



Santa Clara Valley Water District

File No.: 20-1058

Agenda Date: 11/17/2020

Item No.: *2.3.

BOARD AGENDA MEMORANDUM

SUBJECT:

Monitoring and Assessment Program Evaluation of Los Vaqueros Reservoir Expansion, Sites Reservoir, and Delta Conveyance Project.

RECOMMENDATION:

- A. Receive and discuss information regarding the Los Vaqueros Reservoir Expansion Project, Sites Reservoir Project, and Delta Conveyance Project;
- B. Authorize the Chief Executive Officer (CEO) to execute Amendment 2 to the 2019 Multi-Party Agreement for Los Vaqueros Reservoir Expansion Project, which includes a contract extension through December 2021 and a cost-share not to exceed \$1,013,661;
- C. Authorize the CEO to execute the Second Amendment to 2019 Reservoir Project Agreement with Sites Project Authority and the Project Agreement Members for a participation level of 0.2 percent with a \$50,000 cost share; and
- D. For the Delta Conveyance Project:
 - i. Approve a provisional participation percentage in the Project of 2.73 percent and authorize the CEO to increase Valley Water's provisional participation percentage up to a total of 3.23 percent if additional shares become available;
 - ii. Adopt the Resolution APPROVAL OF PROVISIONAL PARTICIPATION PERCENTAGE AND AUTHORIZING NEGOTIATION AND EXECUTION OF A FUNDING AGREEMENT FOR PRELIMINARY PLANNING AND DESIGN COSTS RELATED TO A POTENTIAL DELTA CONVEYANCE PROJECT;
 - iii. Authorize the CEO to negotiate and execute a funding agreement with the Department of Water Resources committing up to \$4,034,001 for Project environmental planning and design costs incurred in Calendar Years 2021 and 2022, with an option to commit up to an additional \$6,972,348, upon future approval of the Board, for Project environmental planning and design costs incurred in Calendar Years 2023 and 2024; and
 - iv. Approve and Authorize the CEO to execute the Amended and Restated Joint Powers Agreement Forming the Delta Conveyance Design and Construction Authority.

SUMMARY:

The Water Supply Master Plan 2040 (Master Plan) is Santa Clara Valley Water District's (Valley Water) strategy for providing a reliable and sustainable water supply and ensuring effective and efficient new water supply investments. The Master Plan, adopted by the Board of Directors (Board) in November 2019, recommends a three-pronged strategy and associated projects to ensure Valley Water achieves its level of service goal:

- 1) Secure existing supplies and infrastructure:
 - Continue baseline projects (Vasona Pump Plant Upgrade, Rinconada Water Treatment Plant Reliability Improvement, dam seismic upgrades)
 - Delta Conveyance Project (DCP)
- 2) Expand water conservation and reuse:
 - 24,000 acre-foot (AF) potable reuse project
 - Achieve 110,000 AF of conservation by 2040 (represents an additional 11,000 AF of conservation above the baseline).
- 3) Optimize the use of existing supplies and infrastructure:
 - Pacheco Reservoir
 - Transfer Bethany Pipeline

The Master Plan's recommended projects exceeded Valley Water's level of service goal to be prudent given future uncertainties with demands and supplies. In addition to the recommended projects, there are also alternate Master Plan projects such as Los Vaqueros Reservoir Expansion Project (LVE) storage and Sites Reservoir Project (Sites) in which Valley Water is participating in case a recommended project does not move forward or fails to achieve its assumed benefits. Recommended projects are included in Valley Water's current water rates forecast while alternate projects are not.

As part of the on-going master planning process to address future uncertainties with demands, existing supplies, and proposed projects, Valley Water presented the Monitoring and Assessment Program 2020 (MAP) report to the Board on October 27, 2020. The MAP report included an updated demand forecast through 2040. The projected new 2040 demand for planning purposes is approximately 335 thousand acre-feet (TAF), which is approximately 14% lower than the Master Plan's 2040 demand projection.

With the significantly lower demand projection, the potential overinvestment in the Master Plan may be more acute. Valley Water is re-evaluating Master Plan projects to determine which projects should continue to be invested in to meet the level of service goal and potentially for other benefits such as operational flexibility, supply diversification, and resiliency to future uncertainties. Currently, Valley Water needs to make participation and funding decisions for LVE (Transfer Bethany Pipeline is a recommended project, storage is an alternate project), Sites (alternate project), and DCP (recommended project). Valley Water is evaluating its continued participation in these three projects considering new demands. Over the next couple of years, Valley Water will also be making decisions on other major investments such as Pacheco Reservoir and potable reuse; Valley Water will also consider them within the context of the MAP demand forecast and the Master Plan's ensure

sustainability strategy.

Los Vaqueros Expansion Project

The LVE Project would expand Los Vaqueros Reservoir storage from 160 thousand acre-feet (TAF) to 275 TAF and build the Transfer-Bethany Pipeline to connect the reservoir to the State Water Project (SWP) South Bay Aqueduct (SBA) and the California Aqueduct. The LVE Project may provide Valley Water regional storage, new water through Contra Costa Water District's (CCWD) diversion rights, and increased operational flexibility in conveying imported water. Valley Water is considering a Second Amendment (A2) to the 2019 Multi-Party Agreement (MPA) to continue project development through 2021 with an additional cost share of approximately between \$800,000 and \$1 million. Funding will go towards making progress on permits, design, preparing services agreements, and the formation of the JPA. Valley Water presented A2 to the Water Storage Exploratory Committee (WSEC) in July, August, and November 2020 and is scheduled to bring A2 to the full Board for consideration on November 17, 2020. Given the potential operational flexibility that the regional storage and conveyance of the project may provide, Valley Water staff and the WSEC recommend that the Board approve continued participation in the next phase of the project. Refer to Attachment 1 for more detail on the project.

Through June 2020, Valley Water has spent approximately \$618,000 towards LVE Project cost-sharing for the WSIP application and project development, including in-kind labor costs. CCWD estimates the total LVE Project development and construction 40-year life cycle costs to be \$868 million in constant 2018 dollars (\$513 million for storage and \$355 million for conveyance). The California Water Commission approved a Proposition 1 Water Storage Investment Program (Prop 1 WSIP) grant award of up to \$459 million for the LVE Project, including \$22.95 million in early funding. The U.S. Bureau of Reclamation (USBR) received \$2.155 million of federal funding for the LVE Project through the Water Infrastructure Improvements for the Nation (WIIN) Act for Fiscal Year (FY) 2020. CCWD and local area partners (LAPs) (Attachment 2) are continuing efforts to procure additional WIIN Act funding beyond FY 2020, ultimately seeking \$223 million in total. The rest of the project funding would come from the LAPs.

LVE Storage and Conveyance

Valley Water continues to work with CCWD and the LAPs to evaluate long-term participation levels, how it translates to water storage and/or supply benefits, costs, and risks. Many of these potential benefits depend on if and how much Valley Water participates in project storage or Transfer-Bethany Pipeline conveyance components. In addition, Valley Water is working with regional partners to evaluate how storage and conveyance components could support other regional projects, such as the Bay Area Regional Desalination Project and the Refinery Recycled Water Project.

Prior to the recent MAP report, Valley Water was working with CCWD to evaluate LVE storage as a means to diversify Valley Water's out-of-county storage program or as a storage project that is in addition to Master Plan proposed investments. However, given the new demand forecast, Valley Water now recommends evaluating the project storage component solely as the means to diversify Valley Water's storage program. The strategic location of LVE storage may provide Valley Water an operational and emergency benefit; Valley Water staff are currently evaluating this option considering

the revised demands.

Valley Water completed the preliminary evaluation of using LVE storage in addition to the recommended Master Plan projects (Table 1). Given Valley Water's significant investments in storage (i.e., local groundwater and surface water storage and Semitropic Water Bank storage), its ability to utilize carryover storage in San Luis Reservoir, and the inclusion of the Pacheco Reservoir project in the Master Plan investment portfolio, the evaluation indicated Valley Water rarely filled LVE storage. However, if LVE storage is operated to diversify and add flexibility to Valley Water's storage program, Valley Water may be able to exercise the storage in LVE better. Costs in Table 1 also do not account for the recently negotiated reduced user fees for the CCWD and East Bay Municipal Utility District (EBMUD) existing infrastructure. A new cost evaluation is expected from CCWD in December 2020. Valley Water expects the project benefit to potentially increase if used to diversify from existing storage projects and the costs to decrease compared to those reported in Table 1.

Table 1. Storage of Valley Water Supplies in LVE¹

Preliminary Analysis	Dedicated Storage (30 TAF)	Pooled Storage (up to 20 TAF)	Transfer Bethany Only⁵
PV Life Cycle Cost to Valley Water (2019\$) ²	\$200 Million	\$50 Million	\$50-250 Million
Average Storage Volume ³ (TAF/yr)	13	3	-
PV life cycle unit cost (\$/AF) ^{2,4}	\$1,000	\$1,300	\$700

¹ Costs and impacts shown only for LVE storage components, based on values from Valley Water's Water Evaluation and Planning (WEAP) model, CCWD's CalSim II model, and CCWD's Proforma 3.0 financial model.

² Present Value (PV) life cycle cost calculated using Valley Water's 100-year life cycle cost methodology. LAPs have negotiated lower usage fees and CCWD is updating its financial model; Valley Water expects this to lower storage and conveyance costs.

³ Average volume held in storage by Valley Water over 83-year CalSim II model period.

⁴ Unit cost is calculated using the 100-year life cycle cost and the life cycle usable project supplies. Usable project supplies are the portion of the preliminary estimated delivered yield that can be used by Valley Water to meet demands.

⁵ Assumes between a 1% to 7% share of Transfer Bethany Pipeline capacity.

Apart from storage, LVE includes the Transfer-Bethany Pipeline, which could potentially provide Valley Water additional operational flexibility and access to new water during wetter years. Preliminary model analysis of current LAP participation levels and planned infrastructure capacities suggest that Valley Water could use up to approximately 7% of the pipeline capacity. The current evaluation shows conveyance through Transfer Bethany Pipeline costs Valley Water approximately \$700 per AF and that Valley Water could have access to up to 6 TAF of new water during years with surplus conditions in the Delta. More analysis is underway to refine costs given the updated usage fees and to determine if and how Valley Water could benefit from increased Transfer-Bethany Pipeline use, such as to convey imported water supplies other than Delta surplus and water stored in LVE (e.g., direct delivery of Central Valley Project [CVP] or SWP contract water, refinery recycled water exchange project water, etc.). This information will inform the JPA service agreements, and Valley Water staff will provide this analysis to the WSEC for feedback to inform the service agreements discussions during 2021 and early 2022. JPA service agreements would be presented to

the Board for consideration in late 2021 and early 2022.

LVE Cost Share through December 2021

The current project agreement executed on April 30, 2019, between CCWD and the LAPs included a cost-share commitment to expire on June 30, 2020. Valley Water signed the MPA Amendment 1 in June 2020 to extend the existing agreement through December 31, 2020. A1 was only a time extension and did not require any additional cost share. To continue project development through to when the JPA is formed, CCWD is requesting partners sign MPA A2 (Attachment 3). A2 extends the MPA through December 31, 2021, includes a revised scope of work, and requires an additional cost share to cover project costs through December 2021. The total cost for A2 is approximately \$6.1 million, and the cost share to Valley Water is expected to be approximately between \$800,000 to \$1 million, depending on the number of LAPs that continue participation and the allocation approach. The allocation proposal is to share the total cost equally among the LAPs, same as the allocation approach in the MPA. The additional cost share in A2 will fund: JPA formation, preparation of service agreements, developing permits and agreements necessary to secure full WSIP funding, operational or conveyance issues identified by LAPs (e.g., SBA conveyance), 90% level of LVE Project design, and other critical path items as required. Executing A2 includes no commitment to join the JPA. Given that A2 is requesting a significant financial commitment, CCWD proposes to split the cost share into four payments: when the amendment is executed, November 2020, March 2021, and July 2021. If approved in November, the first two payments would be due. There are provisions that allow LAPs to withdraw at any time, and if a decision to withdraw is made before any one of the payment due dates, those future payments would not need to be made.

Attachments 4 through 6 provide an LVE project map, Transfer-Bethany Pipeline details, and proposed JPA structure details which are still being negotiated.

Sites Reservoir Project

Sites is a proposed new 1.5 million acre-foot (MAF) off-stream reservoir that would be located north-of-Delta (NOD), approximately 10 miles west of the town of Maxwell in Colusa County. Sites may provide Valley Water new storage, new Delta-conveyed water supplies, improved CVP/SWP reliability, and increased operational flexibility.

Valley Water is considering a Second Amendment to the 2019 Reservoir Project Agreement with Sites Project Authority (Sites A2) (Attachment 7) to support continued Phase 2 work activities through December 2021. Staff recommends continuing participation in Sites and reducing Valley Water's requested yield to 500 acre-feet (AF), corresponding to a 0.2 percent participation level in the project at a cost of \$50,000. Refer to Attachment 8 for more detail on the project.

To date, all existing participants except Valley Water have agreed to continue participation in the project as further detailed in Attachment 9. The Sites Project Authority (Sites JPA) requested a decision on project participation from Valley Water by November 2020.

A summary of the Sites Project major project risks, challenges, and mitigation measures is provided

in Attachment 10. Regarding project governance, the Sites JPA sent a letter dated August 11, 2020 recognizing Valley Water's concerns regarding representation on the Sites JPA and providing assurance that this issue will be discussed during the Sites A2 phase of work (Attachment 11).

Second Amendment to 2019 Project Agreement

Execution of the Sites A2 would obligate Valley Water to provide funding for continued work on Phase 2 of the Sites Project, provide Valley Water with a continuing seat on the Sites Reservoir Committee through December 2021, and give Valley Water priority access to proportional water supply and storage benefits provided by the project. Work to be performed under this amendment is critical for satisfying requirements to secure Prop 1 WSIP funding. The total budget is roughly \$40 million, of which about \$19 million is to be funded by water user participants that comprise the Sites Reservoir Committee. The remaining budget is expected to be funded using Prop 1 WSIP early funding and funds secured from provisions under the WIIN Act.

Sites A2 allows members to withdraw from the agreement with at least 30 days written notice. A withdrawing member would still be responsible for paying costs approved prior to the date of written notice of withdrawal. Should Valley Water reduce or withdraw its participation, it may be possible to rejoin in the future if there is unsubscribed participation in the Project; however, reinstating first priority rights to the project benefits would be subject to approval of the Sites Reservoir Committee.

Participation Level

The Board approved a requested yield of 16,000 AF from the Sites project in February of 2019, which corresponds to a 3.2 percent participation level in the original \$6 billion project. Since that time, the project has been downsized from a 1.8 to a 1.5 MAF storage facility, with a capital cost reduction from \$6 billion to \$3 billion. Staff evaluated several options for continued participation:

- *Option 1 - Reduce but maintain significant benefits (\$780,000 funding commitment):* Reduces Valley Water's requested yield from 16,000 AF to 7,800 AF while maintaining a 3.2 percent overall participation level in the downsized project;
- *Option 2 - Reduce participation by half (\$400,000 funding commitment):* Reduces Valley Water's participation in the total project from 3.2% to 1.6%, corresponding to a requested yield of 4,000 AF;
- *Option 3 - Reduce to a minimal participation level (\$50,000 funding commitment):* Reduces Valley Water's requested yield to 500 AF, a level that does not provide significant benefits but that can maintain Valley Water's participation in the Sites Reservoir Committee, the governing body under the Sites JPA that is developing the project. This corresponds to a participation level in the total project of 0.2 percent; and
- *Option 4 - Withdraw from the project (no funding commitment):* Withdraw completely from the project.

The funding commitments associated with the various options correlate to \$100 dollars in funding per each incremental 1 AF in participation request, payable in two payments, with \$60 dollars per AF due in November 2020 and up to \$40 per AF due in April 2021. Table 2 compares preliminary costs and benefits of the different options.

Table 2: Comparison of Sites Participation Options*

	Last Board Decision (February 26, 2019)	Option 1	Option 2	Option 3	Option 4
		Maintain Participation	Reduce Participation by Half	Reduced Participation	Withdraw from Participation
Valley Water Share of Total Capital Cost (2019 Dollars)	\$192 Million	\$97 Million	\$50 Million	\$6 Million	\$0 Million
Average Yield Available to Valley Water (AF)	11,100	~5,500	~3,000	350	0
Valley Water Storage Share (AF)	55,000	45,000	23,000	2,800	0
PV Lifecycle Unit Cost**	Not available	\$1,100/AF - \$1,400/AF	\$1,100/AF - \$1,400/AF	\$1,100/AF - \$1,400/AF	Not Applicable

*See Table 1 in Attachment 8 for more detail

**Based on the Water Master Plan's assessment of the usable portion of available Sites yield, assuming other projects are implemented and there is limited demand for Sites water supplies.

The Master Plan considers the Sites project to be an alternative to the Delta Conveyance Project that is not needed to meet the level of service goal in 2040; therefore, staff is recommending Option 3, which includes a 0.2 percent participation level in Sites. This minimal participation level will allow Valley Water to continue to evaluate the project while further developing its water supply reliability needs within the context of new demand projections. The option 3 was presented to the WSEC on November 9, 2020 and the Committee concurred with the staff recommendation.

Funding

Through September 2020, Valley Water has spent approximately \$1.88 million towards Sites cost sharing for the Prop 1 WSIP application and project development. The California Water Commission approved a Prop 1 WSIP grant award of up to \$816 million for Sites, including \$40.8 million in early funding. The U.S. Bureau of Reclamation received a total of \$10 million of federal funding for Sites through the WIIN Act. The U.S. Department of Agriculture approved a \$449 million loan for the Site's Maxwell water intertie conveyance facilities. Sites project partners are continuing efforts to procure additional funding beyond 2021.

Delta Conveyance Project

The Master Plan identifies the Delta Conveyance Project as a key project supporting the strategy to secure existing supplies and infrastructure. Staff therefore recommends continued participation in the project.

At the September 24, 2019 Board meeting, Valley Water Board of Directors approved Resolution 19-

69 “Support of Governor Newsom’s Proposed Delta Conveyance (‘Governor’s Proposed Project’)” and adopted Guiding Principles to shape Valley Water’s participation in the Project (Attachment 12). Since that time, several significant developments have occurred. Refer to Attachment 13 for more detail on each of these items.

SWP Contract Amendment for Delta Conveyance

At the end of April 2020, the Department of Water Resources (DWR) and the SWP Contractors completed negotiations of the Draft Agreement in Principle (AIP) for the SWP Water Supply Contract Amendment on a Delta Conveyance Project (Attachment 14). The AIP provides the basis for how DWR will allocate costs and benefits of the Project through a future SWP contract amendment that will be executed only if a project is ultimately approved and only after the necessary environmental review is completed.

SWP Contractor Provisional Participation Percentages

On October 23, 2020, DWR sent a letter to the State Water Contractors asking SWP Contractors to indicate their likely participation percentages to confirm that the proposed Project is fully supported and to allocate planning costs accordingly (Attachment 15). As described in the AIP, SWP Contractors can either opt out or choose to participate at a level that is equal to or greater than their Table A percentage.

Valley Water’s percentage of the total SWP contract supply is approximately 2.5 percent. For the California WaterFix, staff had identified a total participation percentage of 5 percent as a reasonable proxy for participation both on the SWP and CVP, which is roughly the same participation percentage that is currently included in Valley Water’s rate projections. Several SWP Contractors have already indicated they will not be participating in the project. The remaining SWP Contractors are considering increases in their standard Table A percentage of about 14 percent on average in order to absorb the share of project costs associated with the known Non-Participants. Valley Water’s participation percentage consistent with this coordination effort would be 2.73 percent if it absorbs its proportionate share. Staff expects SWP contractors to complete their board decisions by the end of 2020 or early 2021; it is possible that the outcome of these decisions result in additional project shares becoming available, which may require participating agencies to increase their participation percentage to ensure full funding for the project. Given the lower demand projections in the MAP 2020 report and the current state of the economy, staff is not recommending participation at a 5 percent level; however, because this project is critical for securing Valley Water’s baseline State Water Project supplies into the future, staff is recommending approval of a provisional participation percentage of 2.73 percent, and authorization for an additional 0.5 percent in the event additional shares become available, for a total provisional participation percentage of 3.23 percent.

Gap Funding Agreement to Support Planning and Design Costs

DWR is asking participating SWP contractors to enter into a funding agreement (Gap Funding Agreement) to provide \$340.7 million for environmental review, planning, and design of the proposed Project (Attachment 16). Staff anticipates interim funding will be reimbursed or credited upon the first issuance of revenue bonds for the Project; however, there is a chance that funds will not be

reimbursed or credited.

Valley Water has the option to approve its entire obligation for the next four years of Project planning or to limit the commitment to just the first two years, with the remaining amount subject to future Board action without requiring an amendment to the agreement. Attachment 17 shows estimated costs for each 0.1 percent participation percentage increment. Staff recommends adopting a Resolution authorizing the CEO to negotiate and execute on behalf of Valley Water a Gap Funding Agreement substantially similar to the agreement attached hereto as Attachment 18 and committing up to \$4,034,001 for Project environmental planning and design costs in 2021 and 2022, with an option to commit up to an additional \$6,972,348, upon future approval by the Board, for planning and design costs in 2023 and 2024.

Amended and Restated Joint Powers Agreement

In May 2018, certain SWP Contractors, including Valley Water, entered into a Joint Powers Agreement and formed the Delta Conveyance Design and Construction Authority (DCA), whose purpose was to actively participate with DWR in the design and construction of California WaterFix. Some SWP Contractors seek to reorganize the governance structure to better align with current participation in the proposed Project. The proposed amendments would primarily amend the governance structure. Attachment 19 is a redline-strike out copy of the proposed Amended and Restated Joint Powers Agreement Forming the Delta Conveyance Design and Construction Authority. Staff recommends approving this Amended and Restated Joint Powers Agreement.

Delta Conveyance Design and Construction Authority (DCA) Cost Assessment

On August 20, 2020, the DCA released a preliminary cost assessment of \$15.9 billion for the proposed Project in undiscounted 2020 dollars that includes capital costs for design and construction, soft costs, and environmental mitigation. It does not include financing costs. The construction cost includes a 38 percent contingency such that together with an estimate of \$354 million for risk mitigation, total Project contingency levels are 44 percent. DCA engineers believe this is an appropriately conservative contingency given the current level of project development.

State Water Contractors High Level Analysis of Project Benefits

The State Water Contractors conducted a preliminary analysis of potential total Project water supply benefits under a range of potential future scenarios to assess the Project's ability to maintain or improve SWP reliability and resiliency. That analysis indicates that future regulatory scenarios could reduce SWP system-wide supplies by anywhere from about 300 TAF to over 1 MAF, depending on the regulatory scenario. Under these scenarios, the Project could restore available SWP system-wide deliveries by anywhere from about 100 TAF to 1 MAF per year on average. The modeling also indicates that late century sea level rise could result in over 1 MAF of reduced supplies without the Project. Under this future scenario, the Project could potentially restore approximately 900 TAF of system-wide deliveries.

Next Steps and Schedule

Los Vaqueros and Sites Project

Over the next two years, LVE and Sites have many key decision points and milestones (Attachment 20). If the Board decides to continue participation in LVE and/or Sites, Valley Water will continue to track the key decision points and will return to the WSEC with project updates regularly.

LVE project construction is expected to start in 2022, with the Transfer-Bethany Pipeline being constructed from 2023-2025. The Los Vaqueros dam raise, pumping facilities upgrades, and other conveyance improvements will be completed between 2027-2029. The Sites project is expected to begin construction in 2024 and to initiate project operations in 2030.

Delta Conveyance Project

For DCP, DWR anticipates completing CEQA and NEPA in 2023 and other environmental, permitting and regulatory processes in 2024. Future Valley Water decisions include:

- End of 2022, potential decision on whether to provide an additional two years of funding for planning and design work.
- Early 2024, potential final decision on project participation.

FINANCIAL IMPACT:

Los Vaqueros Reservoir Expansion Project

An \$800,000 to \$1,013,661 expenditure is associated with the approval of this item. Funding for this item is included in the Fiscal Year 2021 Transfer-Bethany Pipeline Project, project number 91251001.

Site Reservoir Project

Participation options considered by staff include a funding commitment of up to \$780,000. If the staff and WSEC recommended option is approved, the funding will be \$50,000. This amount is included in the Fiscal Year 2021 Imported Water Program budget, project number 91131004.

Delta Conveyance Project

The financial impact of the Gap Funding Agreement will be determined by the Board action commensurate with the participation percentage selected. Under the staff recommendation, Valley Water would provide up to a total of \$4,034,001 over the next two years, with a potential additional contribution of up to \$6,972,348 subject to a future Board action. If the Board elects a greater participation percentage, the costs would increase accordingly, up to a total of \$20.4 million over four years under the 6 percent participation scenario.

The Imported Water Program has budgeted \$7.8 million for the Gap Funding Agreement in the fiscal year 2021. This amount is available for any commitment made by today's Board action and can be encumbered for future years' costs under the Gap Funding Agreement. If any additional funding is

necessary, the funds would need to be budgeted in future fiscal years.

CEQA:

Los Vaqueros Reservoir Expansion Project and Site Reservoir Project

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

Delta Conveyance Project

The proposed actions do not constitute the approval by Valley Water of the Project or its construction, of any amendment to the long-term water supply contract with DWR, or to any actions by the DCA that may cause direct or reasonably foreseeable indirect environmental impacts. As such, the actions recommended herein are not a “project” under the California Environmental Quality Act (“CEQA”) Guidelines Section 15378(a).

Alternatively, Valley Water’s approval of the proposed actions are statutorily exempt from CEQA under State CEQA Guidelines Section 15262, as the proposed actions concern “feasibility or planning studies for possible future actions Valley Water has not approved, adopted, or funded.” (State CEQA Guidelines, § 15262.)

Furthermore, Valley Water’s approval of the proposed actions are exempt from CEQA under the common sense exemption set forth in State CEQA Guidelines section 15061(b)(3), as it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

ATTACHMENTS:

- Attachment 1: LVE Project Information
- Attachment 2: LVE Local Agency Partners
- Attachment 3: LVE Amendment No. 2
- Attachment 4: LVE Project Map
- Attachment 5: LVE Transfer-Bethany Pipeline Information
- Attachment 6: LVE Proposed JPA Structure
- Attachment 7: Sites Amendment No. 2 (incl. 2019 Agmt, Amdt No. 1)
- Attachment 8: Sites Project Information
- Attachment 9: Sites Project Participation Summary
- Attachment 10: Sites Risk, Challenges, and Mitigation
- Attachment 11: Sites Letter to SCVWD WSEC, 081120
- Attachment 12: DCP SCVWD Resolution No. 19-69
- Attachment 13: DCP Project Information

Attachment 14: DCP Agreement in Principle
Attachment 15: DCP DWR Letter to SWC, 102320
Attachment 16: DCP Gap Funding Agreement
Attachment 17: DCP Participation Percentages
Attachment 18: DCP Resolution, Joint Funding
Attachment 19: DCP Amended and Restated Joint Powers DCA Agreement
Attachment 20: LVE, Sites, and DCP Milestones
Attachment 21: PowerPoint

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