certified public accountant or the Treasurer or Chief Financial Officer of any Member, to serve as Treasurer of the Authority. The Treasurer shall be the depository of and have custody of funds, subject to the requirements of Government Code sections 6505-6505.6. The Treasurer shall have custody of all money of the Construction Authority from whatever source and shall perform the duties specified in Government Code section 6505.5. The Treasurer shall be bound in accordance with Government Code section 6505.1 and shall pay demands against the Construction Authority that have been approved by the Board. All funds of the Construction Authority shall be strictly and separately accounted for, and regular reports shall be rendered to the Board of all receipts and disbursements at least quarterly during the fiscal year. The books and records of the Construction Authority shall be open to inspection by a Director at all reasonable times upon reasonable notice.

ARTICLE XII: BUDGET AND EXPENSES

12.1 Budget. The Board shall adopt an annual budget before the beginning of a fiscal year. The budget shall include, at a minimum, individual contract estimates with a contingency amount and all administrative costs to be incurred by the Construction Authority to perform the purposes of this Agreement.

12.2 Construction Authority Stand Up Costs. The Construction Authority Stand Up Costs, which is to be used for the purpose of funding general overhead and administrative expenses for the initial operations of the Construction Authority, is budgeted not to exceed one million dollars (\$1,000,000.00). Each Member shall contribute two hundred thousand dollars (\$200,000) per Board seat. Any Member that does not make its respective contribution to the Construction Authority Stand Up Costs within forty-five (45) days after a Treasurer and depository of funds has been selected by the Board or within forty-five (45) days of joining the Construction Authority, whichever is later, shall be deemed to have withdrawn as a Member and ceased to be a Party to this Agreement.

12.3 Contribution; Payments; Advances. In accordance Section 6504 of the Government Code of the State of California, as amended, the Members may make such contributions, payments and advances, including in-kind services, to the Construction Authority as are approved from time to time by the Board of Directors.

12.4 Return of Contributions. In accordance with Government Code Section 6512.1, repayment or return to the Members of all or any part of any contributions made by Members may be directed by the Board at such time and upon such terms as the Board may decide.

12.5 Funding for the Construction Authority. Except for the Construction Authority Stand Up Costs actually expended, funding for the Authority which shall include but not be limited to all costs incurred and associated with the design and construction of the Conveyance Project pursuant to this Agreement shall be derived exclusively from DWR. However, in the event that DWR does not have the authority to fund, construct or own the Conveyance Project as part of the State Water Project, funding for the Construction Authority may be derived from other sources.

The Members of the Construction Authority shall not be responsible for any costs incurred by the Construction Authority in fulfillment of its purposes pursuant to this Agreement and any relevant Bylaws. The Delta Conveyance Design and Construction Joint Powers Authority shall hold title to all funds and property acquired by the Construction Authority during the term of this Agreement.

12.6 Indebtedness. The issuance of bonds, notes or other forms of indebtedness, including entering into leases for real property or equipment, shall be approved at a meeting of the Directors.

ARTICLE XIII: LIABILITIES

13.1 No Member Liability. The debt, liabilities and obligations of the Delta Conveyance Design and Construction Joint Powers Authority shall be the debts, liabilities and obligations of the Authority alone, and not the individual Members.

13.2 Indemnity. Funds of the Delta Conveyance Design and Construction Joint Powers Authority may be used to defend, indemnify and hold harmless the Delta Conveyance Design and Construction Joint Powers Authority, each Member, each Director, and any officers, agents and employees of the Delta Conveyance Design and Construction Joint Powers Authority for their actions taken within the course and scope of their duties while acting on behalf of the Delta Conveyance Design and Construction Joint Powers Authority, including pursuant to a future project agreement. Other than for gross negligence or intentional acts, the Delta Conveyance Design and Construction Joint Powers Authority shall indemnify and hold harmless each Member, its officers, agents and employees from and against all claims, demands, or liability, including legal costs, arising out of or are encountered in connection with this Agreement and the activities conducted hereunder and shall defend each of them against any claim, cause of action, liability, or damage resulting therefrom. The directors, officers, employees, agents and volunteers of the Agency shall be entitled to defense and indemnification by the Construction Authority as provided under Government Code title 1, division 3.6, part 2,

chapter 1, article 4 (commencing with Section 825) and title 1, division 3.6, part 7 (commencing with section 995). The indemnification and hold harmless provisions of this section 13.2 shall apply in lieu of the right of contribution provisions at Government Code Sections 895-895.8.

ARTICLE XIV: WITHDRAWAL OF MEMBERS

14.1 Termination of Membership. The Board of Directors may terminate the membership of any Member upon a finding that the Member (1) does not possess powers common to the other Members, or (2) does not agree to bear its share of the Conveyance Project's costs.

14.2 Unilateral Withdrawal. Upon sixty (60) days' prior written notice, a Member may unilaterally withdraw from this Agreement for any reason, without causing or requiring termination of this Agreement. A member that withdraws shall be held to its financial obligations to the Construction Authority incurred while a member. Unless the notice is retracted, the withdrawal shall be effective as of the date the Member provided written notice or after written confirmation from the Construction Authority that the Member's outstanding obligations have been resolved.

14.3 Termination and Distribution.

14.4.1 This Agreement shall continue until terminated. However, it may not be terminated until such time as (1) DWR has accepted the Conveyance Project in accordance with Joint Exercise of Powers Agreement between the Department of Water Resources, State of California and the Construction Authority and (2) DWR has taken over all activities related to the design and construction of the Conveyance Project, and all principal of and interest on any liabilities or other forms of indebtedness of the Construction Authority are paid in full. Thereafter, this Agreement may be terminated by the written consent of 80% of the then current Members; provided, however, that this Agreement and the Construction Authority continue to exist after termination for the purpose of disposing of all claims, distribution of assets and all other functions necessary to conclude the obligations and affairs of the Construction Authority.

14.4.2 After completion of the Construction Authority's purposes, all assets and any surplus money on deposit in any fund or account of the Construction Authority will be distributed in accordance with the Board's direction. The Board is vested with all powers of the Delta Conveyance Design and Construction Joint Powers Authority.

ARTICLE XV: BYLAWS

At, or as soon as practicable after, the first meeting of the Board of Directors, the Board shall draft and approve Bylaws of the Construction Authority to govern the day-to-day operations of the Construction Authority.

ARTICLE XVI: MISCELLANEOUS PROVISIONS

16.1 Non-Waiver of Sovereign Authority. Nothing herein shall constitute a waiver or relinquishment of sovereign authority of any Member with respect to any decision related hereto,

including, but not limited to, the decision to participate in any action hereunder or to participate in an action separate and apart herefrom.

16.2 No Predetermination or Irretrievable Commitment of Resources. Nothing herein shall constitute a determination that any action, including the Conveyance Project, shall be undertaken or that any irretrievable commitment of resources shall be made, until such time as the required compliance with the California Environmental Quality Act, National Environmental Policy Act, or permit requirements, as applicable, has been completed.

16.3 Notices. Notices to a Director or Member hereunder shall be sufficient if delivered to the principal office of the respective Director or Member and addressed to the Director or Member. Delivery may be accomplished by U.S. Postal Service, private mail service, or electronic mail.

16.4 Amendments To Agreement. This Agreement may be amended or modified at any time only by subsequent written agreement approved and executed by each of the Members.

16.5 Agreement Complete. The foregoing constitutes the full and complete Agreement of the Members. There are no oral understandings or agreements not set forth in writing herein.

16.6 Severability. Should any part, term or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any applicable Federal law or any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms, or provisions hereof shall not be affected thereby, provided however, that if the remaining parts, terms, or provisions do not comply with Government Code sections 6500 *et seq.*, this Agreement shall terminate.

16.7 Withdrawal by Operation of Law. Should the participation of any Member to this Agreement be decided by the courts to be illegal or in excess of that Member's authority or in conflict with any law, the validity of the Agreement as to the remaining Members shall not be affected thereby.

16.8 Assignment. Except as otherwise provided in this Agreement, the rights and duties of the Members may not be assigned or delegated without the written consent of all other Members. Any attempt to assign or delegate such rights or duties in contravention of this Agreement shall be null and void.

16.9 Binding on Successors. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Members hereto. No creditor, assignee, or third-party beneficiary of any Member shall have any right, claim or title to any part, share interest, fund, or asset of the Construction Authority.

16.10 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

16.11 Singular Includes Plural. Whenever used in this Agreement, the singular form of any term includes the plural form and the plural form includes the singular form.

16.12 Limitations on Liability. Section 13.2 of this Agreement defines the scope of the Delta Conveyance Design and Construction Joint Powers Authority's duty to defend, indemnify and hold harmless any Director, officer, agent or employee. The Delta Conveyance Design and Construction Joint Powers Authority may purchase such insurance as the Board may deem appropriate for this purpose. A Member may separately contract for or assume responsibility for specific debts, liabilities, or obligations of the Construction Authority. Notwithstanding any other provision of this Agreement, no fee, assessment or charge may be levied against a current Member without express consent of the Member.

16.13 Official Bonds. The Executive Director and the Auditor are designated as officers required having and filing official bonds pursuant to Government Code section 6505.1 in amounts to be fixed by the Board.

16.14 Closed Session. Closed sessions of the Board shall be confidential. However, confidential information from closed sessions may be disclosed to Members as permitted by Government Code section 54956.96. The Board may include provisions in its bylaws to implement this section.

IN WITNESS WHEREOF, the Members hereto have executed this Agreement by authorized officials thereof on the dates indicated below, which Agreement may be executed in counterparts.

Dated: _____

By: _____

Attest:

Approved as to form:

PAGE INTENTIONALLY LEFT BLANK

EXHIBIT A

List of Member Agencies

[To Be Developed]

PAGE INTENTIONALLY LEFT BLANK

EXHIBIT B

Rotation of Officers

Year	Construction JPA President	Construction JPA Vice-President	Environment Committee Chair	Environment Committee Vice-Chair
Year 1-2	Santa Clara Valley Water District (SCVWD)	Metropolitan Water District of Southern California (MWD)	Kern County Water Agency (KCWA)	State Water Contractor at large (SWC)
Year 3-4	MWD	KCWA	SWC	SCVWD
Year 5-6	KCWA	SWC	SCVWD	MWD
Year 7-8	SWC	SCVWD	MWD	KCWA
Year 9-10	SCVWD	MWD	KCWA	SWC
Year 11-12	MWD	KCWA	SWC	SCVWD
Year 13-14	KCWA	SWC	SCVWD	MWD
Year 15-16	SWC	SCVWD	MWD	KCWA

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 17 - 68

CONDITIONAL SUPPORT OF CALIFORNIA WATERFIX

WHEREAS, our mission at the Santa Clara Valley Water District (District) is to provide Silicon Valley with safe, clean water to support healthy lives, the environment, and economy; and

WHEREAS, the Board of Directors endeavor through our policies and actions to affirm to the residents of Silicon Valley that we are dependable stewards and that the District can be trusted to provide clean, safe, affordable water, and guarantee our water supply for the future; and

WHEREAS, Santa Clara County relies on State Water Project (SWP) and Central Valley Project (CVP) water conveyed through the Sacramento-San Joaquin Bay-Delta (Delta) for 40 percent of its water supply on average; and

WHEREAS, imported water from the Delta and its watershed has played a significant role in recharging the County's groundwater basin, protecting against further land subsidence, and providing for the well-being of the citizens of Santa Clara County; and

WHEREAS, substantial local investments in water use efficiency and conservation, recycled water and groundwater management are essential but cannot cost-effectively replace imported water; and

WHEREAS, the District has long been committed to sustained reliable water supplies as well as environmental stewardship; and

WHEREAS, if no action is taken, the District's SWP and CVP supplies will be vulnerable to risks from declining ecosystem conditions, increasing regulatory restrictions, seismic risks, climate change and sea level rise, resulting in reduced water supply reliability for Santa Clara County; and

WHEREAS, the California Department of Water Resources (DWR) proposes to construct the California WaterFix, which consists of new intakes on the east bank of the Sacramento River in the northern Sacramento San Joaquin Delta, tunnel(s) connecting these intakes to a new, intermediate forebay, and tunnel(s) carrying water from this forebay to a new pumping plant connected to an expanded and modified Clifton Court Forebay; and

WHEREAS, the California WaterFix is a critical component of the California Water Action Plan, the State of California's blueprint for a "sustainable and resilient future"; and

WHEREAS, the California WaterFix has the potential to protect the District's water supply reliability by upgrading aging infrastructure, thereby reducing the vulnerability of SWP and CVP water supplies to seismic events in the Delta and climate change impacts; and

WHEREAS, the California WaterFix has the potential to improve access to transfer supplies and increase storage project yield while conveying water across the Delta in a way that is safer for the environment; and

WHEREAS, the SWP component of the WaterFix is defined such that benefits of the project would accrue to SWP participants, while the U.S. Bureau of Reclamation's proposed CVP participation approach does not provide sufficient assurances that WaterFix benefits will be realized by CVP participants; and

WHEREAS, on July 21, 2017, DWR certified the final environmental analysis for the California WaterFix and signed the Notice of Determination thereby approving California WaterFix as the proposed project under the California Environmental Quality Act; and

WHEREAS, the District supports the use of unionized labor and Project Labor Agreements (PLAs) to participate in the construction of the WaterFix project.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the Santa Clara Valley Water District does hereby find, determine, and order as follows:

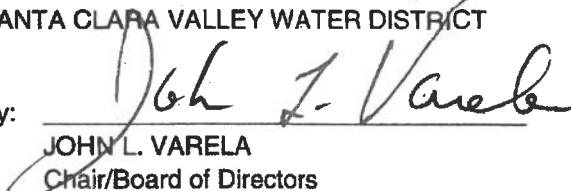
1. That the Santa Clara Valley Water District hereby declares its conditional support for the California WaterFix and adopts the Guiding Principles, attached hereto as Attachment 1, for Participation in the California WaterFix; and
2. That the District's Directors and staff will use these Guiding Principles to shape the District's participation in the WaterFix Project, including evaluating the WaterFix project, identifying ways to meet the District's goals, and shaping the project development and any agreements necessary to secure the conditions needed for the District's support. Any proposed material deviation from the Guiding Principles shall be presented to the District Board for its consideration and approval.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on October 17, 2017:

AYES:	Directors	G. Kremen, T. Estremera, N. Hsueh, B. Keegan, L. LeZotte, R. Santos, J. Varela
NOES:	Directors	None
ABSENT:	Directors	None
ABSTAIN:	Directors	None

SANTA CLARA VALLEY WATER DISTRICT

By:


JOHN L. VARELA
Chair/Board of Directors

ATTEST:


Michele L. King, CMC
Clerk/Board of Directors

Attachment: Guiding Principles for Participation in the California WaterFix

Attachment 1
Guiding Principles for Participation in the
California WaterFix

Guiding Principle #1 – Santa Clara County needs are the primary drivers in all our decisions involving the WaterFix project.

Fresno, Huron, Southern California, Discovery Bay, Rio Vista and other places in California have important desires, but providing safe, clean, affordable water for the people, businesses, wildlife and habitat of *Santa Clara County* is our primary focus.

Guiding Principle #2 – We will not allow Silicon Valley values and priorities to be placed at a disadvantage relative to Central Valley Agriculture or Southern California.

We support a WaterFix project in which all parties pay their fair share and avoid cost shifting to urban users.

Santa Clara County rate payers and / or taxpayers should *pay no subsidies* to Central Valley Agriculture or Southern California water users.

Ensure that the District receives all prices, benefits and other terms ("me-too" clause), considered as a whole, that are at least equivalent to those terms being offered to other participants of the WaterFix project.

Guiding Principle #3 – We are advocating for a flexible approach that addresses Silicon Valley stakeholder and community input.

We take public input seriously, having had over 50 agenda items at properly noticed, public meetings on the WaterFix project and the District's water master supply plan alone (see Appendix A for a partial list of such meetings).

We support a WaterFix project that provides for environmental protections for the Delta, that is part of an overall State effort to improve Delta habitat through, at a minimum, the EcoRestore program, and that takes into account climate change.

To quote from the recent *Baykeeper Issue Brief on the Delta Tunnels*:

"With a portfolio of science-based actions we can stabilize the Delta ecosystem to prevent fish extinctions while permitting sustainable water exports. Signs of hope and solutions include:

....

Reduction in tunnel scope to a single smaller tunnel. Several groups, including the Natural Resources Defense Council and the Public Policy Institute of California, have suggested that a single tunnel could help achieve the reliability and resiliency sought by water contractors while maintaining an engineered limit to diversions that would be less susceptible to over-extraction and abuse."

Additionally, to quote Governor Brown in the LA Times on October 5th, 2017:

But Brown said Thursday that WaterFix could survive, albeit in a scaled-down version, without money from Westlands and other agricultural districts that receive delta supplies from the federal Central Valley Project.

"The project can be altered to reduce the costs if the federal contractors don't want to be a part of it," the governor said. "The state needs the water. We're not going to commit suicide. We gotta have it."

Given that Westlands Water District and certain other agriculture districts have declined to participate in the WaterFix project, we are supportive of a *lower-cost, scaled-down, and staged* project that is consistent with the existing environmental impact reports and other administrative proceedings. We support considering an approach that incorporates the following in the first stage of the project:

- a) One tunnel instead of the two tunnels;
- b) A reduced intake volume from the original 9,000 cubic feet per second;
- c) A reduced number of intakes on the Sacramento River;
- d) A project that incorporates and ensures less impacts on fisheries and the environment relative to current operations; and
- e) Allows Santa Clara Valley Water District elected officials to be actively involved as leaders in the governance of the WaterFix project to ensure the project is implemented appropriately and to prevent any Southern California water grab.

Any changes to the project that diverge from this principle must be brought before the board before any final agreement is announced.

Guiding Principle #4- As water is a human right, we must make investments to make sure our water supply meets future needs at a cost affordable by everyone

Our District believes in an "all-of-the-above approach" to water supply. We have significant ongoing investments in water conservation. We are looking seriously at highly purified (drinkable) water, recycled water, storm water capture, rain water capture, grey water usage, etc. We take into account the importance of local supplies and resiliency.

At the same time, the cost of water is an important consideration to our ratepayers and we believe that water is a basic human right. Of the options that produce a significant quantity of supply, our imported supply is the lowest cost per unit source available to the District, and a staged WaterFix project could help stabilize the increasing cost of our overall supply portfolio. The cost of water is a social justice issue; the WaterFix project would help keep down the cost of our water supply portfolio and make safe, clean water more affordable.

Consistent with this principle, our support of the WaterFix is conditioned on the per acre-foot cost remaining similar to current estimates.

Guiding Principle #5 – Equity and costs are important.

The District Board may further refine this Principle #5 in future Board meeting(s) that are part of the rate setting process. Those communities and / or organizations that pay SWP property taxes (funds) and receive on average 85% of their water supply from sources other than the District-managed supplies will receive, directly or indirectly and not exceeding the amount of SWP property tax paid, those funds back in the form of additional, incremental, dedicated, segregated funds exclusively for water conservation programs, recycled water, purified water, wastewater treatment plant environmental upgrades, Automatic Meter Infrastructure (AMI) updates, or dedicated environmental focused grants starting in FY 2019 until FY 2024. To unlock these additional, incremental, dedicated funds, the communities and organizations will be required to make at least 20% match of the District's contribution; otherwise the dedicated, segregated funds go back to the District by FY 2026.

Guiding Principle #6 – Any final arrangement must provide flexibility to acquire supplemental water by taking advantage of future wet years to ensure residents have a reliable water supply, no matter what extreme weather the changing climate brings.

The District supports the State Water Project WaterFix participation approach, which would allocate the benefits and costs of the WaterFix to the District in proportion to its current 2.5% level of participation in the State Water Project.

Additionally, the District shall commit to and / or purchase enough supplies from the project to replace the projected deficit in current imported water supplies over time, and to ensure against future uncertainty. More specifically, we commit to securing sufficient supplemental water supplies if they become available at a reasonable price to avoid a deficit in our water supply, with potentially additional investments to provide insurance against future uncertainty.

Simultaneously, it is critical that the WaterFix provide reliability for our CVP supplies as well as our SWP supplies and that both supplies can be moved through the WaterFix.

If we do not act, given competition for limited water supplies in California, undoubtedly, water made available through improvements in the State Water Project and the Bay-Delta will instead go to Central Valley Agriculture and Southern California.

Guiding Principle #7 – Keep negotiating for the best deal for Santa Clara County

Our final guiding principal is that staff shall continue participating in California WaterFix planning discussions with State and federal agencies as well as other prospective WaterFix participants, to further define the project, and to develop agreements to secure the conditions needed for the District's support.

Appendix A - Board Meeting Agenda Items regarding California WaterFix

1. May 10, 2011 - Overview of Delta Issues
2. August 26, 2011 (Board Workshop)- Secretary of California Natural Resources Agency, John Laird, and several representatives of environmental groups discussed the ecosystem restoration goal of the BDCP.
3. October 14, 2011 (Board Workshop) - Deputy Secretary of the California Natural Resources Agency, Gerald Meral, and several general managers of California water agencies discussed the water supply reliability goal of the BDCP.
4. March 28, 2012 (Board Workshop) - Several elected officials and residents of Delta counties discussed the in-Delta perspective on BDCP, along with perspectives from Senior Policy Fellow at the Public Policy Institute of California, Ellen Hanak.
5. May 15, 2012 (Board Agenda Item)- Staff prepared a BDCP update following release of the preliminary administrative draft of the BDCP.
6. August 7, 2012 (Board Agenda Item) - Following the July 25th announcement by the Governor and Obama Administration on key elements of the BDCP proposed project, staff provided an update on the Bay Delta Conservation Plan and results of an opinion survey.
7. February 26, 2013 – (Board Agenda Item) Prior to the release of the second Administrative Draft of the BDCP, staff provided an update on the BDCP and established a Board Ad Hoc Committee to assist the Board with developing policies relating to the District's engagement in the BDCP.
8. October 11, 2013 (Board Workshop)- Director of California Department of Water Resources, Mark Cowin, Undersecretary of California Department of Food and Agriculture, Sandra Schubert, and Economist David Sunding provided an overview of BDCP in relation to other State planning efforts and discussed the statewide economic impacts and perspective on BDCP.
9. November 8, 2013 (Board Workshop) - California Department of Fish and Wildlife staff and several representatives of environmental and in-Delta interests discussed habitat restoration and conservation in the Delta and the perspectives of in-Delta users
10. November 13, 2013 (Board Workshop) - Director of Department of Fish and Wildlife Chuck Bonham, technical experts in Delta risks, and BDCP project managers discussed Delta risks, the relevance of BDCP to Delta fisheries, and plan components and analysis.
11. December 9, 2013 (Board Workshop) - Secretary of California Natural Resources Agency, John Laird and other invited guests provided perspectives on the importance of BDCP to the State, County and economy of Silicon Valley. Staff provided a preliminary analysis of BDCP benefits and costs to Santa Clara County
12. January 27, 2014 (Board Workshop) - Former Director of the San Francisco Public Utilities Commission's Water System Improvement Program, Julie Labonte, and President and CEO of Hallmark Group Capital Program Management, Chuck Gardner, described implementation of large water supply infrastructure construction projects.
13. May 27, 2014 (Board Agenda Item) - Following the five 2013–2014 District Board Workshops on BDCP, staff provided an update on Bay Delta Conservation Plan, a summary of the workshops, and responses to Board questions raised during and after the workshops.
14. July 22, 2014 (Board Agenda Item) - Staff presented draft District comments on the Public Review Draft BDCP and its EIR/EIS and on the draft BDCP Implementing Agreement for Board review for consistency with Board Policy. Staff also presented an update on the BDCP and responses to additional Board questions.

15. September 23, 2014 (Board Agenda Item) - Staff responded to questions and concerns raised by Board Members and the League of Women Voters of California with various aspects of the BDCP
16. January 22, 2015 (Board Workshop) - Staff and a panel of invited guests described the BDCP adaptive management strategy and the current scientific understanding of habitat restoration in general as well as with respect to BDCP restoration actions.
17. May 26, 2015 (Board Agenda Item) - Staff provided an update on the BDCP and described the new approach proposed by the State to separately develop California WaterFix and EcoRestore.
18. October 27, 2015 (Board Agenda Item) - Staff provided an update on the BDCP and the re-circulated draft environmental documents including draft staff comments on the re-circulated documents.
19. January 26, 2016 (Workshop) - A panel of guests provided updated information and resource agency perspectives on the California WaterFix and California EcoRestore.
20. April 15, 2016 (Board Agenda Item) - Staff provided an overview of imported water and current issues
21. July 12, 2016 (Board Agenda Item) - Staff provided an updated business case analysis and a draft District policy statement for the State Water Board hearing on the petition to change the point of diversion for the SWP and CVP
22. September 27, 2016 - Update on Implementation of the 2012 Water Supply and Infrastructure Master Plan and Development of the 2017 Water Supply Master Plan (WSMP)
23. January 31, 2017 - Update on the 2017 Water Supply Master Plan and Potential Storage Options
24. March 14, 2017 – Review and confirm proposed Principles related to the Waterfix and receive WaterFix update
25. April 25, 2017 - Update on the 2017 Water Supply Master Plan and Alternative Water Supply Strategies
26. May 9, 2017 – Updated information on the Delta Stewardship Council's Delta Plan, the District's CWF Principles relevant to the Delta Plan amendments
27. May 25, 2017 (Workshop) Guests Chuck Gardner, John Bednarski, Pat Pettiette, and Bob Goodfellow provide presentation on cost estimation, risk assessment and management, and cost control for the WaterFix
28. July 11, 2017 – Update on WaterFix and providing a schedule for future presentations through Fall 2017
29. August 22, 2017 – 1) Analysis of issues facing imported water supply reliability; 2) Update on WaterFix including proposed design and construction management and governance.
30. September 12, 2017 – California WaterFix water supply analysis, cost and water allocations, and financing.

Ad Hoc and Advisory Committee Meetings

1. March 18, 2013 – BDCP – Initial meeting, discuss and define the BDCP Ad Hoc Committee's purpose and intended outcome
2. April 9, 2013 – BDCP – 1) Review scope and purpose of the Committee; 2) Discuss the Delta Stewardship Council's Delta Plan; 3) Overview of BDCP, Chapters 104; 4) Discuss the Natural Resource Defense Council's proposed portfolio-based BDCP alternative

3. April 22, 2013 - BDCP – 1) Overview of BDCP, Chapters 104 (continued from 4/9/13); 2) Overview of BDCP, Chapters 5-7; 3) Discuss the Natural Resource Defense Council's proposed portfolio-based BDCP alternative (continued from 4/9/13)
4. May 28, 2013 – BDCP – 1) Discussion of BDCP EIR/EIS alternatives; 2) Discussion of Conservation Measure 1 Construction Mgmt Structure; 3) delta Dialogues – Discussion Group; 4) BDCP Schedule and Board Workshops
5. June 25, 2013 – BDCP – 1) Overview and discussion of Chapters 8-10; 2) Discussion of Board member communication and outreach
6. August 22, 2013 – BDCP – 1) Overview of the role of science in Delta planning; 2) Schedule for Bay Delta issues and Board communication
7. October 9, 2013 – BDCP – 1) Overview of the Role of Science in Delta Planning (carryover from August 22, 2013 meeting); 2) Update on BDCP; 3) Schedule and future agendas
8. December 17, 2013 – BDCP – 1) Discuss 2013 Board Workshops on BDCP; 2) Discuss potential 2014 Board items; 3) Discuss next steps for public outreach and engagement
9. January 13, 2014 – BDCP – 1) Discuss 2013 Special Board Workshops on BDCP; 2) Report out by Committee members on BDCP and related issues
10. January 24, 2014 – BDCP - Discuss 2013 Special Board Workshops on BDCP (Continued from 1/13/14); 2) Report out by Committee members on BDCP and related issues
11. June 3, 2014 – BDCP – 1) Updates on the BDCP and BDCP EIR/EIS; 2) Report out by Committee members on BDCP and related issues
12. July 10, 2014 – BDCP - 1) Updates on the BDCP and BDCP EIR/EIS; 2) Report out by Committee members on BDCP and related issues
13. September 9, 2014 – BDCP – 1) Discuss staff responses to Board member questions on the BDCP; 2) Discuss staff responses to the BDCP comment letter from the League of Women Voters of CA; 3) Schedule for Board communication on BDCP
14. October 6, 2014 – Agricultural Water Committee (BDCP Update)
15. May 13, 2015 – BDCP – 1) Update on BDCP; 2) Election of Chair and Vice Chair; 3) Report out by Committee members on BDCP and related issues
16. October 5, 2015 – Agricultural Water Committee (BDCP Update)
17. October 13, 2015 – BDCP – 1) Update on BDCP and the recirculated draft environmental documents; 2) Report out by Committee members on BDCP and related issues
18. November 24, 2015 – BDCP 1) Update on WaterFix Business Case; 2) Report out by Committee members on BDCP and related issues
19. February 22, 2016 – BDCP 1) Update on Waterfix Business Case; 2) Update on the Design Construction Enterprise and related agreements; 3) Draft Policy Statement for State Water Resources Control Board proceedings
20. April 4, 2016 – Agricultural Water Committee (BDCP Update)
21. June 21, 2016 – BDCP – Update on WaterFix
22. October 3, 2016 - Agriculture Advisory Committee - Water Supply Update, including WSMP
23. October 17, 2016 – EWRC - Water Supply Update, including WSMP
24. October 25, 2016 – BDCP – Update on WaterFix, EcoRestore and other Delta planning efforts

- 25. October 26, 2016 – Water Commission - Water Supply Update, including WSMP**
- 26. November 8, 2016 - BDCP disbanded**
- 27. January 17, 2017 – Joint Board meeting with Open Space Authority - WSMP Update**
- 28. April 12, 2017 – Water Commission - 2017 WSMP Update**

THIS PAGE INTENTIONALLY LEFT BLANK

File No.: 17-0630

Agenda Date: 9/12/2017

Item No.: *2.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

California WaterFix Update, Including Water Supply Analysis, Cost and Water Allocation, and Financing.

RECOMMENDATION:

Receive and discuss information on the California WaterFix, including a water supply analysis, cost and water allocations, and financing.

SUMMARY:

This agenda item provides an opportunity for the Board and the public to receive information on the proposed California WaterFix (WaterFix) project, which is intended to help restore the health of the Delta ecosystem and to ensure the long-term reliability of water supplies conveyed through the Delta. The proposed WaterFix includes dual tunnels under the Delta that would provide an alternative conveyance pathway for moving water from the north Delta to the existing pumping plants in the south Delta. The addition of proposed WaterFix intakes in the north Delta would allow the State and federal water projects to adjust operations in response to environmental conditions and climate change effects, protect exports from the threat of salinity intrusion from levee failures and sea level rise, improve access to transfer supplies, and enhance the benefit of storage projects. The WaterFix is also expected to improve flow patterns in the Delta and reduce fish entrainment.

Because Santa Clara County relies on State Water Project (SWP) and Central Valley Project (CVP) water supplies conveyed through the Delta to meet 40 percent, on average, of its water supply needs, the District has an interest in the development of the WaterFix as a potential cost-effective project that could improve the reliability of the District's imported water supplies.

The Department of Water Resources (DWR) is proceeding with WaterFix as an integral part of the SWP. Under this approach, the costs and benefits of the WaterFix would be allocated to all State Water Project contractors south of the Delta, including the District, through existing contracts. The US Bureau of Reclamation (Reclamation) has not yet clearly stated its intent with respect to the WaterFix, but current discussions are centered around an optional participation approach for CVP contractors. The District has not yet decided whether or not to participate in the WaterFix to convey its CVP contract water supplies.

To help prepare the Board for future decisions on involvement with and participation in WaterFix, staff

has planned a series of agenda items describing major elements of the project. At the May 25, 2017 Special Board Meeting, a panel of experts presented detailed information describing the physical aspects of the project, estimated costs, methods for cost control, and construction risk management. At its July 11, 2017 meeting, the Board received an update on several planning and permit related activities for the WaterFix. And at its August 22, 2017 meeting, the Board received an update on WaterFix design and construction management and governance, anticipated operations, and adaptive management program.

This agenda item provides updated information related to project financing, cost and water allocations, and updated water supply analyses. Staff provided preliminary analyses of these at Board meetings on December 13, 2013 and July 12, 2016, based on the draft project documents at the time. This item updates those analyses and discusses a range of potential participation levels for the District in order to inform a potential Board decision in October 2017 on future involvement with and/or participation in the WaterFix project. Staff is planning the following schedule of communication with the Board regarding the WaterFix.

Date	Topic
May 25 2017	Cost estimation, risk assessment and management, and cost control for the WaterFix. (Done)
July 11, 2017	Update on WaterFix. (Done)
August 22, 2017	(1) Issues facing the District's imported water supply and the Delta ecosystem (2) WaterFix update including proposed design and construction management and governance, operations, and adaptive management. (Done)
September 12, 2017 (today)	WaterFix update, including water supply analysis, cost and water allocation, and financing.
September 26, 2017 (tentative)	WaterFix update including proposed term sheets.
October 10, 2017	Staff recommendation and request for Board decisions on involvement with and/or participation in the WaterFix.

Overview of Agenda Memo

- A. Background
- B. SWP and CVP participation approaches
- C. Water supply analysis
- D. Total WaterFix Costs
- E. Cost allocation

- F. Financing
- G. Costs to Santa Clara County
- H. Next Steps

A. BACKGROUND

A.1 Importance of imported water supplies to Santa Clara County

Imported water supplies are critical for sustaining the communities and businesses of Santa Clara County and protecting the region from irreversible land subsidence. On average, 40% of the county's water needs are met by importing water through the Sacramento-San Joaquin Delta. Another 15% of county supply needs are satisfied by diversions upstream of the Delta by the San Francisco Public Utilities Commission's Regional Water System.

The District's Delta supplies are conveyed by the State Water Project (SWP) and Central Valley Project (CVP), which together are a critical component of the District's water supply portfolio, providing the majority of water supply to the District's three drinking water treatment plants, recharging the county's local groundwater basins to ensure sustainable supplies and protect against land subsidence, and protecting local surface water reserves. During critically dry years and long-term droughts, the county's dependence on Delta supplies increases as local reserves diminish.

The District's SWP and CVP supplies offer additional flexibility in that these supplies may be stored in facilities outside of the county, including the Semitropic Groundwater Bank (Semitropic), for withdrawal during dry periods. Semitropic has proven to be a valuable resource, providing over 142,000 acre-feet (AF) of critical dry year supply to the county during the 2012 - 2016 drought; however, supplies from Semitropic are conveyed to the District through the Delta, and the reliability of the bank is linked to the reliability of the Delta.

A.2 Risks to imported water supplies

For the past several decades, protected fish species have declined and ongoing concern over the health of the Delta estuary has led to increasing regulatory restrictions that have reduced the amount of water that could be diverted from the existing Delta channels for delivery to Santa Clara County and other agencies south of the Delta. If no action is taken, it is likely that additional regulatory restrictions will be placed on the SWP and CVP that further limit the District's access to its imported water supplies.

As described in the August 22, 2017 Board item, "Issues Facing the District's Imported Water Supply and the Delta Ecosystem", a number of reports have highlighted the unsustainability of the existing condition, management, and uses of the Delta. The State and United States Geological Survey have predicted high probabilities of a major earthquake in the next 25 years that could cause catastrophic levee failure and significant impairment of water deliveries due to salinity intrusion. These risks are exacerbated by sea level rise and other effects of climate change.

A.3 California WaterFix

The California WaterFix would provide an alternative conveyance pathway for moving water from the north Delta to the existing pumping plants in the south Delta. The conveyance upgrades include three new intakes on the Sacramento River, each with a capacity of 3,000 cfs, and each equipped with state-of-the-art fish screens. These new fish screens would be designed to minimize entrainment and would be more effective at protecting fish than the existing South Delta pumping plants. Two forty-foot diameter tunnels up to 150 feet below ground would convey the water from the Sacramento River to existing pumping plants in the south Delta. Bypass flow criteria would be imposed on diversions from the Sacramento River into the tunnels to ensure adequate flows remain in the river to protect fish; consequently, diversions into the tunnels primarily occur during higher river flow periods on the Sacramento River.

A.4 Water Supply Master Plan

The District is committed to developing approaches for improving local and regional water supply reliability and meeting future demands, and is currently updating its Water Supply Master Plan to evaluate local, regional, and statewide water supply projects, including the WaterFix. The Water Supply Master Plan is the District's strategy for providing a reliable and sustainable water supply in a cost-effective manner. Staff is currently evaluating portfolios that include California WaterFix, additional surface and groundwater storage, water conservation/demand management, and additional water reuse, and plans to present the refined portfolios and associated analyses to the Board on September 19, 2017.

A.5 State Water Contract

The long-term State Water Contract provides the District with access to the SWP conveyance system and an annual proportional allotment of available water. The maximum amount of SWP water that the District may request for delivery each year is 100,000 acre feet, as set forth in Table A of its State Water Contract. However, the amount of water the District is actually allocated has been as low as 5,000 acre feet per year. Water deliveries are affected by a variety of factors, including hydrological conditions, State Water Resources Control Board regulations, restrictions imposed under federal or California Endangered Species Acts, operational decisions, and other limitations.

The District must make payments regardless of the amount of SWP water actually received. The State Water Contract requires payments to DWR in return for participation in the SWP storage and conveyance system. All SWP Contractors must make payments according to their respective Table A contract amounts and for the portion of the SWP conveyance system needed to deliver their contracted water. The amount of the base payment is not tied to the amount of water actually received.

To protect against default, the SWP State Water Contract includes articles that obligate each SWP Contractor to make payments. The contract articles also include language that obligates, and if necessary compels, a SWP Contractor to levy taxes or assessments in the event of non-payment. Additionally, the State may suspend water deliveries, within health and safety limits, if a contractor is in default for a significant period.

There are additional provisions related to default on charges for SWP capital facilities financed with revenue bonds. The SWP State Water Contracts provide for the state to protect bondholders and non-defaulting contractors against costs resulting from any SWP Contractor's failure to make payments related to the revenue bonds. In practice, the State administers this provision by maintaining a revenue bond reserve equal to one half the maximum annual revenue bond debt service for all outstanding revenue bonds and by adding a 25 percent refundable surcharge to the SWP Contractor's revenue bond capital charge.

In exchange for SWP Contractor payments, DWR is required to make all reasonable efforts to complete facilities necessary for water deliveries, subject to fiscal, construction scheduling, and operating constraints.

A.6 Central Valley Project Water Service Contract

The District's water service contract with the U.S. Bureau of Reclamation provides the District with deliveries of up to 152,500 acre-feet of water from the CVP system; however, the amount of water that the District actually receives is often much less than the contracted amount and is often limited by regulations and restrictions as well as hydrologic conditions. In 2015, the District was allocated only 40,320 acre-feet of its CVP contract supply.

B. SWP AND CVP PARTICIPATION APPROACHES

Recent discussions among State and federal agencies have assumed that 55% of the cost and water supply benefits of the WaterFix would be allocated to the SWP, and 45% to participating CVP contractors (55/45 split). However, the actual split will depend on which CVP contractors ultimately participate.

DWR plans to move forward with the WaterFix as an integrated part of the SWP. Under this approach, each of the SWP contractors south of the Delta would pay for its proportionate share of the project and receive corresponding project benefits. Contractors would be billed through the DWR's Statement of Charges, consistent with current business practice, and the water supply benefits would be reflected as increased SWP allocations, increased capacity to convey transfers under the existing contract, and continuation of deliveries in the event through Delta pumping is impeded. SWP contractors located north of the Delta will not be allocated any costs related to the WaterFix with the justification that these contractors do not receive benefits from the project. The District's share of costs and benefits correspond to roughly 2.5 percent under the existing SWP contract. No additional action would be required of the District to incur these additional costs and receive these benefits. However, if a SWP contractor wishes to offset increased costs from the WaterFix, or make additional payments to increase its water supply benefits, the existing contract allows for the transfer of SWP supply (Table A supply) from a willing seller to a willing buyer, both of whom must be SWP contractors.

Among CVP contractors and Reclamation, discussions have focused on an opt-in approach. CVP water contractors would have to make a definite decision about whether they want to participate in the project, and if they do, to what degree. The approach, which is still under development, is

intended to allocate the benefits of the project to project participants, while not harming other CVP contractors who do not participate. Under the approach, if the District pays for 5% of the CVP portion of WaterFix costs, then it would receive 5% of the CVP incremental water supply produced by the WaterFix, as well as a proportional interest in the physical capacity of the project. This approach is still being developed and may change over the coming weeks.

Under this framework, CVP participants would have the ability to sell, exchange, or transfer their rights and obligations to other CVP or SWP contractors

C. WATER SUPPLY ANALYSIS

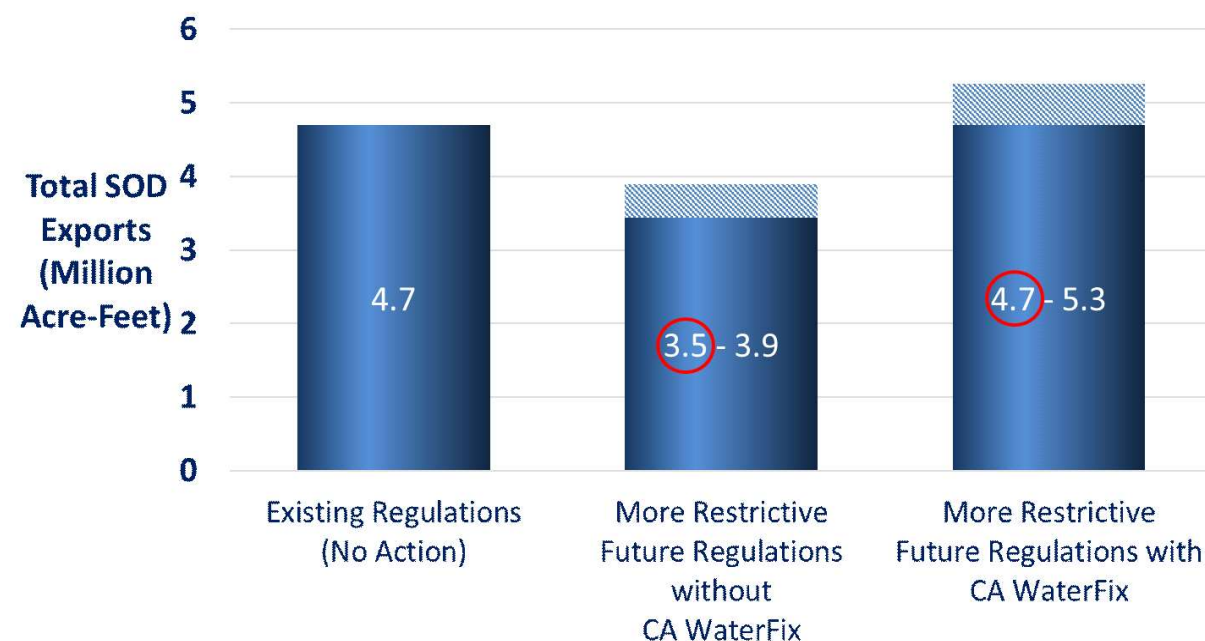
C.1 Sustaining existing export levels

The State's long-term modeling analysis predicts that the WaterFix will prevent the degradation of Delta exports over time. Given the current administrative processes and conservative regulatory trends, staff does not anticipate that long term average exports with the WaterFix would exceed those of existing conditions unless new science provides compelling evidence to support such increases. However, analyses indicate that the project will likely maintain at least existing long-term export levels and provide resiliency against future risks.

Existing long-term average SWP/CVP water deliveries south of the Delta average 4.7 million acre-feet per year (MAF/Y). If no action is taken to improve the existing Delta conveyance approach, DWR projects that total SWP/CVP deliveries could drop to 3.5 MAF/Y in response to a set of regulatory constraints, often referred to as the "High Outflow Scenario", proposed but not currently adopted by resource agencies. Other scenarios modeled show a lesser reduction in exports to 3.9 MAF/Y. A future reduction in exports is being viewed by a number of water agencies as the future "no action" or future "base case" scenario, given the current high level of concern for protected fish species and the definite trend of decreasing exports in response to increasing regulations.

Based on the operating criteria included in the Biological Opinions, DWR projects that SWP\CVP water deliveries would range between 4.7 MAF/Y and 5.3 MAF/Y with the WaterFix. The lower end of this range assumes that the WaterFix is operational with High Outflow Scenario regulations in place. The increased regulations in this scenario have been contemplated in recent years by resource agencies but have not been incorporated into current regulations. The upper end represents a lesser case of stepped up export restrictions. Actual deliveries will depend on the specific operational criteria that the regulatory agencies impose at the time new conveyance facilities become operational.

Figure 1. Long-term annual average SWP/CVP deliveries south of the Delta (SOD)



○ Values correspond to the High Outflow Scenario

C.2. Water Supply Benefits for the State and Santa Clara County

The WaterFix is intended to help stabilize and sustain the water supply of the State of California, including 40% of the District's water supplies, which are conveyed through the Delta, providing these supplies with resiliency against changing environmental conditions, sea level rise, climate change, and seismic events.

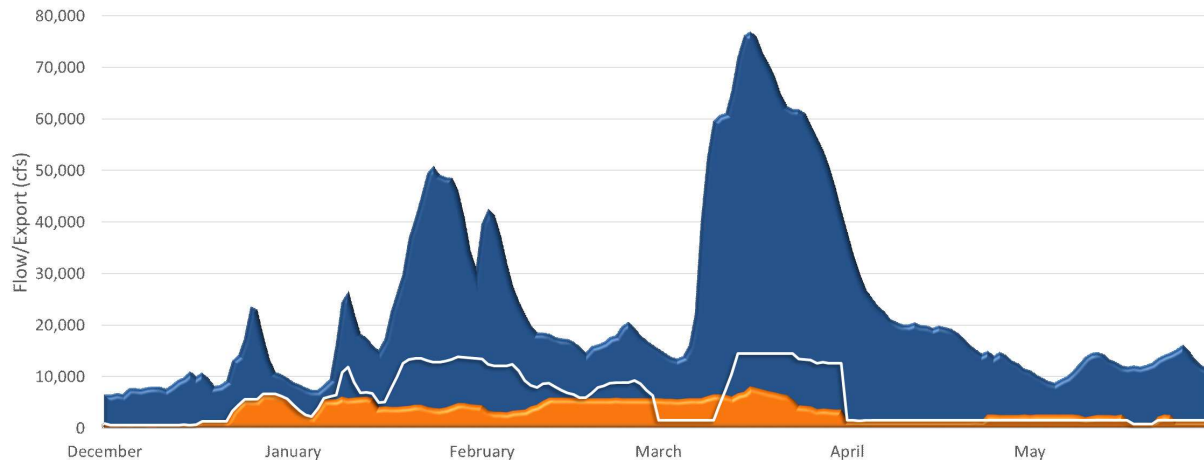
C.2.1 Storm flow capture

The operating criteria for the WaterFix are crafted such that the project will divert water into the WaterFix tunnels primarily at higher flow events. These are often flows that the SWP/CVP are currently unable to capture without harming fish species of concern due to the location of the existing pumps.

Figure 2 illustrates how the WaterFix could have provided for additional exports during storm events that occurred during the 2015 and 2016 drought. Additional storm flows of roughly 420 thousand acre-feet (TAF) in could have been exported south of the Delta in the winter of 2015-16. This additional flexibility to capture high river flows may become even more important under climate change scenarios that project potentially more frequent and intense floods, more rain and less snow

events, and faster snow melts.

Figure 2. Potential storm water capture with WaterFix. Source: Analysis by State Water Contractors.



2015-2016 Winter
WaterFix could have captured an additional 669,000 acre-feet of storm flows

C.2.2 Resiliency to Delta levee failure events

As described in the August 22, 2017 Board item, “Issues Facing the District’s Imported Water Supply and the Delta Ecosystem”, an important risk to reliable imported water supplies is the condition of the 1,100 miles of levees in the Delta, their vulnerability to earthquakes, and climate change effects such as sea level rise and more extreme flood events. The WaterFix would mitigate these risks by providing two tunnels with intakes on the Sacramento River upstream of the area likely to be affected by salt water intrusion, and designed to withstand anticipated large floods with a one-in-200-year frequency.

C.2.3 Resiliency to climate change

As described in the August 22, 2017 Board item, “Issues Facing the District’s Imported Water Supply and the Delta Ecosystem”, an important risk to reliable imported water supplies is sea level rise and other climate change effects. WaterFix can protect against sea level rise by diverting from the north Delta where salinity intrusion will be minimal under reasonable sea level rise scenarios. WaterFix also provides additional flexibility to capture storm flow events, as described above, which may be more frequent under climate change scenarios.

WaterFix facilities are being designed and constructed for a 55-inch sea level rise at the Golden Gate. This equates to about an 18-inch rise from the present levels at the proposed north Delta diversions. On top of that, project engineers have built in a safety factor to handle a 200-year storm event.

C.2.4 Access to transfer supplies

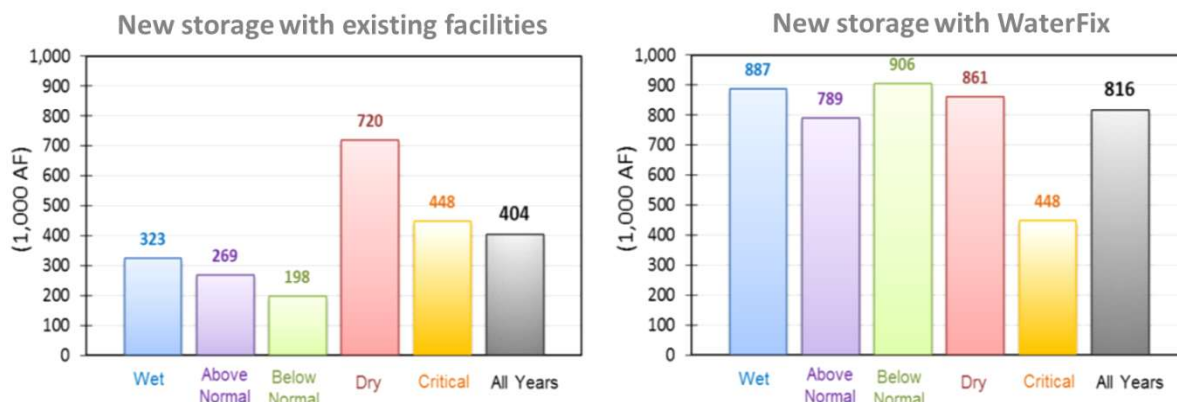
WaterFix provides the ability to more effectively move transfer water. With existing regulations, transfers cannot be moved across the Delta when the SWP allocation is about 50% or greater. This scenario occurs when pumping restrictions cause water to be backed up in northern reservoirs during winter and spring months, with a limited window to move the water across the Delta during the summer. Under these circumstances, all available pumping capacity is used to move this stored SWP and CVP water, and there is no additional capacity available to convey transfer supplies. The WaterFix would allow stored water to be conveyed earlier in the year which would increase the opportunity to convey transfer water during summer months to the District and other south-of-Delta contractors.

The use of WaterFix to move transfer supplies would also reduce losses across the Delta, which currently average roughly 25% and have been as high as 35% of the total transfer amount. The WaterFix's ability to minimize this loss would increase the effectiveness of any transfer the District participated in.

C.2.5 Improving storage project yield

The Association of California Water Agencies (ACWA) recently analyzed how improved Delta conveyance capability could increase the benefits of eight proposed storage facilities. They found that WaterFix could more than double the average benefit of the proposed new storage projects under current regulatory constraints if the proposed storage projects were integrated into the operations of the SWP/CVP (see Figure 3 below). Similar to improved transfer capacity, the WaterFix would improve the ability to convey water from storage north of the Delta to storage south of the Delta. Staff's analysis indicates that investment in WaterFix would increase the yield of local and regional storage projects such as the expansion of Pacheco Reservoir, Sites Reservoir, and Los Vaqueros Reservoir Expansion. Additional information on this interaction will be provided in the planned September 19, 2017 Board agenda item on the Water Supply Master Plan.

Figure 3. Average annual changes in SWP/CVP deliveries with new storage and existing facilities (left) and with new storage and WaterFix (right) by water year type. Source: MBK Engineers, 2017.



C.3 Water supply analysis in the context of the District's Water Master Plan

Staff estimated the incremental water supply available to Santa Clara County and assessed how water supply conditions would change if the District participated in the WaterFix. The analysis assumes the participation approaches described in Section B are implemented, and that the District can choose to increase its participation on the SWP side above 2.5% by purchasing additional SWP supplies from other participating SWP contractors. On the CVP side, the District will need to decide whether it wishes to participate in the project, and if so, to what degree. Three participation scenarios were evaluated:

1. Balanced participation (2.5% SWP/2.5% CVP): The District participates in the WaterFix at a 2.5% level through the SWP, corresponding to 2.5% of water supply benefits and 2.5% of costs. This level of participation is consistent with the District's share of benefits and costs under its existing SWP contract. In addition, the District purchases 2.5% of the water supply benefits offered to CVP contractors.
2. Higher CVP participation (2.5% SWP/5% CVP): The District's participation level is 2.5 percent for the SWP; the District purchases 5 percent of the water supply benefits offered to CVP contractors.
3. Higher SWP participation (5% SWP/2.5% CVP): The District increases its participation level on the SWP side by purchasing a long-term transfer of an average of approximately 15,700 acre-feet of WaterFix incremental water supply from other SWP contractors. On the CVP side, the District purchases 2.5% of benefits.

These scenarios were analyzed relative to a future base case with no WaterFix and declining exports, consistent with the State's High Outflow Scenario ("HOS") described in Section C.1:

Base case: The WaterFix does not exist, and new export restrictions further restricting pumping from the South Delta have been implemented. Average annual exports from the SWP and CVP projects decrease from 4.7 MAF per year to 3.5 MAF per year.

The three scenarios and the base case were analyzed using water supply assumptions consistent with the District's Water Supply Master Plan, including the following:

- 2040 demand projections are utilized and the District's existing water system facilities are in place.
- All dam seismic retrofit projects are completed.
- Retailers continue on their path to achieve 32,000 acre-feet per year of non-potable recycled water by 2040.
- Currently planned and on-track conservation savings of 99,000 acre-feet are attained.
- Main and Madrone pipelines are repaired.

In addition, the three scenarios and base case also includes a set of "No Regrets" actions, which would likely be pursued regardless of development of any of the water supply alternatives being evaluated as part of the Water Master Plan. These actions include:

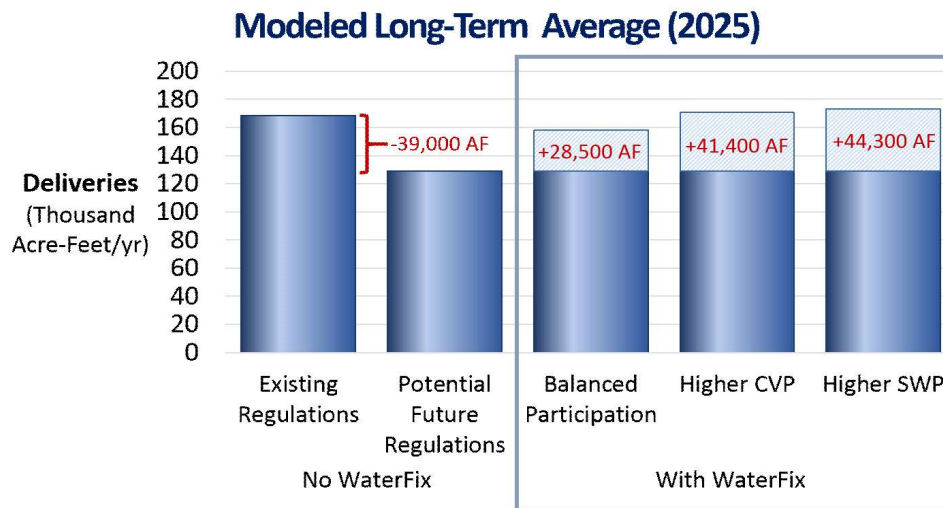
- Implementation of a new development model ordinance
- Graywater program expansion
- Offer leak repair incentives
- Expand advanced metering infrastructure
- Increase stormwater recharge (2 projects)
- Develop agricultural land recharge
- Development of rain gardens
- Incentivize rain barrels

C.3.1 Results

C.3.1.1 Water supply benefits

The analysis indicates that the three participation scenarios would offset losses in the District's SWP and CVP water supplies that would potentially occur if no action were taken. Figure 4 summarizes the results, comparing the District's average annual SWP and CVP deliveries under existing conditions, under potential future regulations consistent with the High Outflow Scenario, and under the three participation scenarios. The Higher CVP and High SWP participation scenarios are predicted to maintain SWP and CVP supplies at existing levels, while the Balanced Participation scenario provides lesser water supplies but offsets most of the potential losses that would potentially be incurred if no action is taken.

Figure 4. Projected imported water supplies under various participation levels



The District's analysis also indicates that participation in the WaterFix under the three scenarios could significantly improve groundwater storage conditions, substantially increase reserves in the Semitropic Groundwater Bank, and reduce the frequency and magnitude of water shortages. These benefits will be described in more detail and compared to the benefits of other alternative water supply projects as part of the Water Master Plan analysis, which will be presented to the Board on September 19, 2017.

C.3.1.2 Water quality benefits

In addition to increasing the District's water supplies relative to the base case, operation of the proposed north delta intakes is anticipated to improve the water quality of the District's imported water supplies by decreasing the average annual salinity of SWP/CVP exports by about 22 percent compared to the future base case. This would reduce the salt loading of deliveries to the District's three drinking water treatment plants, and to the District's managed groundwater recharge program. In addition, because current treatment plant processes do not substantially change the salt content of source water, any improvement in the salinity of source water is reflected in the potable water that is consumed, and in potable water that is distributed through irrigation systems to landscaping. In total, staff estimates that reducing the salinity of imported water by 22 percent would reduce the total amount of salt loading to groundwater in northern Santa Clara County through landscape irrigation and managed recharge by about 18 percent. This result is significant in the context of the District's Salt and Nutrient Management Plans.

D. Total WaterFix costs

The overall costs for the proposed infrastructure improvements and environmental mitigation for the WaterFix were originally developed for the Bay Delta Conservation Plan (BDCP) and were reported in Appendix 8 of the 2013 BDCP Environmental Impact Report/Environmental Impact Statement for that project. This estimate was subsequently revised to reflect the changes made as part of the WaterFix, including optimal alignment of project facilities and updated operations and mitigation

costs. At the District's May 25, 2017 Special Board Workshop, the Board received a detailed description of the methods used to develop this latest estimate of project costs.

Total capital construction costs for water facilities and mitigation are estimated to be \$16.7B, in 2017 dollars. Of this amount, \$16.3B is for water facilities and \$400M is for mitigation construction costs. The estimate of annual operations and maintenance costs is \$64.4M per year. The portion related to water facility operations, including power needs and capital replacement costs is estimated to be \$44.1M, while annual mitigation costs are an additional \$20.3M. For this memo, costs have been converted to 2017 dollars using an escalation rate of 3 percent, as shown in Table 1.

Table 1: California WaterFix Cost Summary

	2014 \$M	2017 \$M
CAPITAL COSTS		
Water Facility		
Construction	9,499	10,380
Contingency (36%)	3,378	3,692
Program Management/Construction Management/Engineering	1,920	2,098
Land Acquisition (includes 20% contingency)	146	160
Sub Total Water Facility	14,943	16,330
Mitigation (includes 35% contingency) (1)	367	401
Total Water Facility and Mitigation Capital Costs	15,310	16,731
ANNUAL OPERATIONS AND MAINTENANCE COSTS (2)		
Water Facility		
Facility O&M	20.0	21.9

Power	6.6	7.2
Capital Replacement	13.7	15.0
Sub Total Water Facility	40.3	44.1
Mitigation (1)	18.6	20.3
Total Annual O&M Costs	58.9	64.4
(1) The mitigation costs for capital and O&M for 25 years equals \$796M in 2014 dollars or \$870M in 2017		

E. COST ALLOCATION

The current approach allocates 55 percent of the cost and water supply benefits of the WaterFix to the SWP, and 45 percent to participating CVP contractors (55/45 split). However, the actual split will depend on which CVP contractors participate.

The approach assumed for allocation of costs among the individual SWP and CVP WaterFix participants is that described in Section B above.

F. WATERFIX FINANCING

The approach currently being developed assumes that bonds will be issued to fund the construction, planning, and other preconstruction costs, including reimbursement of funds and services previously provided by a subset of contractors. Both DWR and a joint powers authority comprised of participating SWP and CVP contractors (Finance JPA) would issue bonds in a manner that would separately fund the SWP and CVP portions of cost.

F.1 Financing the SWP share of WaterFix

Long-term financing of the SWP share of project costs (\$9.2B in 2017 dollars, assuming a 55/45 SWP/CVP split) is expected to be provided by DWR's issuance of revenue bonds. The principal and interest on the bonds would be paid with revenues collected by DWR under its existing SWP water supply contracts.

DWR anticipated legal challenges to its authority over the project, potentially affecting the marketability of revenue bonds to private investors. DWR therefore filed a "validation action" with the Sacramento County Superior Court regarding DWR's authority to, among other things, issue revenue bonds to finance the planning, design, construction and other capital costs of the WaterFix. DWR believes it has existing legal authority to finance and construct the WaterFix, but a validation action provides the requisite assurance to the financial community for the sale of the WaterFix revenue bonds. While the validation action is being resolved, which could take several years, DWR proposes to initially make direct placement sales of revenue bonds to the Finance JPA to allow funding for the project to proceed. DWR anticipates issuing these bonds beginning in mid-2018.

An approach for project financing is currently under discussion between DWR and potential WaterFix

participants. Under this approach, the Finance JPA would purchase WaterFix revenue bonds directly from DWR as they are issued, and the proceeds of these bonds would be used to pay for capital construction costs. The Finance JPA would simultaneously finance its purchase of these WaterFix revenue bonds by issuing its own bonds (Finance JPA Bonds). DWR would pay the debt service for the Finance JPA Bonds through collection of charges applied under existing SWP contracts to all SWP contractors south of the Delta.

If a final judicial determination is made that DWR has the authority to issue revenue bonds, such bonds would be issued to refund all outstanding Finance JPA Bonds. In the event that DWR does not have the authority to issue revenue bonds for the WaterFix, a process would be established to potentially convey the interest and ownership of the project to the Finance JPA or designee. In the scenario that DWR does not have the authority, SWP contractors that are members of the Finance JPA would have to “step up” to pay the debt service for the outstanding Finance JPA Bonds.

F.2 Financing the CVP contractor share of WaterFix

The approach currently under discussion assumes that financing for the CVP portion (\$7.5B in 2017 dollars) of project costs would be provided by bond issuances by the Finance JPA. The Finance JPA would issue separate bonds for each participating CVP contractor, commensurate with that CVP contractor’s participation level in the WaterFix and backed only by that CVP contractor, thus eliminating the need for step up provisions. The participating CVP contractors would provide payments to the Finance JPA to cover debt service, and the Finance JPA would provide bond proceeds to DWR under a separate agreement for construction of the WaterFix.

F.3 Interim funding

DWR’s direct placement of WaterFix revenue bonds is not expected until the middle of 2018. In the interim, DWR proposes to fund continuing design and preconstruction costs by using “Article 51(e) revenue”, as well as requesting additional contributions from participating contractors.

Article 51(e) revenues are SWP funds that DWR may allocate to certain SWP purposes, subject to the Director of DWR’s discretion. DWR is proposing to use Article 51(e) revenues to fund project planning and design work through December 31, 2017.

Beginning in January 2018, DWR intends to request additional contributions from willing SWP and CVP contractors to fund preconstruction costs. This “Gap Funding” would be provided under agreement with DWR and would be subject to reimbursement, similar to previous advances made by certain SWP contractors for planning costs. The reimbursement would occur at the time of DWR’s first issuance of bonds, anticipated in mid-2018.

G. COSTS TO SANTA CLARA COUNTY

The cost of the District’s participation in the WaterFix will depend on the ultimate split between the SWP and CVP, as well as further development of the CVP participation approach and actual market conditions at the time of debt issuance. Staff has estimated costs to Santa Clara County based on the current participation approaches for the SWP and CVP described in Section B and the

participation scenarios described in Section C.3.

G.1. Total Cost

Table 2 shows the total financed capital costs of the WaterFix and the District's potential share under the scenarios described in Section C3. Potential costs are described in terms of both undiscounted costs and present value. Staff used the conservative financing assumptions listed in Table 3. Annual O&M costs are estimated at \$64.4 Million in 2017 dollars. The District's share of O&M costs would range from \$1.6 to \$2.5 million per year in the scenarios evaluated.

The District's share of fully financed WaterFix capital costs, in present value dollars, is estimated to range from \$345 million to \$535 million, assuming the participation approaches described in Section B are implemented. These estimates will differ significantly with different assumptions regarding bond structure, inflation rates, and interest rates.

Table 2. Range of potential WaterFix capital costs to Santa Clara County (a)

WaterFix Participation Scenario	Total Water Facility and Mitigation Capital Costs		
	Construction cost (2017 \$M)	Undiscounted (\$M)	Present Value (\$M)
WaterFix Total	16,730	40,150	13,850
WaterFix - SCVWD share:			
• Balanced Participation	420	1,005	345
• Higher CVP	605	1,455	500
• Higher SWP	650	1,555	535

- The District's share of O&M costs would range from \$1.6 to \$2.5 million per year in the scenarios evaluated. Mitigation O&M begins in 2021 and water facility O&M begins in 2034.
- The present value analysis assumes a discount rate of 5.5%, which is equal to an assumed risk-free rate of 2.5% plus a 3% inflation rate, which is consistent with the District's standard present-value assumptions.

Table 3. Key financing assumptions used to estimate costs to Santa Clara County

Key Financing Assumptions	
Type of Bond	Tax-exempt fixed rate bonds
Amortization Period	30 years
Debt Service pattern	Level debt service with 12 months capitalized interest
Annual Inflation Factor	3%
Interest rates	MMD* + 1.65%; approximately 5%
Debt Service Reserve	1 x maximum annual debt service
Present Value Discount Rate	5.5%

*MMD = municipal market data

G.2. Incremental costs

Table 4 provides estimates of the cost per acre foot of incremental WaterFix supply as a “levelized” unit cost; this is the unit cost that, if assigned to every unit of water produced over a 100 year operating period, will produce sufficient revenue to recover the cost of the project in present value terms. The levelized unit cost is expressed in constant 2017 dollars. The cost of the project includes both the total capital cost of the project as well as the present value of O&M over 100 years of operation and the cost of power needed to deliver the water to Santa Clara County.

Table 4. Levelized unit cost

WaterFix Participation Scenario	Potential Average Project Yield (AF per year) (a)	Levelized Unit Cost (2017 \$/AF) (b)
Balanced Participation	\$28,500	\$598
Higher CVP	\$41,400	\$598
Higher SWP	\$44,250	\$598

(a) Yield is expressed relative to the base case described in Section C3.

(b) Note the levelized unit cost is the same for all three participation scenarios because the changes caused by changing participation levels are offset by corresponding changes in yield.

G.3. Impacts on Santa Clara County ratepayers

The District's share of WaterFix costs for participation in the CVP share of the project would be paid through water rates. Costs for participation in the SWP share of the project could be repaid through water rates, the ad valorem State Water Project tax, or a combination of the two. The decision on whether to use the ad valorem tax for the District's SWP share of WaterFix costs will be influenced by the outcome of potential litigation regarding DWR's authority to build the WaterFix as a component of the State Water Project.

Staff estimated the incremental cost impact to ratepayers in fiscal year 2027 under two scenarios; 1) all WaterFix costs are repaid through water rates; and 2) the SWP portion of WaterFix costs is recovered through the ad valorem tax. The results are shown in Tables 5 and 6.

Table 5. Estimated incremental impact of WaterFix on District groundwater charges and Santa Clara County monthly household costs without use of the SWP tax for fiscal year 2027.

	Balanced Participation	Higher CVP	Higher SWP
M&I groundwater charge increase (\$/AF)			
north county	\$109	\$165	\$192
south county	\$40	\$81	\$40
Total increase per average household (\$/month)			
north county	\$3.80	\$5.70	\$6.60
south county	\$1.40	\$2.80	\$1.40

Table 6. Estimated incremental impact of WaterFix on District groundwater charges, SWP tax and Santa Clara County monthly household costs with use of the SWP tax for fiscal year 2027.

	Balanced Participation	Higher CVP	Higher SWP
M&I groundwater charge increase (\$/AF)			
north county	\$47	\$87	\$47
south county	\$24	\$68	\$12

SWP tax increase, average single family (\$/yr)			
north county increase	\$19.90	\$19.90	\$39.80
south county	\$15.30	\$15.30	\$30.60
Total increase per average household (\$/month)			
north county	\$3.30	\$4.70	\$4.90
south county	\$2.10	\$3.60	\$3.00

H. Next Steps

Staff will continue to engage in discussions to develop documents and agreements that develop the WaterFix participation structure. Staff will bring key term sheets and agreements to the Board for review prior to requesting the Board to make a decision on involvement with the WaterFix on October 10, 2017.

Staff's presentation will be provided with a supplemental memo.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

- *Supplemental Agenda Memo
- *Supplemental Attachment 1: PowerPoint
- *Supplemental Attachment 2: Supporting Info PowerPoint
- *Supplemental Attachment 3: Response to August 22, 2017 Questions
- *Supplemental Attachment 4: Board Communications List
- *Supplemental Attachment 5: WaterFix Financial Risks
- *Handout 2.1-A - K. Irvin

UNCLASSIFIED MANAGER:

Jerry De La Piedra, 408-630-2257

File No.: 17-0615

Agenda Date: 9/12/2017

Item No.: *2.1.

SUPPLEMENTAL BOARD AGENDA MEMORANDUM

SUBJECT:

California WaterFix Update, Including Water Supply Analysis, Cost and Water Allocation, and Financing.

REASON FOR SUPPLEMENTAL MEMORANDUM:

This supplemental memo conveys additional information identified after the initial memo was released, consistent with Executive Limitations Policy EL-7-10-5.

RECOMMENDATION:

Receive and discuss information on the California WaterFix, including a water supply analysis, cost and water allocations, and financing.

SUMMARY:

This Supplemental Memorandum is to convey the staff PowerPoint presentation and supporting materials (Attachments 1 and 2), as well as to respond to questions and concerns raised during the August 22, 2017 Board meeting (Attachment 3), and provide a list of the open, public Board meetings and workshops that have been held on the Bay Delta Conservation Plan and California WaterFix since 2011 (Attachment 4).

In addition, Curt Schmutte, a consulting engineer who regularly leads tours of the Delta, will provide a presentation on the current state of the Delta.

Curt Schmutte, Consulting Engineer:

Mr. Schmutte is a registered civil engineer who has 30 years of experience working on Bay-Delta issues, including over 20 years at the Department of Water Resources (DWR) working on levee improvement programs, land subsidence research, economic risk analyses, seismic flood risk mitigation strategies, and habitat restoration projects. He managed DWR's levee program as well as the North Delta flood control and ecosystem restoration project and the Suisun Marsh ecosystem restoration effort. As levee program manager for DWR, Mr. Schmutte initiated the Delta Risk Management Strategy project. He also served as an expert witness on the Jones Tract levee failure litigation. Mr. Schmutte was the manager of habitat restoration projects for the State and Federal Contractors Water Agency (SFCWA). He is also

a consultant to Metropolitan Water District of Southern California on delta levee, Yolo Bypass, ecosystem restoration, hydrodynamic modeling and emergency response planning efforts.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.


ATTACHMENTS:

Attachment 1: Staff PowerPoint
Attachment 2: Supporting Information PowerPoint
Attachment 3: Response to August 22, 2017 Questions
Attachment 4: Board Communications List
Attachment 5: WaterFix Financial Risks

UNCLASSIFIED MANAGER:

Jerry De La Piedra, 408-630-2257

THIS PAGE INTENTIONALLY LEFT BLANK



California WaterFix Update

SCVWD Board Meeting

September 12, 2017



Attachment 4, Page 23 of 84

Santa Clara Valley
Water District



Attachment 1, Page 1 of 18

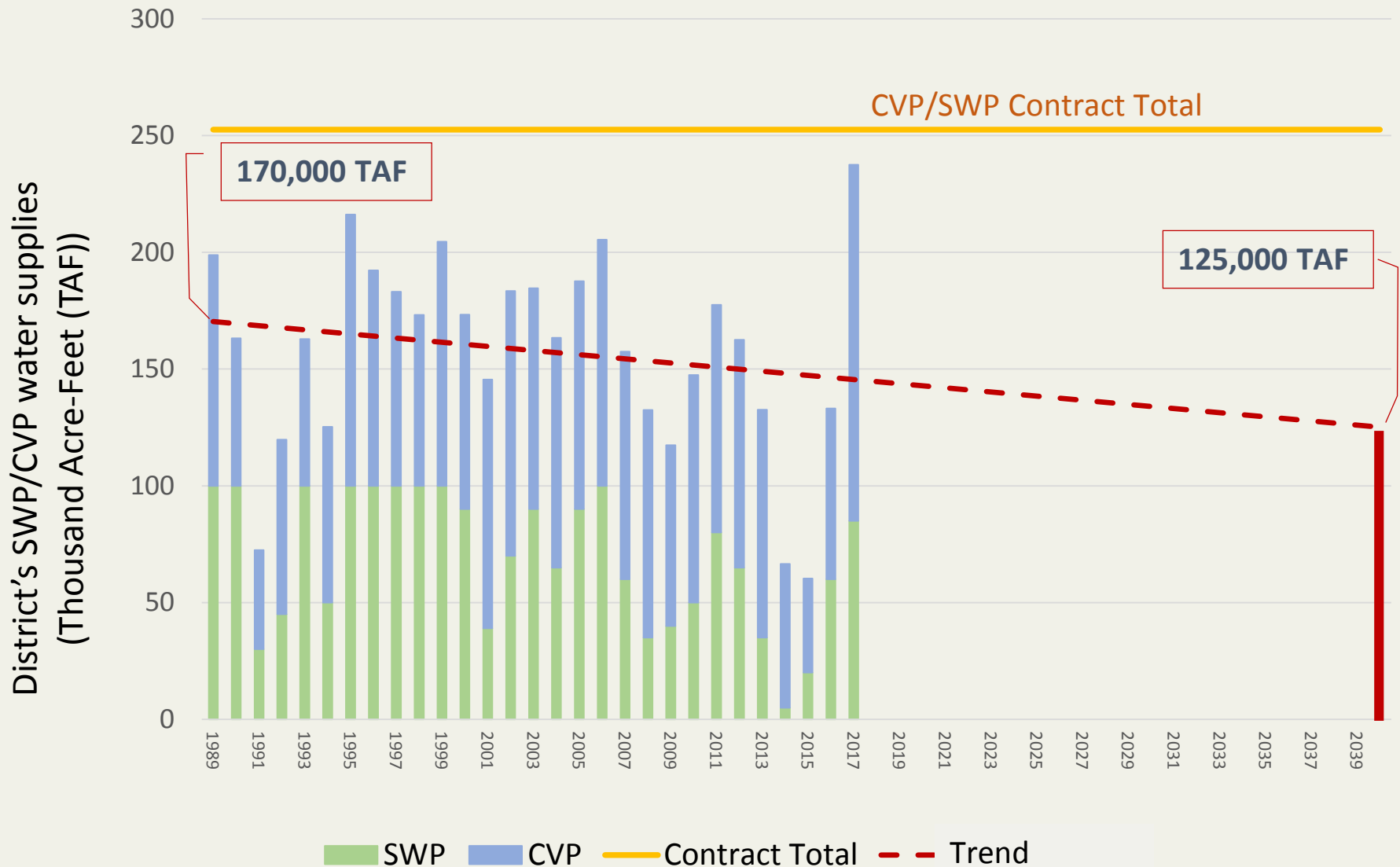
Imported water is important to Silicon Valley:

- ❖ **Has seen us through droughts**
- ❖ **Protects Silicon Valley's infrastructure from damage** due to sinking land levels
- ❖ Supports Silicon Valley's **world-leading economy**

However supplies are at risk. WaterFix is **one of the least expensive solutions** to sustain existing supplies. It plans to:

- ❖ **Upgrade aging infrastructure**
- ❖ Protect the **environment, fish and wildlife**
- ❖ Keep our water **clean, safe and healthy**

The current path leads to less imported water in the future



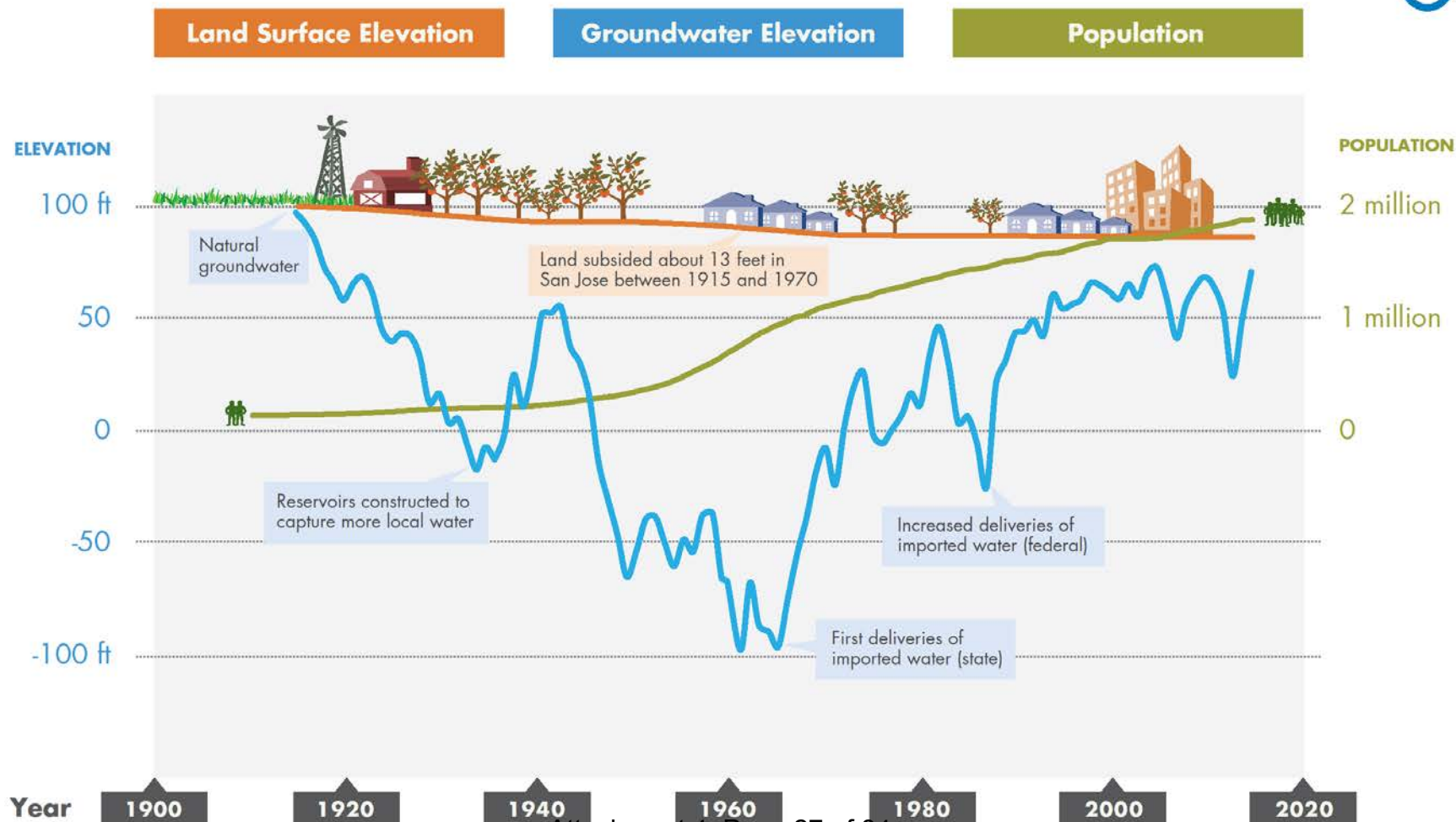
California WaterFix is one of the least expensive supply options

Water Supply Option	Cost/AF
No Regrets (Stormwater, gray water, more conservation)	\$300
Morgan Hill Recharge	\$400
California WaterFix	\$600
Sites Reservoir	\$800
Imported Water Contract Purchase	\$800
Lexington Pipeline	\$1,000
Saratoga Recharge	\$1,300
Dry Year Options/Transfers	\$1,400
Potable Reuse – Los Gatos Ponds	\$1,700
Potable Reuse – Injection Wells	\$2,000
Los Vaqueros Reservoir	\$2,300
Potable Reuse - Ford Pond	\$2,500
Pacheco Reservoir	\$2,700
Groundwater Banking	\$5,700

WaterFix is designed to secure existing supplies and reduce shortages during droughts

SANTA CLARA COUNTY GROUNDWATER AT-A-GLANCE

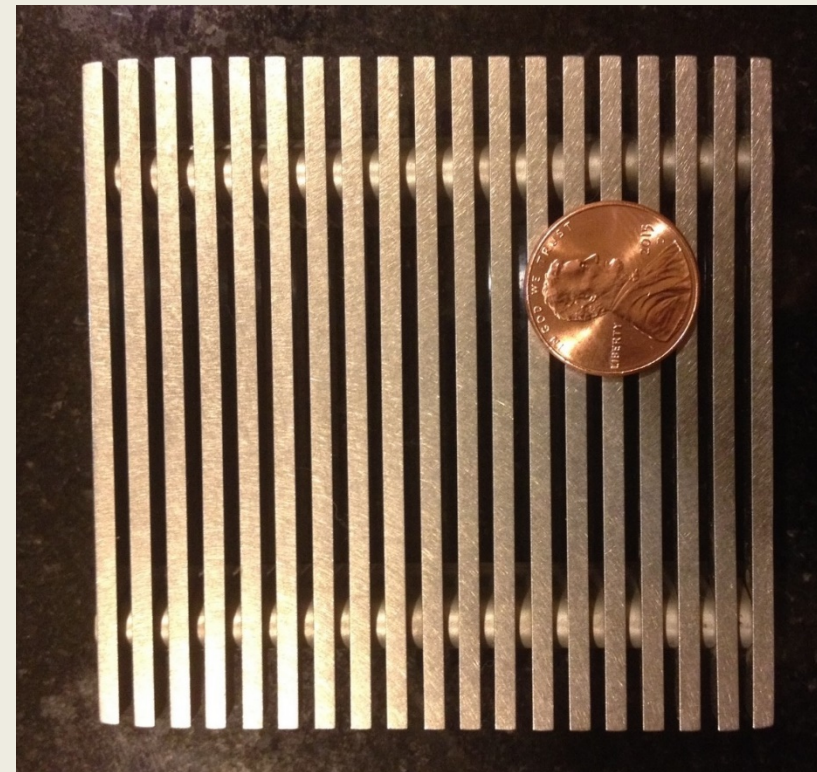
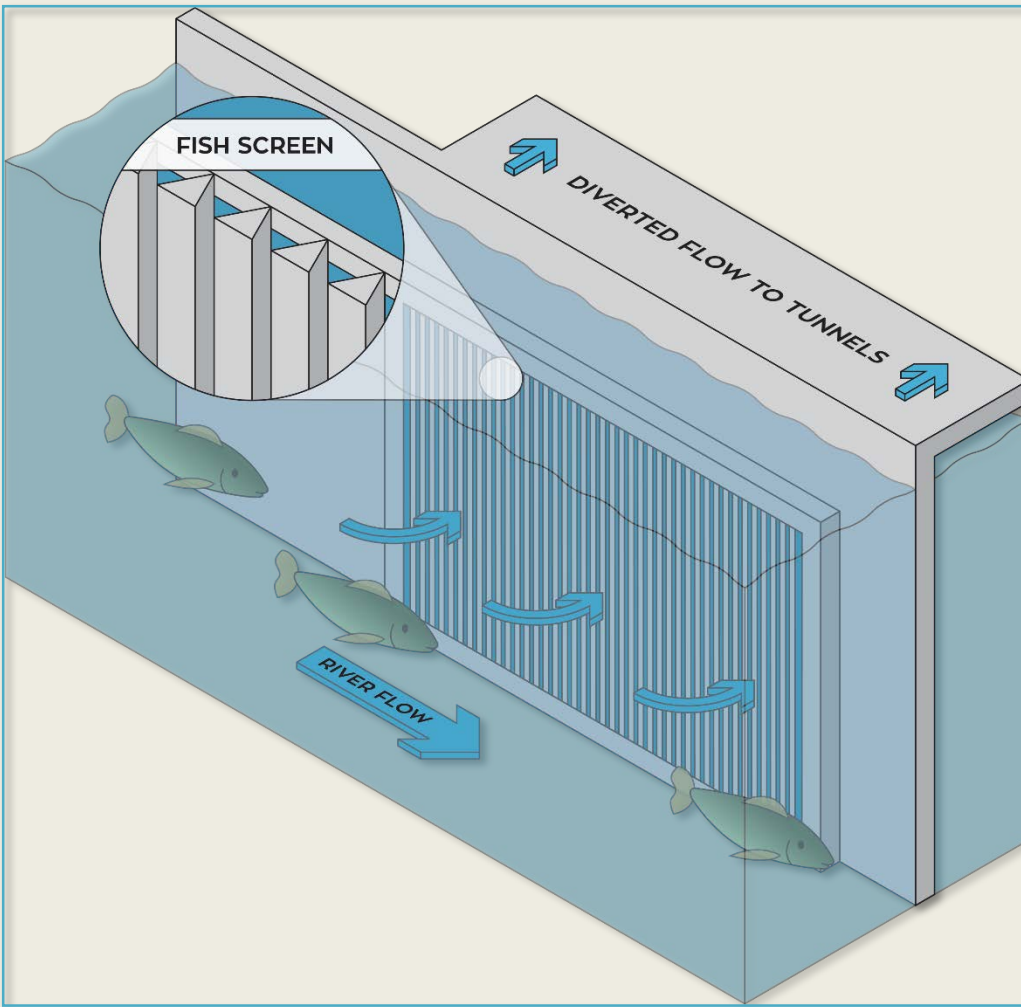
a graphic representation not intended as a technical exhibit



WaterFix will upgrade aging infrastructure to protect Silicon Valley's water supply



WaterFix improves flows patterns to protect fish and wildlife in the Delta, and thus protects Silicon Valley's water supplies





- ❖ Safeguards against rising seas
- ❖ Improves water quality

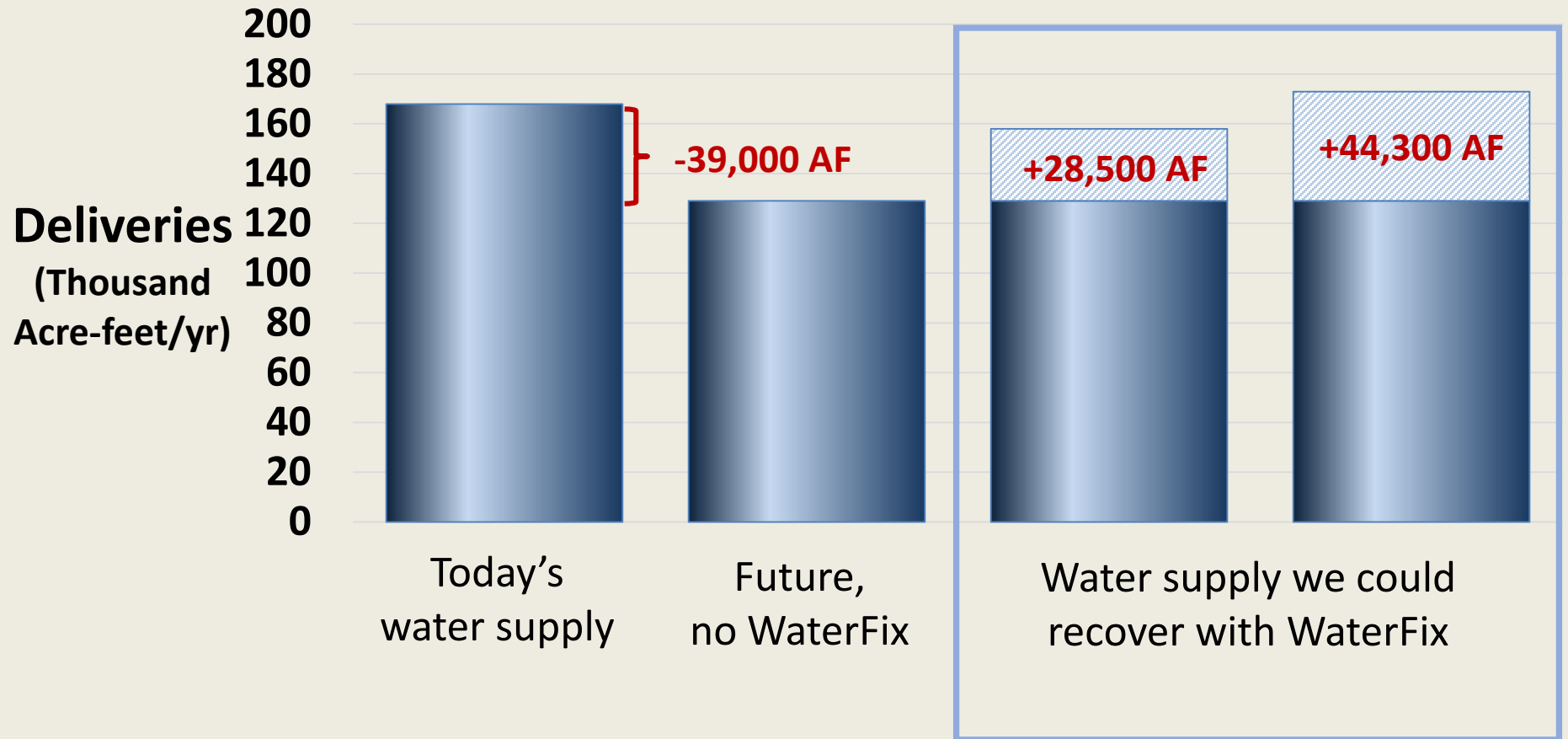
Silicon Valley needs sufficient water to thrive

- ❖ If we don't participate, water that would come to Silicon Valley becomes available to other agencies to purchase.



Water supply benefits vary based on level of participation

Modeled Long-Term Average



WaterFix capital and annual operation and maintenance costs (2017 dollars)

TOTAL Project Costs

Capital Costs **\$16.7 Billion**

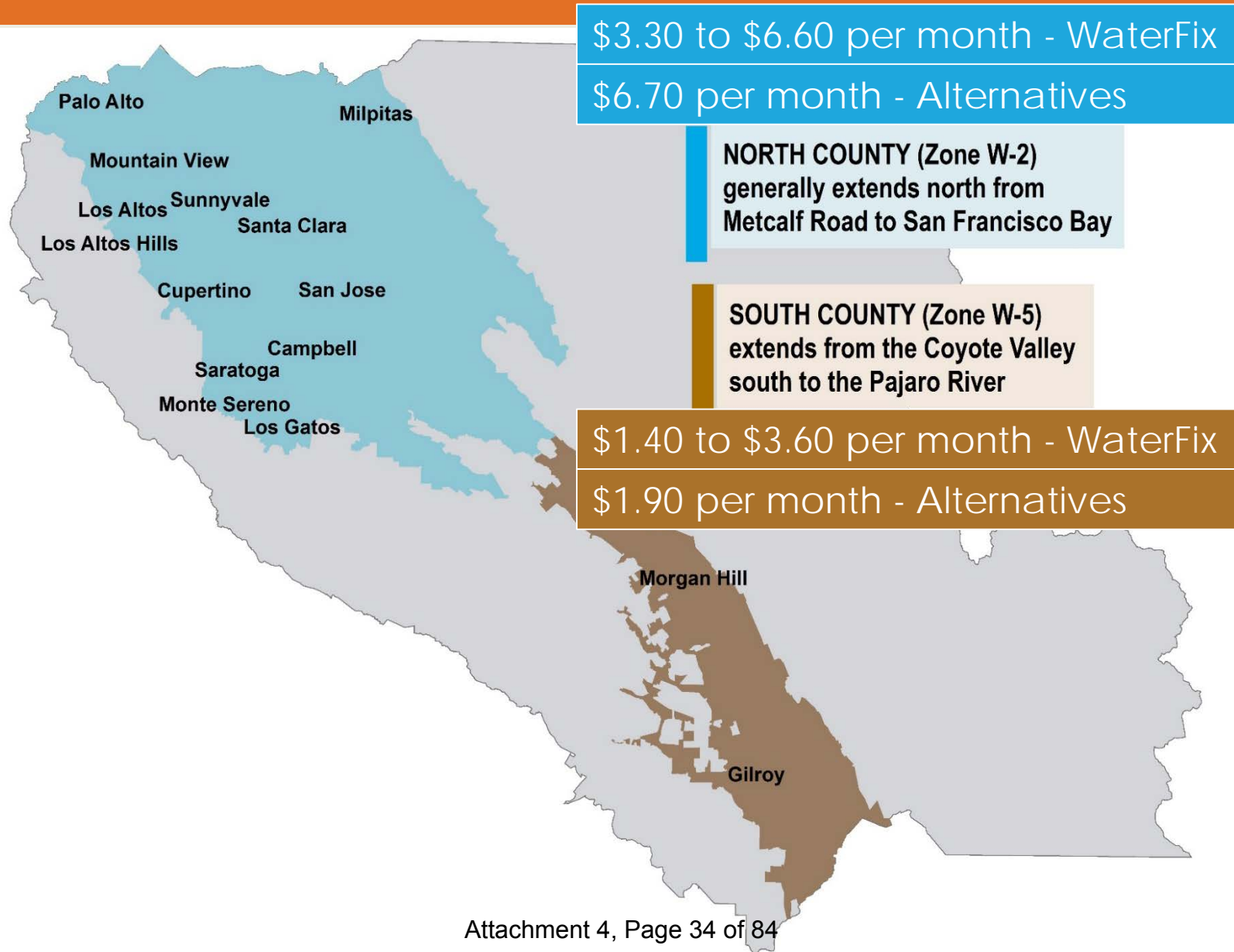
Operations and Maintenance Costs **\$64.4 Million/Yr**

DISTRICT Share of Project Costs

Capital Costs **\$420 – 650 Million**

Operations and Maintenance Costs **\$1.6 - \$2.5 Million/Yr**

Average monthly household cost of WaterFix (FY 2027)



The project has significant uncertainties

- ❖ Cost uncertainty
- ❖ Financing
- ❖ Validation action
- ❖ Permitting delays and additional regulatory constraints
- ❖ Uncertain federal involvement
- ❖ Other participant decisions
- ❖ Litigation

- ❖ Two channels of participation (State and Federal)
- ❖ Reducing uncertainties through agreements
- ❖ Some uncertainties will be resolved in the first two years
- ❖ Continued planning for alternative projects

Board communication & decision schedule

- ❖ 28 open, public Board meetings and workshops since 2011
- ❖ 19 open, public Bay Delta Conservation Plan Ad Hoc Committee meetings between 2013 and 2016
- ❖ Numerous presentations to District advisory committees

Date	Topic
Sep. 12 (Today)	WaterFix update, including water supply analysis, cost, and financing
Sept. 19	Workshop on Water Supply Master Plan
Oct. 3	Workshop to review draft agreements, term sheets, including financing and governance
Oct. 10	Board decisions on involvement with and/or participation in the WaterFix

Imported water is important to Silicon Valley:

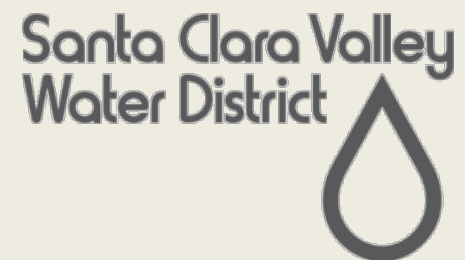
- ❖ Has **seen us through droughts**
- ❖ **Protects Silicon Valley's infrastructure** from massive damage
- ❖ Supports Silicon Valley's **world-leading economy**

WaterFix is **one of the least expensive solutions** to sustain existing supplies. It plans to:

- ❖ **Upgrade aging infrastructure**
- ❖ **Protect the environment**, fish and wildlife
- ❖ Keep our water **clean, safe and healthy**

However, there are **significant uncertainties** to be resolved

Current Status of the Delta



Guest speaker: Conditions in the Delta related to the environment, earthquake risk, and other aspects.

Curt Schmutte, Consulting Engineer

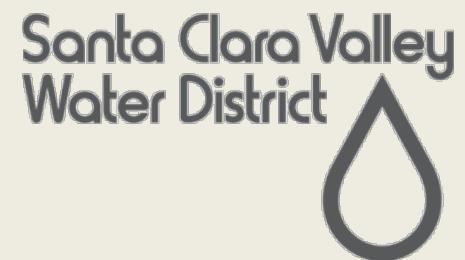
- ❖ 30 years of experience working on Bay-Delta issues
- ❖ 20 years at the Department of Water Resources (DWR) working on levee improvement programs, land subsidence research, economic risk analyses, seismic flood risk mitigation strategies, and habitat restoration projects.
- ❖ Managed several Bay-Delta habitat restoration projects for DWR and the State and Federal Contractors Water Agency



California WaterFix Update: Water Supply and Cost Analysis Supporting Information SCVWD Board Meeting September 12, 2017



Attachment 4, Page 41 of 84

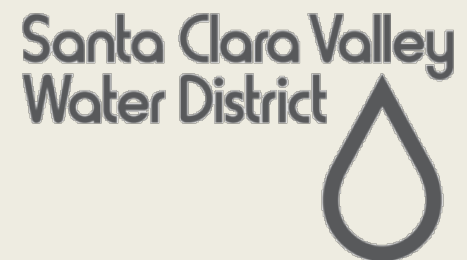


Attachment 2, Page 1 of 25

Water Supply Analysis



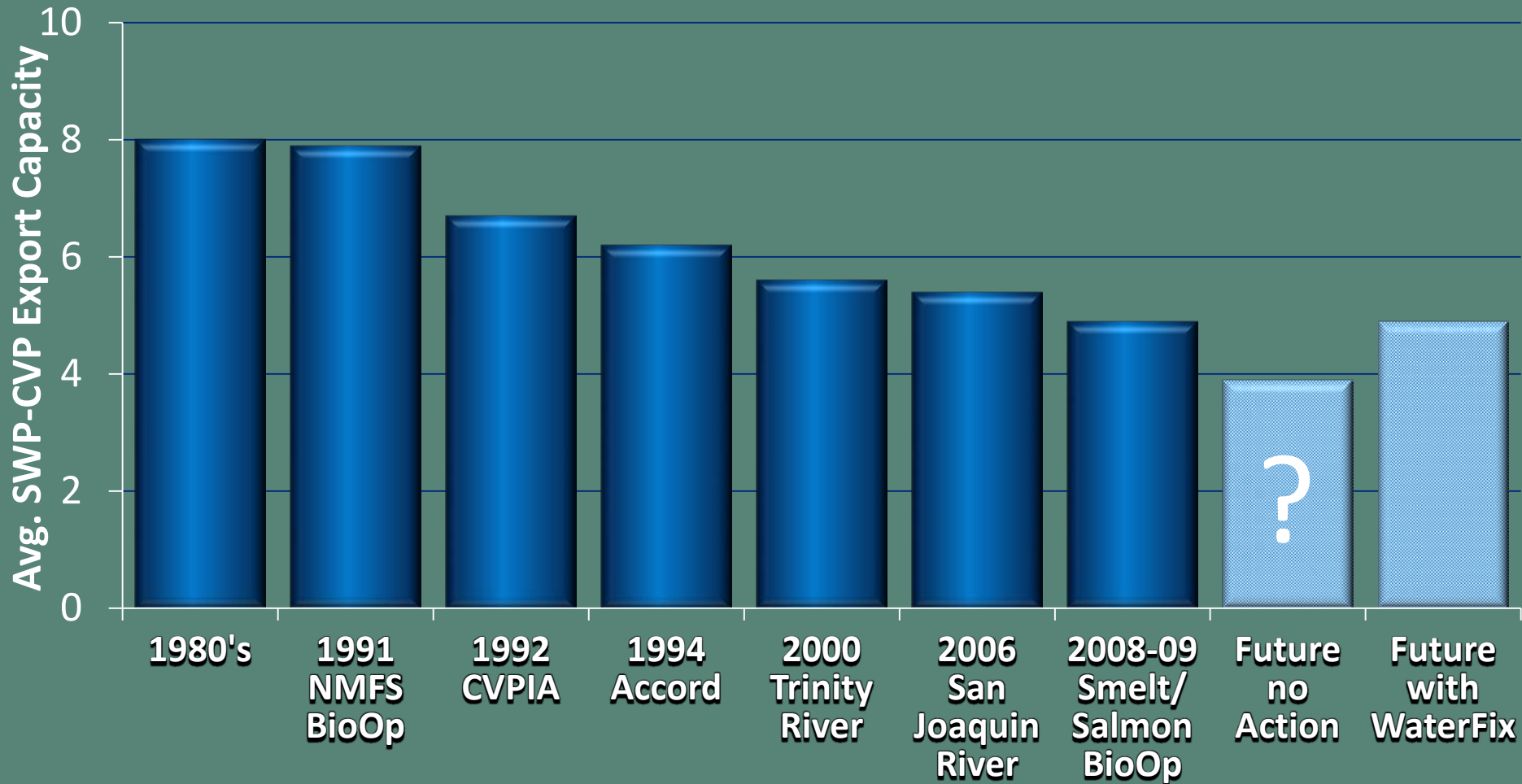
Attachment 4, Page 42 of 84



Attachment 2, Page 2 of 25

WaterFix is intended to protect Santa Clara County's existing water supplies; it does not create new water supplies

Modeled long-term average SWP/CVP exports (million acre-ft/yr)



Participation scenarios evaluated:

1. **Balanced Participation** - 2.5% SWP and 2.5% CVP
2. **Higher Central Valley Project** - 2.5% SWP and 5% CVP
3. **Higher State Water Project** - 5% SWP and 2.5% CVP

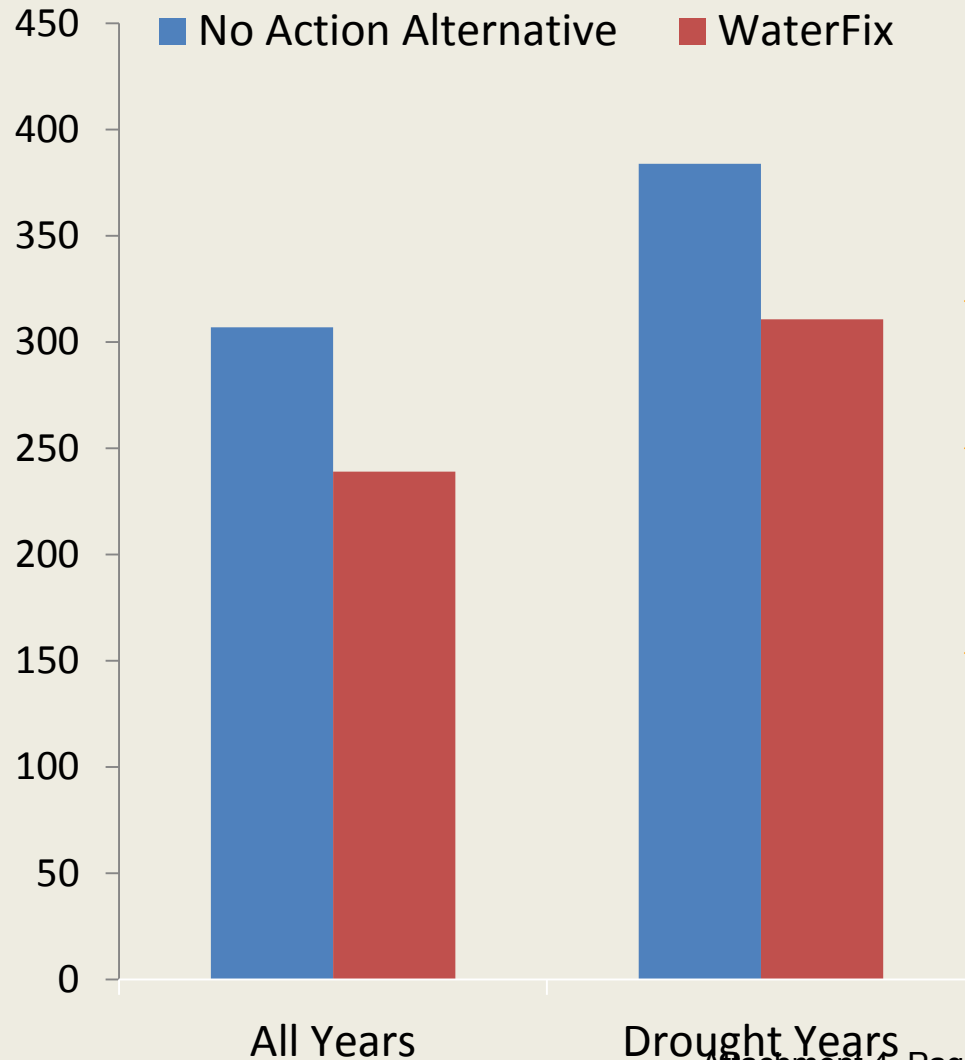
Base Case – more restricted future operations, no WaterFix

Water supply assumptions include:

- ❖ Completion of dam seismic retrofits
- ❖ Retailers continue development of non-potable recycled water, cumulatively 32,000 acre-feet per year by 2040
- ❖ Conservation savings continue on track to 99,000 acre-feet by 2040
- ❖ Implementation of “No Regrets” actions
 - Includes graywater, leak repair, advanced metering infrastructure, stormwater recharge, ag land recharge, rain gardens, rain barrels

Significant improvement in the District's imported water quality is expected

Total Dissolved Solids (milligrams per liter)



❖ 19-22% reduction in salt in District's SWP/CVP imported water

❖ 18% reduction in total salt load to groundwater in northern Santa Clara County

❖ Statewide \$1.8 billion benefit to urban and agricultural users

(Source: Bay Delta Conservation Plan Public Draft, November 2013, Appendix 9.A *Economic Benefits of the BDCP and Take Alternatives*)

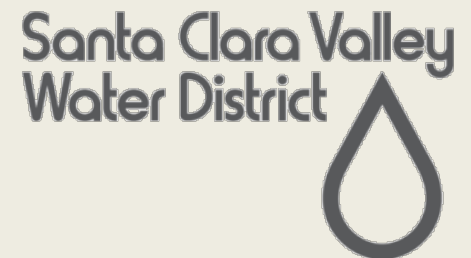
❖ Analyses indicate that WaterFix participation scenarios would

- Increase local groundwater storage
- Increase Semitropic reserves
- Reduce frequency and magnitude of shortages

WaterFix Costs



Attachment 4, Page 48 of 84



Attachment 2, Page 8 of 25

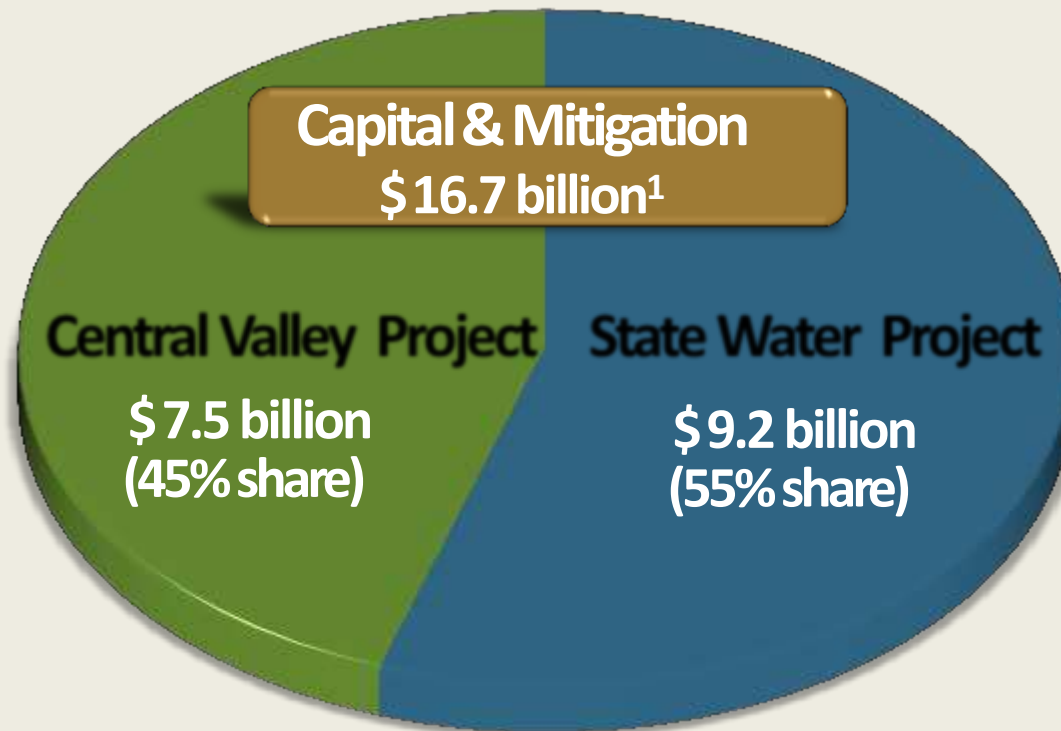
WaterFix capital costs are estimated to be \$16.7 billion

WaterFix Capital Costs	2014 (\$Billions)	2017 (\$Billions)
Conveyance Facility		
Construction	9.5	10.4
Contingency (36%)	3.4	3.7
Program Management/Construction Management/Engineering	1.9	2.1
Land Acquisition (includes 20% contingency)	.15	.16
Sub-Total	14.9	16.3
Mitigation	.37	.40
Total	\$15.3 B	\$16.7 B

WaterFix annual operations and maintenance costs are estimated to be \$64.4 million

WaterFix Operations and Maintenance Costs	2014 (\$M/yr.)	2017 (\$M/yr.)
Conveyance Facility Operations and Maintenance	20.0	21.9
Power	6.6	7.2
Capital Replacement	13.7	15.0
Sub-Total	40.3	44.1
Mitigation	18.6	20.3
Total \$58.9M/yr.		\$64.4M/yr.

WaterFix Capital Cost Share



1. In 2017 dollars

- ❖ District's share of capital costs is \$345M - \$535M (2017 dollars) depending on level of participation
- ❖ Capital costs are financed through annual issuances of fixed rate bonds; each with a 30-year amortization
- ❖ Estimates subject to bond structure, inflation and interest rates
- ❖ SCVWD's annual share of operations and maintenance costs is \$1.6 million - 2.5 million (2017 dollars)
- ❖ Operations and maintenance costs assume 100 years of operation beginning in 2033
- ❖ Operations and maintenance costs are paid as incurred

A conservative set of financing assumptions was used to estimate the District's share of WaterFix costs

Financing technical assumptions:

- ❖ Capital costs are financed through annual issuances of fixed rate bonds; each with a 30-year amortization
- ❖ Fixed rate based on the AAA MMD¹ scale as of July 11, 2017 plus an additional spread of 1.65%
- ❖ Present value analysis assumes an escalation rate of 3% and a discount rate of 5.5%

¹ Thomson Reuters Municipal Market Data AAA yield curve (AAA-MMD) represents the market benchmark yield for AAA rated state general obligation bonds.

WaterFix costs to Santa Clara County could vary based on participation decisions

Participation Scenario	Total Water Facility and Mitigation Capital Costs		
	Construction Costs (2017 \$M)	Undiscounted Financed (\$M)	Present Value Financed (\$M)
WaterFix total capital costs ¹	16,730	40,150	13,850
WaterFix - SCVWD share:			
• Balanced Participation (2.5% SWP/2.5% CVP)	420	1,005	345
• Higher CVP (2.5%SWP/5% CVP)	605	1,455	500
• Higher SWP (5%SWP/2.5%CVP)	650	1,555	535

1. Total annual WaterFix operations and maintenance costs are \$64.4 M/yr in 2017 dollars. The District's share would range from \$1.6 M/yr to \$2.5 M/yr.

Levelized unit cost estimate in constant 2017 dollars

Participation Scenario	Levelized Unit Cost ¹ (2017 \$/AF)
Balanced Participation	600
Higher CVP	600
Higher SWP	600

¹ Levelized unit cost = unit cost that, when assigned to every unit of water produced over a 100 year operating period, will equal the present value cost of the project. Expressed in constant 2017 dollars.

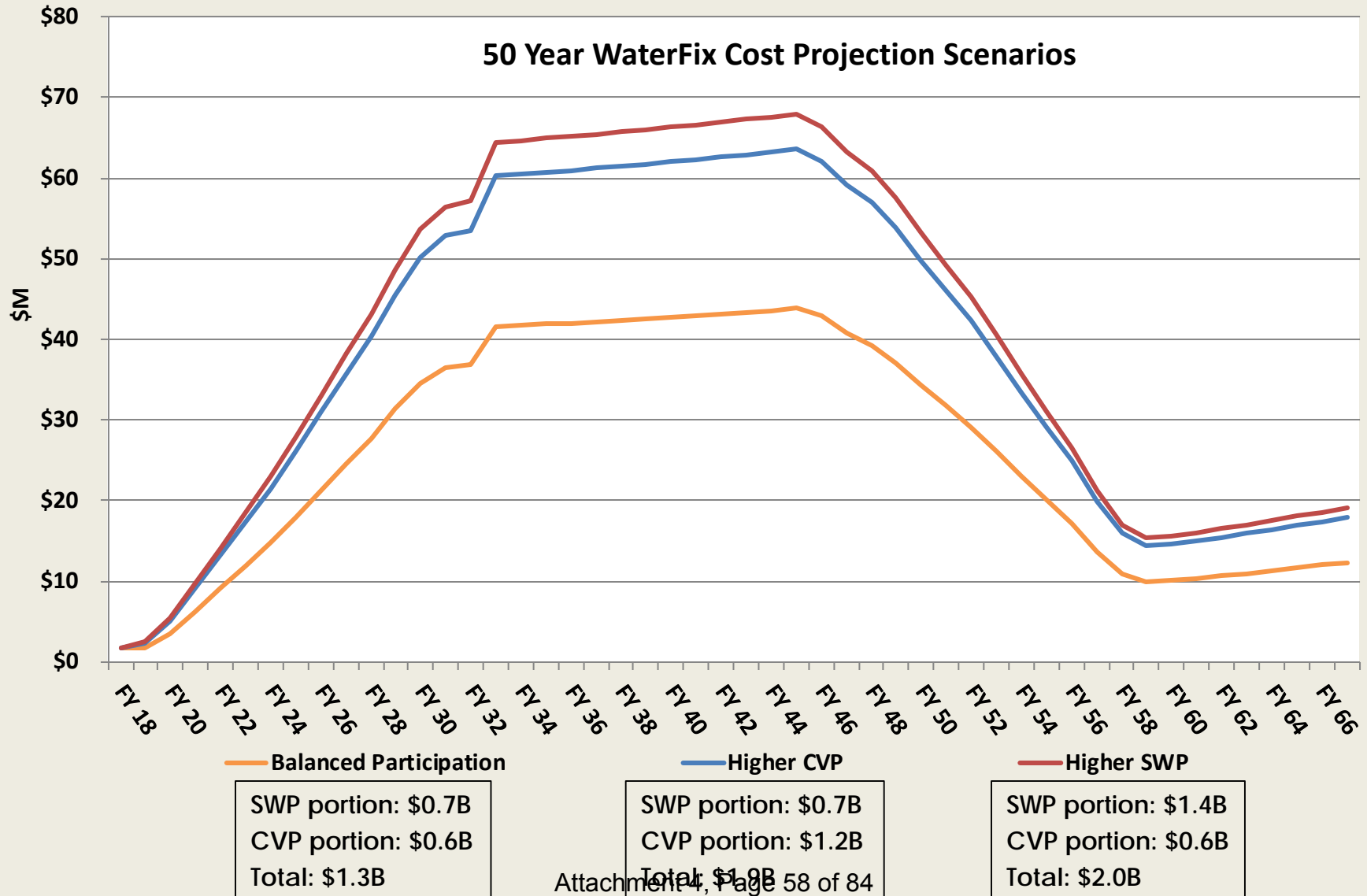
Ratepayer impacts without use of the State Water Project Tax (FY 2027)

	Incremental Cost Increase		
	WaterFix Scenarios		
	Balanced Participation	Higher CVP	Higher SWP
M&I groundwater charge increase (\$/AF)			
north county	\$109	\$165	\$192
south county	\$40	\$81	\$40
Total increase per average household (\$/month)			
north county	\$3.80	\$5.70	\$6.60
south county	\$1.40	\$2.80	\$1.40

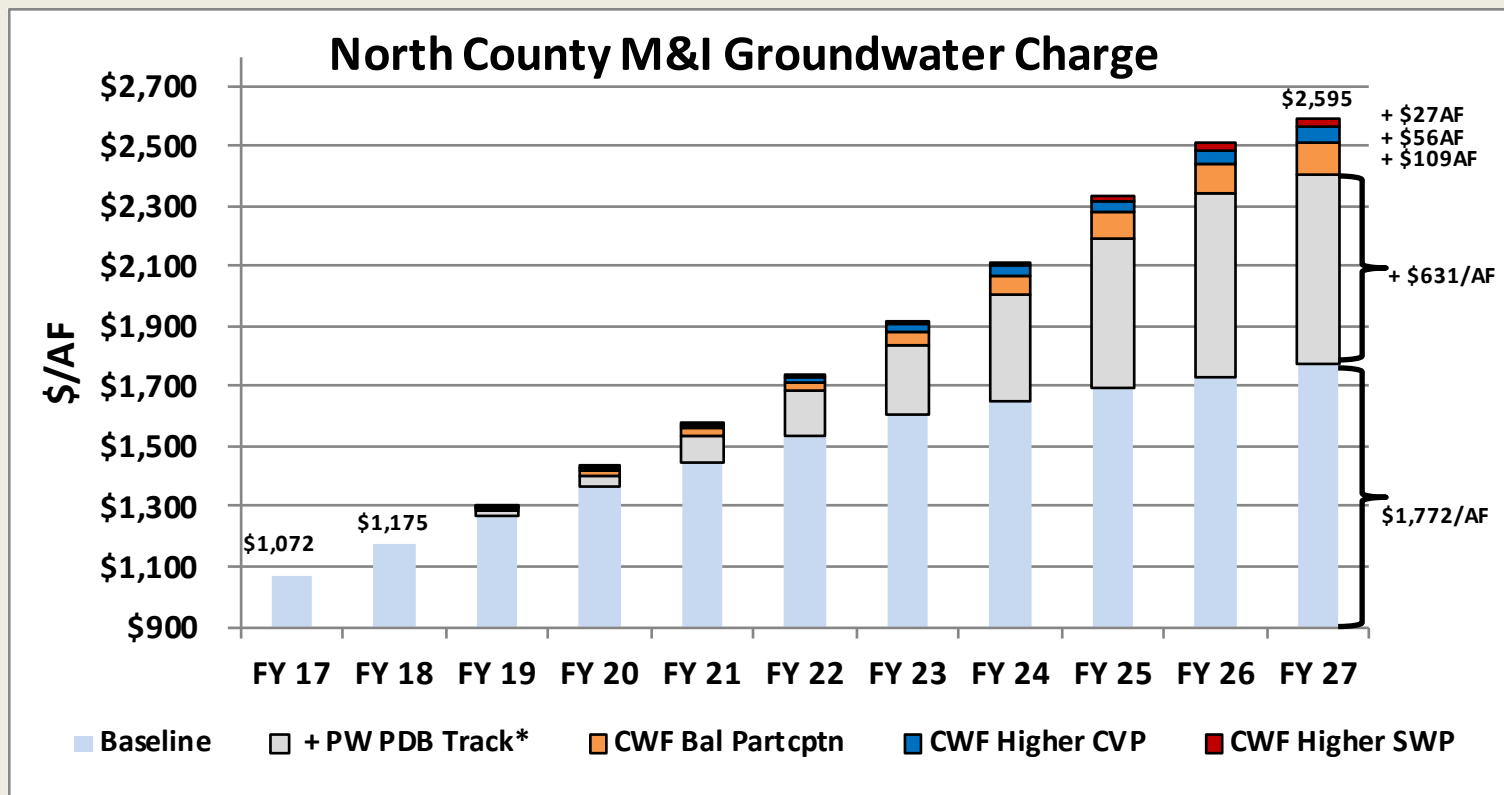
Ratepayer impacts with use of the State Water Project Tax (FY 2027)

	Incremental Cost Increase		
	WaterFix Scenarios		
	Balanced Participation	Higher CVP	Higher SWP
M&I groundwater charge increase (\$/AF)			
north county	\$47	\$87	\$47
south county	\$24	\$68	\$12
SWP tax increase per average single family (\$/yr)			
north county	\$19.90	\$19.90	\$39.80
south county	\$15.30	\$15.30	\$30.60
Total increase per average household (\$/month)			
north county	\$3.30	\$4.70	\$4.90
south county	\$2.10	\$3.60	\$3.00

WaterFix scenarios result in peak annual costs ranging from approximately \$44 million to \$66 million

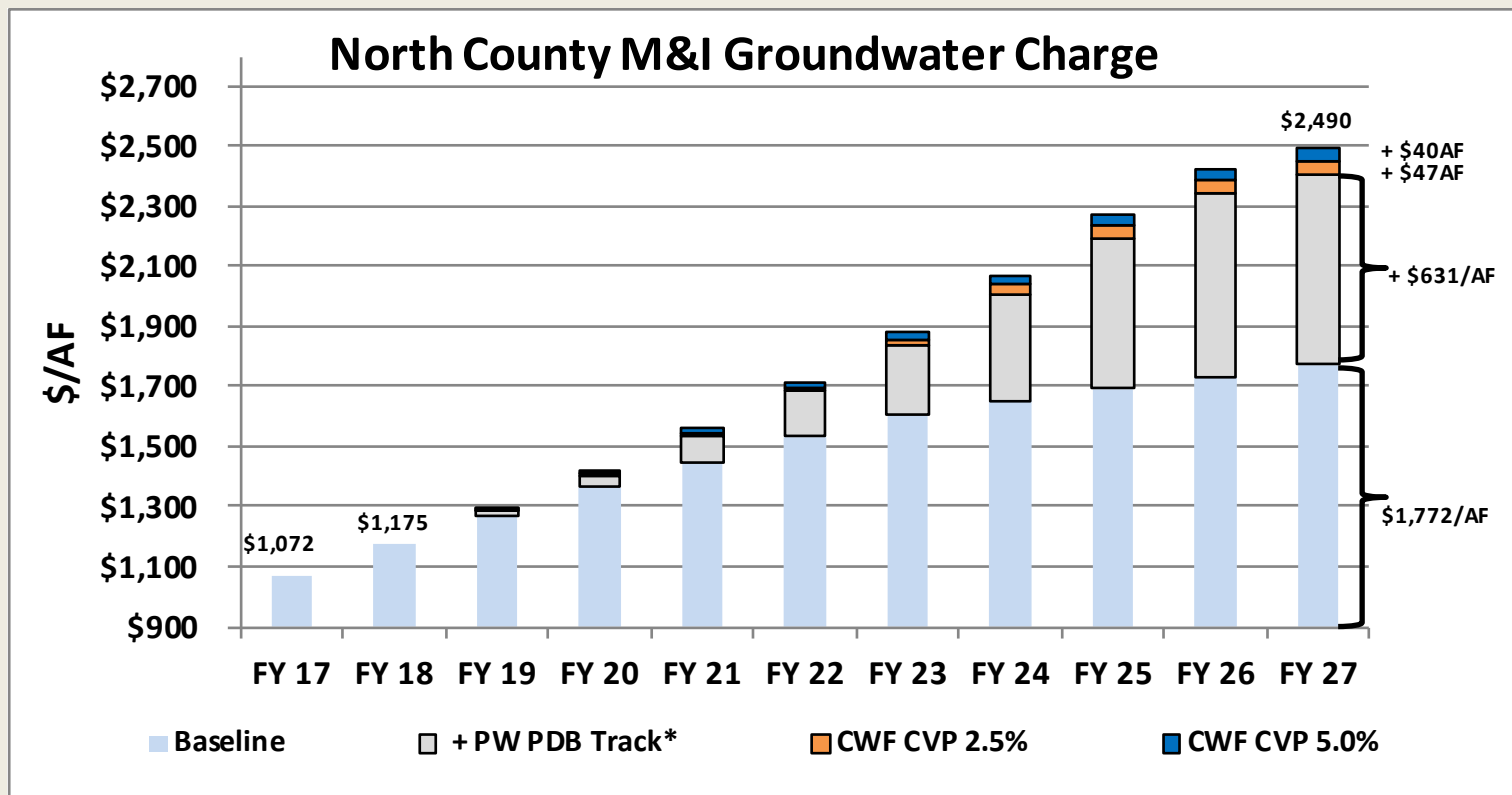


10-year rate projection assuming no State Water Project tax used for WaterFix (CWF)



Annual % Increase	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27
Baseline	8.1%	7.6%	6.1%	5.9%	4.5%	3.1%	2.5%	2.3%	2.3%
+ PW PDB Track*	9.4%	9.4%	9.4%	9.4%	9.3%	9.3%	9.2%	6.6%	2.7%
CWF Bal Partcptn	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	7.2%	2.9%
CWF Higher CVP	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	7.4%	3.2%
CWF Higher SWP	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	7.8%	3.2%

10-year rate projection assuming State Water Project tax is used for WaterFix (CWF)

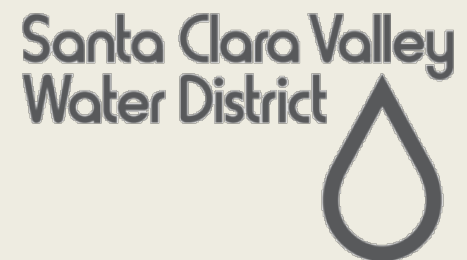


Annual % Increase	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27
Baseline	8.1%	7.6%	6.1%	5.9%	4.5%	3.1%	2.5%	2.3%	2.3%
+ PW PDB Track*	9.4%	9.4%	9.4%	9.4%	9.3%	9.3%	9.2%	6.6%	2.7%
CWF CVP 2.5%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	6.8%	2.7%
CWF CVP 5.0%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	6.6%	2.7%

Financing Approach

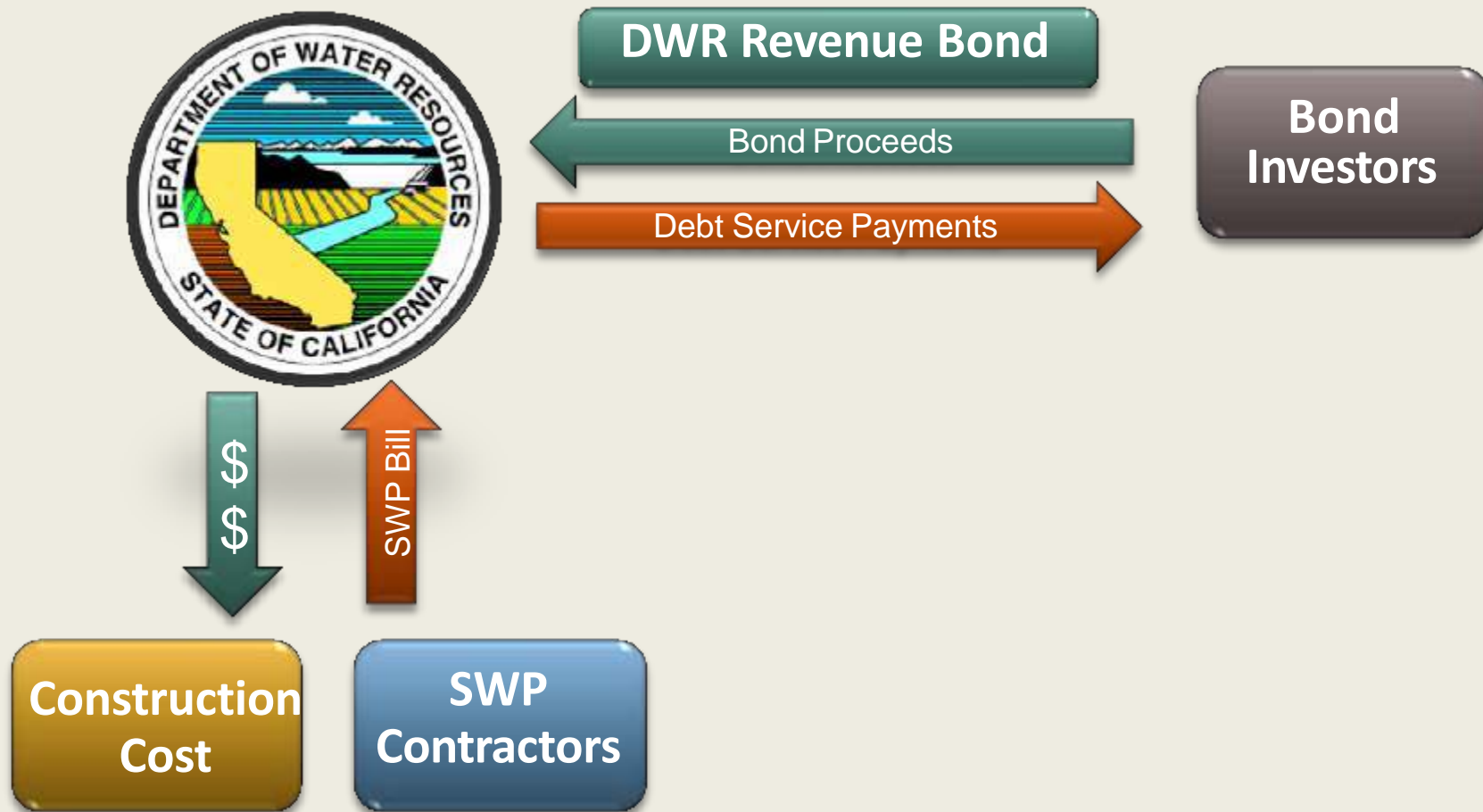


Attachment 4, Page 61 of 84



Attachment 2, Page 21 of 25

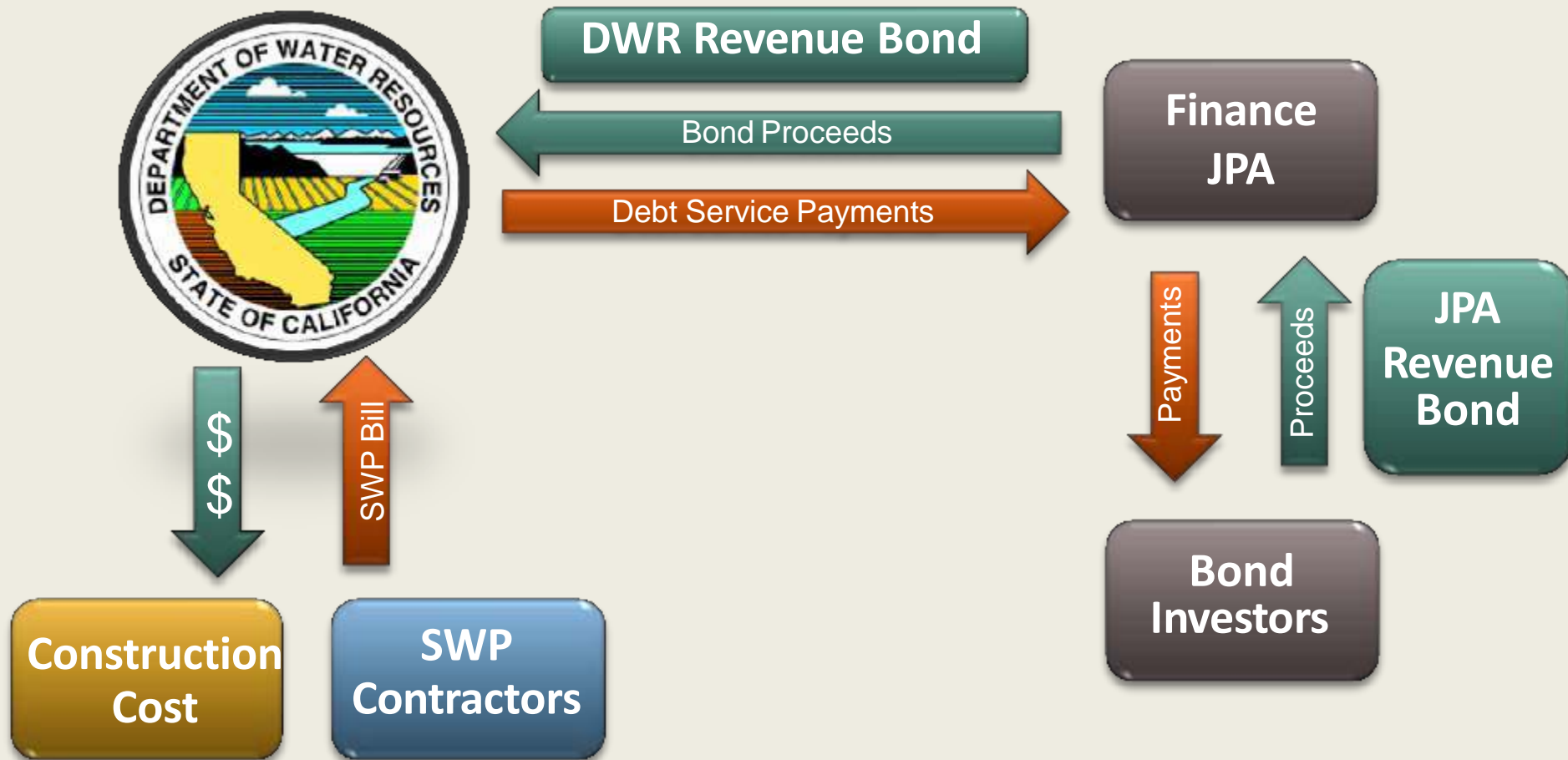
Existing State Water Project Financing Approach



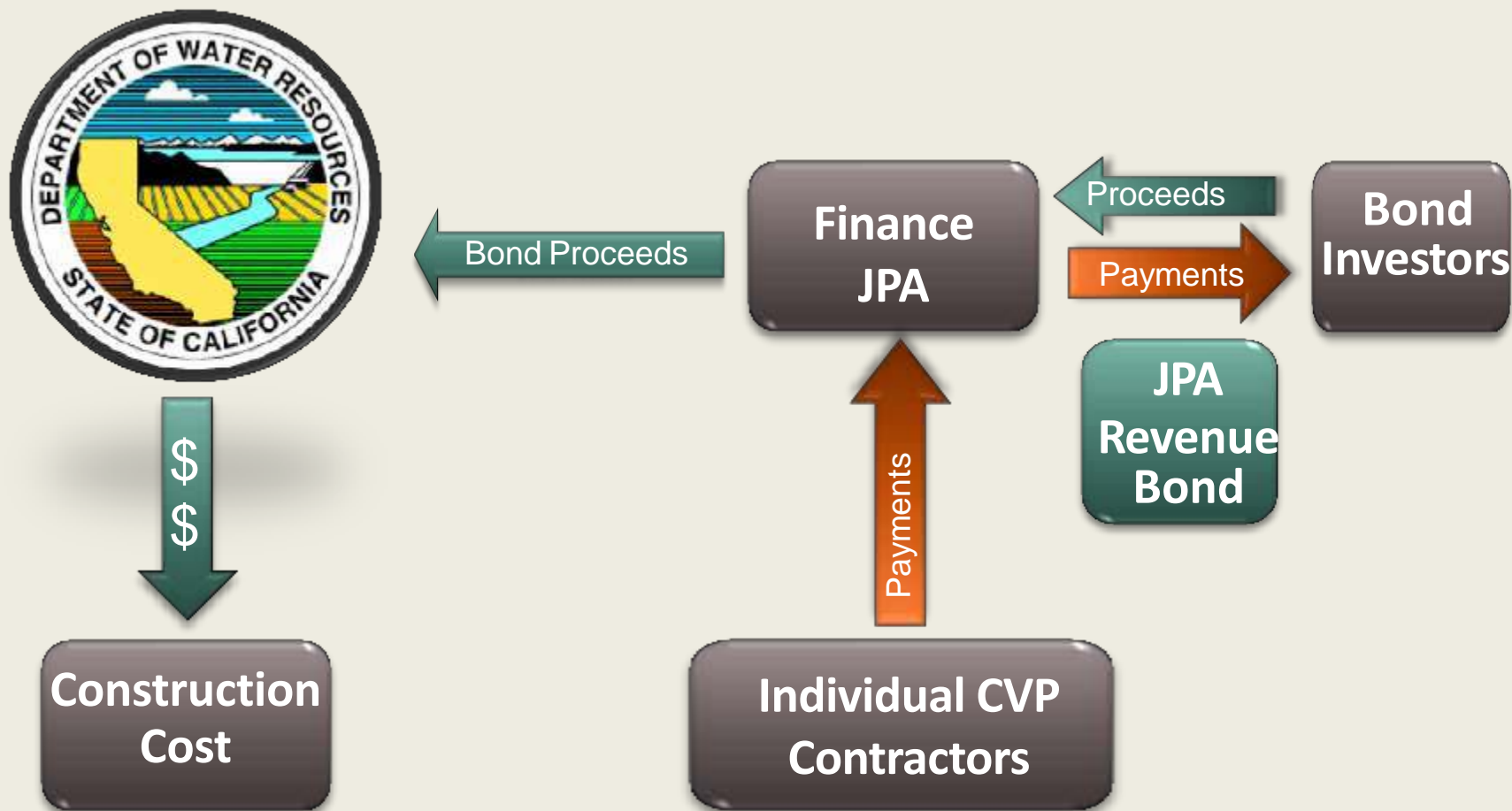
The Department of Water Resources' validation action will impact the financing structure and timing of debt issuance

- ❖ Judicial proceeding to affirm authority to issue bonds
- ❖ DWR filed for validation determination with Sacramento County Superior Court regarding authority to issue revenue bonds for WaterFix
- ❖ Ability to issue bonds is affected until validation question is resolved

State Water Project financing approach before resolution of validation action



Central Valley Project financing approach



THIS PAGE INTENTIONALLY LEFT BLANK

Information in Response to Questions Raised During the August 22, 2017 Board Meeting

- A. Permanent impacts of the WaterFix in the following areas:
water quality, fisheries, water elevation, and visual
- B. Likelihood of a Delta levee failure event
- C. Pros and cons of upgrading all Delta levees
- D. Benefits of operational flexibility afforded by the WaterFix
- E. Pros and cons of smaller tunnel

A: Permanent impacts of the WaterFix in the following areas: water quality, fisheries, water elevation, and visual

❖ Water quality:

- Water quality will be maintained at or below State Water Board water quality criteria.
- Small changes in salinity, both positive and negative, will be undetectable to recreational uses of the Delta
- No significant changes to aquatic vegetation expected.

❖ Fisheries impacts:

- Fish and wildlife agencies found both positive and negative impacts to fish species. Negative impacts will be mitigated or minimized per permit requirements.
- Operational flexibility, real-time operations, and adaptive management will ensure WaterFix, on balance, improves conditions for listed fish species over existing conditions

❖ Water elevation:

- No impacts to navigation from changes in elevation caused by construction or operation of WaterFix

❖ Visual impacts:

- Three permanent intake structures on the Sacramento River
- A permanent 40 acre intermediate forebay
- 2 permanent shafts 40 ft in diameter at each of three locations: Bouldin, Staten, and Bacon islands (6 shafts total)
- Enlarged Clifton Court Forebay with new pumping plant facilities adjacent
- New operable barrier with boat lock at the head of Old River
- Permanent overhead transmission lines to and around Clifton Court Forebay
- Permanent access roads on Bouldin and Bacon Islands and around Clifton Court Forebay
- Reusable tunnel material sites until materials are reused

Figure 1: Location of WaterFix facilities within the Delta and in relation to Santa Clara County

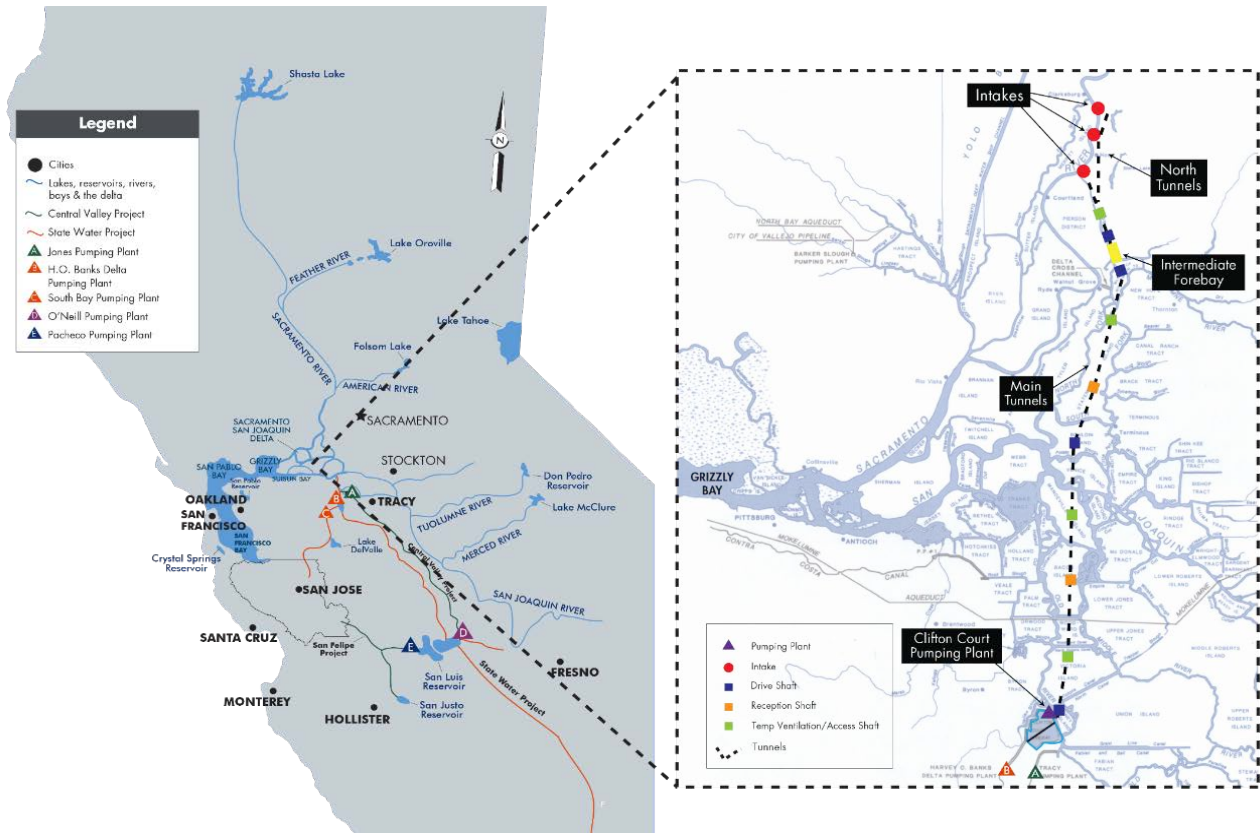


Figure 2: Sacramento River intake sites located near towns of Hood and Clarksburg

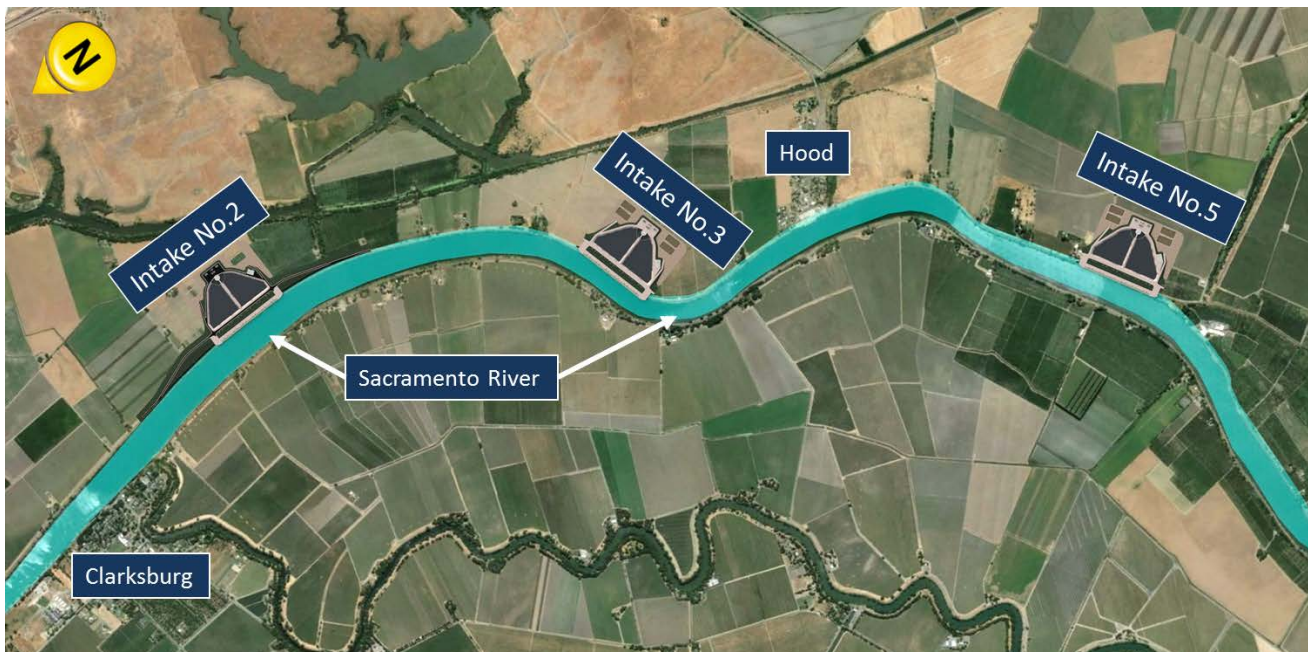


Figure 3: Sacramento River intake facilities



Figure 4: Intermediate Forebay facilities

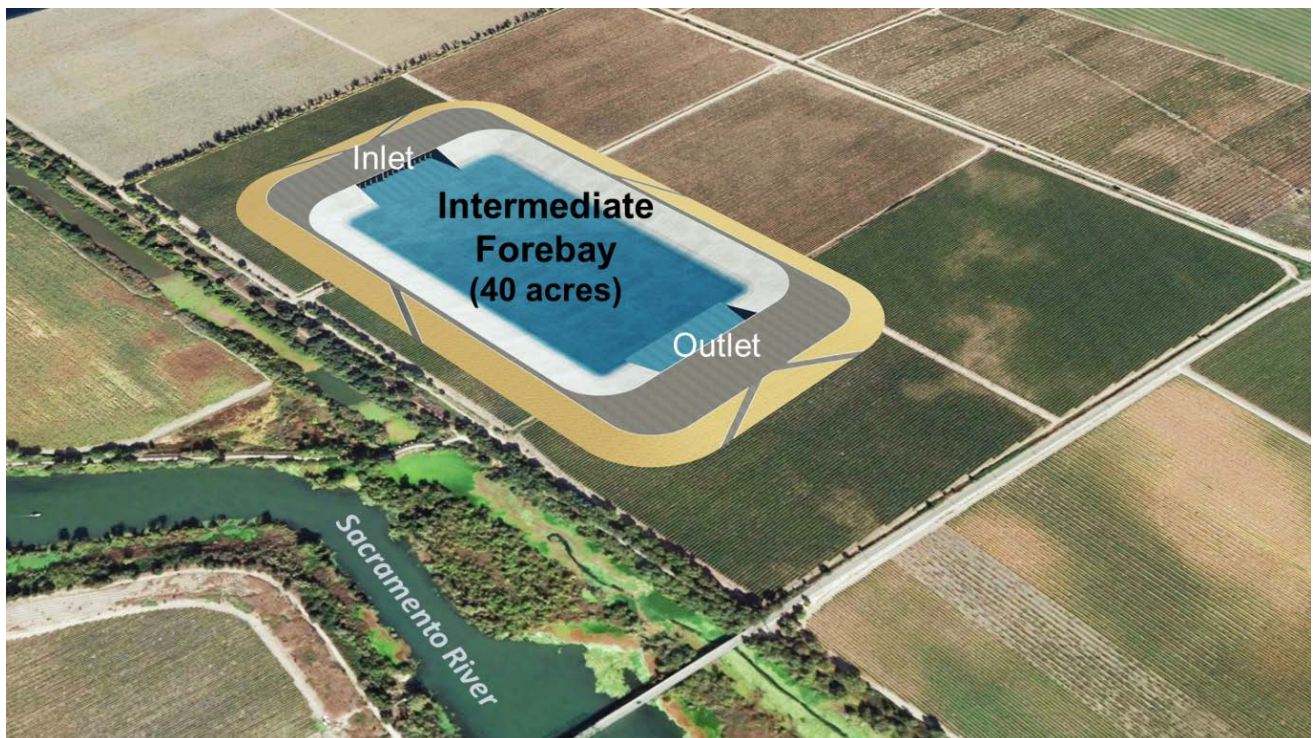


Figure 5: Clifton Court Forebay configuration

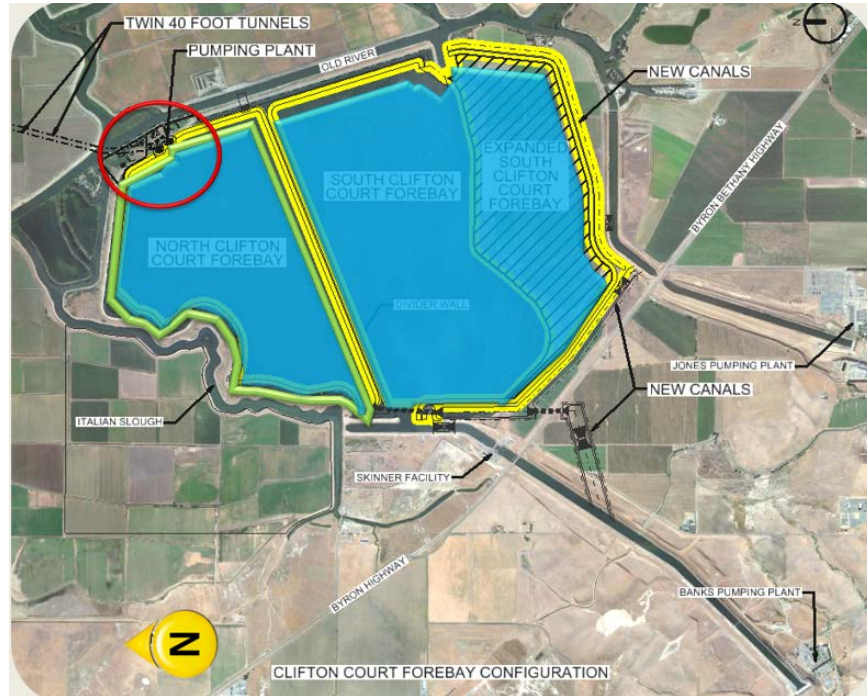


Figure 6: New pumping plant facilities at Clifton Court Forebay



Figure 7: New pumping plant facilities at Clifton Court Forebay

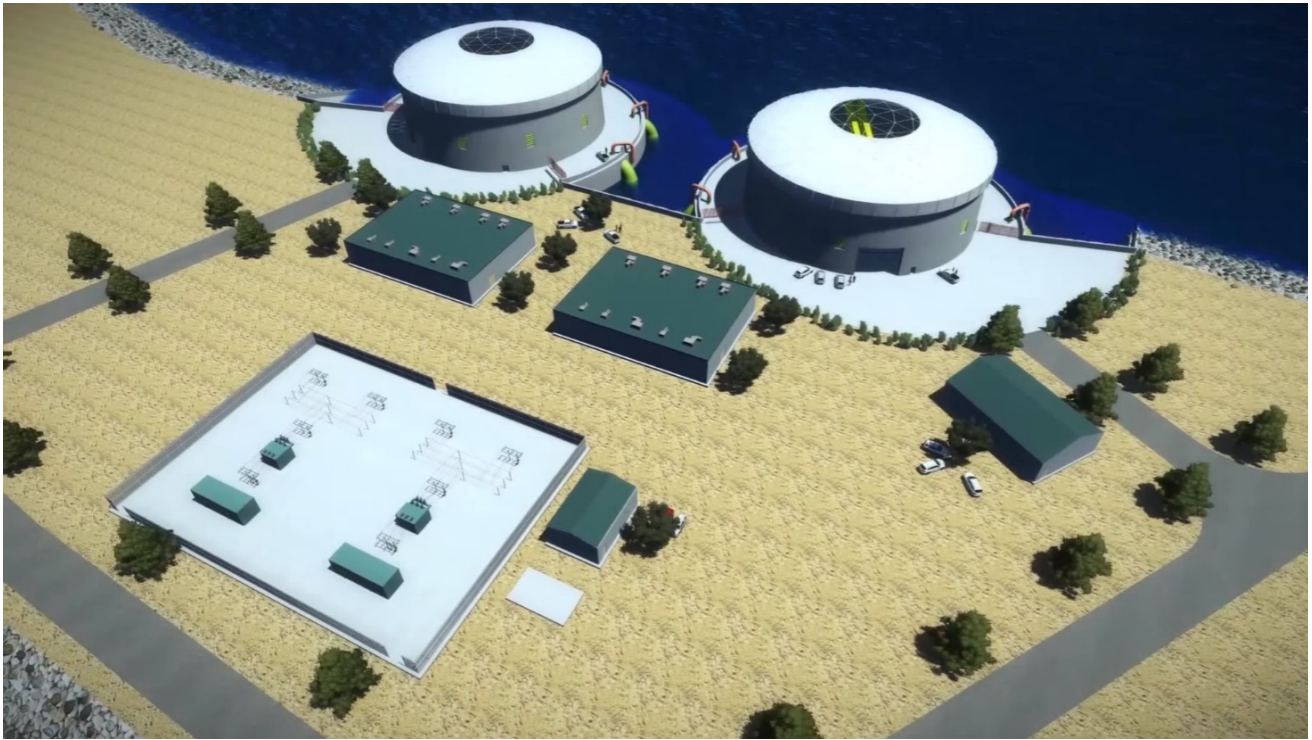


Figure 8: New pumping plant facilities at Clifton Court Forebay

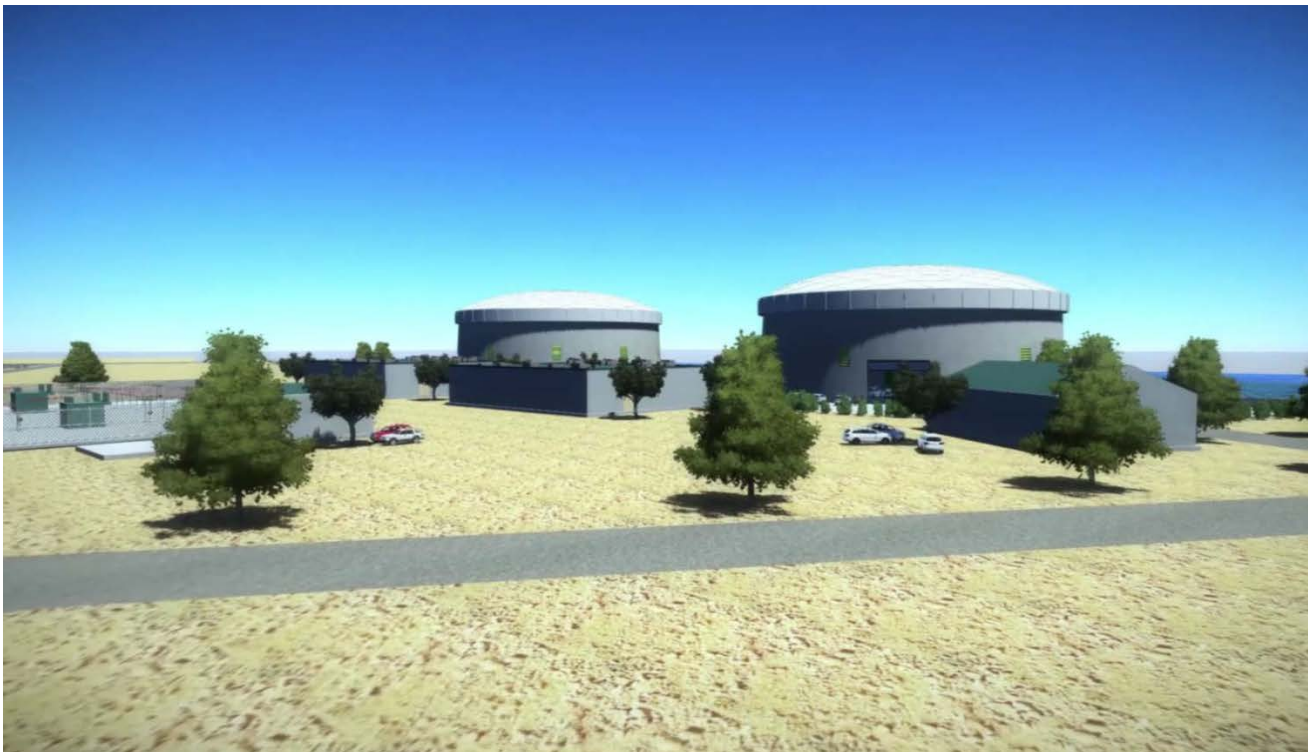
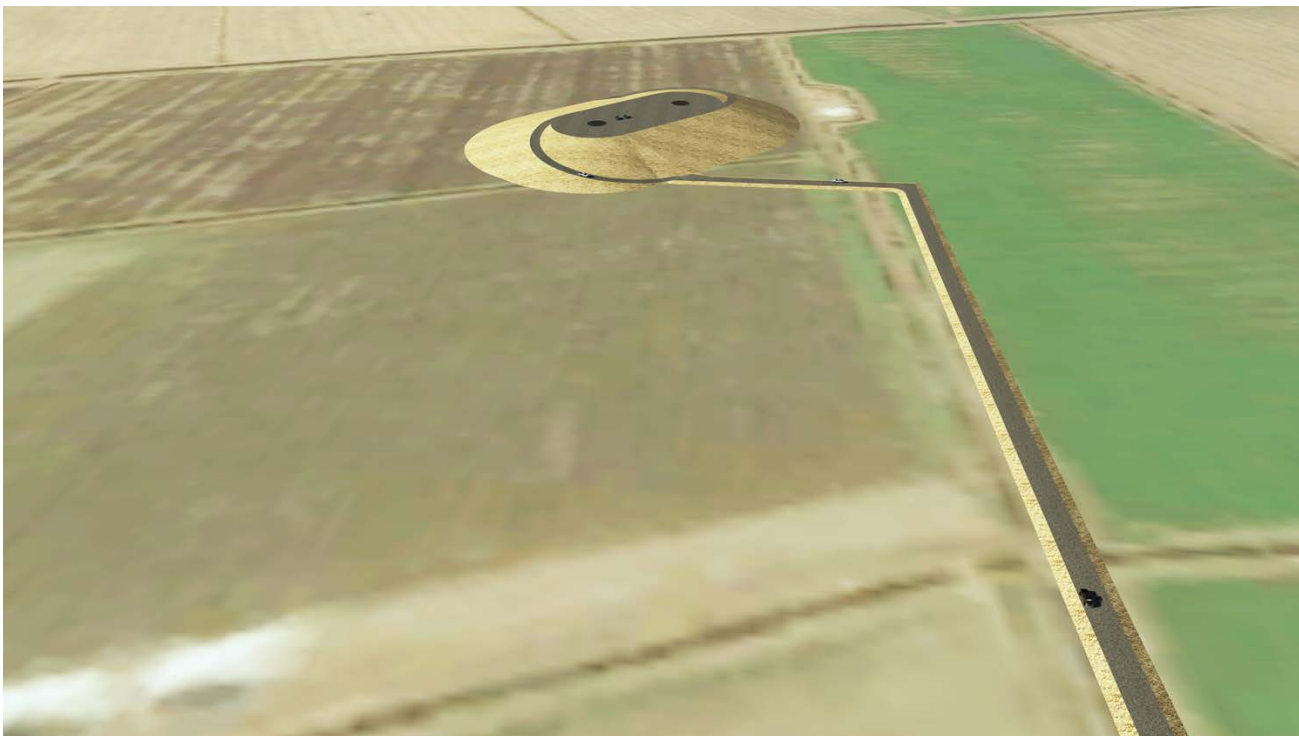


Figure 9: Access road and tunnel access pad on Bouldin Island



Figure 10: Tunnel access pad on Bouldin Island



B: Likelihood of a Delta levee failure event

- ❖ USGS scientist Dr. David Schwartz: In the next 100 years there will be strong shaking in the Delta from an East Bay earthquake that could lead to wide-scale levee failure.
- ❖ 2008 Delta Risk Management Study: 40 percent chance of a major earthquake causing levee failure and simultaneous flooding of 27 islands, leading to an interruption in exports
- ❖ UCLA researchers: Agree that liquefaction of sand below levees poses significant risk to levee stability and have found that peat soils amplify earthquake motions
- ❖ Public Policy Institute of California: "The combined effects of continued land subsidence, sea level rise, increasing seismic risk, and worsening winter floods make continued reliance on weak Delta levees imprudent and unworkable over the long term."

C: Pros and cons of upgrading all Delta levees

PROS:

- ❖ Increases resistance of Delta levees to failure from earthquakes and floods
- ❖ Protects Delta residences and businesses
- ❖ Some levee upgrades are needed anyway for multiple reasons

CONS:

- ❖ Would not provide an environmental benefit and could impede restoration efforts in the Delta
- ❖ Does not protect against salinity intrusion from sea level rise
- ❖ Cost of levee repair in many cases exceeds value of land
- ❖ Ongoing maintenance required

D: Benefits of operational flexibility afforded by the WaterFix

- ❖ Improves ability to respond to real-time environmental conditions
- ❖ Significantly improves ability to transfer water
- ❖ Provides for storm flow capture
- ❖ Improves benefits of storage projects if integrated into SWP/CVP operations

Figure 11: Flexible operations with the WaterFix allows for increased diversions during storms, with less diversions during dry conditions

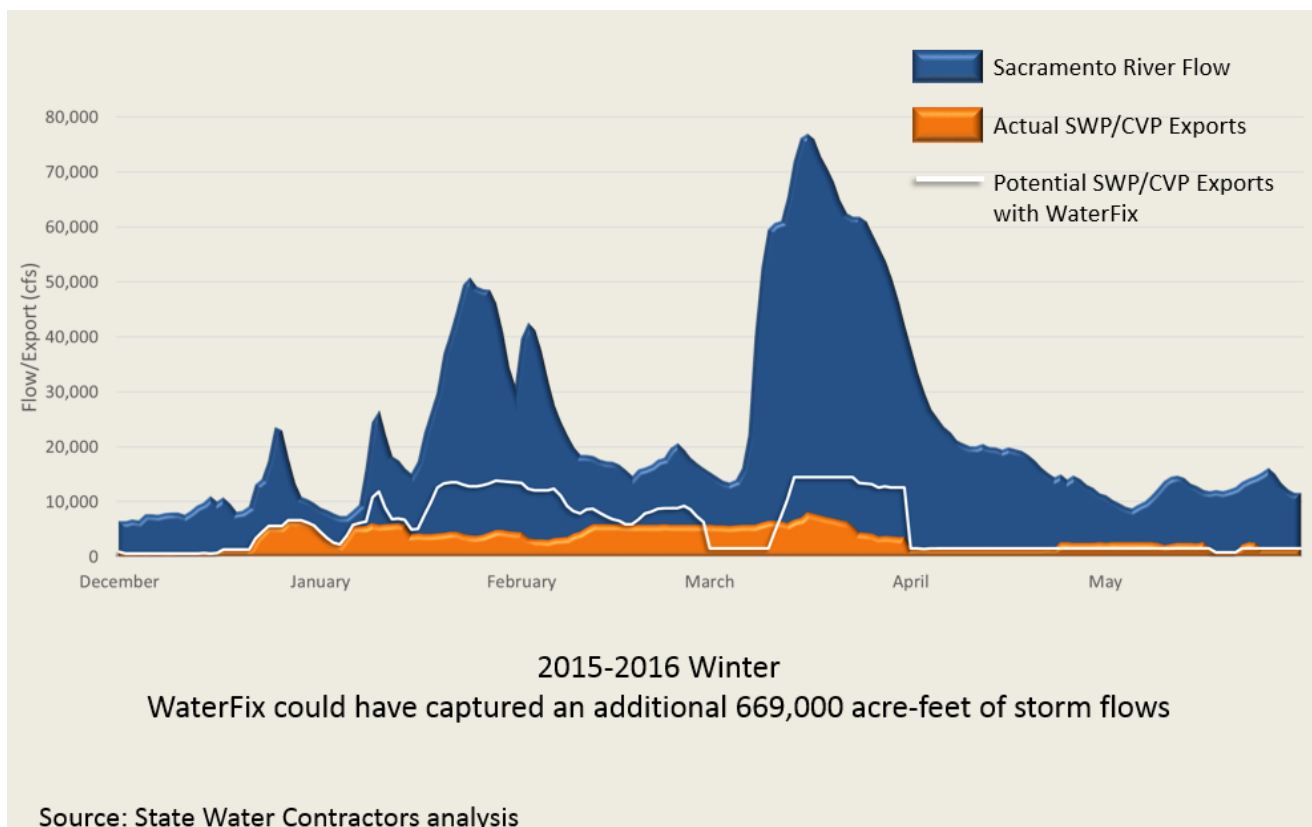
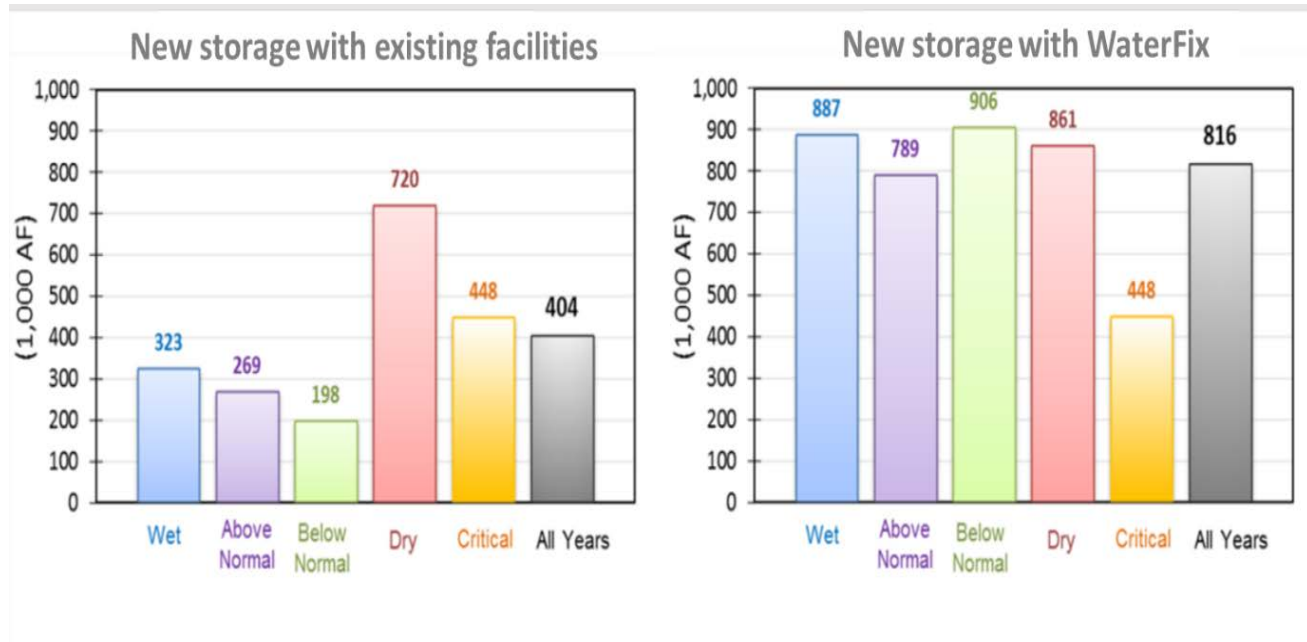


Figure 12: Average annual changes in SWP/CVP deliveries with new storage and existing facilities (left) and with new storage and WaterFix (right) by water year type. Source: Association of California Water Agencies, 2017.



E: Pros and cons of smaller tunnel

PROS:

- ❖ Reduced cost
- ❖ Less opposition

CONS:

- ❖ Less improvement in south Delta flow patterns
- ❖ Reduction in tunnel size does not result in a proportional reduction in cost. Available studies indicate that the cost for a 3,000 cfs tunnel is 60-75% of the cost for a 9,000 cfs tunnel.
- ❖ More vulnerability to salt water intrusion from levee failures and sea level rise
- ❖ Less operational flexibility

Board Meetings and Workshops Related to Bay Delta Conservation Plan and California WaterFix

DATE	EVENT	TOPICS	GUESTS
August 25, 2017	Special Board meeting	Delta Counties Coalition presentation on alternatives to CA WaterFix	Don Nottoli (Supervisor, Sacramento Cnty) Chuck Winn (Supervisor, San Joaquin Cnty) Katherine Miller (Supervisor, San Joaquin Cnty) Diane Burgis (Supervisor, Contra Costa Cnty) Dr. Jeffrey Michael (Univ. of the Pacific)
August 22, 2017	Board Agenda item	Staff described the multi-agency proposed framework for design and construction management and governance for the WaterFix as well as proposed operations and adaptive management of the project	
August 22, 2017	Board Agenda item	Staff presentation on the status of the Delta ecosystem and factors impacting the District's imported water supplies as well as potential consequences of maintaining the status quo	
July 11, 2017	Board Agenda Item	Update on key elements of California WaterFix planning and development and the criteria by which staff is evaluating each consistent with District Board Policy and WaterFix Principles	
May 25, 2017	Board Workshop	A workshop to answer specific questions related to project cost estimation, risk assessment and management, and cost control - with reference to other large tunneling projects constructed in the US and elsewhere.	Chuck Gardener (BDCP Prg Manager) Bob Goodfellow (Aldea Services LLC) John Bednarski (Metropolitan Water District) Pat Pettiette (5RMK Int.)
March 14, 2017	Board Agenda Item	Board discussion of proposed principles to guide the District's participation in discussions, negotiations, and messaging regarding the California WaterFix (CWF)	
November 8, 2016	Board Agenda Item	BDCP AdHoc Committee disbanded	
July 12, 2016	Board Agenda Item	Staff provided an updated business case analysis and a draft District policy statement for the State Water Board hearing on the petition to change the point of diversion for the SWP and CVP	
April 15, 2016	Board Agenda Item	Staff provided an overview of imported water and current issues	
January 26, 2016 (3hr)	Board Workshop	A panel of guests provided updated information and resource agency perspectives on the California WaterFix and California EcoRestore.	Mark Cowin (CA Dept of Water Resources) David Okita (CA EcoRestore) Chuck Bonham (CA Dept of Fish & Wildlife)
October 27, 2015 (3hr)	Board Agenda Item	Staff provided an update on the BDCP and the re-circulated draft environmental documents including draft staff comments on the re-circulated documents.	
May 26, 2015	Board Agenda Item	Staff provided an update on the BDCP and described the new approach proposed by the State to separately develop California WaterFix and EcoRestore.	

Board Meetings and Workshops Related to Bay Delta Conservation Plan and California WaterFix

DATE	EVENT	TOPICS	GUESTS
January 22, 2015 (3hr)	Board Workshop	Staff and a panel of invited guests described the BDCP adaptive management strategy and the current scientific understanding of habitat restoration in general as well as with respect to BDCP restoration actions.	Mike Chotkowski (US Fish & Wildlife Service) Jon Burau (US Geological Survey) Chris Earle (BDCP consultant, ecologist)
September 23, 2014	Board Agenda Item	Staff responded to questions and concerns raised by Board Members and the League of Women Voters of California with various aspects of the BDCP.	
July 22, 2014	Board Agenda Item	Staff presented draft District comments on the Public Review Draft BDCP and its EIR/EIS and on the draft BDCP Implementing Agreement for Board review for consistency with Board Policy. Staff also presented an update on the BDCP and responses to additional Board questions.	
May 27, 2014	Board Agenda Item	Following the five 2013–2014 District Board Workshops on BDCP, staff provided an update on Bay Delta Conservation Plan, a summary of the workshops, and responses to Board questions raised during and after the workshops.	
January 27, 2014 (4hr)	Board Workshop	Former Director of the San Francisco Public Utilities Commission's Water System Improvement Program, Julie Labonte, and President and CEO of Hallmark Group Capital Program Management, Chuck Gardner, described implementation of large water supply infrastructure construction projects.	Julie LaBonte (San Francisco PUC) Chuck Gardner (BDCP Prg Manager)
December 9, 2013 (4hr)	Board Workshop	Secretary of California Natural Resources Agency, John Laird and other invited guests provided perspectives on the importance of BDCP to the State, County and economy of Silicon Valley. Staff provided a preliminary analysis of BDCP benefits and costs to Santa Clara County.	John Laird (CA Natural Resources Agency) Casey Beyer (Silicon Valley Leadership Grp) Mark Ebbin (BDCP legal consultant)
November 14, 2013 (3hr)	Board Workshop	Director of Department of Fish and Wildlife Chuck Bonham, technical experts in Delta risks, and BDCP project managers discussed Delta risks, the relevance of BDCP to Delta fisheries, and plan components and analysis.	Chuck Bonham (CA Dept of Fish & Wildlife) Curt Schmutte (Consulting Engineer) Martin McCann (Jack R. Benjamin & Assoc.) Jennifer Pierre (BDCP Consultant) David Zippin (BDCP Consultant)
November 8, 2013 (2.5 hr)	Board Workshop	California Department of Fish and Wildlife staff and several representatives of environmental and in-Delta interests discussed habitat restoration and conservation in the Delta and the perspectives of in-Delta users.	Carl Wilcox (CA Dept of Fish & Wildlife) Leo Winternitz (The Nature Conservancy) John Cain (American Rivers) Russell van Loben Sels (Delta Farmer)
October 11, 2013 (2hr)	Board Workshop	Director of California Department of Water Resources, Mark Cowin, Undersecretary of California Department of Food and Agriculture, Sandra Schubert, and Economist David Sunding provided an overview of BDCP in relation to other State planning efforts and discussed the statewide economic impacts and perspective on BDCP.	Mark Cowin (Dept of Water Resources) Sandra Schubert (CA Dept of Food and Ag) David Sunding (UC Berkeley)

Board Meetings and Workshops Related to Bay Delta Conservation Plan and California WaterFix

DATE	EVENT	TOPICS	GUESTS
February 26, 2013	Board Agenda Item	Prior to the release of the second Administrative Draft of the BDCP, staff provided an update on the BDCP and established a Board Ad Hoc Committee to assist the Board with developing policies relating to the District's engagement in the BDCP.	
August 7, 2012	Board Agenda Item	Following the July 25 th announcement by the Governor and Obama Administration on key elements of the BDCP proposed project, staff provided an update on the Bay Delta Conservation Plan and results of an opinion survey.	
May 15,	Board Agenda Item	Staff prepared a BDCP update following release of the preliminary administrative draft of the BDCP.	
March 28, 2012 (3hr)	Board Workshop	Several elected officials and residents of Delta counties discussed the in-Delta perspective on BDCP, along with perspectives from Senior Policy Fellow at the Public Policy Institute of California, Ellen Hanak.	Ellen Hanak (Public Policy Institute of CA) Mary Nejedly Piepho (Supervisor, Contra Costa Cnty) Russell van Loben Sels (Delta Farmer) Don Nottoli (Supervisor, Sacramento County) Michael Hardesty (Reclamation District 2068)
October 14, 2011 (4hr)	Board Workshop	Deputy Secretary of the California Natural Resources Agency, Gerald Meral, and several general managers of California water agencies discussed the water supply reliability goal of the BDCP.	Jerry Meral (CA Natural Resources Agency) Jill Duerig (Zone 7 Water Agency) Jeff Kightlinger (Metropolitan Water District) Jason Peltier (Westlands Water District) Curt Schmutte (Consulting Engineer)
August 26, 2011 (3hr)	Board Workshop	Secretary of California Natural Resources Agency, John Laird, and several representatives of environmental groups discussed the ecosystem restoration goal of the BDCP.	John Laird (CA Natural Resources Agency) Campbell Ingram (Delta Conservancy) Sprek Rosenkrans (Environmental Defense Fund) Richard Roos Collins (Water & Power Law Grp)
May 10, 2011	Board Agenda Item	Overview of Delta Issues	

Bay Delta Conservation Plan Ad Hoc Committee Meetings

Date	Event	Topics	Guests
October 25, 2016	Ad Hoc Mtg	Status of the California WaterFix, EcoRestore, and other Delta planning efforts as well as Board member participation in California WaterFix negotiations	
June 21, 2016	Ad Hoc Mtg	Update on California WaterFix and the status of the Design Construction Enterprise and related agreements	
February 22, 2016	Ad Hoc Mtg	Nomination and appointment of new Vice Chair as well as the California WaterFix business case, status of the Design Construction Enterprise and related agreements, and draft policy statement for the State Water Board proceedings	
November 24, 2015	Ad Hoc Mtg	Update on the California WaterFix business case	
October 13, 2015	Ad Hoc Mtg	Update on the Bay Delta Conservation Plan and preliminary staff review of the recirculated draft environmental documents, a draft outline for a cost benefit analysis for Santa Clara County, staff response to questions raised by Board Members between 10/22/14 - 5/26/15, and a proposed schedule for future Board communications	
May 13, 2015	Ad Hoc Mtg	Update and discussion on the Bay Delta Conservation Plan	
April 1, 2015	Ad Hoc Mtg	CANCELLED	
September 9, 2014	Ad Hoc Mtg	Staff responses to Board member questions on the Bay Delta Conservation Plan, draft staff responses to the comment letter from the League of Women Voters of CA, and a proposed schedule for the Board communication on Bay Delta Conservation Plan	
July 10, 2014	Ad Hoc Mtg	Draft District comments on the Public Draft Bay Delta Conservation Plan and draft environmental review documents, and on the Implementing Agreement, and staff responses to additional board questions	
June 3, 2014	Ad Hoc Mtg	Draft District comments on the Public Draft Bay Delta Conservation Plan, draft environmental review documents and draft Implementing Agreement, as well as the Design Construction Enterprise, and Interim Funding Agreements	
January 24, 2014	Ad Hoc Mtg	Bay-Delta problem statement for Santa Clara County, Board governance policies related to Bay Delta Conservation Plan, and staff comparison of Bay Delta Conservation Plan to Natural Resource Defense Council et.al. proposal and no project	
January 13, 2014	Ad Hoc Mtg	Draft Bay-Delta problem statement for Santa Clara County, Board governance policies related to Bay Delta Conservation Plan, a staff comparison of the Bay Delta Conservation Plan to a Natural Resource Defense Council et. al. proposal and no project, and a list of Board Member issues raised at recent Bay Delta Conservation Plan workshops	

Bay Delta Conservation Plan Ad Hoc Committee Meetings

Date	Event	Topics	Guests
December 17, 2013	Ad Hoc Mtg	2013 Board Workshops on the Bay Delta Conservation Plan, potential 2014 Board items, and next steps for public outreach and engagement	
October 9, 2013	Ad Hoc Mtg	Update on Bay Delta Conservation Plan including Conservation Measure 1 Optimization, a statewide Economic Impact Report, and an Independent Panel Review of the Bay Delta Conservation Plan	
August 22, 2013	Ad Hoc Mtg	Presentations by Restore the Delta and Sierra Club as well as the role of science in Delta planning and the schedule for Bay Delta issues and Board Communications	Michael Frost (Restore the Delta) Katja Irvin (Sierra Club)
June 25, 2013	Ad Hoc Mtg	Presenation by the Natural Resources Defense Council as well as an overview of Chapters 8-10 and Board member communication and outreach	Doug Obegi (NRDC)
May 28, 2013	Ad Hoc Mtg	Bay Delta Conservation Plan Environmental Impact Report/Environmental Impact Statement Alternatives, the construction management structure for Conservation Measure 1, the Delta Dialogues – Discussion Group, and BDCP and Board Workshops schedule	
April 22, 2013	Ad Hoc Mtg	Overview of Bay Delta Conservation Plan Chapters 1-4 (Continued from 4/9/13), and Chapters 5-7 as well as the Natural Resource Defense Council's proposed portfolio-based alternative (Continued from 4/9/13)	
April 9, 2013	Ad Hoc Mtg	Scope and Purpose of the Ad Hoc Committee, the Delta Stewardship Council's Delta Plan, Bay Delta Conservation Plan, Chapters 1-4, and the Natural Resource Defense Council's proposed portfolio-based Alternative	
March 18, 2013	Ad Hoc Mtg	Bay Delta Conservation Plan Ad Hoc Committee's Purpose and Intended Outcome	

THIS PAGE INTENTIONALLY LEFT BLANK

Attachment 5: WaterFix Financial Risks

The purpose for this attachment is to describe the potential financial risks associated with the California WaterFix Project (Project) and the impact to the District of the Department of Water Resources (DWR) validation action filed on July 21, 2017, with the Sacramento County Superior Court.

Background

As stated in the Board memorandum, DWR has begun the legal procedures to obtain judicial validation on its authority to issue revenue bonds, among other things, for the Project. This legal process may take several years to resolve depending on many factors, including but not limited to the scope and extent of any responses or appeals filed by parties who may be opposed to the Project. In order to proceed with the Project prior to the conclusion of the validation action, DWR, in conjunction with State Water Project (SWP) and Central Valley Project (CVP) contractors are proposing an alternative financing framework so that bonds may be issued through a Finance Joint Powers Authority (Finance JPA) to fund the construction costs of the Project. Depending on whether DWR receives validation of its authority related to the Project, the following potential financial risks associated with the Project are presented for Board consideration.

District's Participation on the Finance JPA

The District will have the opportunity to join the Finance JPA as a SWP and CVP contractor, or as a CVP contractor only. To participate in the WaterFix on the SWP side, the District is not required to participate on the Finance JPA as a SWP contractor, as the District would be participating through paying its share of the SWP costs through the State Water Supply Contract. The District, however, may choose to join the Finance JPA as a SWP contractor. In doing so, the District would take on the risk of having to back a portion of the SWP share of the bonds issued by the Finance JPA should DWR not be able to proceed with the WaterFix. The District would in return be in a position of owning a certain interest in the state portion of the WaterFix should the facilities be transferred to the Finance JPA. If the District does not join the Finance JPA as a SWP contractor, and DWR's authority is invalidated and the Project is transferred to the Finance JPA, the District will not have an ownership interest in the state portion of the WaterFix project, despite paying its share of the SWP project costs through the State Water Supply Contract.

To participate in the WaterFix on the CVP side, the District must join the Finance JPA as a CVP contractor. This is because the Finance JPA will be the vehicle for providing the CVP share of the WaterFix's costs to DWR.

DWR Authority Validated

Should DWR successfully receive judicial validation of its authority related to the Project, DWR would issue long-term revenue bonds to the public capital markets to refund outstanding Finance JPA bonds initially issued on behalf of the SWP contractors. The CVP contractors would continue to pay for a proportion of the costs in accordance with the capacity interest each CVP contractor receives. If the validation event occurs prior to the construction completion of

Attachment 5: WaterFix Financial Risks

the Project, then DWR would assume financing the balance of the Project costs going forward, and the Finance JPA would be terminated after DWR has refunded all outstanding debt obligations of the Finance JPA. There would be no additional financial risks under this scenario, apart from the normal range of Capital Project Financing Risks that are typical to financing capital projects of this size and nature, such risks may include but are not limited to the following: e.g. schedule delays, cost over-runs, interest rate risks, market access risks, construction risks, environmental risks, stranded asset risks, force majeure risks.

DWR Authority Invalidated

Should DWR's authority to issue revenue bonds to fund the WaterFix be invalidated a potential approach that may be taken is to continue to participate in the Finance JPA with the expectation of eventually resolving any legal challenges either through legislative remedies or contractual arrangements, to construct and operate the Project. The terms of such arrangements will be prescribed in the Finance JPA and related agreements, and will be intended to allow the remaining parties to move forward with the Project. The District's financial risks may vary depending on the District's level of participation. An example of the financial exposure the District may face with this alternative path is that a portion of the costs up to the full construction costs of the Project may have been expended, but the Project is not operable or is significantly delayed due to protracted legal proceedings, in addition to the typical Capital Project Financing risks discussed above. Assuming the Higher CVP scenario with an estimated total District debt obligation of approximately \$747 million (including costs of issuance) issued over multiple bond series over time with 30 years maturity, the District's annual debt service payments could range from \$2 million to \$52.5 million until the outstanding bonds are fully repaid in 2060 for a total debt service payment of up to \$1.46 billion.

File No.: 17-0375

Agenda Date: 10/17/2017

Item No.: 2.5.

BOARD AGENDA MEMORANDUM

SUBJECT:

Special Board Work Study on California WaterFix.

RECOMMENDATION:

- A. Adopt the Resolution, **CONDITIONAL SUPPORT FOR CALIFORNIA WATERFIX**, that expresses support, subject to the conditions listed below, for the State Water Project WaterFix participation approach, which would allocate the benefits and costs of the WaterFix to the District in proportion to its current 2.5% level of participation in the State Water Project, or 1.4% of the total WaterFix project. The conditions are:
- i. Participation in the WaterFix sustains the District's existing State Water Project (SWP) and Central Valley Project (CVP) deliveries and provides insurance against future uncertainties;
 - ii. The District's Central Valley Project water supplies as well as its State Water Project water supplies are protected; and
 - iii. The cost per acre-foot remains similar to the current estimate; and
- B. Authorize the Chief Executive Officer to continue participating in WaterFix planning discussions with State and federal agencies as well as other prospective WaterFix participants, to further define the project and to develop agreements to secure the conditions needed for the District's support.

SUMMARY:

This agenda item provides an opportunity for the Board and the public to receive information on the State's proposed California WaterFix (WaterFix) project, which is intended to help restore the health of the Delta ecosystem and to ensure the long-term reliability of water supplies conveyed through the Delta. Because Santa Clara County relies on State Water Project (SWP) and Central Valley Project (CVP) water supplies conveyed through the Delta to meet 40 percent, on average, of its water supply needs, the District has an interest in the development of the WaterFix as a potential cost-effective project that could improve the reliability of the District's imported water supplies.

As described during Board meetings on September 12 and 19, 2017, WaterFix is potentially one of the most cost-effective water supply options available to the District, with total capital costs ranging

from \$420 million to \$650 million (2017 dollars), a unit cost of roughly \$600/AF (2017 dollars), and a peak monthly increase per average household in Santa Clara County of about \$9.50 (FY43). Analysis of the project as currently defined indicates that it could sustain existing levels of imported State Water Project and Central Valley Project supplies, protecting Santa Clara County from a 39,000 acre-foot decline in water supply that is projected to occur if no action is taken.

The State Water Project component of the WaterFix is relatively well-defined and will likely provide significant benefits. However, the CVP component of the WaterFix, as currently defined, may not be viable because the U.S. Bureau of Reclamation (Reclamation) proposed a participation approach that may limit realization of WaterFix benefits for CVP participants. In addition, the largest Central Valley Project contractor south of the Delta, Westlands Water District, voted on September 19 not to participate in the WaterFix as currently defined. At this time, staff recommends that the Board authorize execution of a resolution of conditional support for participation in the SWP component of the WaterFix that requires the protection and sustainability of both the District's SWP and CVP supplies.

The ultimate configuration, cost, financing approach, and governance structure of the WaterFix will depend on which water agencies support the project and their decisions regarding level of investment. Several SWP contractors have expressed support for the project, and several more are scheduled to request a decision from their boards in October. At future Board meetings, staff will bring updates to the Board regarding project refinements, benefits, and costs, and possibly will request Board approval of additional project funding.

A. BACKGROUND

A.1 California WaterFix

The currently proposed WaterFix project includes dual tunnels under the Delta that would provide an alternative conveyance pathway for moving up to 9,000 cubic feet per second (cfs) of water from the north Delta to the existing pumping plants in the south Delta. The addition of three state-of-the-art intakes in the north Delta would minimize fish entrainment and allow the SWP and CVP to adjust operations in response to environmental conditions and climate change effects, protect exports from the threat of salinity intrusion from levee failures and sea level rise, improve access to transfer supplies, improve water quality, and enhance the benefit of storage projects. The WaterFix is also expected to improve flow patterns in the Delta and reduce fish entrainment. Bypass flow criteria would be imposed on diversions from the Sacramento River into the tunnels to ensure adequate flows remain in the river to protect fish; consequently, diversions into the tunnels primarily occur during higher river flow periods on the Sacramento River.

As described during Board meetings on September 12 and 19, 2017, the WaterFix is identified as one of the least expensive per-acre-foot water supply options available to the District to meet current and future water supply needs. Staff evaluated three approaches to participate in both the State Water Project and Central Valley Project components of the WaterFix. Estimated costs ranged between \$420 and 650 million for capital costs and \$1.6-2.5 million per year in operation and maintenance costs (2017 dollars). These costs equate to a monthly cost increase per average household in the portion of Santa Clara County north of Metcalf Road, San Jose, of about \$9.50 in

fiscal year 2043 for a fully financed project. The table below shows how WaterFix compares to other potential water supply options that staff is evaluating in the 2017 Water Supply Master Plan update. Fiscal Year 2043 marks the 25-year point in the rate projection and also approximates the peak increase in the incremental cost per average household for the WaterFix (and for most of the other large projects evaluated).

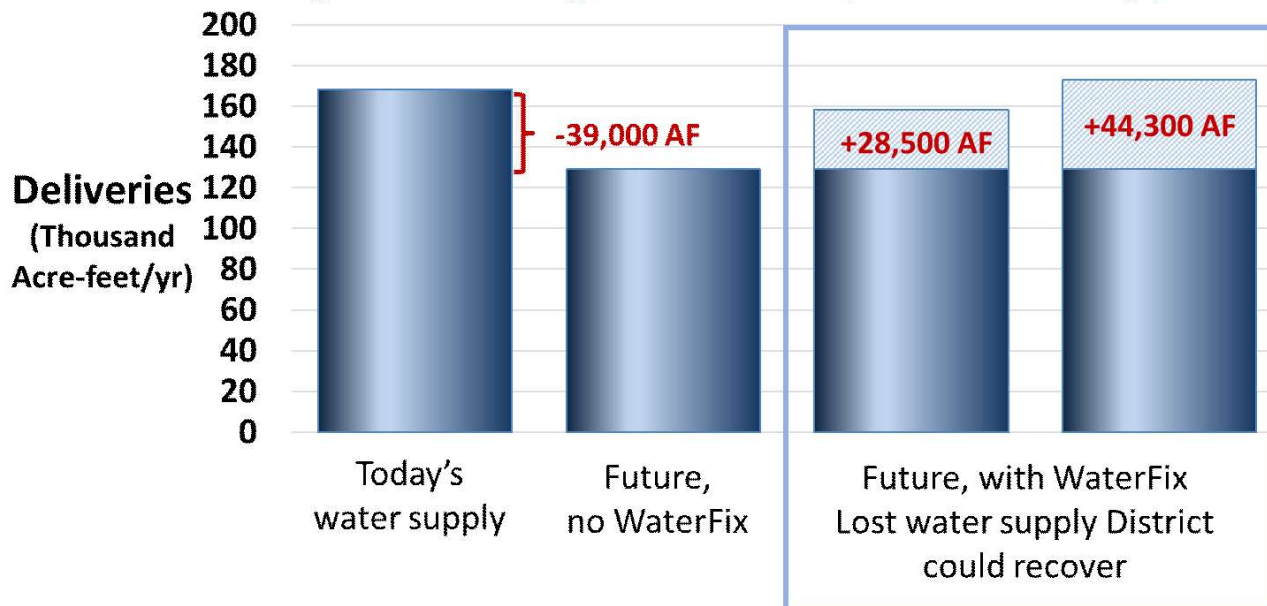
Table 1. Preliminary cost estimates for water supply options

Water Supply Option	Average Annual District Yield (AFY)	District Lifecycle Cost ¹ (2017 dollars) (present value, (per AF) 2017) (\$ million)	Unit Cost ¹ (per AF)	Monthly Water Cost per Average North County Household, FY43 ¹ (cost/month)	Monthly Water Cost per Average South County Household, FY43 ¹ (cost/month)
Los Vaqueros Reservoir ²	3,000	\$40	\$400	\$0.48	\$0.24
California WaterFix	41,000	\$620	\$600	\$9.51	\$4.55
Water Contract Purchase	12,000	\$360	\$800	\$3.03	\$1.41
Sites Reservoir ²	8,000	\$170	\$800	\$2.62	\$1.24
Lexington Pipeline	3,000	\$90	\$1,000	\$2.89	\$0.00
Groundwater Banking	2,000	\$60	\$1,300	\$0.83	\$0.38
Dry Year Options/Transfers	2,000	\$100	\$1,400	\$0.90	\$0.41
Potable Reuse - Los Gatos	19,000	\$990	\$1,700	\$20.01	\$0.00
Ponds					
Potable Reuse - Injection Wells	5,000-15,000	\$290-\$860	\$2,000	\$14.36	\$0.00
Potable Reuse - Ford Pond	3,000	\$190	\$2,500	\$4.10	\$0.00
Pacheco Reservoir ²	6,000	\$450	\$2,700	\$15.36	\$5.54
Groundwater Recharge	1,000-2,000	\$20-50	\$400-\$1,300	\$1.41	\$1.21

¹ Costs are for a fully financed project using the financing assumptions described in agenda item 2.1 of the Sept Investment Program funding. Costs would roughly double without funding.

The State's long-term modeling analysis predicts that the WaterFix will prevent the degradation of Delta exports over time. The existing long-term average SWP/CVP water deliveries to the District are about 170,000 acre-feet per year (AF/Y). If no action is taken to improve the existing Delta conveyance approach, the District's SWP/CVP deliveries could drop by about 39,000 AF/Y in response to a set of regulatory constraints, often referred to as the "High Outflow Scenario", which have been considered but not currently adopted by the resource agencies. Available modeling analysis indicates that the WaterFix as currently proposed could prevent the degradation of the District's imported supplies by between 28,500 and 44,300 AF/Y depending on the District's level of participation.

Modeled Long-Term Average District SWP/CVP Water Supplies



While the current WaterFix project proposal is not the comprehensive package that was originally envisioned as a Habitat Conservation Plan, many of the elements of the Habitat Conservation Plan are now being addressed through other processes including: California EcoRestore, the California Department of Fish and Wildlife's Delta Conservation Framework, the Delta Smelt Resiliency Strategy, and the Sacramento Valley Salmon Resiliency Strategy.

B. RECENT DEVELOPMENTS

It has been anticipated that both SWP and CVP contractors would participate in the WaterFix project, with a 55/45 percentage split between the projects, respectively. However, on September 19, 2017, the largest CVP contractor and one of the primary beneficiaries of the WaterFix, Westlands Water District, voted 7-1 to not participate in the project as currently defined. Without Westlands' participation, the earlier assumed 55/45 percentage split would alter considerably, driven by a currently unknown but likely much smaller level of participation by CVP contractors.

The Westland's lack of support was due to the cost of the project and the uncertainty that calculated benefits would be realized. A significant factor in this assessment was Reclamation's current participation approach, which stated that Reclamation would not participate in the project, did not confirm that project benefits would be realized by CVP participants, and was unclear regarding cost allocation approaches. In District staff's judgment, Reclamation's current participation approach does not provide sufficient assurances that those CVP contractors who pay for the project will receive their anticipated benefits from the project.

Signaling the State's commitment to continue pursuing the WaterFix despite Westlands' vote, California Secretary for Natural Resources, John Laird, made the following statement on September

20:

“Yesterday’s vote by Westlands does not change the fact that 25 million people rely on an increasingly unreliable water system and the Delta’s ecosystem is in serious decline. There is broad agreement that water deliveries will continue to decline without upgraded infrastructure in the Delta. The state is not going to walk away from its obligation to advance this critical upgrade. While it’s too soon to speculate on potential changes to the project, the state will continue to consider how best to meet the needs of the agencies that want to participate in the project.”

The State is continuing to propose a participation approach that incorporates the WaterFix into the State Water Project and allocates costs and benefits to State Water Project contractors through the existing State Water Project contracts. Of the 29 water agencies that contract with the Department of Water Resources (DWR) for supplies from the State Water Project, five agencies are located north of the Delta. The State has provided verbal assurances that these agencies will not be required to pay for the WaterFix. Another 24 agencies located south of the Delta are positioned to receive benefits from the project.

Key SWP contractors are continuing to move forward with defining their desired level of participation in the WaterFix as currently defined, adopting resolutions of support and California Environmental Quality Act (CEQA) determinations, and authorizing participation in the development of governance and financing agreements. To date, eleven State Water Project contractors have taken board action to support the WaterFix, including the largest SWP contractor, Metropolitan Water District of Southern California, and the second largest SWP contractor and the largest agricultural water agency in the SWP, Kern County Water Agency, who approved support for about half of its proportionate share, or 6.5 % of the total project. Once key participants have determined their level of participation, the State will assess if the WaterFix project should be refined to optimize costs and benefits.

Another recent development was the October 5, 2017 release of the California State Auditor’s report on DWR’s management of the planning efforts for the WaterFix in which it issued findings related to WaterFix funding and provided recommendations to DWR and other State agencies regarding large and complex infrastructure projects. DWR’s response to the report is provided as Attachment 1.

C. RECOMMENDATION

The cost and benefit analyses presented to the Board on September 12 and 19 indicate that the WaterFix is consistent with District Principles (Attachment 2). It has the potential to be a cost-effective and reliable solution to meet the water supply, water supply reliability, and water quality needs of Santa Clara County, and that the costs and benefits of the project compare favorably to those of other water supply alternatives. The project has undergone extensive public review and in response has been significantly modified to minimize impacts and balance beneficial uses. In addition, analysis indicates it could reduce impacts of existing SWP/CVP operations on the Delta ecosystem by improving flow patterns, reducing entrainment of fish, and providing operational flexibility to respond to fish, water quality and water supply needs.

However, while the State Water Project component of the WaterFix is relatively well defined and

available information indicates this component will likely provide significant benefits, Reclamation's participation approach and the decision of Westlands Water District call into question the viability of the Central Valley Project component of the project. Therefore, staff does not recommend at this time that the District participate in the Central Valley Project component of the WaterFix based on the approach defined in Reclamation's letter (Attachment 3). Staff recommends instead that the District continue to pursue alternative approaches for participation that will include providing security for its Central Valley Project water supplies, and that the Board's approval of participation in the WaterFix be conditioned on the District's ability to protect and sustain both its State Water Project and Central Valley Project supplies.

Therefore, staff recommends the following:

- A. Adopt a resolution that expresses support, subject to the conditions listed below, for the State Water Project WaterFix participation approach, which would allocate the benefits and costs of the WaterFix to the District in proportion to its current 2.5% level of participation in the State Water Project, or 1.4% of the total WaterFix project. The conditions are:
 - 1. Participation in the WaterFix sustains the District's existing SWP and CVP deliveries and provides insurance against future uncertainties;
 - 2. The District's Central Valley Project water supplies as well as its State Water Project water supplies are protected;
 - 3. The cost per acre-foot remains similar to the current estimate.
- B. Authorize the CEO to continue participating in WaterFix planning discussions with State and federal agencies as well as other prospective WaterFix participants, to further define the project and to develop agreements to secure the conditions needed for the District's support.

D. NEXT STEPS

The ultimate configuration, cost, financing approach, and governance structure of the WaterFix will depend on which water agencies support the project and their decisions regarding level of investment. By necessity, the decision-making process will be iterative. Staff will bring updates to the Board regarding project refinements, benefits, and costs. Beginning in 2018, the State will need additional funding for continued planning studies. If a path is defined to meet the recommended conditions of approval for the District's support of the WaterFix, staff will bring relevant agreements back to the Board for review and potential approval.

E. SCHEDULE

To help prepare the Board for future decisions on involvement with and participation in WaterFix, staff planned a series of agenda items describing major elements of the project. At the May 25, 2017 Special Board Meeting, a panel of experts presented detailed information describing the physical aspects of the project, estimated costs, methods for cost control, and construction risk management.

At its July 11, 2017 meeting, the Board received an update on several planning and permit related activities for the WaterFix. At its August 22, 2017 meeting, the Board received an update on WaterFix design and construction management and governance, anticipated operations, and adaptive management program. At its September 12, 2017 meeting staff described project financing, cost and water allocations, and updated water supply analyses. And at a special Board workshop on September 19, 2017, staff presented the 2017 update to the Water Supply Master Plan which evaluated WaterFix along with several other water supply alternatives.

Date	Topic
May 25 2017	Cost estimation, risk assessment and management, and cost control for the WaterFix
July 11, 2017	Update on WaterFix
August 22, 2017	(1) Issues facing the District's imported water supply and the Delta ecosystem (2) WaterFix update including proposed design and construction management and governance, operations, and adaptive management.
September 12, 2017	WaterFix update, including water supply analysis, cost and water allocation, and financing
September 19, 2017	Workshop on Water Supply Master Plan
October 17, 2017 (Today)	Update on WaterFix and potential Board action
Mid-November 2017 (Tentative)	Update on WaterFix
December 19, 2017 (Tentative)	Possible agenda: Board decisions on adoption of CEQA findings and authorization to execute certain agreements to participate in the WaterFix project.

Staff intends to provide the Board with an update on the WaterFix in November that describes any decisions by the State on whether or how the project should be refined to optimize costs and benefits, as well as potential terms and conditions of key agreements. Assuming project participation and potential project refinements have been sufficiently defined, staff may on December 19, 2017 request that the Board approve a resolution adopting CEQA findings as a Responsible Agency for WaterFix, as well as discuss and approve key participation and funding agreements, including (1) the Joint Powers Agreement Forming the Delta Conveyance Design and Construction Joint Powers Authority, (2) the Joint Powers Agreement Forming the Delta Conveyance Financing Joint Powers Authority, and (3) the Agreement for Implementation of an Adaptive Management Program for Project Operations. These agreements were described broadly during Board Agenda item 2.8 on August 22, 2017 and Agenda item 2.1 on September 12, 2017.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

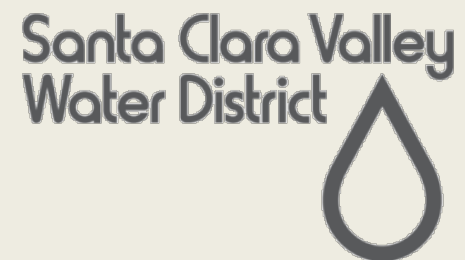
- Attachment 1: Letter - DWR Response to Audit
- Attachment 2: District Principles Related to WaterFix
- Attachment 3: Letter - CVP Participation Approach
- Attachment 4: Resolution
- Attachment 5: PowerPoint

UNCLASSIFIED MANAGER:

Garth Hall, 408-630-2750



California WaterFix Special Board Workshop October 17, 2017



- A. Adopt a resolution expressing conditional support for the SWP WaterFix participation approach.
- B. Authorize the CEO to continue participating in WaterFix planning discussions to further define the project, and to develop agreements to secure the conditions needed for the District's support.

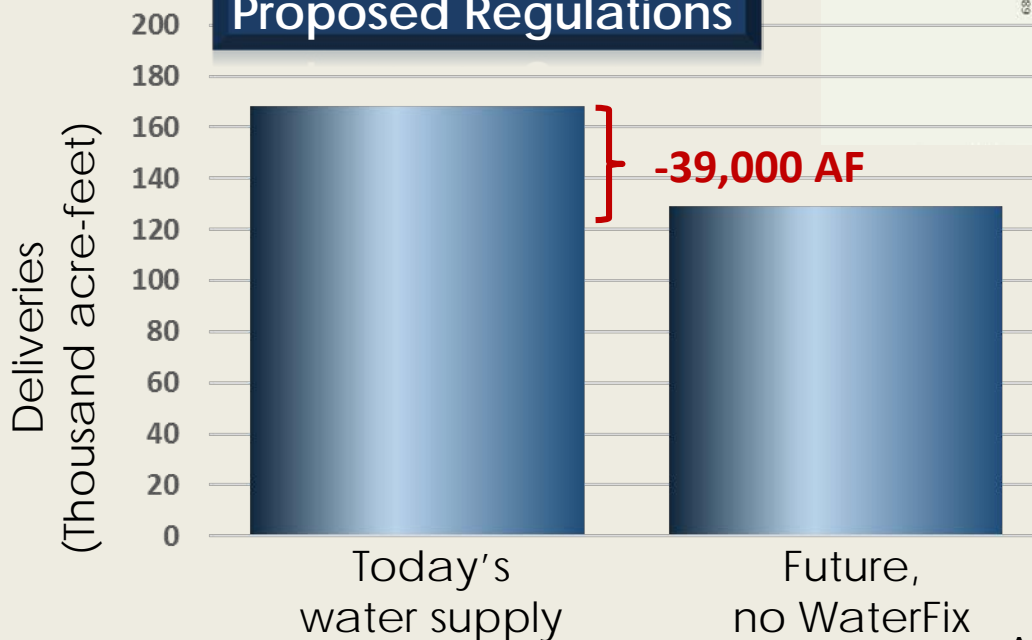
Recommendation is consistent with Board Principles

- ❖ Cost-effective, long-term solution for the Delta that meets the water supply, water supply reliability, and water quality needs of Santa Clara County
- ❖ Ability to protect the value of the District's imported water assets, including water supply and banking contracts
- ❖ Balance of the CWF's costs and benefits weighs in favor of the District's customers and ratepayers
- ❖ Existing system of through-Delta conveyance is not sustainable
- ❖ Allocations of cost based on incremental benefits

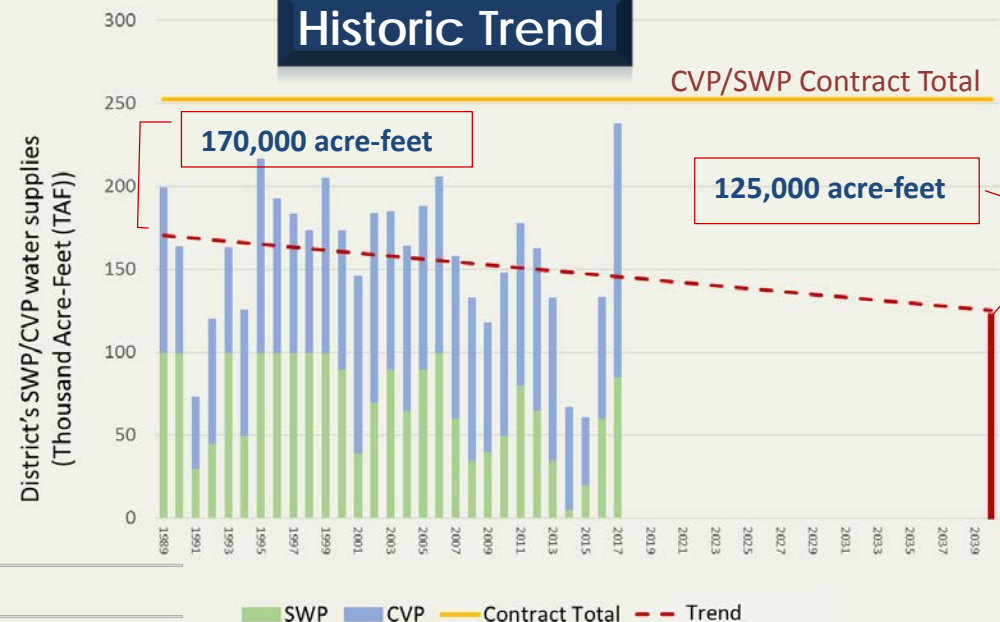
Continued impact on Delta ecosystem leads to less water in the future. WaterFix will protect supplies, restore flows and decrease impacts on fish

40% of Santa Clara County's water supplies are conveyed through the Delta

Proposed Regulations

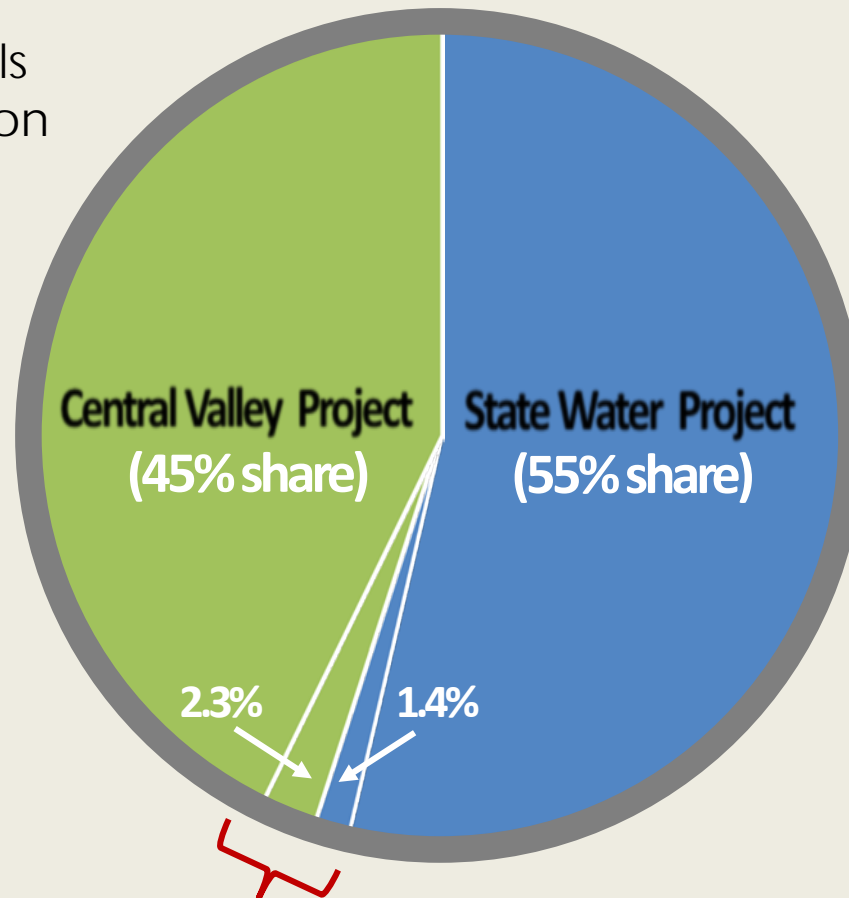


Historic Trend



Current proposal: WaterFix water supplies to be shared between the State Water Project and Central Valley Project

9,000 cfs twin tunnels
Prevents degradation
of over 1 million AF



Total District share: 41,000 AF*

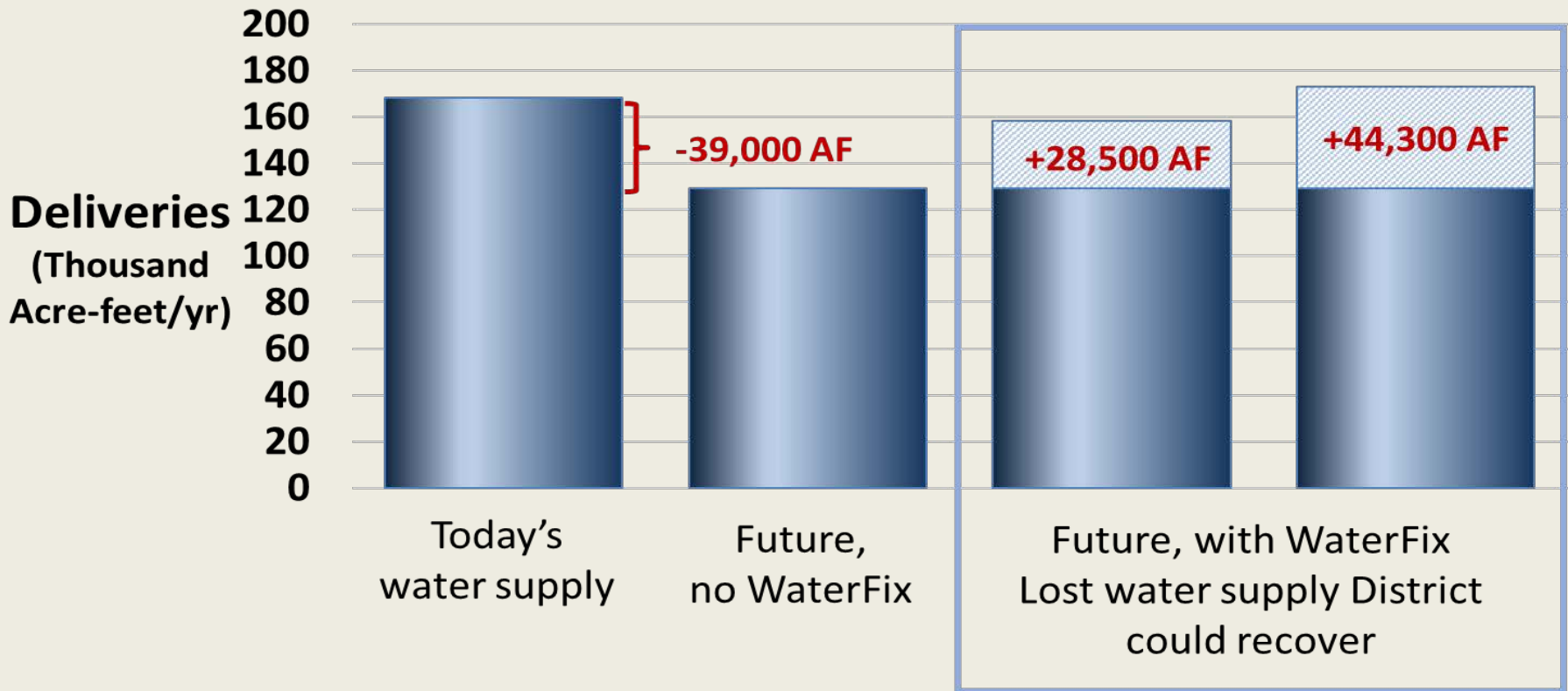
2.5% of SWP share or 1.4% of total project: 15,500 AF

5% of CVP share or 2.3% of total project: 25,500 AF

*Participation level modeled in Water Supply Master Plan analyses

WaterFix helps stabilize and protect supplies from risk of earthquakes, sea-level rise and aging infrastructure

Modeled Long-Term Average District SWP/CVP Water Supplies



WaterFix capital and annual operation and maintenance costs (2017 dollars)

TOTAL Project Costs

Capital Costs **\$16.7 Billion**

Operations and Maintenance Costs **\$64.4 Million/Yr**

DISTRICT Share of Project Costs

Capital Costs **\$420 – 650 Million**

Operations and Maintenance Costs **\$1.6 - \$2.5 Million/Yr**

California WaterFix is one of our least expensive supply options

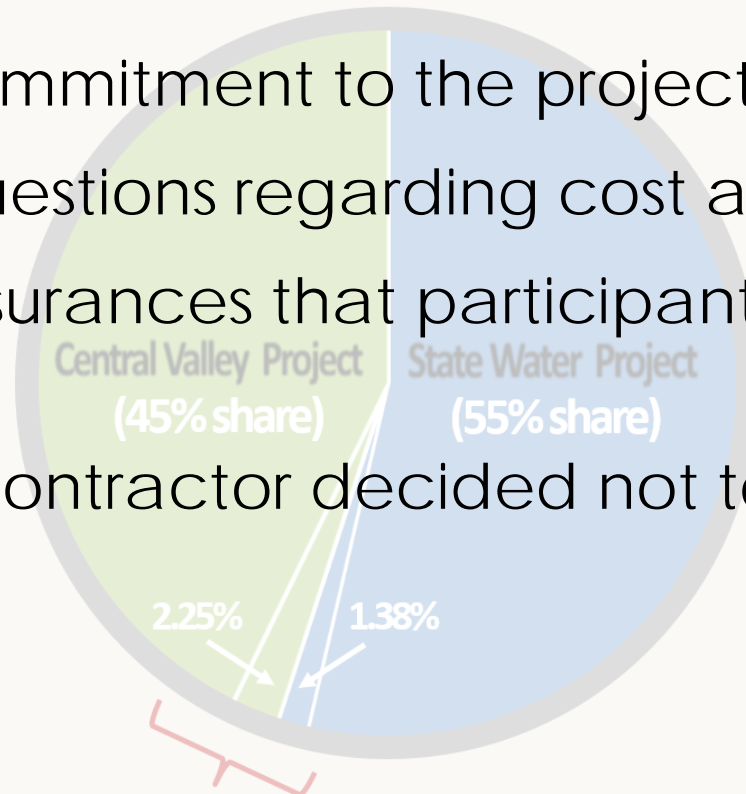
Water Supply Option	Average Annual Yield (AFY)	District Lifecycle Cost ¹ (present value, 2017) (\$ million)	Unit Cost ¹ 2017 dollars (per AF)	Monthly Water Cost per Average North County Household, FY43 ¹ (cost/month)	Monthly Water Cost per Average South County Household, FY43 ¹ (cost/month)
Los Vaqueros Reservoir ²	3,000	\$40	\$400	\$0.48	\$0.24
California WaterFix	41,000	\$620	\$600	\$9.51	\$4.55
Water Contract Purchase	12,000	\$360	\$800	\$3.03	\$1.41
Sites Reservoir ²	8,000	\$170	\$800	\$2.62	\$1.24
Lexington Pipeline	3,000	\$90	\$1,000	\$2.89	\$0.00
Groundwater Banking	2,000	\$60	\$1,300	\$0.83	\$0.38
Dry Year Options/Transfers	2,000	\$100	\$1,400	\$0.90	\$0.41
Potable Reuse – Los Gatos Ponds	19,000	\$990	\$1,700	\$20.01	\$0.00
Potable Reuse – Injection Wells	5,000-15,000	\$290-\$860	\$2,000	\$14.36	\$0.00
Potable Reuse - Ford Pond	3,000	\$190	\$2,500	\$4.10	\$0.00
Pacheco Reservoir ²	6,000	\$450	\$2,700	\$15.36	\$5.54
Groundwater Recharge	1,000-2,000	\$20-50	\$400-\$1,300	\$1.41	\$1.21

¹ Costs are for a fully financed project using the financing assumptions described in agenda item 2.1 of the September 12, 2017 Board Meeting

² Assumes Prop 1 Water Storage Investment Program funding. Costs would roughly double without funding.

Viability of current CVP participation approach is unsettled

- ❖ No federal commitment to the project
- ❖ Unresolved questions regarding cost allocations
- ❖ Insufficient assurances that participants will receive benefits
- ❖ Largest CVP contractor decided not to participate



District Share: 41,000 AF*

2.5% of SWP: 15,500 AF

5% of CVP: 25,500 AF

Attachment 5, Page 17 of 22

*Participation level modeled in Water Supply Master Plan analyses

Attachment 5, Page 9 of 14

State Water Project contractors continue to make decisions regarding participation, many of them positive

Decisions that have been made to date have expressed support

- ✓ Metropolitan Water District of Southern California
- ✓ Zone 7 Water Agency
- ✓ Alameda County Water District
- ✓ Castaic Lake Water Agency
- ✓ Coachella Valley Water District
- ✓ Crestline-Lake Arrowhead Water Agency
- ✓ Desert Water Agency
- ✓ Kern County Water Agency
- ✓ Mojave Water Agency
- ✓ San Bernardino Valley Municipal Water District
- ✓ San Geronio Pass Water Agency

Other agency decisions are pending

WaterFix must provide opportunity to protect District's CVP supplies as well as SWP supplies

Recommended conditions to support SWP WaterFix participation approach:

- ❖ Participation in WaterFix sustains District's existing SWP and CVP deliveries and provides insurance against future uncertainties
- ❖ The District's CVP supplies as well as its SWP supplies are protected
- ❖ Cost per acre-foot remains similar to current estimates.

Next steps:

- ❖ Work with State and Reclamation to develop approach to secure water and protect District's CVP supplies

- ❖ Continue to work with State, Reclamation, and other water agencies
 - Evaluate opportunities to secure sufficient supplies and protect CVP supplies
 - Assess how project should be refined to optimize costs and benefits
 - Develop agreements
- ❖ Bring updates and further recommendations to the Board

Board communication & decision schedule, if Board authorizes continued participation in WaterFix planning discussions

- ❖ 30 open, public Board meetings and workshops since 2011
- ❖ 19 open, public Bay Delta Conservation Plan Ad Hoc Committee meetings between 2013 and 2016
- ❖ Numerous presentations to District advisory committees

Date	Topic
Oct. 17 (Today)	Special Board Workshop on California WaterFix
Mid-Nov. (Tentative)	Update on WaterFix
Dec. 19 (Tentative)	Board decisions on adoption of CEQA findings and authorization to execute certain agreements to participate in the WaterFix project

- A. Adopt a resolution expressing conditional support for the SWP WaterFix participation approach.
- B. Authorize the CEO to continue participating in WaterFix planning discussions to further define the project, and to develop agreements to secure the conditions needed for the District's support.

ATTACHMENT 6

Evaluation of Board's Guiding Principles for Participation in the California WaterFix

Guiding Principle 1: “Santa Clara County needs are the primary drivers in all our decisions involving the WaterFix Project”

Principle Element	How Principle is Addressed	Satisfied?
Safe water for Santa Clara County	Participation reduces vulnerability to seismic events and climate change; project conveys water across the Delta in a manner safer for the environment.	Yes, achieved with reliability and flexibility of WaterFix
Clean water for Santa Clara County	Participation would reduce salinity of imported water by approximately 20% which will improve groundwater quality in Santa Clara County.	Yes, achieved through water quality benefits.
Affordable water for Santa Clara County	Staff recommendation includes participation in SWP and an option for District's Central Valley Project (CVP) supplies to minimize near-term expenses. At this level of participation, staff analysis indicates WaterFix is among the most cost-effective options available to Santa Clara County.	Yes, still one of the least expensive supplies.

Guiding Principle 2: “We will not allow Silicon Valley values and priorities to be placed at a disadvantage relative to Central Valley agriculture or Southern California”

Principle Element	How Principle is Addressed	Satisfied?
Pay Fair Share	All State Water Project (SWP) and Central Valley Project (CVP) participants will pay their fair share. Central Valley agriculture and Southern California will pay their fair share.	Yes, achieved with beneficiary pays approach
No Subsidies	Agreements and finance structure will ensure District does not pay other project participants' costs.	Yes, will be achieved through agreements
Receive All Benefits “me too”	SWP – receive identical benefits based on contracts with Department of Water Resources (DWR). CVP – capacity interest option agreement to provide for purchase with “me too” provisions.	Yes, achieved through SWP contract and option agreement

Guiding Principle 3: “We are advocating for a flexible approach that addresses Silicon Valley stakeholder and community input”

Principle Element	How Principle is Addressed	Satisfied?
Lower-Cost, Scaled-Down, and Staged Project Consistent with Existing EIR	The State proposed and analyzed staged project; Governor ultimately decided full project is best and urged MWD to support the full project consistent with existing EIR. MWD decision reduces financing risks and increases District participation options.	Changed conditions. Per Principle 3, this has been brought back to the Board for consideration
SCVWD Strong Leadership Role in Governance	Design and Construction Authority (DCA) includes District as governing board member, specifically as Chair and Vice Chair in governance structure during rotating terms. District also secured role of Chair/Vice Chair of Environmental Compliance & Mitigation Committee.	Yes, per authority agreements
Less Impacts to Fisheries and Environment	District championed and won the inclusion of Environmental Compliance & Mitigation Committee within the DCA. WaterFix design and operation reduces entrainment and produces more natural flows.	Yes, as a power of the DCA and the design of the Project

Guiding Principle 4: “As water is a human right, we must make investments to make sure our water supply meets future needs at a cost affordable by everyone”

Principle Element	How Principle is Addressed	Satisfied?
“All-of-the-Above Approach”	District continues to pursue a portfolio of water investments including highly purified (drinkable) water, recycled water, storm water capture, rain water capture, and grey water.	Yes, per District’s Water Supply Master Plan and CIP
Cost of Water is an Economic Justice Issue	Lower cost and higher water yield of WaterFix relative to local water supply alternatives helps keep Santa Clara County’s water supply portfolio costs down.	Yes, per District’s Water Supply Master Plan
WaterFix Per Acre-Foot Costs Remain Similar to Current Estimates	The per acre-foot costs for a 6,000 cfs staged and 9,000 cfs are similar at approximately \$600 per acre foot.	Yes, unit cost is still one of the lowest cost water supplies

Guiding Principle 5: “Equity and costs are important”

Principle Element	How Principle is Addressed	Satisfied?
Communities Receiving 85% of Water Supply from Sources other than District Receive Funds Back	Staff has budgeted funds in FY 2019-2024 in the form of additional water programs for those communities with a 20% match required.	In progress, per budget and future adoption

Guiding Principle 6: “Any final arrangement must provide flexibility to acquire supplemental water by taking advantage of future wet years to ensure residents have a reliable water supply, no matter what extreme weather the changing climate brings”

Principle Element	How Principle is Addressed	Satisfied?
Support Participation at 2.5% SWP	Staff has brought forward a recommendation to participate in 2.5% of SWP share.	Yes, attached resolution
Ensure District’s CVP Reliability through WaterFix	CVP Option Agreement will secure a spot for District’s CVP participation in project.	Yes, per option agreement
Secure Enough Supplies to withstand Climate Change and other Uncertainties	Staff recommends pursuing long term water transfers and storage opportunities related to WaterFix to address climate change and other uncertainties, including CVP reliability.	Yes, per Board memo

Guiding Principle 7: “Keep negotiating for the best deal for Santa Clara County”

Principle Element	How Principle is Addressed	Satisfied?
Keep Engaging with State and Federal Agencies	Staff recommends participation in Design and Construction Authority (DCA) and continuing discussions with U.S. Bureau of Reclamation and DWR.	Yes, and ongoing
Keep Engaging with Prospective WaterFix Participants	SCVWD have been cooperatively working with a number of public water agencies.	Yes, and will continue
Develop Agreements to Secure District’s Support	See attached DCA agreement and CVP Option Agreement. Additional agreements forthcoming in the future.	Yes, per Board memo

THIS PAGE INTENTIONALLY LEFT BLANK

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 18 -

AUTHORIZING SUPPORT OF, AND PARTICIPATION IN, CALIFORNIA WATERFIX

WHEREAS, our mission at the Santa Clara Valley Water District ("District") is to provide Silicon Valley with safe, clean water to support healthy lives, the environment, and economy; and

WHEREAS, The Board of Directors endeavor through our policies and actions to affirm to the residents of Silicon Valley that we are dependable stewards and that the District can be trusted to provide clean, safe, affordable water, and guarantee our water supply for the future; and

WHEREAS, the District has long been committed to sustained reliable water supplies as well as environmental stewardship; and

WHEREAS, Santa Clara County relies on State Water Project ("SWP") and Central Valley Project ("CVP") water conveyed through the Sacramento-San Joaquin Bay-Delta ("Delta") for 40 percent of its water supply on average; and

WHEREAS, substantial local investments in water use efficiency and conservation, recycled water and groundwater management are essential but cannot cost-effectively replace imported water; and

WHEREAS, imported water from the Delta and its watershed has played a significant role in meeting the County's water supply demands and allows for the recharging of the County's groundwater basin, protecting against further land subsidence, and providing for the well-being of the citizens of Santa Clara County; and

WHEREAS, if no action is taken, the District's SWP and CVP supplies will be vulnerable to risks from declining ecosystem conditions, increasing regulatory restrictions, seismic risks, climate change and sea level rise, resulting in reduced water supply reliability for Santa Clara County; and

WHEREAS, the California Department of Water Resources ("DWR") proposes to construct the California WaterFix ("Project" or "WaterFix"), a project that could potentially protect the District's water supply reliability by upgrading aging infrastructure, thereby reducing the vulnerability of SWP and CVP water supplies to seismic events in the Delta and climate change impacts; and

WHEREAS, the California WaterFix is a critical component of the California Water Action Plan, the State of California's blueprint for a "sustainable and resilient future"; and

WHEREAS, the Project has the potential to improve access to transfer supplies and increase storage project yield while conveying water across the Delta in a way that is safer for the environment; and

WHEREAS, in July 2017, DWR approved the Project after certifying the Project's final environmental impact report ("Final EIR"), making findings of fact including statement of overriding considerations, and adopting a Mitigation Monitoring and Reporting Program pursuant to the California Environmental Quality Act ("CEQA"); and

WHEREAS, on October 17, 2017, the District Board adopted Resolution 17-68 which declared the District's conditional support for the Project and adopted certain guiding principles to shape the District's participation in the evaluation and further development of the Project; and

WHEREAS, conditions that led to the adoption of the District's Guiding Principle 3 have changed, and all the other District guiding principles have been achieved or significant progress has been made toward achieving them, as documented in the Board Agenda Item for the May 2, 2018 District Board meeting; and

WHEREAS, the District supports the SWP WaterFix participation approach, which would allocate the benefits and costs of the Project to the District in proportion to its current 2.5% allocation in the SWP under the State Water Contracts (determined by reference to Table A of such State Water Contracts), and allow each SWP contractor to transfer its costs and benefits of the WaterFix to another willing SWP contractor; and

WHEREAS, approximately 67% of the capacity of the Project is currently subscribed by SWP contractors and approximately 33% of the capacity of the Project is currently unsubscribed (the unsubscribed portion of the capacity of the California WaterFix being referred to herein as the "CVP Share"); and

WHEREAS, on April 10, 2018, Metropolitan Water District of Southern California ("MWD") authorized and approved MWD entering into a series of transactions to finance and purchase the unsubscribed CVP Share and, among other actions, to enter into one or more purchase agreements (collectively, the "Capacity Interest Purchase Agreements") under which other water agencies would agree to purchase or make payments for the purchase of a capacity interest in the CVP Share and MWD would transfer to any such water agency all or a portion of the CVP Share; and

WHEREAS, it is critical that the WaterFix provide reliability for the District's CVP supplies as well as its SWP supplies and that both supplies can be moved through the WaterFix; and

WHEREAS, the District is interested in purchasing a portion of the CVP Share, up to 200 cubic feet per second (cfs) of capacity, in order to sustain and protect its CVP supplies; and

WHEREAS, in order for the District to sustain its CVP supplies through participation in the WaterFix, a number of approvals and agreements with the U.S. Bureau of Reclamation ("Reclamation") must be secured, and it is anticipated that a Capacity Interest Purchase Agreement must be executed between the District and MWD; and

WHEREAS, on May 2, 2018, the District Board adopted Resolution 18-__ which made Responsible Agency findings pursuant to the CEQA to approve agreements relating to financing, construction, and operation of the Project.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the Santa Clara Valley Water District does hereby find, determine, and order as follows:

1. The Board hereby authorizes and approves the District's participation in the WaterFix 1) as a SWP contractor, consistent with DWR's approach to allocate the costs and benefits of the SWP contractors' share of the Project in proportion to the Table A amount specified in their State Water Contracts, and 2) as a CVP contractor, to negotiate the purchase of up to 200

cfs of the CVP Share, along with the necessary approvals and agreements from Reclamation, to convey the District's CVP and/or non-CVP water.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on May 2, 2018:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

By: _____
RICHARD P. SANTOS
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC

Clerk/Board of Directors

THIS PAGE INTENTIONALLY LEFT BLANK

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 18 -

**MAKING RESPONSIBLE AGENCY FINDINGS PURSUANT TO THE CALIFORNIA
ENVIRONMENTAL QUALITY ACT TO APPROVE AGREEMENTS RELATING THE
CALIFORNIA WATERFIX PROJECT**

WHEREAS, Santa Clara County relies on State Water Project (SWP) and Central Valley Project (CVP) water conveyed through the Sacramento-San Joaquin Bay-Delta (Delta) for 40 percent of its water supply on average; and

WHEREAS, imported water from the Delta and its watershed has played a significant role in meeting the County's water supply demands and allows for the recharging of the County's groundwater basin, protecting against further land subsidence, and providing for the well-being of the citizens of Santa Clara County; and

WHEREAS, substantial local investments in water use efficiency and conservation, recycled water and groundwater management are essential but cannot cost-effectively replace imported water; and

WHEREAS, the Santa Clara Valley Water District (District) has long been committed to sustained reliable water supplies as well as environmental stewardship; and

WHEREAS, if no action is taken, the District's SWP and CVP supplies will be vulnerable to risks from declining ecosystem conditions, increasing regulatory restrictions, seismic risks, climate change and sea level rise, resulting in reduced water supply reliability for Santa Clara County; and

WHEREAS, the California Department of Water Resources (DWR) has proposed to construct the California WaterFix (Project), a project that could potentially protect the District's water supply reliability by upgrading aging infrastructure, thereby reducing the vulnerability of SWP and CVP water supplies to seismic events in the Delta and climate change impacts; and

WHEREAS, in July 2017, DWR approved the Project after certifying the Project's final environmental impact report (Final EIR), making findings of fact including statement of overriding considerations, and adopting a Mitigation Monitoring and Reporting Program pursuant to the California Environmental Quality Act (CEQA); and

WHEREAS, on October 17, 2017, the District Board adopted Resolution 17-68 which declared the District's conditional support for the Project and adopted certain guiding principles to shape the District's participation in the evaluation and further development of the Project; and

WHEREAS, various contractors of the California State Water Project ("Participating SWP Contractors") are considering to form a joint powers authority ("Construction JPA") by entering into a joint powers agreement ("Construction JPA Formation Agreement") for the purpose of undertaking activities required to complete the design and construction of the Project; and

WHEREAS, various Participating SWP Contractors are considering to form another joint powers authority ("Financing JPA") for the purpose of assisting DWR in the financing of the Project; and

WHEREAS, DWR is seeking additional funds from various Participating SWP Contractors to pay for the Project's preconstruction expenses through execution of a gap funding agreement; and

WHEREAS, the District is considering an option agreement with the Metropolitan Water District of Southern California to purchase CVP water supply capacity from the Project; and

WHEREAS, the District Board is considering approving the above-described agreements that have been provided to the Board for review; and

WHEREAS, other agreements relating to the Project may in the future be considered by the District Board or its designee as authorized by the Board; and

WHEREAS, since DWR's certification of the Final EIR, legal actions alleging that the Final EIR does not comply with CEQA have been filed but no injunction or similar relief has been granted; and

WHEREAS, pursuant to Public Resources Code section 21167.3(b), a CEQA responsible agency must assume the Final EIR complies with CEQA pending final determination of the legal actions; and

WHEREAS, a CEQA responsible agency includes any public agency other than the lead agency which has discretionary approval power over a project; and

WHEREAS, the District as a CEQA responsible agency must make certain findings pursuant to section 15096(h) of the CEQA Guidelines prior to taking action on the Project.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the Santa Clara Valley Water District does hereby find, determine, and order as follows:

1. The Board has considered the Final EIR and its evaluation of environmental impacts of the Project and determined that the Final EIR is adequate for use by the District to take actions on the Project.
2. The Board adopts Department of Water Resources' California Water Fix CEQA Findings of Fact and Statement of Overriding Considerations, dated July 2017.
3. The Board adopts Department of Water Resources' Final Mitigation Monitoring and Reporting Program for the California Water Fix, dated December 2016.
4. The Chief Executive Officer is hereby authorized and directed, on behalf of the District's Board of Directors, to execute any such documents and to perform any such acts as may be deemed necessary or appropriate to accomplish the intent of this resolution.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on May 2, 2018:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

By: _____
RICHARD P. SANTOS
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC

Clerk/Board of Directors

California WaterFix

Special Board Meeting

May 2, 2018



Presentation Agenda



Developments since October 2017



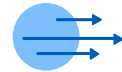
Benefits to Santa Clara County



Consequences of not participating



Strategies to **minimize risk**



Board **guiding principles**



Proposed **agreements**



Staff **recommendations**

Presentation Agenda

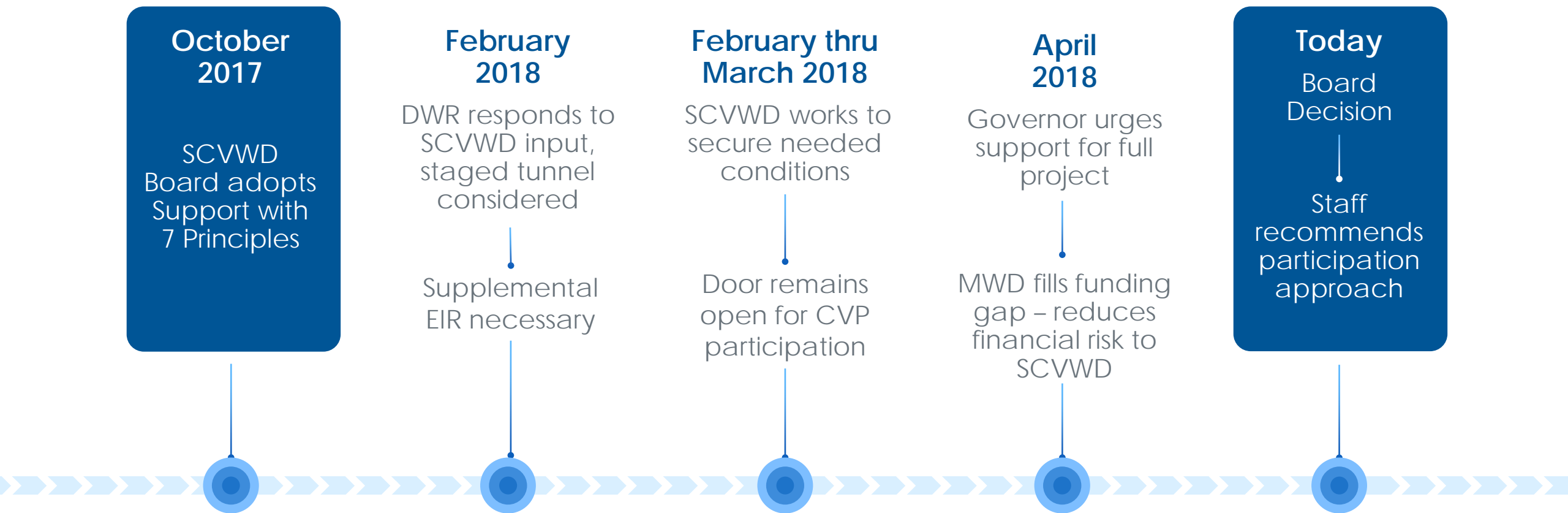


Developments since October 2017

- ★ **Benefits** to Santa Clara County
- ✕ **Consequences** of not participating
- ⚠ Strategies to **minimize risk**
- ➡ Board **guiding principles**
- 📄 Proposed **agreements**
- 💬 Staff **recommendations**

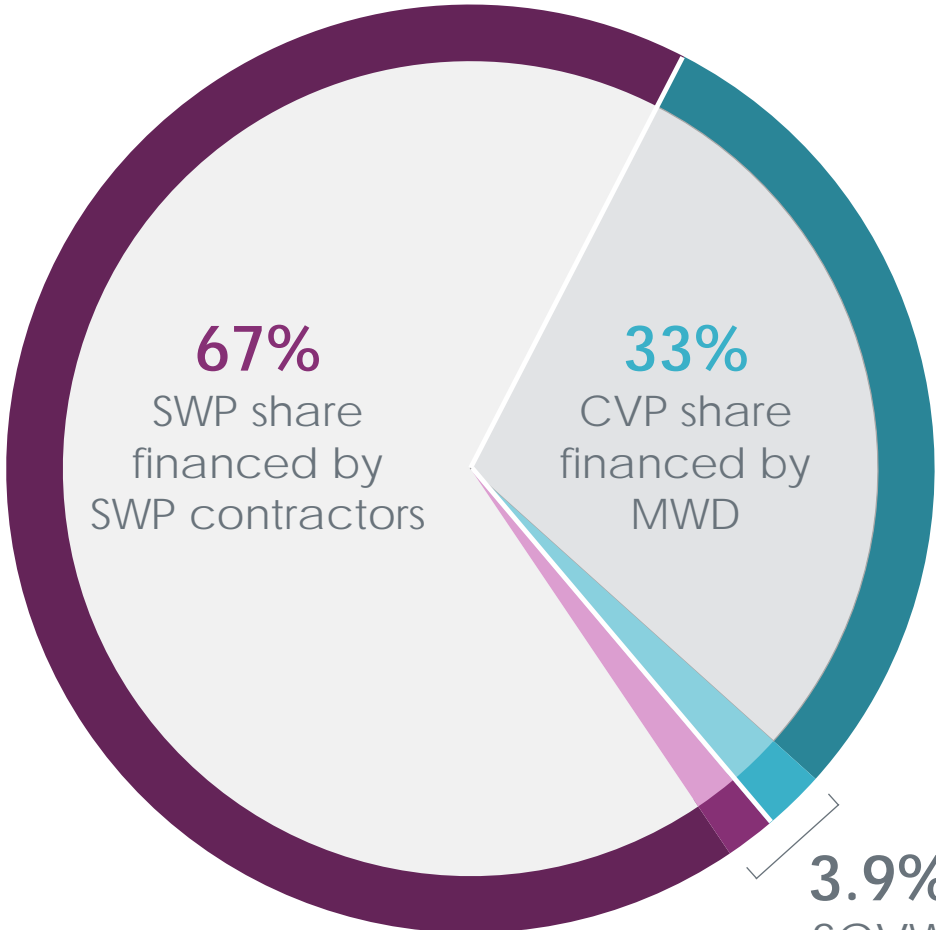


Developments to further define Project and protect Santa Clara County interests





Project Today:
Financial risk to
Santa Clara
County is reduced
by MWD decision
to finance
unfunded CVP
share of project



3.9% *
SCVWD Share
1.7% SWP Share
2.2% CVP Share (200 cfs)

*2.5% of SWP's 67% share = 1.7% Total
6.7% of CVP's 33% share = 2.2% Total

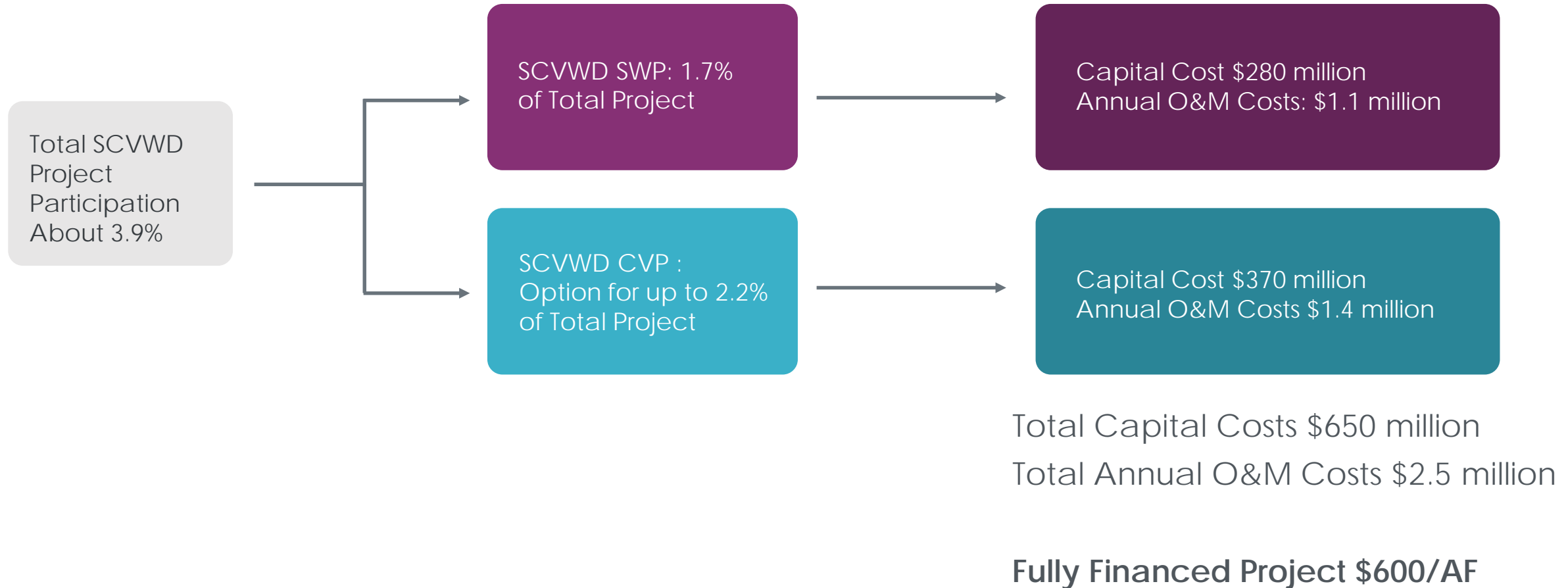
3.9% of Total Project





Cost to Santa Clara County Not Changed

Recommended project participation



Presentation Agenda



Developments since October 2017



Benefits to Santa Clara County



Consequences of not participating



Strategies to minimize risk



Board guiding principles



Proposed agreements



Staff recommendations



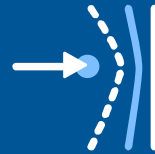
Benefits to Santa Clara County



Produces the
**most water for
lowest cost**



Keeps our **water
clean, safe, and
reliable**



Provides
**resiliency for
future conditions**



Improves
**environment
for fish**



SCVWD has
**prominent leadership
role** in WaterFix
governance
to ensure benefits
are achieved

Benefits to Santa Clara County



Produces the **most water for lowest cost**



Keeps our water clean, safe, and reliable



Provides resiliency for future conditions



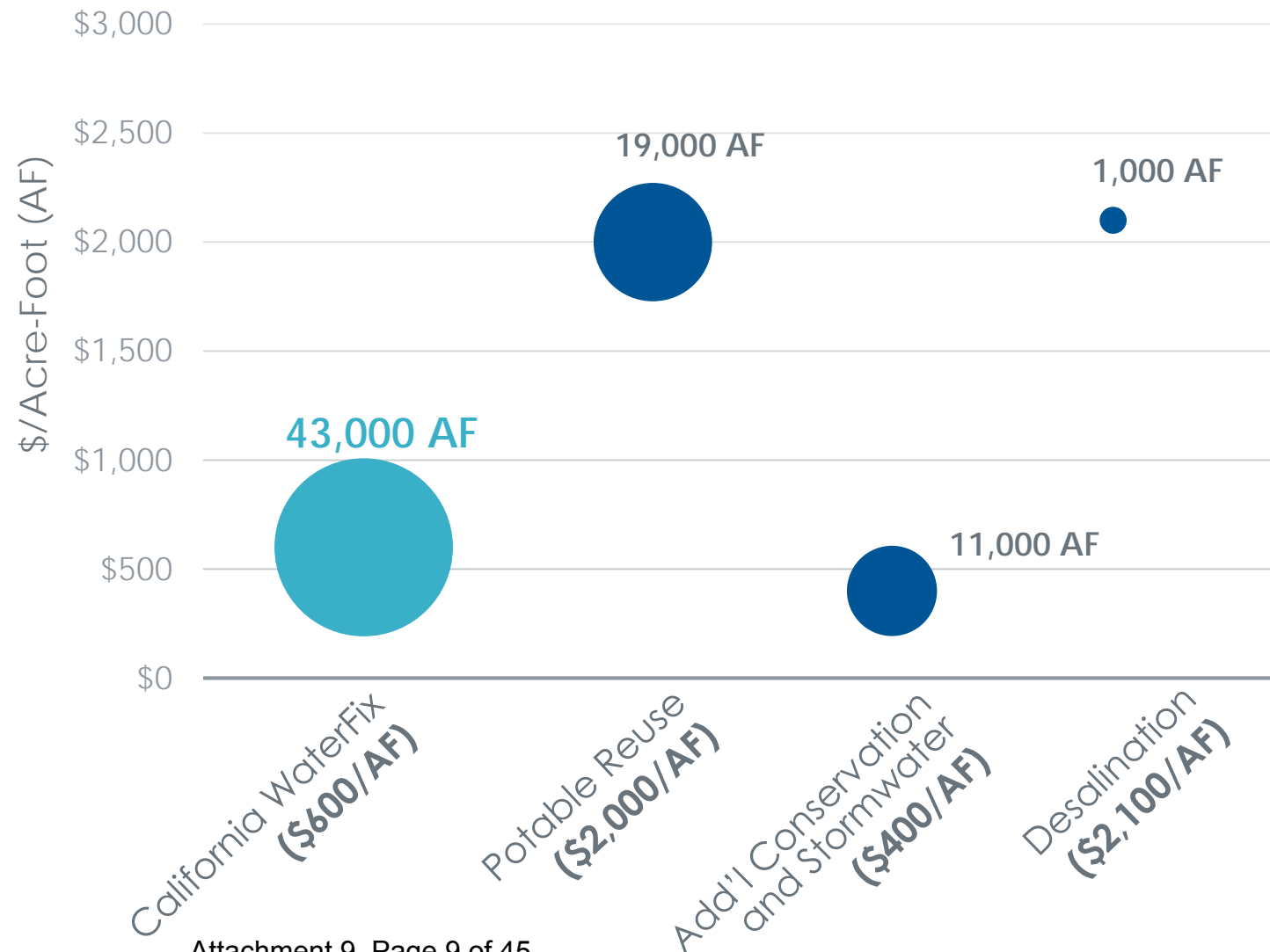
Improves environment for fish



SCVWD has prominent leadership role in WaterFix governance to ensure benefits are achieved



WaterFix has lowest cost for greatest amount





Benefits to Santa Clara County



Produces the most water for lowest cost



Keeps our water clean, safe, and reliable



Provides resiliency for future conditions

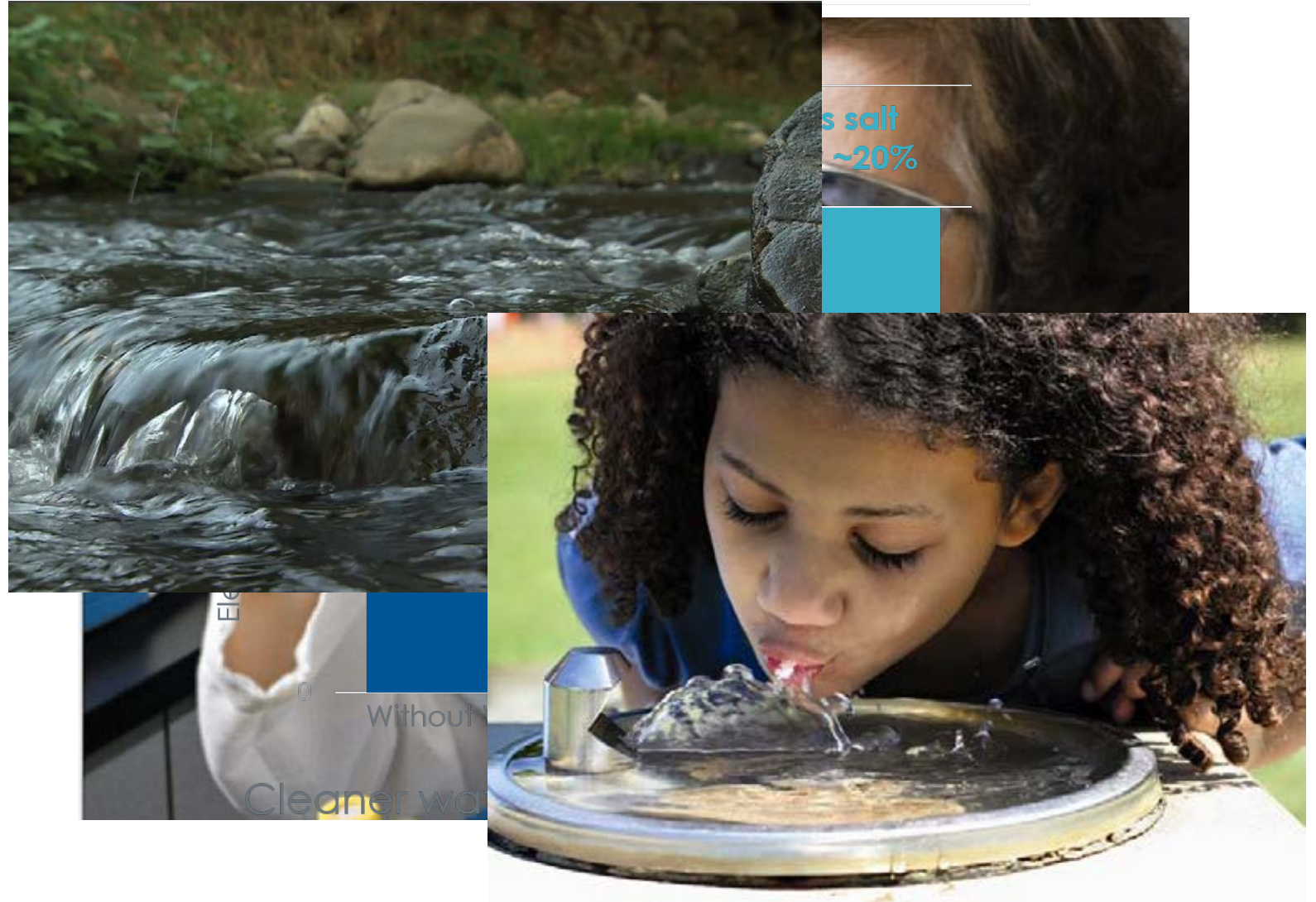


Improves environment for fish



SCVWD has prominent leadership role in WaterFix governance to ensure benefits are achieved

Reliable Water





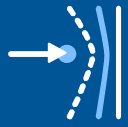
Benefits to Santa Clara County



Produces the most
water for lowest cost



Keeps our water clean,
safe, and reliable



Provides
**resiliency for
future** conditions



Improves environment
for fish



SCVWD has prominent
leadership role in WaterFix
governance to ensure
benefits are achieved

Resiliency to climate change





Benefits to Santa Clara County



Produces the most water for lowest cost



Keeps our water clean, safe, and reliable



Provides resiliency for future conditions

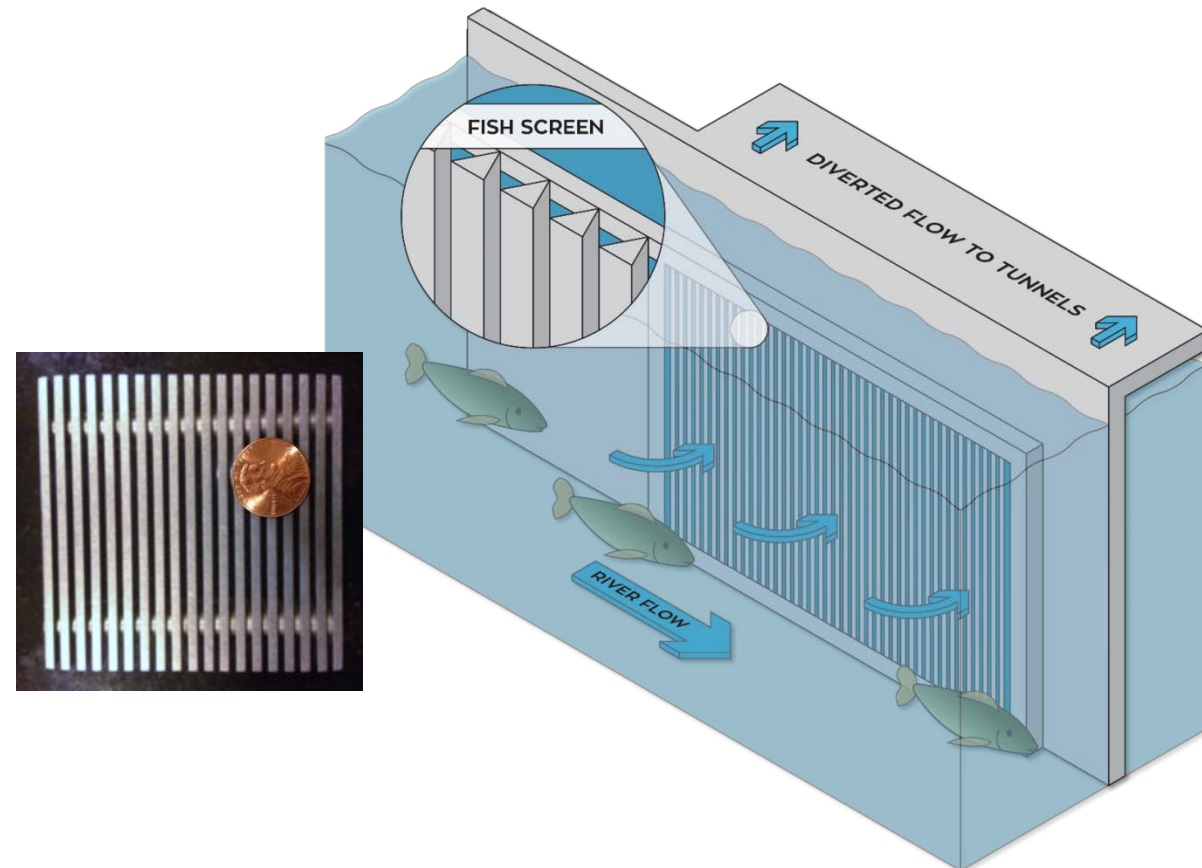


Improves environment for fish



SCVWD has prominent leadership role in WaterFix governance to ensure benefits are achieved

Improved conditions for fish means fewer restrictions on Santa Clara County's water supply



New state-of-the-art fish screens will lessen impacts on fish

Benefits to Santa Clara County



Produces the most water for lowest cost



Keeps our water clean, safe, and reliable



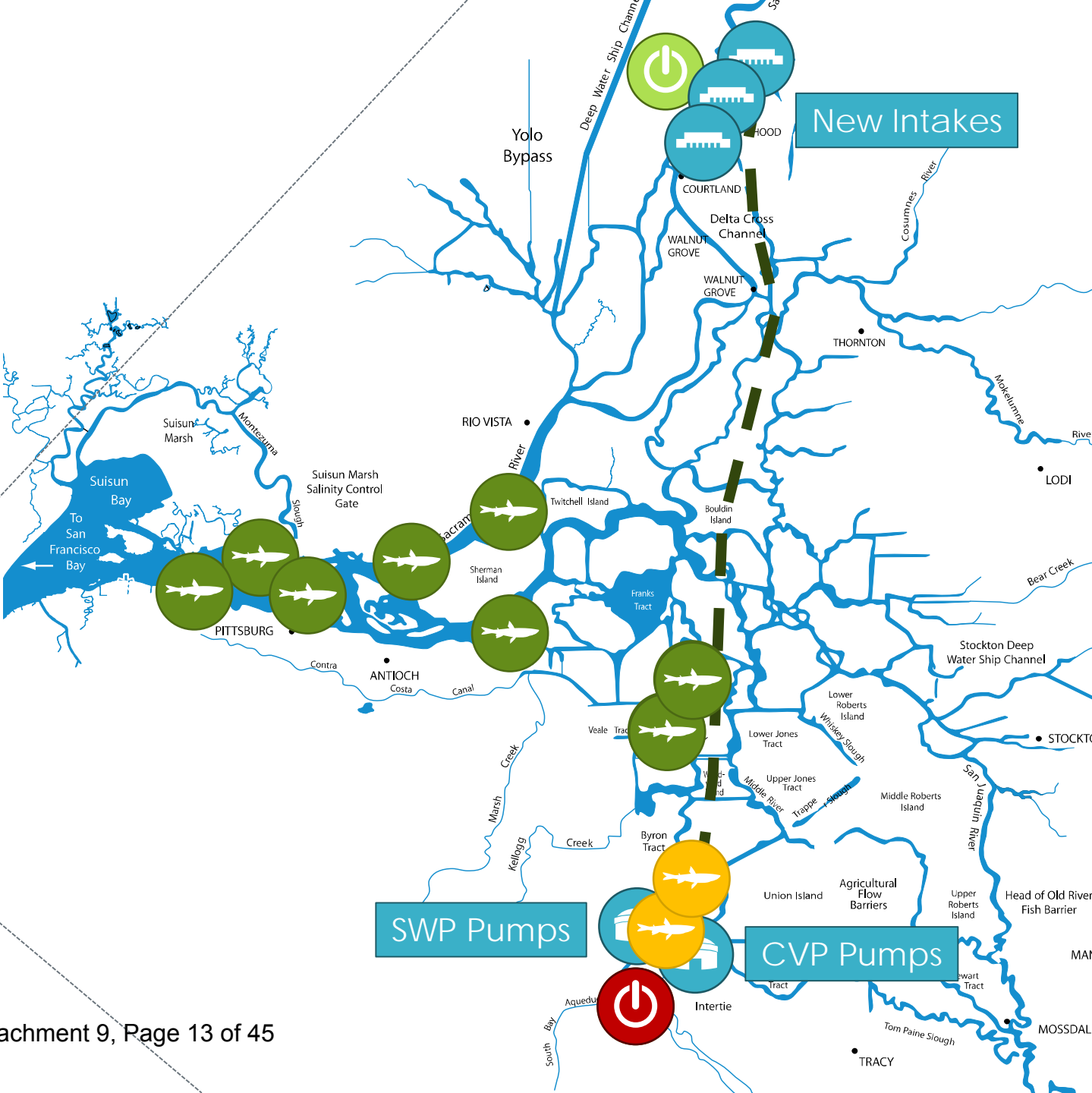
Provides resiliency for future conditions



Improves environment for fish



SCVWD has prominent leadership role in WaterFix governance to ensure benefits are achieved



Benefits to Santa Clara County



Produces the most water for lowest cost



Keeps our water clean, safe, and reliable



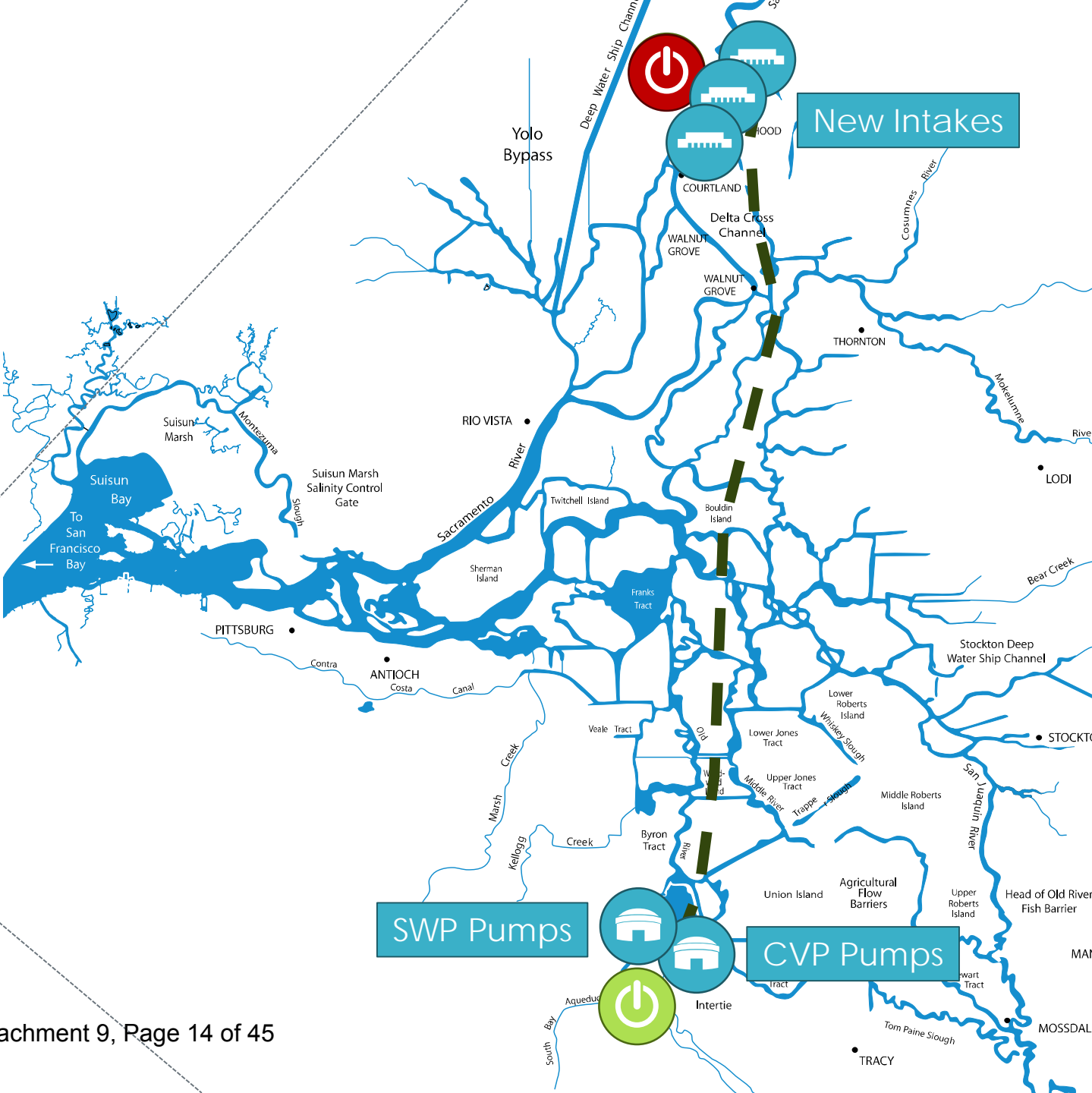
Provides resiliency for future conditions



Improves environment for fish



SCVWD has prominent leadership role in WaterFix governance to ensure benefits are achieved





Benefits to Santa Clara County



Produces the most water for lowest cost



Keeps our water clean, safe, and reliable



Provides resiliency for future conditions

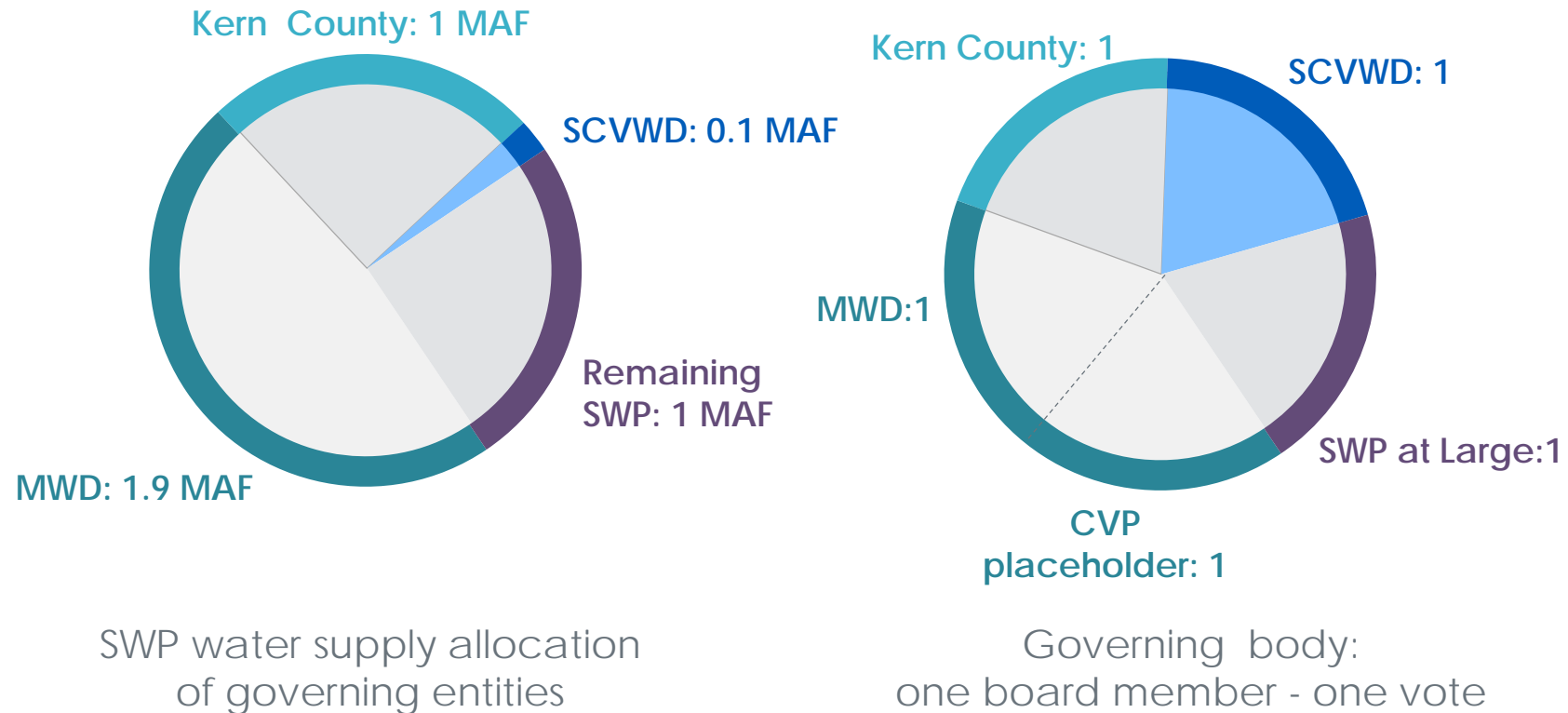


Improves environment for fish



SCVWD has **prominent leadership role** in WaterFix governance to ensure benefits are achieved

Prominent Northern California voice in governance



Presentation Agenda

 **Developments** since October 2017

 **Benefits** to Santa Clara County



Consequences of not participating

 Strategies to **minimize** risk

 Board **guiding** principles

 Proposed **agreements**

 Staff **recommendations**



The consequences of not participating

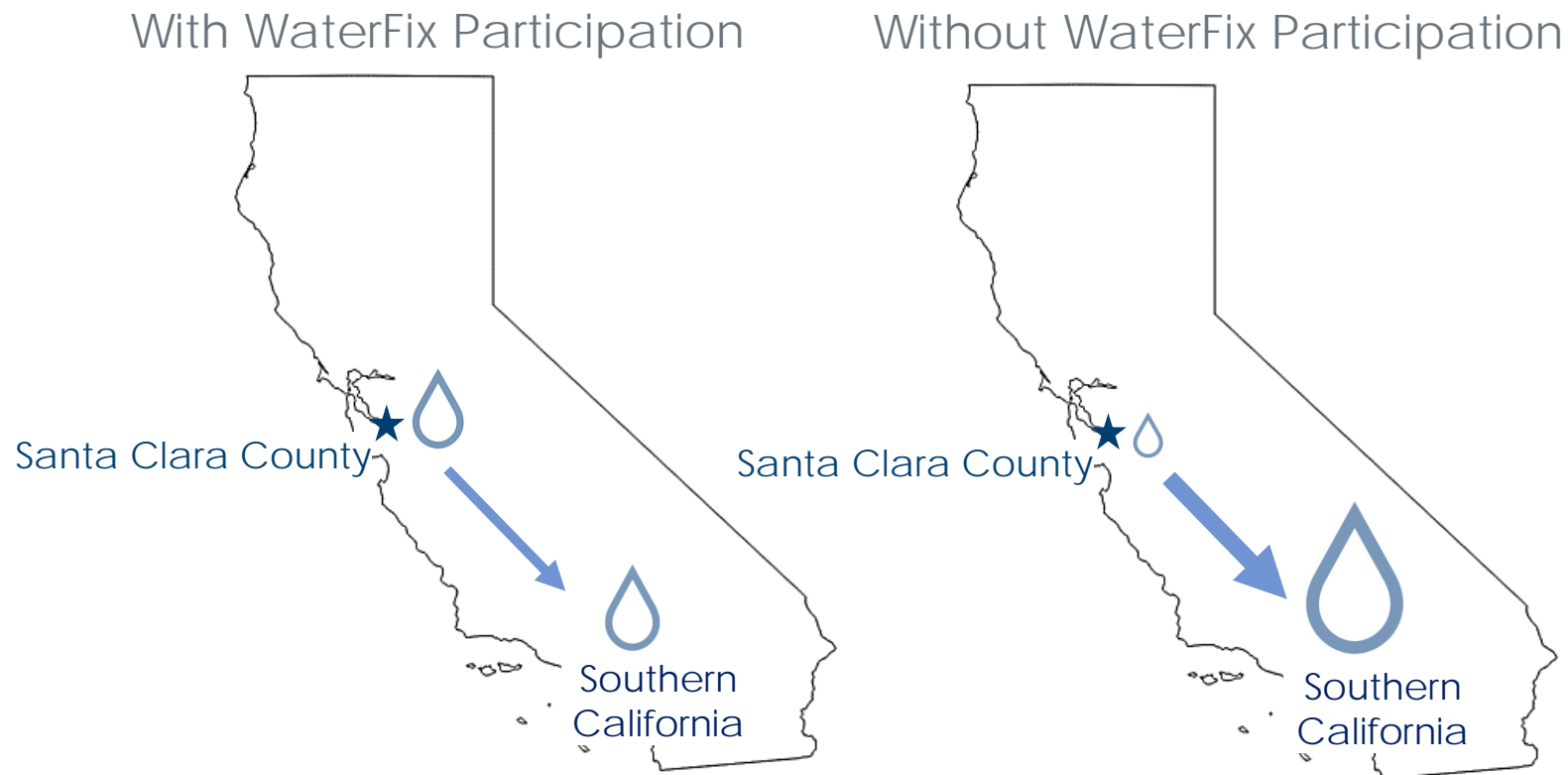
*Payments required
without adequate
representation*

- District excluded from meaningful role in governance
- District may be required to pay for its SWP share, regardless
- WaterFix cost and supply may be transferable to a willing buyer
- Questionable reliability in the event of a major Delta outage

The consequences of not participating

Less water will go to Santa Clara County

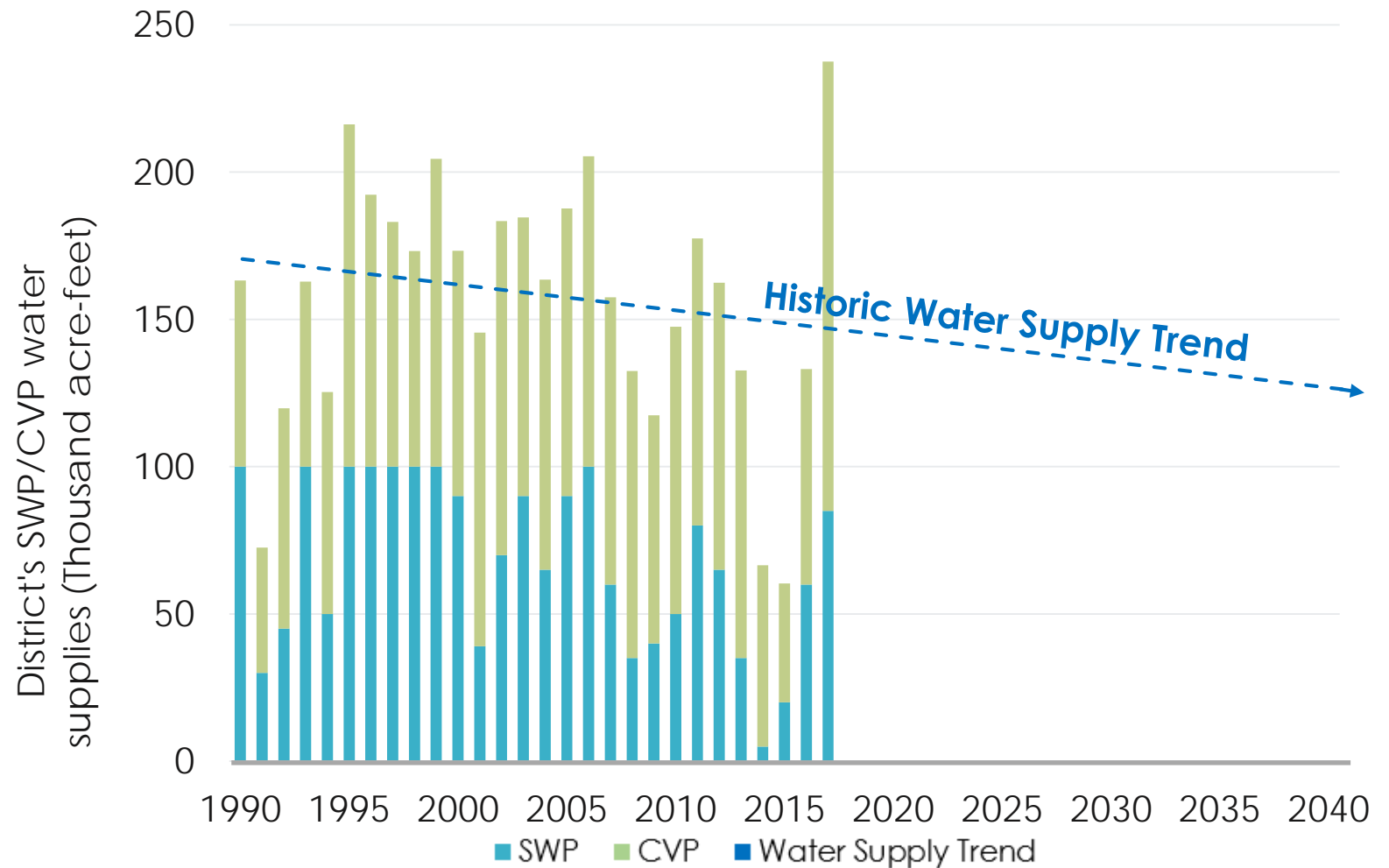
No prominent role in governance even if required to pay



The consequences of not participating

Costs would likely increase

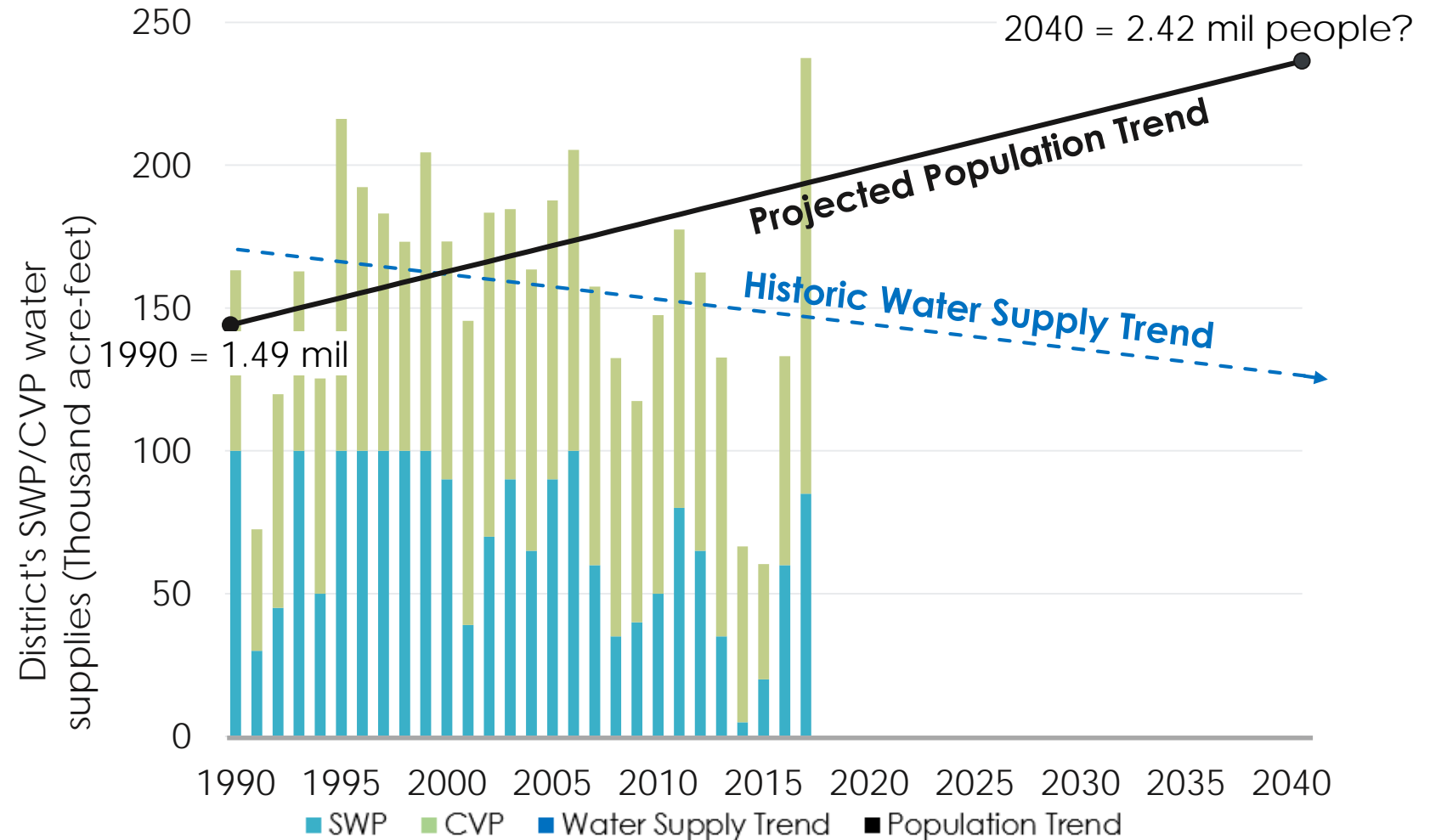
Water supply will decrease over time, costs will increase



The consequences of not participating

Costs would likely increase

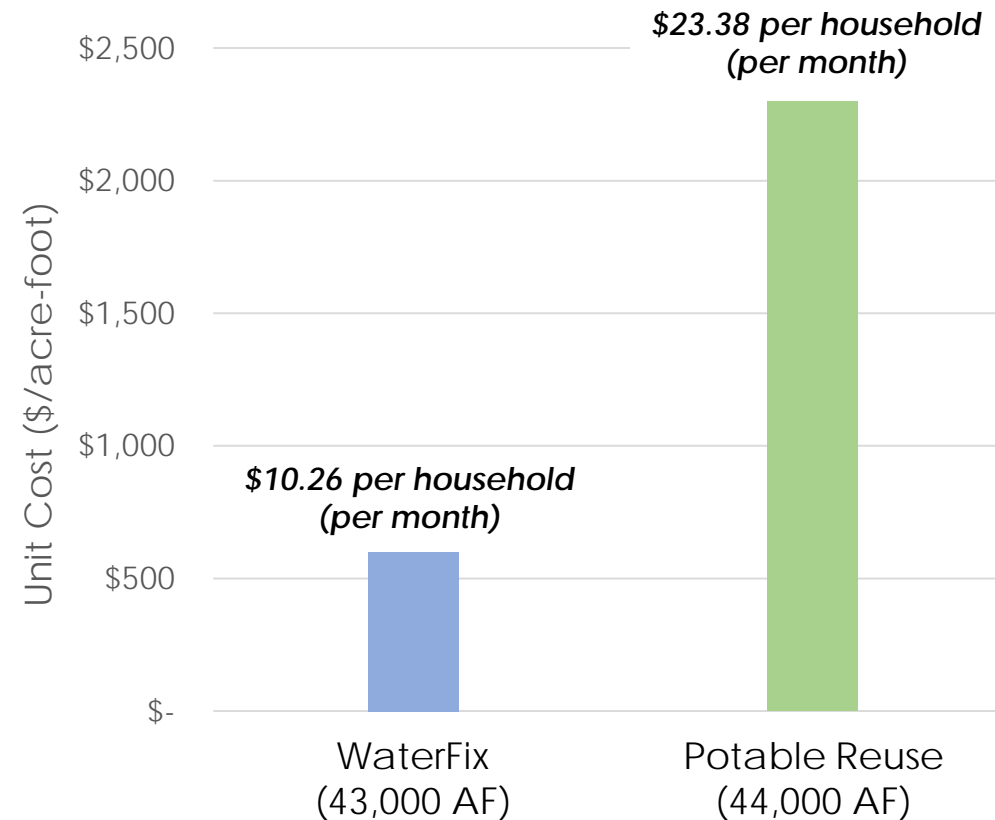
Water supply will decrease over time, costs will increase



The consequences of not participating

Costs would likely increase

More expensive alternatives add to rate increases (FY33)



Presentation Agenda

 **Developments** since October 2017

 **Benefits** to Santa Clara County

 **Consequences** of not participating



Strategies to **minimize risk**

 Board **guiding principles**

 Proposed **agreements**

 Staff **recommendations**



Risk minimization strategies

Area of Consideration

Management Strategy

Water supply uncertainty



Evaluate long-term transfers and additional groundwater storage opportunities

Validation action



Enter into agreements to offset risks

Permitting delays and/or regulatory constraints



Secure protections in key agreements

Federal support for CVP reliability



Secure necessary operating agreements and contracts from Reclamation

Other participants' decisions



Support participant efforts and negotiate SCVWD terms regarding long term transfers and groundwater storage programs

Cost control and project financing



Secure prominent SCVWD role in WaterFix governance

Presentation Agenda

 **Developments** since October 2017

 **Benefits** to Santa Clara County

 **Consequences** of not participating

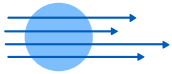
 Strategies to **minimize risk**

 Board **guiding principles**

 Proposed **agreements**

 Staff **recommendations**

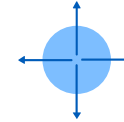
Board's Seven Guiding Principles



Santa Clara County **needs are primary**



Santa Clara County **not disadvantaged** by Central Valley agriculture or Southern California



Flexible approach that addresses Santa Clara County concerns



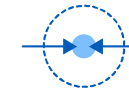
Cost is **affordable**



Equity and costs are important

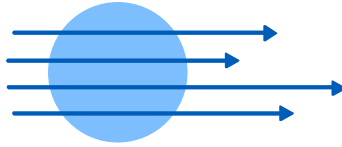


Avoid a deficit in supply, meet current and future needs, and protect SWP and CVP supplies



Keep negotiating for best deal

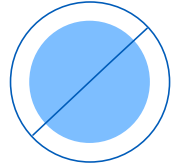
Guiding Principle #1



Santa Clara County **needs are primary**

- Safe Water
- Clean Water
- Affordable Water

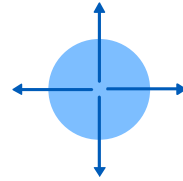
Guiding Principle #2



Santa Clara County **not disadvantaged** by Central Valley agriculture or Southern California

- Pay Fair Share
- No Subsidies
- Receive All Benefits “me too”

Guiding Principle #3



Flexible approach that addresses Santa Clara County concerns

- Smaller Project to Fit Budget
- SCVWD Strong Leadership in Governance
- Less Impacts to Fisheries and Environment

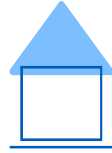
Guiding Principle #4



Keep water **affordable**

- Cost of Water is an Economic Justice Issue
- WaterFix Affordability is Key to Portfolio Approach
- “All-Of-The-Above Approach”
- Per Acre-Foot Costs Remain Similar to Current Estimates

Guiding Principle #5



Equity and costs are important

- Communities Receiving 85% of Water Supply from Sources other than SCVWD Eligible to Receive Funds Back

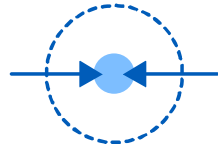
Guiding Principle #6



Avoid a deficit in supply, meet current and future needs, and protect SWP and CVP supplies

- Support Participation at 2.5% SWP
- Ensure SCVWD's CVP Reliability
- Purchase Enough Supplies






Guiding Principle #7



Keep negotiating for best deal

- Keep Engaging with State and Federal Agencies
- Keep Engaging with Prospective WaterFix Participants
- Develop Agreements to Secure SCVWD's Support

Presentation Agenda

-  **Developments** since October 2017
-  **Benefits** to Santa Clara County
-  **Consequences** of not participating
-  Strategies to **minimize risk**
-  Board **guiding principles**



Proposed **agreements**

-  Staff **recommendations**



WaterFix Authorities and Key Agreements

TODAY

Design and Construction Authority (DCA)

CVP Option Agreement

Gap Funding Agreement

FUTURE




Financial Arrangements (including Financing JPA)

SWP Contract Amendment

CVP Contract Amendment

Long Term Transfer Agreements

Presentation Agenda

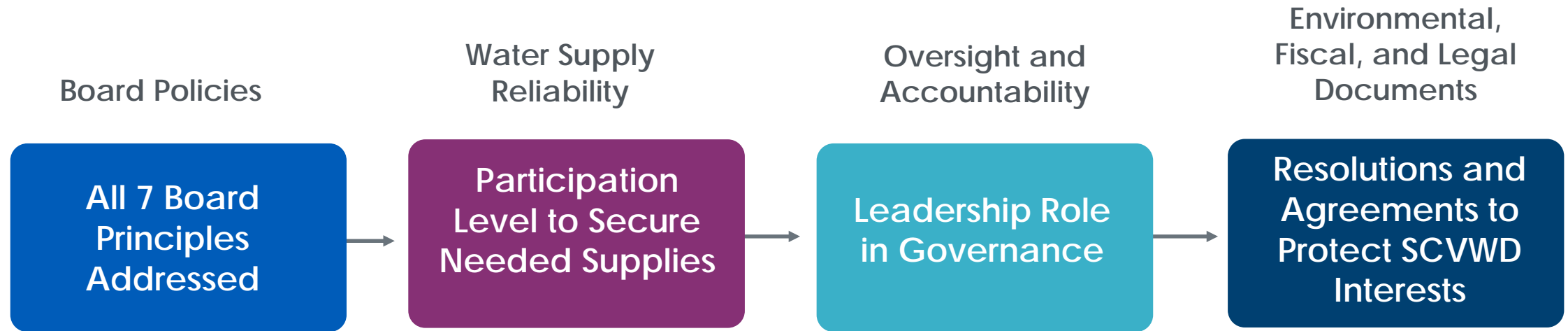
-  **Developments** since October 2017
-  **Benefits** to Santa Clara County
-  **Consequences** of not participating
-  Strategies to **minimize risk**
-  Board **guiding principles**
-  Proposed **agreements**



Staff **recommendations**



Board Actions and Next Steps



Staff Recommendations

Summary of Staff recommendations:

- Make CEQA Findings
- Authorize District participation
- Authorize CEO to execute Option Agreement
- Execute DCA JPA agreement and designate SCVWD representatives
- CEO to negotiate Financial Arrangements for Board approval
- Delegate CEO to execute Gap Funding Agreement
- Continue participating in WaterFix discussions, and develop agreements
- Evaluate and negotiate long term water transfers, water supply and groundwater storage opportunities



Questions?



Public Comment



Staff Recommendations

Summary of Staff recommendations:

- Make CEQA Findings
- Authorize District participation
- Authorize CEO to execute Option Agreement
- Execute DCA JPA agreement and designate SCVWD representatives
- CEO to negotiate Financial Arrangements for Board approval
- Delegate CEO to execute Gap Funding Agreement
- Continue participating in WaterFix discussions, and develop agreements
- Evaluate and negotiate long term water transfers, water supply and groundwater storage opportunities

Supplemental Slides



Staff Recommendations



Full text of Staff recommendations:

- A. Receive an update on the California WaterFix (WaterFix);
- B. Consider the potential environmental effects of the project as discussed in the Lead Agency's Final Environmental Impact Report and adopt the Resolution, MAKING RESPONSIBLE AGENCY FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT TO AUTHORIZE EXECUTION OF AGREEMENTS RELATING TO DESIGN, CONSTRUCTION, AND FINANCING OF THE CALIFORNIA WATERFIX PROJECT;

Staff Recommendations



Full text of Staff recommendations:

- C. Consider the potential costs and benefits of the WaterFix to Santa Clara County and adopt the Resolution, AUTHORIZING SUPPORT OF, AND PARTICIPATION IN, CALIFORNIA WATERFIX;
- D. Approve and Authorize the Chief Executive Officer (CEO) to execute a Capacity Interest Option Agreement with Metropolitan Water District of Southern California that is in substantial conformance with the Capacity Interest Option Agreement provided in Attachment 1;

Staff Recommendations



Full text of Staff recommendations:

- E. Approve and authorize the Board to execute a Joint Powers Agreement Forming the Delta Conveyance Design and Construction Joint Powers Authority (Design and Construction JPA) that is in substantial conformance to the agreement provided in Attachment 2, and designate a District representative and alternate to serve on the Board of Directors of the Design and Construction JPA for the first two years following formation;
- F. Direct the CEO to negotiate terms and conditions for the District to participate in the WaterFix Financial Arrangements (See section 4.3), including a joint powers authority for financing construction of the WaterFix and bring the necessary agreements to the Board for approval;

Staff Recommendations



Full text of Staff recommendations:

- G. Direct the CEO to negotiate terms and conditions for the District to participate in the WaterFix Financial Arrangements (See section 4.3), including a joint powers authority for financing construction of the WaterFix and bring the necessary agreements to the Board for approval;
- H. Direct staff to evaluate and negotiate long term water transfers, water supply alternatives and storage opportunities related to WaterFix, and bring terms and conditions to Board for consideration

THIS PAGE INTENTIONALLY LEFT BLANK

File No.: 18-0369

Agenda Date: 5/2/2018

Item No.:

SUPPLEMENTAL BOARD AGENDA MEMORANDUM

SUBJECT:

Update on the California WaterFix, Authorization to Execute Agreements, Designation of District Representative, and Adoption of CEQA Findings

REASON FOR SUPPLEMENTAL MEMORANDUM:

This memorandum conveys additional information received after the initial memorandum was released, consistent with Executive Limitations Policy EL-7-10-5, which allows for additional information received after the initial report was released to be provided less than 10 days prior to the date of the board meeting.

RECOMMENDATION:

- A. Receive an update on the California WaterFix (WaterFix);
- B. Consider the potential environmental effects of the project as discussed in the Lead Agency's Final Environmental Impact Report and adopt the Resolution, MAKING RESPONSIBLE AGENCY FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT TO AUTHORIZE EXECUTION OF AGREEMENTS RELATING TO DESIGN, CONSTRUCTION, AND FINANCING OF THE CALIFORNIA WATERFIX PROJECT;
- C. Consider the potential costs and benefits of the WaterFix to Santa Clara County and adopt the Resolution, AUTHORIZING SUPPORT OF, AND PARTICIPATION IN, CALIFORNIA WATERFIX;
- D. Approve and Authorize the Chief Executive Officer (CEO) to execute a Capacity Interest Option Agreement with Metropolitan Water District of Southern California that is in substantial conformance with the Capacity Interest Option Agreement provided in Attachment 1;
- E. Approve and authorize the Board to execute a Joint Powers Agreement Forming the Delta Conveyance Design and Construction Joint Powers Authority (Design and Construction JPA) that is in substantial conformance to the agreement provided in Attachment 2, and designate a District representative and alternate to serve on the Board of Directors of the Design and Construction JPA for the first two years following formation;
- F. Direct the CEO to negotiate terms and conditions for the District to participate in the WaterFix Financial Arrangements (See section 4.3), including a joint powers authority for financing

construction of the WaterFix and bring the necessary agreements to the Board for approval;

- G. Delegate authority to the CEO to negotiate terms and conditions and execute an agreement between the Department of Water Resources and the District for preconstruction capital costs for the WaterFix for a District contribution of up to \$3.5 Million (Gap Funding Agreement);
- H. Direct staff to continue participating in WaterFix discussions to further develop agreements and contract amendments to protect the District's investment; and
- I. Direct staff to evaluate and negotiate long term water transfers, water supply alternatives and storage opportunities related to WaterFix, and bring terms and conditions to Board for consideration.

SUMMARY:

The Resolution titled Making Responsible Agency Findings Pursuant to the California Environmental Quality Act to Approve Agreements Relating to the California WaterFix Project (Attachment 8) has been revised to reflect the agreements being brought forward for the board's consideration at the May 2, 2018 board meeting.

FINANCIAL IMPACT:

No changes to the financial impact previously reported.

CEQA:

No changes to the CEQA information previously reported.

ATTACHMENTS:

Supplemental Attachment 1: Revised CEQA Resolution (Revised Attachment 8)

UNCLASSIFIED MANAGER:

Garth Hall, 408-630-2750

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 18-

**MAKING RESPONSIBLE AGENCY FINDINGS PURSUANT TO THE CALIFORNIA
ENVIRONMENTAL QUALITY ACT TO APPROVE AGREEMENTS RELATING THE
CALIFORNIA WATERFIX PROJECT**

WHEREAS, Santa Clara County relies on State Water Project (SWP) and Central Valley Project (CVP) water conveyed through the Sacramento-San Joaquin Bay-Delta (Delta) for 40 percent of its water supply on average; and

WHEREAS, imported water from the Delta and its watershed has played a significant role in meeting the County's water supply demands and allows for the recharging of the County's groundwater basin, protecting against further land subsidence, and providing for the well-being of the citizens of Santa Clara County; and

WHEREAS, substantial local investments in water use efficiency and conservation, recycled water and groundwater management are essential but cannot cost-effectively replace imported water; and

WHEREAS, the Santa Clara Valley Water District (District) has long been committed to sustained reliable water supplies as well as environmental stewardship; and

WHEREAS, if no action is taken, the District's SWP and CVP supplies will be vulnerable to risks from declining ecosystem conditions, increasing regulatory restrictions, seismic risks, climate change and sea level rise, resulting in reduced water supply reliability for Santa Clara County; and

WHEREAS, the California Department of Water Resources (DWR) has proposed to construct the California WaterFix (Project), a project that could potentially protect the District's water supply reliability by upgrading aging infrastructure, thereby reducing the vulnerability of SWP and CVP water supplies to seismic events in the Delta and climate change impacts; and

WHEREAS, in July 2017, DWR approved the Project after certifying the Project's final environmental impact report (Final EIR), making findings of fact including statement of overriding considerations, and adopting a Mitigation Monitoring and Reporting Program pursuant to the California Environmental Quality Act (CEQA); and

WHEREAS, on October 17, 2017, the District Board adopted Resolution 17-68 which declared the District's conditional support for the Project and adopted certain guiding principles to shape the District's participation in the evaluation and further development of the Project; and

WHEREAS, various contractors of the California State Water Project ("Participating SWP Contractors") are considering to form a joint powers authority ("Construction JPA") by entering into a joint powers agreement ("Construction JPA Formation Agreement") for the purpose of undertaking activities required to complete the design and construction of the Project; and

WHEREAS, DWR is seeking additional funds from various Participating SWP Contractors to pay for the Project's preconstruction expenses through execution of a gap funding agreement;

and

WHEREAS, the District is considering an option agreement with the Metropolitan Water District of Southern California to purchase CVP water supply capacity from the Project; and

WHEREAS, the District Board is considering approving some of the above-described agreements; and

WHEREAS, other agreements relating to the Project may in the future be considered by the District Board or its designee as authorized by the Board; and

WHEREAS, since DWR's certification of the Final EIR, legal actions alleging that the Final EIR does not comply with CEQA have been filed but no injunction or similar relief has been granted; and

WHEREAS, pursuant to Public Resources Code section 21167.3(b), a CEQA responsible agency must assume the Final EIR complies with CEQA pending final determination of the legal actions; and

WHEREAS, a CEQA responsible agency includes any public agency other than the lead agency which has discretionary approval power over a project; and

WHEREAS, the District as a CEQA responsible agency must make certain findings pursuant to section 15096(h) of the CEQA Guidelines prior to taking action on the Project.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the Santa Clara Valley Water District does hereby find, determine, and order as follows:

1. The Board has considered the Final EIR and its evaluation of environmental impacts of the Project and determined that the Final EIR is adequate for use by the District to take actions on the Project.
2. The Board adopts Department of Water Resources' California Water Fix CEQA Findings of Fact and Statement of Overriding Considerations, dated July 2017.
3. The Board adopts Department of Water Resources' Final Mitigation Monitoring and Reporting Program for the California Water Fix, dated December 2016.
4. The Chief Executive Officer is hereby authorized and directed, on behalf of the District's Board of Directors, to execute any such documents and to perform any such acts as may be deemed necessary or appropriate to accomplish the intent of this resolution.

Making Responsible Agency Findings Pursuant to the California Environmental Quality Act to
Approve Agreements Relating the California WaterFix Project

Resolution No. 18-

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the
following vote on May 2, 2018:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

By: _____
RICHARD P. SANTOS
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC

Clerk/Board of Directors

THIS PAGE INTENTIONALLY LEFT BLANK

CARL GUARDINO
President & CEO

Board Officers:
STEVE MILLIGAN, Chair
Western Digital Corporation
JAMES GUTIERREZ, Vice Chair
Intel
RAQUEL GONZALEZ, Treasurer
Bank of America
GREG BECKER, Former Chair
SVB Financial Group
STEVE BERGLUND, Former Chair
Trumble Inc.
AART DE GEUS, Former Chair
Synopsys
TOM WERNER, Former Chair
SunPower

Board Members:
BOBBY BELL
KLA-Tensor
DAWNET BEVERLEY
Dornette Financial Solutions
GEORGE BLUMENTHAL
University of California, Santa Cruz
JOHN BOLAND
KOED
CARLA BORAGNO
Genentech
CHRIS BOYD
Kaiser Permanente
JOE BURTON
Pentonics
RAMI BRANTZKY
Sapphire Ventures
GARY BRIGGS
Facebook
KEVIN COLLINS
Accorture
LISA DANIELS
KPMG
CHRISTOPHER DAWES
Luzile Packard
Children's Hospital Stanford
JENNY DEARBORN
SAP
MICHAEL ENGH, S.J.
Santa Clara University
TOM FALLON
Infirera
JOHN GAUDER
Comcast
KEN GOLDMAN
Hillshire
DOUG GRAHAM
Lockheed Martin
LAURA GUO
IBM
STEFAN HECK
Necto
ERIC HOUZER
Wells Fargo Bank
AIDAN HUGHES
ARUP
JEFFREY JOHNSON
San Francisco Chronicle
TOM KEMP
Centality
ARIF KHAKOO
AMGEN
ERIC KUTCHER
McKinsey & Company
JOHN LEDEK
BD Biosciences
ENRIQUE LORES
HP Inc.
MATT MAHAN
Eligade
TARKAN MANER
Nexenta
KEN MCNEELY
AT&T
GEN MINICUCCI
Alaska Airlines
KEVIN MURAI
Symnex
MARY PAPAZIAN
San Jose State University
JES PEDERSEN
Webcor Builders
ANDY PIERCE
Stryker Endoscopy
KIM POLESSE
ClearStreet
RYAN POPPLE
Pictens
RUDY REYES
Verizon
BILL RUH
GE
SHARON RYAN
Bay Area News Group
RON SEGE
Echelon
DARREN SWEELGROVE
Johnson & Johnson
JEFF THOMAS
Nasdaq
JED YORK
San Francisco 49ers
Established in 1978 by
David Packard

Clerk of the Board
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118

Apr 30, 2018

Re: Business Support for California WaterFix

Dear Chair Santos, Vice Chair LeZotte, and Santa Clara Valley Water District Directors,

In a historic decision earlier this month, the Metropolitan Water District of Southern California (Met) voted to take a majority stake in the \$16.7 billion twin-tunnels WaterFix project, a plan championed by Governor Jerry Brown as a way of protecting the water supply for more than 25 million Californians, including millions of South Bay residents.

In October of last year you voted to participate in a lower cost, scaled down project, which made sense, given the fiscal realities of the time, including the lack of participation from Westlands and other water wholesalers. However, given Met's recent decision, we urge you to reconsider supporting the twin tunnel project. A full-scale project will give managers more flexibility in operating the tunnels, allow for greater diversions during years of high flows and help sustain Delta deliveries. In addition, as the report from your staff points out, a 9,000 cfs project would provide for greater water quality improvements and resiliency against earthquakes and climate change.

California is the sixth largest economy in the world, and Silicon Valley is a primary driver of our state's job creation and growth. Yet our success, the envy of much of the world, is at risk unless we move to protect our water supply. As business and civic leaders in the South Bay, we cannot stress enough the need to secure safe, clean, affordable drinking water for the health and economic well being of our region. The Silicon Valley Leadership Group supports WaterFix and we respectfully request that you do so as well.

As you know, California WaterFix is the plan to update aging infrastructure that brings clean, reliable water to our communities from the Sierra Nevada Mountains through the Sacramento San Joaquin Delta. Nearly half of the water that serves 2 million people here in the region, including 200,000 daily commuters, comes from the Delta, and a quarter of that is used for groundwater recharge. This high quality water is also used to improve the quality of other local and imported water supplies, increasing the amount of safe drinking water available for communities throughout the region.

This fresh water is at risk of contamination from salt water due to rising sea levels associated with climate change, as well as an earthquake, which would easily liquefy the existing earthen levees in the Delta. WaterFix provides a solution – in fact, the only viable and detailed solution – to address these risks and shore up the water supply we, and most Californians, rely on. We applaud the Water District for its work to double down on water recycling and conservation. But even this, we believe, will not be

sufficient to meet the region's future needs without WaterFix to help secure a baseline level of high quality water.

While others may push back on the plan, we urge you to focus on the fact that there is no other practicable, comprehensive and economically viable plan to supply the volume of water our region needs. While we support investing in local water supply projects, we believe the Delta will continue – for quite some time – to be an important source of water for our region.

As community leaders we are also very conscious of the fact that access to safe, affordable drinking water is a social justice issue. It is important to us that our communities continue to have access to affordable water that they need to thrive. While we respect the fact that WaterFix is not inexpensive, we believe it is important to invest in the continued security and economic vitality of our region. And what could be more vital than water?

As with any large public works project, we understand that there are concerns about potential cost overruns. However, we believe the cost of doing nothing is far costlier to the businesses, people and the environment. And, as you know, the project is among the most affordable sources of water for our region.

We also understand there are concerns about the environmental health of the Delta. WaterFix, with its advanced fish screens and its science-based design, makes use of the best current technology to help protect vulnerable fish populations in the Delta. By moving the points of water diversions, and utilizing advanced screens to protect vulnerable species, the project will help restore more natural river flows and benefit fish. Furthermore, as staff points out in their report to you, the full 9,000 cfs project would have greater environmental benefits.

Businesses have made this region their home, bringing innovation and jobs, but the sustained growth and economic success of the region — the envy of the world — will be cut short without a major investment in our water infrastructure. We believe that in order to protect our economy and way of life, we need to invest in new water infrastructure, just as we did in the 1960s.

We believe that WaterFix is what's needed to secure our future and we respectfully request that you support the project as well.

If you have any questions, please do not hesitate to contact our staff lead, Mike Mielke, Sr. Vice President of Environment & Energy at 408-501-7858 or mmielke@svlg.org.

We deeply appreciate your time and consideration.

Sincerely,



Carl Guardino
President & CEO
Silicon Valley Leadership Group

Silicon Valley Leadership Group Members Agree: WaterFix is Critical to Secure the Water We Need

Dan Gordon
COO
Gordon Biersch
Brewing



Hannah Gordon
General Counsel
San Francisco 49ers



Jenny Dearborn
CLO
SAP



Bob Kieve
President
Empire Broadcasting
Corp



Kari Saragusa
Senior Advisor
Lehigh Hanson



Aart de Geus
Founder & CEO
Synopsis



Kevin Murai
President & CEO
Synnex Corp



Dawnet Beverley
SVP & Managing Director
Donnelley Financial



Raul Vazquez
CEO
Opportun



Mark Adams
CEO
Lumileds



Suresh Babu
Tiquant Inc.



Paul F. Gentzkow
President & CEO
Robert Half
Robert Half



Michael R. Van Every
President & CEO
Republic Urban Properties
REPUBLIC URBAN PROPERTIES LLC
WEST COAST DIVISION

Guy Gecht
CEO
EFI



Jerry Mix
President
Finelite
FINELITE
Better Lighting

Tom Kemp
Co-Founder & CEO
Centrify



Matt Mahan
CEO
Brigade Media
BRIGADE



Chris Metzger
SVP / Division Manager
Mott MacDonald



Andy Coan
President & CEO
Splice



Manish Tandon
CEO
CSS Corp



Russell Spektor
Executive Vice
President
Direct Resource
Management, Inc.



Andy Pierce
President
Stryker Endoscopy
stryker



Rami Rahim
CEO
Juniper Networks
JUNIPER
NETWORKS



Rob Steinberg
Chairman
Steinberg



Tom Hayse
President & CEO
ETM Electromatic Inc.



Lou Ramondetta
President
Surplus Service
Surplus Service®



Ty Walrod
Co-Founder & CEO
Bright Funds



Ned Finkle
VP
NVIDIA



Marc van den Berg
Partner
DBL Partners
DBL PARTNERS
DOUBLE BOTTOM LINE VENTURE CAPITAL



Najat Badriyeh
President & CEO
Naprotek, Inc.



William Hadaya
President
WMH



Celeste Volz Ford
CEO
Stellar Solutions, Inc.



Zachary F. Bookman
CEO
OpenGov



Jordan Epstein
CEO
Stroll Health



Sonu Ratra
President
Akraya
AKRAYA
Trusted Talent



Chris Larsen
Executive Chairman
Ripple
ripple



Carl Guardino
President & CEO
Silicon Valley Leadership
Group
SILICON VALLEY
LEADERSHIP GROUP



Pedro Espinoza
Founder & CEO
SmileyGo Corp.
SMILEYGO



THIS PAGE INTENTIONALLY LEFT BLANK

Melissa Stone

From: James Fritz <jrfritz10@gmail.com>
Sent: Friday, April 27, 2018 10:39 AM
To: Board of Directors
Subject: Delta Tunnels

James Fritz
14920 Quito Road
Los Gatos, California 95032

Dear Sirs,

As a resident of Los Gatos, I would hope you recognize the Tunnel project as a boondoggle. The tunnel project reminds me of the other Gov. Brown boondoggle, the High Speed Train. As a water rate payer, I object to any support of the Delta Tunnels.

Thank You,

James Fritz

Melissa Stone

From: Patrick Pierce <pp95124@sbcglobal.net>
Sent: Saturday, April 28, 2018 8:12 AM
To: Board of Directors
Subject: Tunnels

As a tax payer and resident of Santa Clara County I urge you to vote no on the latest proposal to help fund Jerry Brown's two tunnel project for the Delta. This project is not in the best interest of Santa Clara County and will simply increase our water rates while sending our water to Southern California and large corporate interests. At the very least this should be brought before the taxpayers in an election. Please do the right thing and vote no.

Sincerely,

Patrick Pierce
5182 Emiline Dr.
San Jose, Ca.

Sent from my iPad

Melissa Stone

From: Scott D. Miller <miller.scott.biochem@gene.com>
Sent: Saturday, April 28, 2018 4:10 PM
To: Board of Directors
Subject: A Legacy of "Tunnels to No where", as Climate Change intensifies

These tunnels will most assuredly be monuments to the same short sighted Political expedience that failed to address climate change, and at the same time is making the 20 billion dollar gamble on the tunnels a total boondoggle..

I am an environmentalist but I know we need to do something to develop our water reliability and infrastructure.

Build dams!! Invest the tunnel money to harvest and store the increasingly intense storm surges, (atmospheric rivers) Come on... the emerging pattern is already becoming apparent. Very few, sporadic, high intensity rain storms.

Sore it or lose it.

Scott D. Miller

Melissa Stone

From: scot v <svmidwest@gmail.com>
Sent: Sunday, April 29, 2018 7:20 AM
To: Board of Directors
Subject: Oppose SCVWD Funding Delta Tunnel plan

Santa Clara should not put any money toward Governors Browns pet project. It is fiscally irresponsible. Nor should they trade our funds for other funds. Each project should stand on its own merit. The governor has shown in all his years in office to not know how to fix water problems and should not be given money to pursued his flawed ideas.

Scot Vallee
Morgan Hill

Melissa Stone

From: David Scott <normmargie@gmail.com>
Sent: Sunday, April 29, 2018 12:57 PM
To: Board of Directors
Subject: California Water Fix Vote May 2

Dear Sir or Madam,

I would like my comment entered into the record.

I am against the Water Fix/Twin Tunnel proposal for a number of reasons. First, I believe it will result in an environmental disaster. Second, the costs will be incredibly high. Third, the costs will likely be much higher than the forecasted costs. Most big infrastructure projects experience this, e.g. the current bullet train project.

It would be much better to invest in conservation and even desalinization than this idea to take limited Northern California water and send it to Southern California.

Best regards,
Dave Scott
Saratoga, CA

Melissa Stone

From: Don Weiden <weidendon123@gmail.com>
Sent: Sunday, April 29, 2018 2:59 PM
To: Board of Directors
Subject: CA WaterFix

Yesterday I read an article in the 4/28/2018 San Jose Mercury News and am troubled that the SCVWD is again considering to participate in the CA WaterFix Project. I am writing to urge the SCVWD not to join the CA WaterFix Project.

Your responsibility to your customers is to support only projects that stand on their individual merits. Do not bend to backroom deals that give away your customers money in turn for support of another project you believe has merit.

Numerous reports and analyses confirm that the costs and risks of the CA Water Fix make smaller local and regional water projects a much better solution for SCVWD and California water agencies. The CA WaterFix Project is simply too big, complex, risky and expensive.

- Joining the CA WaterFix without reliable estimates of the cost to your customer rates is negligent.
- Design and construction of the CA WaterFix without operating agreements is not prudent.
- Proceeding with the CA WaterFix without understanding the impacts on the Delta's environmental ecosystems and the people and business that rely on those ecosystems is not prudent.
- The almost \$15 Billion CA WaterFix concept estimate will increase significantly as complexities are identified and addressed.
- Recent reports indicate that the conceptual tunnel design must be revised to withstand modest earthquake loading, adding significant and currently unestimated construction costs to project.
- In the event of a major earthquake or other natural disaster, the CA WaterFix would concentrate risk rather than spread the risk to many smaller, geographically diverse projects.

SCVWD and other importing water agencies would better serve their customers by investing in local projects that conserve, improve and protect water supplies, and that also protect the Delta and its fresh water / salt water environment.

Don Weiden, CA PE
Los Altos CA

Melissa Stone

From: Ray Brant <r_abrant@sbcglobal.net>
Sent: Sunday, April 29, 2018 6:00 PM
To: Board of Directors
Subject: Delta Tunnels

Dear Board of Directors,

I would request that this email be entered into the record.

I am asking you oppose the Tunnels Project.

I am a life long Bay Area Resident and an owner of property on the Sacramento River near Isleton. I have boated on the Bay and in the Delta for over 60years.

The Tunnels will destroy the Greatest Estuary in the West. There are many other ways to provide California with water.

To name a few, increased water storage, reclamation of brown water, and desalination.

Thank you for your consideration,
Raymond F. Brant
PO Box 728
Diablo, CA

17400 Grand Island Rd.
Walnut Grove, 95690

Melissa Stone

From: larimarpugs@verizon.net
Sent: Sunday, April 29, 2018 9:44 PM
To: Board of Directors
Subject: Attn: John RE:Delta Tunnel Project

Hi John - Sue McElwaine, San Martin here.....I have a comment re the vote being taken by the SCVWD board regarding financial support of the Delta Water Tunnel Project.....

WHY would SCVWD be spending money to send our water to Southern CA? When asked if SCVWD could help with the flooding in our neighborhood - we are told, year after year that there is no funding to help with the problem - other than the federal PL566 project.....yet the Water District has enough money to spend on sending our water via tunnels to Southern CA. There is something VERY wrong with this whole thing....first of all sending N CA water to So CA is just wrong. Santa Clara County residents paying for it? Very wrong.

How many of the citizens of Santa Clara County are aware of the proposed actions of the Water District in supporting this venture????

Response please.....

Thank you

Sue McElwaine
San Martin

Melissa Stone

From: Chrissy Hoffman <cchoff@comcast.net>
Sent: Sunday, April 29, 2018 10:56 PM
To: Board of Directors
Subject: Save the Delta!

To whom it may concern,

Do not steal Nor-Cal water or Wild Lands! There is no long term win for anyone in the Delta tunnels project!

Sincerely,

Mrs. Chrissy Hoffman

cchoff@comcast.net

Sent from my iPhone

Melissa Stone

From: Steve Balestrieri <oceanboy62@hotmail.com>
Sent: Monday, April 30, 2018 8:54 AM
To: Board of Directors
Cc: oceanboy62@otmail.com
Subject: Opposition to Tunnel Project VOTE NO

To whom it may concern ,

I wish to strongly oppose the development of Governor Browns water tunnels. If he succeeds in this endeavor , it will result in a catastrophic destruction of our San Francisco Bay Delta Estuary. Our bay delta estuary, the largest fresh water estuary in North America, not only supports our prized salmon, striped bass, sturgeon and countless other species, but is a major link to the food chain of sea lions killer whales, and white sharks in our pacific ocean. The fresh water that flows out of the Golden Gate has consequences to marine life as far north as Alaska.

The science is clear, that the aquatic life of the delta is been harmed greatly do to the fresh water diversion that currently exists. Spending Billions of dollars the increase this fresh water diversion will not only put the final nail in the coffin to our fragile fresh/salt water ecosystem, but the cost to tax payers to support such a boondoggle is unconscionable.

Billions of dollars and hundreds of thousands of jobs will be lost to our state in a variety of industries.

Its amazing to me that Governor Brown, who prides himself on being a champion for the environment, is leading the charge on a crusade that if victorious, will be the single most devastating man made environmental catastrophe in our nations history. Don't be part of it.

It is up to you, the Santa Clara Valley Water District to stand tall and say no to Governor Brown. To say no to destroying our delta. To say no to killing our salmon, our sea lions and our killer whales. Tell the governor to invest in long tern solutions like reclaimed and recycled water, that will provide all Californians with a sustainable water system. Do it because you know its the right thing to do. Do it for your children and grandchildren.

Sincerely,

Steve Balestrieri
570 Rockdale Dr.
San Francisco Ca 94127
415 587-3473

Melissa Stone

From: Becky Donnelly <beckydonnelly@gmail.com>
Sent: Monday, April 30, 2018 11:30 AM
To: Board of Directors
Subject: Special meeting on delta tunnels May 2nd

Please put in records and read.

Do you realize that the current infrastructure that takes water out of the delta has leakage problems? I wasn't until this weekend, when I was driving around the delta that I heard something, that sounded like a waterfall. I looked over to my right and I saw several sections of pipes dropping large quantities of water. I have video if your interested.

I ask the board why do politicians always want to do the sexy projects instead of taking care of current issues? My family lost personal friends in the San Bruno gas explosion. Mismanagement of water issues can be just as dangerous as gas leaks I.e. the recent flooding issues in San Jose.

It's hard to trust any government body at this time as you continually say it's just one more latte and we will take care of your infrastructure problems. Is it because we live in Santa Clara valley that you assume we can all afford a latte everyday?

Hit any potholes or traffic lately? Just remember we can fix it if you just give up one more latte.

Sent from m

Melissa Stone

From: system-generated
Sent: Monday, April 30, 2018 12:27 PM
To: Clerk of the Board
Subject: SCVWD Agenda Comment Form

Submitted on Mon, 04/30/2018 - 12:26 PM

Submitted values are:

Name

Nicky Suard

Address

3356 Snug Harbor Drive
Walnut Grove, California. 95690

Telephone

(916) 775-1455

Email

sunshine@snugharbor.net

Board Meeting Date

Wed, 05/02/2018 - 00:00

Agenda Item Number

2.1

I would like to

Express Opposition

Comment Form

I am very surprised at the short-sighted planning by supposed visionaries of Santa Clara area. By supporting the Water Heist tunnel plan, you are actually limiting the future growth of your area. You will be limited by Southern California political control of the tunnel flows and distributions and of course you know it will cost your water users at least double of what you claim. Why are you choosing to limit the future development of the Santa Clara area, when you could have been open and honest and worked with the local counties and local willing sellers to increase your drinking water and M & I water availability?

You know the movie Avatar where the bad guys go to a planet/country and just take what they want with complete disregard for the inhabitants of the other location? Avatar may as well have been about the Delta area. Outsiders are threatening to divert the life line of the Bay and Delta-the Sacramento River. Are you really going to join the heartless guys and gals of MWD/DWR and attack your own neighbors 60 minutes away?

It is time to put away for good a conveyance plan conceived in the 1890s, and re-plumb the system much more wisely. Base decisions upon verifiable confirmed flow data, not fabricated computer modeling using incomplete and outdated assumptions. Tunnels are a good idea, but not where proposed to be located. Instead enclose the entire

California Aqueduct with solar so there is no more evaporation, and the solar provides the energy to move the water. Tunnel through the mountains instead of using all that energy to lift the water over the mountains in in SoCal. Require that USBR and DWR and its water contractors fully disclose the amounts of diversions, not just exports. Prohibit reselling of unused purchased water for a profit. Prohibit resale of subsidized water for a profit. Stop subsidies for farm water for produce that is exported outside the USA & its territories, and the demand for ag water for desert lands will go down, leaving more water for urban uses.

Please, don't drain the Delta of its fresh water. Save the Delta-Save the Salmon!

Nicky Suard, Esq. Delta land and business owner

Please read this comment for the record

Melissa Stone

From: Mariah Looney <mariah.looney@gmail.com>
Sent: Monday, April 30, 2018 1:10 PM
To: Board of Directors
Subject: Public Comment

Hello,

I am writing to let you know that I do not think that the Santa Clara Valley Water District should fund the proposal of the twin tunnels. This would be extremely detrimental to the state and the Santa Clara community at large. Thank you

Best Regards,

Mariah Looney | Digital Communications Specialist
phone: 209 851 0270

Melissa Stone

From: Andrea Brant <abrant@sbcglobal.net>
Sent: Monday, April 30, 2018 1:13 PM
To: Board of Directors
Subject: For the Record: Please Oppose the Tunnels Project

Dear Board of Directors,

I request this email be entered into the record.

I am a life-long Bay Area resident, a 25+ year employee in Santa Clara county and a property owner on the Sacramento River near Isleton who has boated on the Bay and Delta for nearly 50 years. I am asking you to oppose the Tunnels project. There are other ways to provide California with water without destroying the Delta as we know it.

Thank you for your consideration,
Andrea Brant
140 Pineview Lane
Menlo Park, CA 94025

17400 Grand Island Rd.
Walnut Grove, 95690

Melissa Stone

From: Rosemary Go <rgo@pacbell.net>
Sent: Monday, April 30, 2018 2:41 PM
To: Board of Directors
Subject: Waterfix vote

As a homeowner in San Jose, I urge the board to vote No on the twin tunnels. There are other ways to manage water and depleting the delta water is not it. This sentiment is not just me but everyone with whom I speak and have contact.

R. Go
Rainbow west.

Melissa Stone

From: Steve Austen <kinkadecapitola4@yahoo.com>
Sent: Monday, April 30, 2018 11:47 AM
To: Communications Unit
Subject: 650 MILLION dollars of our tax money!

Dear Santa Clara Valley Water District,

Can you tell WE THE PEOPLE why you are even considering a vote to give 650 MILLION dollars of our tax money to Brown the Clown to build two huge tunnels that would take our water from the Delta away from our farmers and give to Los Angeles and Southern California?

The is NOTHING about this vote on your web site or facebook page!

Please answer this question and shine a big light on anyone receiving money if this awful deal goes through.

I remember common sense stopped Brown the Clown Sr from doing this in the 1950s and 1960s.

Steven Austen (born in San Jose 1953) Aptos CA

Melissa Stone

From: Diana Hall <dianahall39@yahoo.com>
Sent: Monday, April 30, 2018 12:37 PM
To: Communications Unit
Subject: Tunnel water project funds

I heard that the water board was going to reconsider Jerry Brown's awful water tunnel proposal, probably in exchange for some state funds. How corrupt. Please don't do it, the tunnels are an awful idea environmentally and for our own water supply.

Diana Hall
Mountain View resident

Melissa Stone

From: Tom Foxen <nc73026@sbcglobal.net>
Sent: Monday, April 30, 2018 3:16 PM
To: Communications Unit
Cc: nc73026@sbcglobal.net
Subject: Brown's Folly Drainage

To whom it may concern.

I was made aware on the news last night the SCVWD board is to vote this week on the diversion tunnels that Gov. Brown is ramming through. I would like to get my message passed to the Board members with what is my (and a lot of other ratepayers) opinion on this vote.

Why in the world is the SCVWD even considering supporting much less committing \$650 million to this diversion of water to the almond growers and S.CA. districts? Your stated mission on the e-mail I just received is: Water Supply, Flood Protection, and Stream Stewardship. None of these seem to fit the proposed commitment.....at all. Water supply, we have nothing to gain from sending water south. Flood Protection.....ask the people flooded out a year ago how your district is doing on this matter.....and/or look at the debris in current concrete open culverts. Stream Stewardship.....180 degrees out of line with the stated mission. The Delta is a treasure for all forms of wildlife and not fish. It also is a huge recreational area enjoyed by young and old alike. Take a minute (or day) to look at the case being made by those trying to preserve this resource as it is today.

So, as a ratepayer I am strenuously objecting to this action which appears to me to be a backroom handshake between agencies trusted with fulfilling the stated mission. Hopefully the courts will be able to accomplish what is in the best interest of the people of N. CA.

Regards

Tom Foxen

This email has been checked for viruses by Avast antivirus software.
<https://www.avast.com/antivirus>

Melissa Stone

From: Nanette Wobber <nwobber@yahoo.com>
Sent: Monday, April 30, 2018 4:31 PM
To: Board of Directors
Subject: Twin Tunnels

Dear SCVWD Board Members,

I read an article in the 4/28/2018 San Jose Mercury News and am troubled that the SCVWD is again considering to participate in the CA WaterFix Project. I am writing to urge the SCVWD not to join the CA WaterFix Project. Your responsibility to your customers is to support only projects that stand on their individual merits. Do not bend to backroom deals that give away your customers money in turn for support of another project you believe has merit. Numerous reports and analyses confirm that the costs and risks of the CA Water Fix make smaller local and regional water projects a much better solution for SCVWD and California water agencies. The CA WaterFix Project is simply too big, complex, risky and expensive. - Joining the CA WaterFix without reliable estimates of the cost to your customer rates is negligent. - Design and construction of the CA WaterFix without operating agreements is not prudent. - Proceeding with the CA WaterFix without understanding the impacts on the Delta's environmental ecosystems and the people and business that rely on those ecosystems is not prudent. - The almost \$15 Billion CA WaterFix concept estimate will increase significantly as complexities are identified and addressed. - Recent reports indicate that the conceptual tunnel design must be revised to withstand modest earthquake loading, adding significant and currently unestimated construction costs to project. - In the event of a major earthquake or other natural disaster, the CA WaterFix would concentrate risk rather than spread the risk to many smaller, geographically diverse projects. SCVWD and other importing water agencies would better serve their customers by investing in local projects that conserve, improve and protect water supplies, and that also protect the Delta and its fresh water / salt water environment.

Thank you for your time and consideration,

Nanette Wobber

Melissa Stone

From: Emily Renzel <marshmama2@att.net>
Sent: Monday, April 30, 2018 5:23 PM
To: Board of Directors
Subject: Please don't fund twin tunnels

Dear Members of the Water District Board:

I have been around long enough to have seen multiple failures by the State to honor their commitments to the environment of the Bay and Delta. Remember the great Bay Delta Project compromise???? This latest proposal to build twin tunnels to divert more of our Delta water to Southern California will result in just one more assault on the health of the Bay & Delta which are already suffering from water diversions. Somehow there's an assumption that in lean water years, there will be a more stable water supply. However, what kind of stable water supply will be guaranteed to the Bay and Delta in those lean water years?

It certainly looks unseemly that the Board is considering changing its position right after the State changed its position on funding the Pacheco Reservoir, particularly since there is ample evidence of the damage that the twin tunnel project will do to the environment.

Please don't change your previous position and continue to reject funding for the destructive twin tunnels project.

Sincerely,
Emily M. Renzel, former Councilmember, City of Palo Alto (1979-91)
1056 Forest Avenue
Palo Alto, CA 94301

Melissa Stone

From: Dr. Mathew Snider <docforbax@gmail.com>
Sent: Monday, April 30, 2018 6:02 PM
To: Board of Directors
Subject: Shame on you.....

Quit vacillating. You do realize who you are to serve, right? Sending water south is not in the interest of this district, no matter the backroom deals you and ole Jerry concoct.

Agan, shame on you. How can you sleep at night? If you want to play politics get yourself elected to Sacto or Wahington. See how long you'll stay in office with the about-face attitude you're portraying here.

Melissa Stone

From: Wendy Reynolds <xskyhag@aol.com>
Sent: Monday, April 30, 2018 6:08 PM
To: Board of Directors
Subject: Cal water fix

I am 100% against you passing the cal water fix. Don't do it I.

Sent from my iPad

Melissa Stone

From: Katrina Lomax <klomax7@gmail.com>
Sent: Monday, April 30, 2018 6:10 PM
To: Board of Directors
Subject: Regarding upcoming meeting on Wed - for Richard Santos

Dear Mr. Santos.

You may not remember me - but before you first started building your home up on Sierra Rd, I wrote to you to ask if you would consider accommodating my horses on your back property where you had an old barn and some acres. Well, I know you weren't ready at the time and, I didn't have the tractor to clear it for the horses. I ended up boarding them at Nola's Iris Gardens (stable) up the road from you.

I was there for a few years and then....

...I finally bought my dream home in Discovery Bay, and moved my horses there!

My plan is to someday retire there in the Delta. However for now, I still work in Silicon Valley - at Google in fact - but I drive home EVERY night. Why? Because it gives me much pleasure to look out onto my deck - just hop in my boat and cruise around the Delta. It gives me joy to jump in the water on a hot summer weekend, after I have cleaned stalls and rode my horses. I work hard for this, and I know you would understand since you had also a view out your front window to see the valley and the beautiful Bay.

It gives us a feeling of accomplishment to know what we worked for all these years and come home to a peaceful place.

I would encourage you to oppose funding the tunnels, because, for Silicon Valley residents, the Delta represents the best and closest weekend water recreational opportunity. Many of my friends who now live in Discovery Bay also spent their career years working in Silicon Valley during the week and driving to the Delta on weekends. They saved their money and retired in the area they grew to love - the Delta. This project will destroy their retirement and way of life. This is the only place where I could afford to buy and retire to that had so much to offer. Others will agree!

The tunnels are not necessary! Storage for all that Spring rain is necessary for those living in the south of the State. Storage, recycling, and conservation. The state needs to look at alternative solutions. I cannot believe that some of the cost of the project is to be considered to be paid by Santa Clara? Please Mr. Santos, do not agree to support this!

The current route for the tunnels will devalue my property severely, destroy boating and plug the roads with traffic due to barges and construction both under the drawbridges and over highway 4 between Discovery Bay and Stockton.

I know you have heard it before, fish, estuary destroyed because it goes right through the heart of it. Not sure why there wasn't a plan to go East near highway 5? Why destroy these quaint legacy cities along the tunnel route?

You know, sometimes I drive over to Alviso after work to walk the path there by the water, and I think how beautiful it is still. How I love to look at the old pictures or think about Drawbridge and it's past. Then I look in the near distance and I see all of the buildings around and know that Alviso is the only town left in Silicon Valley that has some resemblance to timelessness. I don't want that to change!

I want that for the Delta and for all of us that live there with our children, and hope to retire to an area left that has wildlife, marine life and, I can enjoy my retirement when it comes.

So even if you don't remember me writing you those letters or talking with me Mr Santos, (when you were still in Alviso and just building that house on Sierra) - please consider not funding the tunnel project. I want to ask on behalf of the Discovery Bay Community AND my Silicon Valley friends to NOT support the tunnels.

I will hope to see you on Wednesday at the meeting, but in case I do not get a chance to speak, I wanted to be sure you received this letter. I am still part of Silicon Valley and part of the Delta for many years now.

Sincerely yours,

Katrina Lomax

Melissa Stone

From: Joanne Morelli <moepie23@yahoo.com>
Sent: Monday, April 30, 2018 6:11 PM
To: Board of Directors
Subject: Delat Tunnels

Dear Board Members,

I implore you to not support the Delta Tunnels. Please consider our environment and people involved when considering the Tunnels. Passage of the tunnels will destroy a beautiful estuary, destroy farming in some of the most fertile land in the nation and put an economic burden on people to pay for these tunnels when water prices increase. Please, do not support the tunnels, the future of this state is in your hands.

John Morelli

PS--Please have my comment entered into the record.

Melissa Stone

From: carney.web@scubadoo.com
Sent: Monday, April 30, 2018 8:50 PM
To: Board of Directors
Subject: Oppose "WaterFix"

Dear Board,

Please reject the WaterFix project. I do not want my local (Mountain View) rates to fund this project. This project has been rushed through without regard to the following issues:

- Joining the CA WaterFix without reliable estimates of the cost to your customer rates is negligent.
- Design and construction of the CA WaterFix without operating agreements is not prudent.
- Proceeding with the CA WaterFix without understanding the impacts on the Delta's environmental ecosystems and the people and business that rely on those ecosystems is not prudent.
- The almost \$15 Billion CA WaterFix concept estimate will increase significantly as complexities are identified and addressed. - Recent reports indicate that the conceptual tunnel design must be revised to withstand modest earthquake loading, adding significant and currently unestimated construction costs to project.
- In the event of a major earthquake or other natural disaster, the CA WaterFix would concentrate risk rather than spread the risk to many smaller, geographically diverse projects.

Thank you,

Stephen Carney
1219 Eichler Court
Mountain View, CA 94040

Melissa Stone

From: Peder Jones <pederj@earthlink.net>
Sent: Monday, April 30, 2018 8:58 PM
To: Board of Directors
Subject: Your May 2 Discussion of California Water Fix

Members of the Board
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose CA 95118

Dear Members of the Board:

I had the opportunity to speak to you several times last year as you considered whether to participate in California Water Fix. I appreciate the careful consideration you gave to community input. Your unanimous decision to agree to participate in the project if and only if a list of important considerations were met was, in my opinion, a sensible and admirable action.

I was particularly impressed by your efforts to ensure that increasing amounts of fresh water would not be diverted from the Sacramento River. As you are aware, the purity and beauty of San Francisco Bay cannot be sustained if water districts far to the south are allowed to take more water than they already take from the endangered estuary, of which the Bay is a part.

Since you passed your resolution, which argued for a scaled-down, fiscally responsible version of the project, a single water district with massive resources—Metropolitan Water District of Southern California—has not only revived the original flawed plan, it has voted to have its ratepayers foot the bill for the project.

In doing so, that district has not moved to address any of the project flaws:

- Cal Water Fix creates no new water supply. In dry years it will deliver little or no water to districts that have committed to fund the project.
- The segmented-concrete-lined tunnels proposed for Cal Water Fix are seismically inadequate and will be more likely to fail in a quake than the levees that currently protect the waters.
- Cal Water Fix will not protect against sea level rise; it will exacerbate problems from saltwater intrusion throughout the Delta and beyond.
- Cal Water Fix will divert more water than legally permitted, if the primary supporters of the project are to be believed. Both Westlands Water District and MetWater executives have stated in board meetings that their districts will receive more water once the tunnels are completed, despite legal filings which state that no greater amounts of water will be sent south in the future.
- Cal Water Fix will create an ecological crisis in northern California. Science writer Dan Bacher summarizes the situation as follows: "Reports of scientific panels ranging from the Delta Independent Science Board to federal Environmental Protection Agency scientists have given the alleged "science" of California Water Fix a failing grade." Fish, birds, and other wildlife will suffer severely from reductions in freshwater flow.
- Cal Water Fix fails to specify which agencies and individuals will have control of how much water is diverted from the Sacramento River, and how much water will be allocated to particular water districts legally entitled to share that water.
- Cal Water Fix does not reward water districts that have moved toward regional water independence through recycling, storm water catchment, conservation, and other means.
- The Cal Water Fix budget includes only a token amount to cover cost overruns, which on megaprojects typically exceed 200%. If and when such cost overruns occur, low-income residents will be hit with increases in their water bills which they will struggle to pay.
- Even if there are no cost overruns, the two-tunnel project will provide less than one dollar of benefit for every four dollars spent, according to University of the Pacific business professor Dr. Jeff Michael.

You as board members did address these problems in your resolution last fall. Instead of respecting your consensus decision and the decisions of other water districts throughout the state, Met Water has told you and other Californians, "We are pushing the project forward with no regard for anyone else—because we can."

In light of the many unaddressed flaws in the project and the arrogant and undemocratic actions of Metropolitan Water District of Southern California, I respectfully request that you as a board leave in place your previous decision on your participation in California Water Fix. Thank you.

Sincerely,

Peder Jones
Member, Protect Our Water
San Francisco

Five generations of my family have lived, studied, worked, and served in the military in the Santa Clara Valley.

Melissa Stone

From: Gary Watson <garyw1030@yahoo.com>
Sent: Monday, April 30, 2018 11:02 PM
To: Board of Directors
Subject: Water Fix

I request that you vote No on the Water Fix matter. It is the correct position for the board to take.

Thank you for your consideration of this request.

Gary Watson
Mountain View, CA

Melissa Stone

From: Jacklyn Shaw <jjjshaw@verizon.net>
Sent: Monday, April 30, 2018 11:39 PM
To: Board of Directors; progers@bayareanewsgroup.com; Restore Delta the
Cc: AndyC Wid; kensvogel@juno.com; belliot@sjgov.org
Subject: Plz. Enter for record: Not counting destructive loss (in tax and income) by increased soil salinity to Delta agri-tourism (food crops to USA); health issues and crime, as Coalition of five Delta River counties protest
Attachments: unnamed document.pdf

From jacklyn.el.shaw@icloud.com on 4/30/18, please enter for the record:

Dear Dick Santos, chairman of the Santa Clara Valley Water District and concerned others:

RE: Data is not counting devastating losses (in tax and income) by increased soil salinity to Delta agri-tourism (food crops to USA); health issues (breathing) and crime (job losses), as Coalition of five Delta River counties protest!

Given charts for Never ending fix it costs, if there would be any empty two lane highway destruction under Delta River,

then common sense shows this would mean a **Delta "dust bowl" in NorCal**, as stated by directors (WID).

Fix Its lead to non ending fixits and to a Tax grab with no water to grab from Delta River dust bowl (if not Oroville Dam).

That is *if any destructive tunnel/s and 2 to 10 suckling intakes* are built. **Horrific losses fail California as #1 in agri-tourism**

for food crops to USA (not to mention narco crops that take more water, as does concrete for housing on Greenbelt).

Invest any funds in **productive options: RECLAMATION and California's innovative Desalination, by Navy ships,**

Salt Energy-in Desalination (Stanford); wave energy (San Luis Obispo university); Cal, 1970's invention used in Israel

and and 100 nations. Use funding for benefits not waste: Data does Not count **destructive losses** (in tax and income)

by increased soil salinity to agri-tourism, as Coalition of five Delta River counties protest. (For samples on figures,

contact CAWG, California Association Wine Grape Growers, where vineyards use least in water, and are heart healthy.)

Order the poster on THE NATURAL GROUND WATER CYCLE (NRSC, USDA, poster, 2012). We need to Protect

our rivers and aquifers, to avoid California earthquakes as near faults not on levees. Concrete surface water seems faulty or

limited. San Joaquin County has 2/3 of the **Delta River**, with most of 127 varieties of fruits and vegetables in **50% of food crops**

to USA. (The northern three counties, of 28 in Central Valley, are Mediterranean Sub-Tropical, while the southern ones are

Semi-arid; USGS/soil maps).

The Delta's San Joaquin County has been in **Critical Water OVERDRAFT** since 1983. It can take 100 years for a drop of

water to reach the Aquifer. To avoid any flooding, **restore deep, pure Delta River DREDGING by USACE (San Francisco,**

Pacific). 90% of Californians live on the coast. Then, there are more practical options than making the Delta River into a

“Dust Bowl”. For instance, desalination costs less than concrete. Californians have been known for being **innovative in** business jobs, not just being **overtaxed** already. Thanks for opportunity of public record in comments and the May 2nd meeting
In San Jose, Santa Clara County.

Sincerely,
Jacklyn Shaw, Prof-Author, and Grower
Lodi, CA 95242 * 20 miles from heart of Delta River
Cc: PR, WID, KV, RTD/Delta

Summary of Public Benefit Ratio Pre and Post-Appeal - Staff Assessment
As of April 20, 2018

Project	Applicant	Type of Project	Total Cost	Funding Requested	Pre-Appeal Eligible Amount	Post-Appeal Eligible Amount	Pre-Appeal PBR	Post-Appeal PBR
Centennial Water Supply Project	Nevada Irrigation District	Surface Storage	\$324 M	-	\$0	\$0	0.0	0.0
Chino Basin Conjunctive Use Environmental Water Storage/Exchange Program	Inland Empire Utilities Agency	Conjunctive Use	\$480 M	\$372 M	\$0	\$153.7 M	0.71	0.92
Kern Fan Groundwater Storage Project	Irvine Ranch Water District/Rosedale-Rio Bravo Water Storage District	Groundwater Storage	\$171 M	\$85.7 M	\$49.7 M	\$72.5 M	0.58	0.85
Los Vaqueros Reservoir Expansion Project	Contra Costa Water District	Surface Storage	\$795 M	\$459 M	\$0	\$422.6 M	0.46	1.77
Pacheco Reservoir Expansion Project	Santa Clara Valley Water District	Surface Storage	\$969 M	\$484.5 M	\$0	\$484.5 M	0.36	1.77
Pure Water San Diego Program North City Phase 1	City of San Diego - Public Utilities Department	Surface Storage	\$1,210 M	\$219.3 M	\$0	\$0	0.0	0.05
Sites Project	Sites Project Authority	Surface Storage	\$5,176 M	\$1,388 M	\$662.6 M	\$933.3 M	0.4	0.67
South Sacramento County Agriculture & Habitat Lands Recycled Water, Groundwater Storage, and Conjunctive Use Program (South County Ag Program)	Sacramento Regional County Sanitation District (Regional San)	Conjunctive Use	\$373 M	\$280.5 M	\$229.6 M	\$244.3 M	0.75	0.87
Temperance Flat Reservoir Project	San Joaquin Valley Water Infrastructure Authority	Surface Storage	\$2,661 M	\$1,055.3 M	\$0	\$171.3 M	0.1	0.38
The Tulare Lake Storage and Floodwater Protection Project	Semitropic Water Storage District	Conjunctive Use	\$603 M	\$452 M	\$0	\$0	0.01	0.03
Willow Springs Water Bank Conjunctive Use Project	Southern California Water Bank Authority	Conjunctive Use	\$343 M	\$301.6 M	\$0	\$105.3 M	0.0	0.35
Total Requested Funding				\$5,097.9 M	\$941.9 M	\$2,587.5 M		

Total Cost - Total cost as provided in the original application.
Funding Requested - \$ amount requested from the State in the appeals process
Pre-Appeal Eligible Amount - Pre-Appeal \$ amount staff estimated based on staff adjustments to benefits and value, per Proposition 1 requirements. (February 2018)

Post-Appeal Eligible Amount - Post-Appeal \$ amount staff estimated based on staff adjustments to benefits and value, per Proposition 1 requirements. (April 2018)
Pre-Appeal PBR - Ratio of value of public benefits divided by funding requested
Post-Appeal PBR - Ratio of revised value of public benefits divided by funding requested

Melissa Stone

From: Glenn Wilcox <wilcoxfam30@gmail.com>
Sent: Tuesday, May 01, 2018 8:14 AM
To: Board of Directors
Subject: Vote tomorrow on Tunnel Project

Board,

I am a fifth generation Californian and a resident of Los Gatos. This project has already been rejected and should be rejected again. Approval of this proposal would be fiscally irresponsible.

Specifically to Mr. Kremen: a yes vote on this proposal will definitely loose my vote in November and I will actively campaign for your removal.

Thank you,
Glenn Wilcox

Melissa Stone

From: Jack Lucas <jlucas1099@aol.com>
Sent: Tuesday, May 01, 2018 8:16 AM
To: Board of Directors
Subject: SCVWD Board Meeting - May 2 - vote on Twin Tunnel Delta Diversion of Sacramento River

Richard Santos, Chair
Santa Clara Valley Water District Board

Dear Director Santos, and Members of the Board;

In regards your vote Wednesday evening, May 2, for District approval and fiscal support of the State's Water Fix project to divert a substantial portion of the Sacramento River to twin tunnels to supplement the State's aqueduct supply for Southern California and the Central Valley, I would urge you to qualify your support for present project.

The Water Fix project is unsound in its hydrology. The twin tunnel diversion structure will head-cut into the river's natural riparian banks and erode upstream to destabilize both the channel and adjacent island levees.

This diversion finesses historic water rights and beneficial uses of the main river of the San Francisco Estuary.

The size and power of diverted flow will compromise migratory anadromous fish runs in the Sacramento River.

Recreation boating through this scenic reach of river will be hazardous if even possible so federal law of rights of navigation on US rivers will be challenged.

Maintenance costs for sediment removal at high deposition reach of Sacramento River will be high, if feasible.

The magnitude of diverted main stem river flow will accelerate salt water intrusion reaching higher into Estuary.

Modeling needs to be done to ascertain degree to which circulation of sediments in South Bay is diminished.

In the District's August, 1991 Water Supply Master Plan Report - Preliminary Evaluation of Alternative Dam and Reservoir Sites the cost of a Pacheco Reservoir was estimated to be \$81 million. Present estimated cost of \$969 million for an expanded Pacheco Reservoir facility is a sobering increase.

In view of inflationary construction costs do please qualify your support of any tunnel facility diversion in Delta.

Libby Lucas

Melissa Stone

From: Clerk of the Board
To: Board of Directors
Subject: FW: New Comcate eFM case: Master plans>Water Resources Master Plan (you are secondary)

-----Original Message-----

From: AccessValleyWater=valleywater.org@mg.comcate.com <AccessValleyWater=valleywater.org@mg.comcate.com> On Behalf Of Santa Clara Valley Water District
Sent: Tuesday, May 01, 2018 8:30 AM
Subject: New Comcate eFM case: Master plans>Water Resources Master Plan (you are secondary)

Customer: Mathis, Willard

Customer request (only first sentences): I would like the board to vote against the southern California water grab and deny the monetary outlay for twin tunnels under the delta. This will decimate the delta and cause much long term damage. PLEASE VOTE AGAINST THIS ISSUE! Thank you for your consideration on this issue. WLM

Melissa Stone

From: Linda Ziff <lindaziff37@gmail.com>
Sent: Tuesday, May 01, 2018 8:41 AM
To: Board of Directors
Subject: No on Water Fix

Dear Board Members,
I am writing to urge you to vote NO on the WaterFix project.

This project is too big, too expensive, environmentally unsound and, most of all, does not benefit your customers.

Thank you .

Linda Ziff
510 Torwood Lane
Los Altos, CA 94022
lindaziff37@gmail.com

Melissa Stone

From: gary watson <garyw1030@yahoo.com>
Sent: Tuesday, May 01, 2018 10:05 AM
To: Board of Directors
Subject: Re: Water Fix

Dear Board,

Yesterday I read an article in the 4/28/2018 San Jose Mercury News and am troubled that the SCVWD is again considering to participate in the CA WaterFix Project. I am writing to urge the SCVWD not to join the CA WaterFix Project.

Your responsibility to your customers is to support only projects that stand on their individual merits. Do not bend to backroom deals that give away your customers money in turn for support of another project you believe has merit.

Numerous reports and analyses confirm that the costs and risks of the CA Water Fix make smaller local and regional water projects a much better solution for SCVWD and California water agencies. The CA WaterFix Project is simply too big, complex, risky and expensive.

- Joining the CA WaterFix without reliable estimates of the cost to your customer rates is negligent.
- Design and construction of the CA WaterFix without operating agreements is not prudent.
- Proceeding with the CA WaterFix without understanding the impacts on the Delta's environmental ecosystems and the people and business that rely on those ecosystems is not prudent.
- The almost \$15 Billion CA WaterFix concept estimate will increase significantly as complexities are identified and addressed.
- Recent reports indicate that the conceptual tunnel design must be revised to withstand modest earthquake loading, adding significant and currently unestimated construction costs to project.
- In the event of a major earthquake or other natural disaster, the CA WaterFix would concentrate risk rather than spread the risk to many smaller, geographically diverse projects.

SCVWD and other importing water agencies would better serve their customers by investing in local projects that conserve, improve and protect water supplies, and that also protect the Delta and its fresh water / salt water environment.

Respectfully,

Gary Watson
Mountain View, CA

Melissa Stone

From: Tracey Ziomek <sctrace@gmail.com>
Sent: Tuesday, May 01, 2018 10:27 AM
To: Board of Directors
Subject: May 2- Objection Comment for the Record re: CA Water Fix

Dear Board,

Please accept this email as a formal Objection for the record re: CA Water Fix. Please do not approve this CA Water Fix as it is detrimental to the Northern CA Delta and does not provide a long term solution. Please reject the twin tunnels! There must be a better plan for farming. Growing water intensive crops in the desert doesn't make any sense. Let's change what we are growing for a long term solution. The people who own the water rights are the only to benefit. Let's find a balance, this is not it, as we can not make more water, but we can grow less water intensive crops.

Please do not make a decision that will raise the water rates in Santa Clara County as well. A partnership with the Metropolitan is a bad idea for Santa Clara County.

Thank you,

Tracey Ziomek
5062 Sandmound Blvd
Oakley, CA 94561
sctrace@gmail.com

Melissa Stone

From: Nick Dunckel <ndunckel@earthlink.net>
Sent: Tuesday, May 01, 2018 10:54 AM
To: Board of Directors
Subject: CA Water Fix Project

Please do not support this project. The cost is gigantic, the risk of overruns is high, and the benefits to us here in the Bay area are minimal to zero.

Thank you

Nick Dunckel
Los Altos Hills

Melissa Stone

From: PJ Jacobs <pamjacobs2@gmail.com>
Sent: Tuesday, May 01, 2018 10:49 AM
To: Board of Directors
Subject: I oppose the twin water tunnels

To the SCVWD Board of Directors:

As a 27 year homeowner in Los Altos, let me add my voice in opposition to the water tunnel project. Under no metric do I support this. It is environmentally unsound and excessively expensive. As a person who regularly travels in Southern California, I can say first hand that Northern California residents are far more serious and successful in their efforts to conserve water than Southern California residents. The lack of serious and sustained conservation efforts and unnecessary water uses in Southern California is disgraceful. Additionally, our unbridled acceptance of using water for inappropriate, water hunger crops like almonds - and unnecessary crops through Central California like wine grapes - are not justifications for this expense and environmental risk. It is not a requirement that all of the citizens of California subsidize the cost and squander our water resources to support private, profit driven agriculture that does not provide essential food crops to feed our citizens (we can live without almonds and wine).

It's time for all of California to revisit appropriate water usage and conservation rather than 'robbing' Northern California's water sources to give precious water to wasteful and unnecessary purposes in Central and Southern California. It is also time to consider 'eminent domain' type legal approaches to regain control of critical water resources held privately - and used inappropriately. Those are more challenging political problems, but they are the problems we need to address. And storage of rainwater during good rain years remains a critical need for these same water financial resources.

Regards,

Pam Jacobs
885 Santa Rita Ave.
Los Altos, CA 94022

Melissa Stone

From: Kathryn A. Klar <kkestrel2000@hotmail.com>
Sent: Tuesday, May 01, 2018 11:17 AM
To: Board of Directors
Cc: brechingray@hotmail.com; barbara@restorethedelta.org;
congressman.desaulnier@mail.house.gov
Subject: Delta tunnels.

To: Santa Clara Valley Water District.

This comment is in reference to the Santa Clara Valley Water District special Board of Directors meeting, May 2018. I am a California citizen and taxpayer.

Do not enable "big money" and "big agriculture," with the help of Sacramento (and probably Washington) politicians to build any tunnels under the Delta to divert more water from Northern California to Southern California and the southern Central Valley. Those latter areas are, naturally, deserts or extreme Mediterranean climate areas, and cannot support huge agriculture or endless development and urbanization without more water than Nature or God or the Universe (or whatever you believe in) has provided. They once were rich, if dry, ecological systems of their own, plowed under now and watered with liquid never intended to soak into that parched ground.

Ironically, the "Delta tunnels" plan will help "make the desert bloom" by nudging the source region of the diverted water toward—what a else—a desert itself, or at least toward the destruction of an environment which is rich in species evolved over millions of years to rely on Northern California's natural water resources. We do not have "too much water" here in the North. We have what is necessary to maintain our ecosystems in a healthy condition. This is especially important in our time of climate change and global warming, when the amount of water that comes naturally to Northern California may be reduced at times (droughts) or permanently, or arrive at times and in amounts that are not optimal for the ecosystems. However, animals and plants have adapted to the natural fluctuations, and they have managed to survive over much longer climate fluctuations than we now experience or anticipate. They cannot survive the massive destruction that human beings are capable of inflicting, and we are already seeing the results in the Delta, even without the new tunnels.

The "externalities" of this proposed big business water grab are beyond any imaginable level of acceptability in terms of the damage humans will once again be willfully and thoughtlessly inflicting on a part of the earth which is too tempting for greedy, profit-driven developers and politicians to keep their hands off. If Santa Clara Valley, with its short-term thinking, agrees to help pay for this boondoggle, are you going to somehow also pay for all the destruction it does to the San Francisco Bay delta and our Northern California rivers and ecosystems?

There is a whole, huge ocean just to the west of the southern Central Valley and the southern California deserts. It is up to people who live there to figure out how to use (and pay for) more water if they insist on continuing to use an entire region for purposes it is not naturally suited for. (Desalination, anyone?)

Before the coming of big agriculture and Silicon Valley development, Santa Clara Valley was known as "the valley of heart's delight." It's already buried most of that delight under asphalt and concrete, and depleted and polluted its water resources. Do you really want the same thing on your collective conscience (if you have one) if you contribute materially to doing the same thing to the Delta?

That's how you'll be remembered when the historians come to write the story, which will likely include the ruin of the whole engineered folly when the San Andreas, Hayward, Calaveras, and a thousand other seismic faults have

done what we know they are going to do. Having destroyed one massive region, do you really want to be responsible in even a small part, for destroying another? For what?

There is a whole, huge ocean just to the west of the southern Central Valley and the southern California deserts. It is up to people who live there to figure out how to use (and pay for) more water if they insist on continuing to use an entire region for purposes it is not naturally suited for. (Desalination, anyone?)

Nature is ultimately more powerful than anything human hubris can think up and implement, a fact of life worth remembering.

Kathryn A Klar
710 Courtland Ave
Richmond CA 94805-1541

510-237-0825

Melissa Stone

From: C Wilcox <cmswilcox@sbcglobal.net>
Sent: Tuesday, May 01, 2018 11:22 AM
To: Board of Directors
Subject: Delta Tunnels Board Meeting

Good morning Board Members,

I am opposed to the tunnels for many reasons. Many of which I am sure you have heard from opposing citizens and advocacy groups. My voice is only one, but that is what America is about; small, passionate voices all put together adding up to one larger, strong voice.

Please do not build the tunnels, please look for different solutions, please do not be swayed by dollar signs, and please do this right thing. Your vote and actions have implications for all of us for generations to come.

Thank you for your consideration.

Please enter these comments into the record.

Sincerely,
Christina Wilcox

Thankfulness is the soil in which joy thrives :-)

Melissa Stone

From: Heather Rosmarin <hrosmarin@mac.com>
Sent: Tuesday, May 01, 2018 12:51 PM
To: Board of Directors
Subject: Agenda 2.1 (WaterFix) Comment: OPPOSE

Dear Board of Directors:

As a Bay Area resident, I urge you to protect our unique Bay-Delta ecosystem by voting NO on the WaterFix proposal.

Fresh water flows to the Bay-Delta need to be increased, not diverted by massive tunnels.

There are better water solutions for our central and southern California neighbors that don't involve destroying the fragile Bay-Delta with a multi-billion dollar infrastructure project from the last century.

I've lived in Santa Clara, San Mateo, San Francisco, Alameda, and now Contra Costa County, and we all need to stand together to protect our water supply, our estuary, our fisheries, our farmers, and our wildlife.

Please vote NO on WaterFix.

Please enter this comment into the record.

Thank you.

Heather Rosmarin
hrosmarin@mac.com
25A Crescent Dr. #245
Pleasant Hill, CA 94523

Melissa Stone

From: Michael Abramson <abramson53@gmail.com>
Sent: Tuesday, May 01, 2018 12:47 PM
To: Board of Directors
Subject: Oppose Twin Tunnels

I urge SCVWD to refuse to participate in the CA WaterFix Project. The project is outrageously expensive, and I could not find any convincing arguments in its favor. Much smaller sum of money invested in water conservation and recycling projects would be much more effective.

Thank you,

--

Michael Abramson

Melissa Stone

From: Linden Skjeie <skejee@comcast.net>
Sent: Tuesday, May 01, 2018 12:42 PM
To: Board of Directors
Subject: Vote on delta water fix

Looks like you have a momentous vote coming up tomorrow night on whether or not to commit \$500 million to the twin tunnel project. But without some digging, one would never know from looking at your website. Do you not want the people you represent at the meeting? Kind of looks that way which, along with the fact that you already voted down this environmental disaster of a boondoggle, is just about the only thing one could conclude. Very disappointed in you. I urge you to vote against this expenditure. The delta should not crash so that Southern California and the Bay Area can keep growing.

Linden Skjeie

Sent from my iPhone

Melissa Stone

From: D. Olson <dolson5@yahoo.com>
Sent: Tuesday, May 01, 2018 12:42 PM
To: Board of Directors
Subject: Oppose Water Fix

This project has progressed slowly for many reasons - from weak process management by the state water board to real world obstacles like the design and its impact on the environment. It is still too poorly designed to know how well it will work.

Please do NOT make a decision to support the project because it needs to be saved. It should never have gotten into the position of needing to be saved. It would not need to be saved if it made more sense.

The project has not improved since your last vote.

Demand that SCVWD avoid taking risks that could be very costly. Imagine what the SCVWD could do with this same investment spent on other alternatives.

We do NOT need the CA Water Fix.

David Olson
resident who likes to follow water issues



*Congress of the United States
House of Representatives
Washington, D.C. 20515*

*Anna G. Eshoo
Eighteenth District
California*

May 1, 2018

The Honorable Richard Santos, Board Chair
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118-3686

Dear Chairman Santos,

I write to express my concerns regarding the Santa Clara Valley Water District's upcoming vote to reconsider participation in the California WaterFix twin tunnels proposal. I urge you to delay reconsideration of WaterFix or to reject it yet again, as the Board did unanimously in October of last year.

As I've indicated in several previous communications with the Board, I have serious concerns about the costs of the project and lack of transparency. Santa Clara Valley Water District's own staff estimated that participating in WaterFix would require the Water District to raise rates by up to \$10.26 per month for many of our mutual constituents by the time the tunnels are operational in 2033. This estimate does not take into account the State Auditor's report that WaterFix is likely to face considerable cost overruns because the California Department of Water Resources has not completed the necessary analysis to ensure that the project is financially viable. It is also troubling to me that this issue of major importance to our region was added to the Board's agenda with less than a week's notice, despite the Board previously rejecting participation in the project less than six months ago.

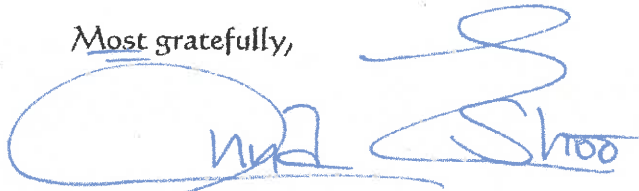
In my letter of November 1, 2017, I thanked the Board for rejecting the project and for the inclusion of several "Guiding Principles for Participation in the California WaterFix" appended to its decision. Most important among those principles was a commitment to keeping rates low for Santa Clara County ratepayers and the Board's refusal to participate in a project that does additional harm to the Delta's fragile ecosystem. In my view, WaterFix remains plagued by high costs and mismanagement that justified the Board's prior rejection of this project, and it's unclear what has changed in the last six months to ensure that it now meets the criteria the Board put forth last October. I also urged you to be fully transparent with ratepayers about the

potential costs and benefits of the tunnels, which at the very least should necessitate delaying a vote on the project to allow for additional public scrutiny.

The Board is faced with a monumental decision that will affect our environment and Santa Clara County ratepayers for decades. As public servants, we have a duty to our mutual constituents to place their interests first, and I urge you to delay your reconsideration of WaterFix until important questions about its cost and mismanagement have been addressed, or to once again reject it.

Thank you, and I look forward to your response.

Most gratefully,

A handwritten signature in blue ink, appearing to read "Anna C. Eshoo", is written over a horizontal line. The signature is stylized and cursive.

Anna C. Eshoo
Member of Congress

cc: The Honorable John L Varela, District 1 Director, Santa Clara Valley Water District
The Honorable Barbara Keegan, District 2 Director, Santa Clara Valley Water District
The Honorable Linda J. LeZotte, District 4 Director, Santa Clara Valley Water District
The Honorable Nai Hsueh, District 5 Director, Santa Clara Valley Water District
The Honorable Tony Estremera, District 6 Director, Santa Clara Valley Water District
The Honorable Gary Kremen, District 7 Director, Santa Clara Valley Water District

Melissa Stone

From: Rosenblums(pol1) <pol1@rosenblums.us>
Sent: Tuesday, May 01, 2018 12:11 PM
To: Board of Directors
Subject: Say NO to Ca Waterfix

Dear Board members,

I am troubled that the SCVWD is again considering participating in the CA WaterFix Project. I am writing to urge the SCVWD not to join the CA WaterFix Project.

Numerous reports and analyses confirm that the costs and risks of the CA Water Fix make smaller local and regional water projects, such as tertiary processing and re-use, a much better solution for SCVWD and California water agencies. The CA WaterFix Project is simply too big, complex, risky and expensive. It will mainly benefit large agricultural users and customers in LA at the expense of fresh water flows to the delta.

- Joining the CA WaterFix without reliable estimates of the cost to your customer rates is negligent.
- Design and construction of the CA WaterFix without operating agreements is not prudent.
- Proceeding with the CA WaterFix without understanding the impacts on the Delta's environmental ecosystems and the people and business that rely on those ecosystems is not prudent.
- The almost \$15 Billion CA WaterFix concept estimate will increase significantly as complexities are identified and addressed.
- Recent reports indicate that the conceptual tunnel design must be revised to withstand modest earthquake loading, adding significant and currently, poorly understood, construction costs to the project.
- In the event of a major earthquake or other natural disaster, the CA WaterFix would concentrate risk rather than spread the risk to many smaller, geographically diverse projects.

SCVWD and other importing water agencies would better serve their customers by investing in local projects that conserve, improve and protect water supplies, and that also protect the Delta and its fresh water / salt water environment.

Dr. Stephen Rosenblum
Palo Alto

Melissa Stone

From: Lisa Orton <lorton@sbcglobal.net>
Sent: Tuesday, May 01, 2018 11:50 AM
To: Board of Directors
Subject: Twin tunnels

I am writing to oppose the construction of the twin tunnels. I can't think of any reason I should fund a project to send northern California's water south, and to damage our fragile eco system in the process. I am unaware of what deals must have been made to resurrect this project, but any benefit we might get certainly pales in the the comparison with the damage and cost of these tunnels. Lisa Orton, PhD

26666 Snell Lane
Los Altos Hills, CA. 94022

Lisa Orton
lorton@sbcglobal.net

Melissa Stone

From: Joseph Caldwell <jwcald57@gmail.com>
Sent: Tuesday, May 01, 2018 11:44 AM
To: Board of Directors
Subject: Vote No on Delta project

Board of Directors

I respectfully ask you to cast a "No" vote on the Delta tunnels project. Please do not forget your obligation to protect the Bay Area. Thank you Joe Caldwell
Email: jwcald57@gmail.com

Sent from my iPhone