Santa Clara Valley Water District

File No.: 18-0384

Agenda Date: 5/8/2018
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. (Continued from May 2, 2018)

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 the Capacity Interest Option Agreement with Metropolitan Water District of Southern California (Option Agreement) and direct the Chief Executive Officer (CEO) to negotiate the terms and conditions of the Capacity Interest Purchase Agreement (Purchase Agreement), and bring the agreements back to the Board for approval of the Purchase Agreement and execution of the Option Agreement;

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.

J. *Direct staff to conduct a water affordability analysis for future Board discussion.

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 Gorgonio 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:
*Original Board Agenda Memo

*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 A, Supplemental Agenda Memo (050218)

*Supplemental A, Attachment 1: Revised Resolution, CEQA

*Supplemental B, Supplemental Agenda Memo (050818)

*Supplemental B, Attachment 1

*Handout 2.1-A: Supporting Comments

*Handout 2.1-B: Opposing Comments

*Handout 2.1-C: Supporting Comments (050118-050218)

*Handout 2.1-D, Opposing Comments (050118-050218)

*Handout 2.1-E, Opposing Comments (050318-050418)

*Handout 2.1-F Memo from Directors Estremera, Keegan, & Kremen

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