

Date: 5/5/18

To: Santa Clara Valley Water District Board of Directors

From: Directors Tony Estremera, Barbara Keegan, and Gary Kremen

RE: Motions to be made in support of the WaterFix Project

At our May 2, 2018 meeting, Chair Santos graciously agreed to allow for Director Estremera to make a motion for consideration on the WaterFix. As such, we have penned this memo to help the Board and the public understand the motions and directions we believe is in the best interest of Santa Clara County. If the Chair continues with his intent on May 8, 2018 to allow for Director Estremera to make the motions for the Board's consideration, we intend to make, and support, the motions detailed in this memo.

After hearing the discussion from the other Directors; more specifically Director's Varela's suggestion that we address costs for qualified seniors on fixed incomes and those who are low income, Chair Santos' concerns about how we can ensure that we protect our future cost interests, and Vice Chair LeZotte's concerns for the environment; we have proposed the set of motions referenced below.

We believe that the motions detailed below ensure that Santa Clara County will be provided with a sustainable and the most affordable supply of water, as well as protect the interests of Northern California and the environment. Further, this will address some of the concerns raised by members of the board. Moreover, we believe the motions below continue to be consistent with our principles, which we unanimously adopted in October 2017, to provide conditional support for the California WaterFix.

The motions that we intend to make and ask for support are as follows:

1. Direct staff to research and bring back to the board recommendations on how to implement a low income and senior resident water payment assistance program. This program should assist qualified low income and fixed income seniors with their household water utility costs.
2. Direct staff to pursue and advocate for state and federal funding for Delta restoration efforts.
3. That we advocate at the Delta Conveyance Design and Construction Joint Powers Authority ("DCA") board level for a per acre-foot surcharge on water delivered through the project to be used for environmental and restoration efforts.

4. That we consider the potential environmental effects of the WaterFix project as discussed in the Lead Agency's Final Environmental Impact Report and adopt the Resolution as proposed by staff.
5. That we support participation in the California WaterFix and adopt the resolution as proposed by staff.
6. That we approve the Capacity Interest Option Agreement, found in attachment 1, with Metropolitan Water District and direct the CEO to negotiate terms and conditions for the Capacity Interest Purchase Agreement and to subsequently, bring back to the board the Purchase Agreement for approval and execution of Option Agreement.
7. That we approve and authorize the Board to execute a Joint Powers Agreement forming the DCA that is in substantial conformance to the agreement provided in Attachment 2.
8. That we designate a District representative, Tony Estremera, and alternate, Barbara Keegan, to serve on the Board of Directors of the Design and Construction JPA for the first two years following formation.
9. That we direct our District representatives on the Delta Conveyance Design and Construction Joint Powers Authority to continue to negotiate and pursue the lowest costs for the construction of the project and for Santa Clara County.
10. That we direct the CEO to negotiate the best terms and conditions for the District to participate in the WaterFix Financial Arrangements, including a joint powers authority for financing construction of the WaterFix and bring the necessary agreements to the Board for approval.
11. That we 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.
12. That we direct staff to continue participating in WaterFix discussions to further develop the best and most responsible agreements and contract amendments to protect the District's investment.
13. That we 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.
14. That we direct staff to come back to the Board if major conditions change from the Board's approved actions.

Again, based on the application and interpretation of our guiding principles for participation in the WaterFix, we believe the above motions address the changed conditions that we are facing. Passing the above motions will enable the District to successfully reduce risks for Santa Clara County, protect low income residents and qualified fixed income seniors from increased water costs, expand our governance role for Northern California, obtain benefits for the environment, and ensure that decisions will come back to the Board if conditions change again.

We respectfully ask for your support, and consideration, of our motions on this important issue for Santa Clara County.

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