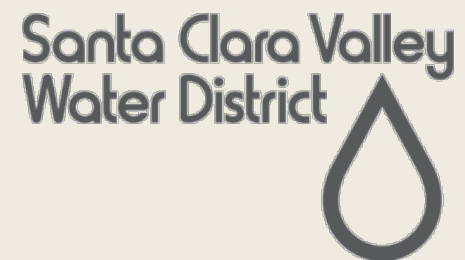
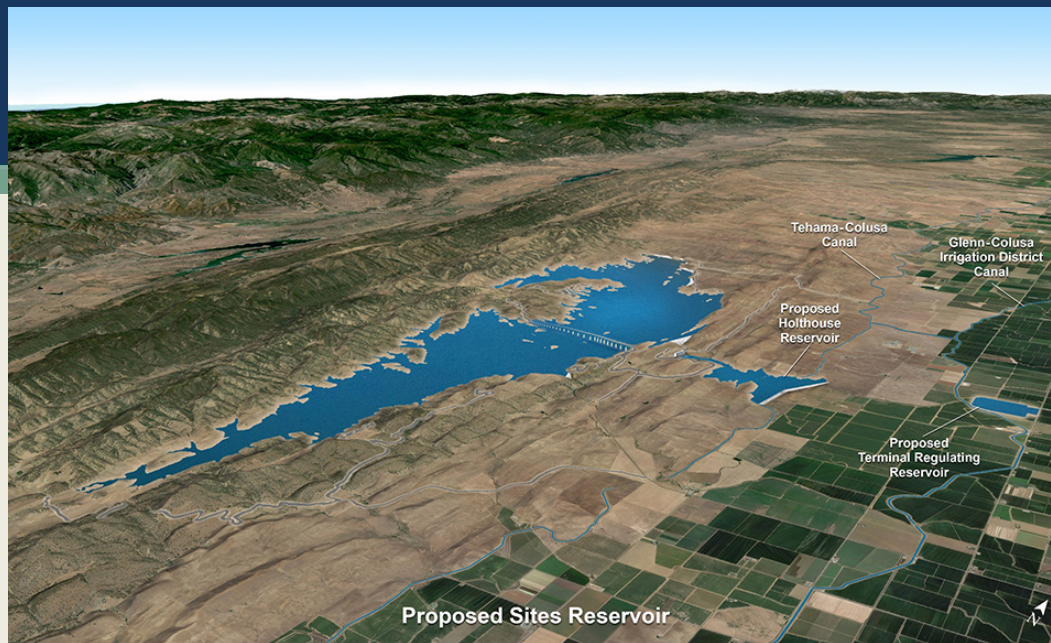


# Sites Reservoir – Phase 1 Reservoir Project Agreement

March 14, 2017



# Recommendation

- ❖ Authorize the CEO to execute the Sites Project Authority's Amended and Restated Phase 1 Reservoir Project Agreement and to pay \$913,146 towards the current phase of Project expenditures.

# Reservoir Project Agreement

- ❖ **Scope** – Advance studies to submit Prop 1 application, develop EIR/EIS, and negotiate agreements for public benefits.
- ❖ **Participation and voting** – Sets District Phase 1 participation level at 7% and weighted vote at 6.6% .
- ❖ **District obligation** – District to pay \$913,146 for its portion of Phase 1 costs, and support work efforts.
- ❖ **Powers** – Sets policy for members, recommend actions to be taken, authorize expenditures to work plan and determine participation percentages.
- ❖ **Withdrawal** – Provides for members to withdraw with 30 days notice.
- ❖ **Priority status** – Water supply benefits allocated commensurate with participation percentage.

# Background

- ❖ Sites JPA forms in 2010 to provide local sponsorship of project.
- ❖ Proposition 1 passes in November 2014.
- ❖ Sites JPA solicits non-local participation in May 2016.
- ❖ District submits proposal to participate in July 2016 and requests 24,000 AF.

# Requests, counteroffers, and resulting participation levels

Entity	Requested (AF)		Offered (AF)		Participation Level %	Weighted Voting %
	Class 1	Class 2	Class 1	Class 2		
North of Delta JPA	138,911	-	138,911	-	40.57	44.45
North of Delta not JPA	15,500	5,000	15,500	5,000	5.98	6.04
South of Delta (non JPA)	168,000	-	95,590	72,410	49.07	46.26
Private Company	15,000	-	-	15,000	4.38	3.25
Total	372,411	5,000	250,000	92,411	100.00	100.00

District requested 24,000 AF and received counteroffer for 13,656 AF of Class 1 water and 10,344 AF of Class 2 water

**Resulting District participation level is 7.01% and weighted voting is 6.61%.**

# Amended Work Plan

- ❖ Phase 1 – Proposition 1 Application and Draft EIR/EIS
- ❖ Phase 2 – Predesign and Final EIR/EIS
- ❖ Phase 3 – Permits, Land and Right of Way Acquisition and Final Design
- ❖ Phase 4 – Construction
- ❖ Phase 5 – Transfer to Operations

- ❖ Total cost of Phase 1 has increased from \$7.2 million to \$15.1 million.
- ❖ Total Phase 1 payment for District is \$913,146.
  - First payment of \$618,304 due upon execution of contract.
  - Second payment of \$294,842 due in 3<sup>rd</sup> Qtr of 2017.
- ❖ Total Sites Project construction cost: estimated \$4.7 billion
  - District share: estimated \$230 million (2015 dollars)

# Potential District Benefits

- ❖ Store unused CVP and SWP supplies
- ❖ Additional dry and critical year supply

Water Year Type	TAF/year without carriage losses <sup>1</sup>	TAF/year with carriage losses
Dry	35	26
Critical	37	28
Average	24	18

**<sup>1</sup> Estimated from preliminary CalSim modeling; will be refined with updated modeling**



# Pros and Cons of Participation in Project Agreement Committee

## Pros:

- ❖ Secures some level of participation in project.
- ❖ Ability to influence project development.
- ❖ Provides seniority for access to additional water supplies.
- ❖ Reimbursement for uncommitted payments if District should decide to withdraw or reduce participation at a later date.

## Cons:

- ❖ Cost may be greater than \$4.7 billion.
- ❖ Governance structure, decision making authority, operations not fully defined.
- ❖ Water supply may be different than projected.
- ❖ Other District water supply options not yet fully analyzed.

# Recommendation (recap)

- ❖ Authorize the CEO to execute the Sites Project Authority's Amended and Restated Phase 1 Reservoir Project Agreement and to pay \$913,146 towards the current phase of Project expenditures.