

Meeting: **Phase 1 Reservoir Project Agreement** **2017 Jul 20**

Subject: **Reservoir Committee Meeting** **1:30 –4:30 PM**

Location: Tsakopoulos Library Galleria (East Meeting Room) Call in: 1 310.372.7549
828 I Street, Sacramento, CA 95814 Code: 895389 (no #)

Chair: Thad Bettner (Glenn-Colusa Irrigation District)

Vice Chair: Doug Headrick (San Bernardino Valley Municipal Water District)

Treasurer Jamie Traynham (Davis Water District)

DRAFT MEETING MINUTES

ROLL CALL & QUORUM: Roll was called. A total of 14 eligible representatives were in attendance. This number exceeded 54.9%, which is greater than the 50% needed for a quorum of the Reservoir Committee. By 2:30 pm, two more participants had joined the meeting for a total representation of 62.3%.

ATTENDANCE: See attached list.

CALL TO ORDER: Vice Chairman Headrick called the meeting to order at 1:35 PM. Pledge of Allegiance was recited.

AGENDA APPROVAL: It was moved by Doug Headrick and seconded by Jaime Traynham to approve the July 20, 2017 Sites Reservoir Committee Agenda. The motion was approved unanimously.

PERIOD FOR PUBLIC COMMENT: No comments were made during this time.

MEETING MINUTES APPROVAL: No changes were proposed to the June 16, 2017, Sites Reservoir Committee Meeting Minutes. Approval of the June 16, 2017, minutes was moved by Robert Cheng and seconded by Jeff Davis. The motion carried unanimously.

1. Chairperson's Report: Headrick

1.1 June Status Report (Informational) (Attachment 1-1)

General Manager Watson briefed the committee on the status of the WSIP Application and the Draft Environmental Impact Report and Environmental Impact Statement (EIR/EIS).

Regarding the Feasibility Report, a revised draft was issued by Reclamation on May 26, 2017, for review by the Reservoir Committee's Document Review Work Group.

The Authority accepted the Reservoir Committee's recommendation that the CALSIM modeling process is sufficient for the model results to be used in preparation of the WSIP application and to advance the EIR/EIS. The modeling results are also being used by Reclamation as the basis for developing its Draft

Actions serve as meeting minutes

Status: Issues for use
Purpose: Informational
Caveat 1 Subject to change
Caveat 2

Version: B
Date: 2017 Sep 16
Ref/File #: 12.221-200
Page: 1 of 8

Feasibility Report. The Basis of Estimate Report was completed using Alternative D and incorporating comments received from Reclamation and MWD.

- 1.2 Maxwell Office: An informational report on activities to reoccupy the office.

The Maxwell office is fully furnished. Internet access should be available by next week.

- 1.3 Phase 1 Staffing: Status of plans to add resources to support the day-to-day management and operation of the Sites Project for discussion and possible direction to staff.

The project administrator position has been posted and closed. Applicants will be evaluated and undergo a selection process. One application was formally submitted; two applicants requested a time extension by email after the closing period. A number of firms decided not to submit their support of the project so as to not be precluded from bidding on future contracts as project grows.

- 1.4 Report and discussion on the status of other activities since the last Reservoir Committee meeting with possible direction to staff.

Several agencies and businesses have submitted letters of support for the project. It was agreed that a link would be provided on the website to show all the letters of support. These will be compiled for inclusion into the WSIP Application.

- 2. **Finance & Economics Work Group:** Traynham
- 2.1 Review Treasurer’s report (informational) (Handout)

The May 31, 2017 Treasurer’s report was emailed on Monday, July 17, 2017. This report and the attached warrants were approved at the Authority Board Meeting on June 19, 2017.

- 2.2 Onboarding Status (informational)

The following status was provided:

- On June 30, 2017, Westlands Water District submitted a letter to announce that it was withdrawing from participating in the project. The water distribution has been rebalanced accordingly.
- The City of Sacramento and the Sacramento County Water Agency have requested to become joint members of the Authority (1 voting seat). At the July 31, 2017, Board Meeting, the Membership Committee plans to recommend their request be accepted on the condition that each agency formally takes action to approve its request to become an Authority member.

The City of Sacramento plans to take action in the first week of August 2017, and Sacramento County Water Agency is expected to take action by the end of August 2017.

- 2.3 Report and discussion on the status of other activities since the last Reservoir Committee meeting with possible direction to staff.

No further comments were made.

3. Reservoir Operations Work Group: Kunde & Ruiz

- 3.1 Report and discussion on the status of activities since the last Reservoir Committee meeting with possible direction to staff.

No Reservoir Operations Work Group meetings have been held since the last Reservoir Committee meeting.

- 3.2 Discuss members' needs for operational studies to aid in development of each member's value proposition as a prelude to the Phase 1 Rebalancing Process and participation in Phase 2.

Discussion topics included:

- South-of Delta: There is a need to perform an exercise similar to what the Sacramento Valley participants conducted. These studies would provide further understanding of the benefits of the project to the south-of-Delta members, which should include how to address the operations of CA WaterFix.
- Storage and/or Releases: Currently, the allocation of repayment costs is based on reservoir releases to each participant. A funding option to consider is to allocate repayment costs based on either a storage capacity and/or releases.

For each of these topics, the Reservoir Operations Work Group is to determine what types of studies are needed to provide a recommendation to the Reservoir Committee. In addition, due to current efforts to complete the WSIP Application and Draft EIR/S, it was agreed by consensus that detailed discussions with Ch2m be conducted when CH2M's resources becomes available.

No public comments were made.

4. Joint Site Works Work Group: Azevedo

Report and discussion on the status of activities since the last Reservoir Committee meeting with possible direction to staff.

No work group meetings were held. Some work is progressing related to how the Colusa Basin Drain is currently operated and to identify key parameters such as its operations and ability to convey Proposition 1-eligible public benefits and its peak flow-carrying capacity, which will be needed to develop a reservoir drawdown strategy.

5. Power Facilities Work Group: Vanderwaal

5.1 Report and discussion on the status of activities since the last Reservoir Committee meeting with possible direction to staff.

No Power Facilities Work Group meetings were held since the last Reservoir Committee meeting.

5.2 Report on the results of the July 12 public meeting to inform landowners of the alternative powerline alignment paralleling State Route 45.

Approximately 12 members of the public attended this public meeting in Colusa. There was a discussion of the powerline alignment. Concern was expressed about the proximity of the proposed alternative 115-kV line with poles to houses and the potential impacts with regard to noise and property values. Further clarification was provided on the pole-mounted 115-kV line and the traditional lattice towers of the 230-kV powerline. It was clarified that the actual line routing studies will be conducted at a later time, after the east-west and north-south powerline alternatives have been compared and evaluated based on public comments.

6. Water Facilities Work Group:

This work group will be formally set up after August 14.

7. Document Review Work Group (& Sub-Work Group): Cheng

7.1 Administrative Draft Environmental Impact Report and Environmental Impact Statement (EIR/S) Cheng

Robert Cheng provided updates on behalf of Chair Bettner.

Report and discussion on the status of activities since the last Reservoir Committee meeting, with possible direction to staff. Thomson/Oliver

It was reported that during the Document Review Work Group’s and Sub-Work Group’s review of the Draft EIR/EIS, particular attention was paid to growth inducement and any contradictory language for Water Management Plans. Overall, document is ready for consideration as to its release status - administrative or public. The WSIP regulations requires inclusion of an environmental document as “publicly available”.

No public comment.

7.2 Reclamation’s Draft Feasibility Report Cheng

Report and discussion on the status of activities since the last Reservoir Committee meeting with possible direction to staff. Dietl

It was reported that the Draft Feasibility Report requires some further adjustment to better address the needs of the project. The last comments were

received one week ago (as of July 20, 2017), followed by a discussion of the differences in analyses, particularly that Alternative C resulted in a higher national economic benefit than the proposed project, which is Alternative D, having slightly less national economic benefit. The difference is primarily attributable to the underlying data being used to estimate the economic productivity of water being put to beneficial uses for agricultural vs. municipal and industrial uses and how water for environmental benefits is valued. The data being used does not appear to include changes that have occurred in the past decade.

The Draft Feasibility Report was reviewed by the entire Document Review Work Group, who recommends its inclusion with the WSIP application as an independent analysis that conforms to rigorous federal procedures and guidelines and absent any equivalent procedures having been formally-adopted by the state.

Mike Dietl provided details on the status on the Federal Feasibility Report. The document was reviewed again and minor changes were made. The most-recent version of the report no longer has a recommended alternative, which enables further analysis and comparison of Alternatives C and D based, in part, on public comments. In addition, text was added for the discussion on the Coordinated Operations Agreement and potential applicability to Sites.

The completed Draft Feasibility Report will be uploaded to the website, and on August 14, 2017 begin simultaneous public comment period with the joint environmental document assuming its release as a Draft EIR/S.

Mike Dietl also discussed next steps; which were identified in the Draft Feasibility Report. The primary work consists of advancing the engineering design of all facilities to enable a "Level 3" cost estimate¹ be prepared. Additional work is also needed to advance the environmental, federal permitting, economics, and operational aspects of the project.

No public comment.

7.3 Water Storage Investment Program (WSIP) Application to the Water Commission: Cheng

Report and discussion on the status of activities since the last Reservoir Committee meeting with possible direction to staff. Herrin/Watson

General Manager Watson:

- Presented the status of efforts underway to prepare the application by focusing on the Executive Summary, which provides over-arching themes and concepts being incorporated into the detailed and more-technical aspects of the application. Comments to the Executive Summary have been received from both the Authority's Ad Hoc WSIP Application Review Committee and

¹ Association for the Advancement of Cost Engineering (AACE) International

Reservoir Committee’s Document Review Sub-Work Group. In addition, review of the Finance Plan by the Authority’s Budget and Finance Committee and the Reservoir Committee’s Finance and Economics Work Group is planned with comments due July 26.

- Requested any additional comments from participants in the Reservoir Committee and/or the Document Review Work Group be sent to General Manager Watson by close of business on July 21, 2017.
- Reported that a “Red Team Review” is planned for August 1, 2017. Reservoir Committee participants include Bill Vanderwaal, Robert Cheng, Mike Dietl and Rob Kundy along with consultants: Jeff Herrin, Mark Oliver, Rob Thomson, Jerry Johns, and Rob Tull.
- Handed out draft talking points that will be used to engage key stakeholders and elected officials in advance of submitting the application.

Jeff Herrin provided a status update on the technical sections of the application. There is an updated benefit-cost ratio, and the financial plan updates are under way. Partial benefits are being highlighted under water quality and ecosystem benefits to show the Reservoir Committee and the California Department of Fish and Wildlife that there can be benefits before completion of the project. Temperature modeling on the American River is being factored into the analysis. Data gaps in groundwater analyses are being addressed to improve and strengthen application.

No public comment.

8. Recommendations:

Headrick

- 8.1 Consider the Document Review Work Group’s recommendation regarding the release of the EIR/EIS coincident with the WSIP application.

Cheng
(Attachment 8-1)

Robert Cheng asked the Reservoir Committee’s approval to forward the EIR/ EIS to the Authority for their consideration to formally receive and adopt the document for inclusion in the WSIP Application.

Jeff Davis moved to approve the revised recommendation, seconded by Eric Leitterman. The motion was approved unanimously.

- 8.2 Consider the sub-Work Group’s recommendation to accept this report.

Cheng
(Attachment 8-2)

Steve Hartwig motioned to approve the Sub-Work Group’s recommendation to accept the Feasibility Report and forward it to the Authority for inclusion in the WSIP Application. Motion was seconded by Rob Kundy, and was approved unanimously.

- 8.3 Consider the Document Review Sub-Work Group’s recommendation regarding the submission of the WSIP application and submitting the Draft Feasibility Report as part of the WSIP application.

Cheng
(Attachment 8-3)

A recommendation was moved for conditional approval, provided that the conditions, which include the acceptance by the Authority of the Executive Summary with all comments addressed, and a completed Finance Plan approved by the Finance Work Group, are met. Recommendation for the submission of the WSIP Application was motioned for conditional approval by Jaime Traynham and seconded by Steve Hartwig. The motion to approve was unanimous.

- 8.4 Consider the Document Review Sub-Work Group’s recommendation to recommend the Authority approve the resolution which is a required component of the WSIP application. Cheng (Attachment 8-4)

Recommendation to adopt Resolution for Proposition 1 was motioned for approval by Jaime Traynham and seconded by Steve Hartwig. The motion to approve was unanimous.

- 8.5 Consider the General Manager’s recommendation to delegation authorities for final modifications and submission of the WSIP application Watson

The recommendation was motioned by Robert Cheng to the Reservoir Committee to delegate authority to Chairman Thad Bettner, Vice Chairman Doug Headrick, and General Manager Jim Watson to address items in the Red Team Review to ensure the WSIP Application package is complete and consistent. This recommendation is conditional on acceptance of the Finance Plan by the Authority (work group to review; however, the Finance Plan is conditionally approved given that current issues are being addressed). Wording was revised in Attachment 8-5. Robert Cheng motioned to approve the revised recommendation; the motion was seconded by Preston Brittain. The motion to approve was unanimous.

No public comment.

9. Recap & Adjourn Watson

- 9.1 Next meeting: 9:30 AM Friday, August 18, 2017, at the Maxwell Office.

Based on discussion, the next Reservoir Committee meeting, scheduled for Friday, August 18, 2017, will be canceled. Instead, the next meeting will take place on September 21, 2017, in Sacramento.

Planned near-term meetings include: September 26, 2017 (in the evening, at Maxwell) and September 28, 2017 (1 PM at the Sacramento Convention Center).

- 9.2 Any agenda topics for next meeting?

The following topics were put forth by the attendees:

- Debrief on WSIP Application
- Potential schedule and or process after application
- Input from California Water Commission staff seeking clarification

- Recommendation to California Water Commission to publicly present project
- Work with California Water Commission to organize a site tour

9.3 Recap of action/follow-up items

General Manager Watson summarized the action items (refer to agenda item 8)

.

Meeting adjourned at 3:39 PM.

Chairperson
Thad Bettner

General Manager
Jim Watson

Attachment to Meeting Minutes

Current Voting Committee Participants (27):

| <input checked="" type="checkbox"/> | Pct | Participant | <input checked="" type="checkbox"/> | Pct | Participant |
|-------------------------------------|------|----------------------------------|-------------------------------------|------|----------------------------|
| <input type="checkbox"/> | 1.93 | 4M Water District | <input type="checkbox"/> | 5.15 | Glenn-Colusa ID |
| <input checked="" type="checkbox"/> | 2.31 | American Canyon, City | <input checked="" type="checkbox"/> | 4.96 | Metropolitan WD (~1:45 PM) |
| <input checked="" type="checkbox"/> | 2.11 | Antelope Valley-East Kern WA | <input checked="" type="checkbox"/> | 5.15 | Orland-Artois WD |
| <input type="checkbox"/> | 4.03 | Cal Water Service | <input checked="" type="checkbox"/> | 3.10 | Pacific Resources MWC |
| <input type="checkbox"/> | 1.91 | Carter MWC | <input type="checkbox"/> | 2.35 | Proberta WD |
| <input checked="" type="checkbox"/> | 2.51 | Castaic Lake WA | <input type="checkbox"/> | 5.15 | Reclamation District 108 |
| <input checked="" type="checkbox"/> | 5.32 | Coachella Valley WD | <input checked="" type="checkbox"/> | 7.78 | San Bernardino Valley MWD |
| <input type="checkbox"/> | 3.50 | Colusa County | <input checked="" type="checkbox"/> | 3.69 | San Geronio Pass WA |
| <input type="checkbox"/> | 7.14 | Colusa Co. WD | <input checked="" type="checkbox"/> | 5.00 | Santa Clara Valley WD |
| <input type="checkbox"/> | 1.90 | Cortina WD | <input type="checkbox"/> | 2.43 | Western Canal WD |
| <input checked="" type="checkbox"/> | 2.18 | Davis WD | <input checked="" type="checkbox"/> | 5.97 | Westside WD |
| <input checked="" type="checkbox"/> | 2.70 | Desert WA | <input checked="" type="checkbox"/> | 4.47 | Wheeler Ridge-Maricopa WSD |
| <input type="checkbox"/> | 2.68 | Dunnigan WD | <input checked="" type="checkbox"/> | 4.47 | Zone 7 WA |
| <input checked="" type="checkbox"/> | 2.10 | Garden Highway MWC (~2:30 PM) | | | |

14 Present at Meeting's start (See Note 1)

54.9 Percentage in Attendance

16 Present at 2:30 pm, which was prior to item 8 (See Note 1)

62.3 Percentage in Attendance

NOTE: Conf. call system did not work, so there were no participants by phone.

Attachment to Meeting Minutes - Attendance

Current Voting Committee Participants (27):

| <i>Participant</i> | <input checked="" type="checkbox"/> <i>Representative</i> | <input checked="" type="checkbox"/> <i>Alternate</i> | <i>Others</i> |
|-----------------------|---|--|---------------|
| 4M Water District | <input type="checkbox"/> Wade Mathis | | |
| American Canyon, City | <input checked="" type="checkbox"/> Steve Hartwig | <input type="checkbox"/> Jason Holley | |
| AVEK WA | <input type="checkbox"/> Dwayne Chisam | <input type="checkbox"/> Dan Flory | |
| Cal Water Service | <input type="checkbox"/> Mike Hurley | <input type="checkbox"/> Rob Kuta <input type="checkbox"/> Dan Flory | |
| Carter MWC | <input type="checkbox"/> Ben Carter | | |
| Castaic Lake WA | <input type="checkbox"/> Dirk Marks | <input checked="" type="checkbox"/> Rick Viergutz | |
| Coachella Valley WD | <input checked="" type="checkbox"/> Robert Cheng | <input checked="" type="checkbox"/> Ivory Reyburn <input type="checkbox"/> Dan Charlton | |
| Colusa County. | <input type="checkbox"/> Azevedo, Mike | <input type="checkbox"/> Gary Evans <input type="checkbox"/> Kim Vann | |
| Colusa Co. WD | <input type="checkbox"/> Shelley Murphy | <input type="checkbox"/> Joe Marsh | |
| Cortina WD | <input type="checkbox"/> Jim Peterson | <input type="checkbox"/> Chuck Grimmer | |
| Davis WD | <input checked="" type="checkbox"/> Jamie Traynham | <input type="checkbox"/> Tom Charter | |
| Desert WA | <input checked="" type="checkbox"/> Mark Krause | <input type="checkbox"/> | |
| Dunnigan WD | <input type="checkbox"/> Donita Hendrix | <input type="checkbox"/> | |
| Garden Highway MWC | <input checked="" type="checkbox"/> Nicole Van Vleck | <input type="checkbox"/> Jon Munger | |
| Glenn-Colusa ID | <input type="checkbox"/> Thad Bettner | <input type="checkbox"/> Don Bransford | |
| Metropolitan WD | <input checked="" type="checkbox"/> Randall Neudeck | <input type="checkbox"/> Delaine Shane <input type="checkbox"/> Sergio Valles | |
| Orland-Artois WD | <input type="checkbox"/> John Erickson | <input checked="" type="checkbox"/> Emil Cavagnolo | |
| Pacific Resources MWC | <input checked="" type="checkbox"/> Preston Brittian | <input type="checkbox"/> | |
| Proberta WD | <input type="checkbox"/> Dan Jones | <input type="checkbox"/> | |

NOTE 1: Participation by phone are not counted in quorum or voting.

Status: Meeting Record

Version: 0

Purpose:

Date: 2017 Aug 16

NOTE 2: Additional participants were on the phone, but did not identify themselves.

Caveat 1

Ref/File #: 12.221-200

Caveat 2

Page: 1 of 3

| <i>Participant</i> | <input checked="" type="checkbox"/> <i>Representative</i> | <input checked="" type="checkbox"/> <i>Alternate</i> | <i>Others</i> |
|------------------------|---|--|---------------|
| RD 108 | <input type="checkbox"/> Bill Vanderwaal | <input type="checkbox"/> | |
| San Bernardino V MWD | <input checked="" type="checkbox"/> Doug Headrick | <input type="checkbox"/> Bob Tincher | |
| San Geronio Pass WA | <input checked="" type="checkbox"/> Jeff Davis | <input type="checkbox"/> | |
| Santa Clara Valley WD | <input type="checkbox"/> Cindy Kao | <input checked="" type="checkbox"/> Eric Leitterman | |
| Western Canal WD | <input type="checkbox"/> Ted Trimble | <input type="checkbox"/> Greg Johnson | |
| Westside WD | <input checked="" type="checkbox"/> Allan Myers | <input type="checkbox"/> Dan Ruiz <input type="checkbox"/> Blake Vann | |
| Wheeler Ridge-Maricopa | <input checked="" type="checkbox"/> Rob Kunde | <input type="checkbox"/> | |
| Zone 7 WA | <input checked="" type="checkbox"/> Amparo Flores | <input type="checkbox"/> Jarnail Chahal | |

Non-Voting Committee Participants (2):

| <i>Participant</i> | <input checked="" type="checkbox"/> <i>Representative/Other</i> | <input checked="" type="checkbox"/> <i>Alternate/Other</i> | |
|-------------------------|---|--|--|
| Dept of Water Resources | <input type="checkbox"/> Rob Cooke | <input type="checkbox"/> David Sandino | |
| | <input type="checkbox"/> Ajay Goyal | <input type="checkbox"/> Jim Wieking | <input type="checkbox"/> Dave Arrate |
| Bureau of Reclamation | <input checked="" type="checkbox"/> Don Bader | <input type="checkbox"/> Richard Welsh | <input checked="" type="checkbox"/> John Menniti |
| | <input type="checkbox"/> David Van Rijn | <input type="checkbox"/> Mike Mosley | <input checked="" type="checkbox"/> Mike Dietl |

Pending Committee Participants (1):

| <i>Participant</i> | <input checked="" type="checkbox"/> <i>Representative</i> | <input checked="" type="checkbox"/> <i>Alternate</i> |
|--------------------|---|--|
| LaGrande WD | <input type="checkbox"/> Matt LaGrande | <input type="checkbox"/> Dennis Zachary |

Authority, Non-Signatory (6):

| <i>Participant</i> | <input checked="" type="checkbox"/> <i>Representative</i> | <input checked="" type="checkbox"/> <i>Alternate</i> |
|-------------------------------|---|---|
| Glenn County | <input type="checkbox"/> | <input type="checkbox"/> |
| Maxwell ID | <input type="checkbox"/> | <input type="checkbox"/> |
| PCWA | <input type="checkbox"/> Ed Horton | <input checked="" type="checkbox"/> Ben Barker <input type="checkbox"/> Darin Reintjes |
| Roseville | <input type="checkbox"/> Sean Bigley | <input type="checkbox"/> |
| Tehama-Colusa Canal Authority | <input type="checkbox"/> Jeff Sutton | <input type="checkbox"/> |

Staff & Consultants:

| <input checked="" type="checkbox"/> | Name | Representing |
|-------------------------------------|-----------------|-------------------------|
| <input type="checkbox"/> | Barbieri, Janet | JB Comm |
| <input type="checkbox"/> | Barnes, Joe | AECOM |
| <input type="checkbox"/> | Black, Lyna | Ch2m |
| <input checked="" type="checkbox"/> | Brown, Scott | LWA |
| <input type="checkbox"/> | Carlson, Nik | AECOM |
| <input checked="" type="checkbox"/> | Conant, Ernest | Young Wooldridge |
| <input type="checkbox"/> | Davis, Kim | Sites Project Authority |
| <input checked="" type="checkbox"/> | Herrin, Jeff | AECOM |
| <input checked="" type="checkbox"/> | Johns, Jerry | Johns |

| <input checked="" type="checkbox"/> | Name | Representing |
|-------------------------------------|----------------|-------------------------|
| <input type="checkbox"/> | Kuney, Scott | Young Wooldridge |
| <input checked="" type="checkbox"/> | Oliver, Mark | Ch2m |
| <input type="checkbox"/> | Spesert, Kevin | ARCOM |
| <input checked="" type="checkbox"/> | Thomson, Rob | Sites Project Authority |
| <input checked="" type="checkbox"/> | Tull, Rob | Ch2m |
| <input type="checkbox"/> | Van Camp, Marc | MBK |
| <input checked="" type="checkbox"/> | Watson, Jim | Sites Project Authority |
| <input checked="" type="checkbox"/> | Shayann Qazi | AECOM |
| <input type="checkbox"/> | | |

Other Attendees:

| Name | Representing | Contact (Phone & E-mail) |
|--------------|--------------|--------------------------|
| John Spranza | Dudek | |
| Michelle Ng | CVFP | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |