

**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

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