

Meeting: **Phase 1 Reservoir Project Agreement**

2017 Nov 16

Subject: **Reservoir Committee Meeting**

2:00 – 4:30 PM

Location: Tsakopoulos Library Galleria (West Meeting Room)
828 I Street, Sacramento, CA 95814

Call in: 1 310.372.7549
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)

MEETING MINUTES

ROLL CALL & QUORUM: Roll was called (see Attachment A), which resulted in 20 eligible representatives. This equates to 79.7% of the current participation percentage being in attendance, which is greater than the 50% needed to have a quorum of the Reservoir Committee.

ATTENDANCE: See Attachment B.

CALL TO ORDER: Chairman Bettner called the meeting to order at 2:03 PM followed by the Pledge of Allegiance.

AGENDA APPROVAL: It was moved by Treasurer Traynham and seconded by Vice Chair Headrick to approve the November 16, 2017 Sites Reservoir Committee Agenda. Motion was approved unanimously.

MEETING MINUTES APPROVAL:

Approval of October 20, 2017 meeting minutes was moved by Cheng and seconded by Vanderwaal with minor change. Motion was approved unanimously.

INTRODUCTIONS

PERIOD FOR PUBLIC COMMENT:

No comments were provided.

1. Chairpersons' Report:

Bettner & Headrick

1.1 Introductory remarks

1.2 October 2017 Status Report (Informational)

General Manager Watson provided a synopsis of work performed in October. General discussion was held with no action taken.

Thomson will provide a synopsis of the CEQA and NEPA hearings to the Reservoir Committee in the December Meeting.

Action items serve as meeting minutes

Status: Meeting Record

Version: 0

Purpose: Informational

Date: 2017 Dec 21

Participation by phone is not counted in quorum or voting.

Caveat 1

Ref/File #: 12.221-200

Caveat 2

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- 1.3 Discussion of the Water Commission’s November 15, 2017 Meeting and preparations for the December 13, 2017 presentation. (Attachment 1-3)

The California Water Commission meeting focused on two items pertaining to the Water Storage Investment Program (WSIP): the scoring and determination process, followed by a discussion of completeness for the eleven outstanding projects.

At the end of agenda item 1, a request was made for any public comment, but no comments were provided.

2. Ad Hoc Finance & Economics Work Group: Traynham

- 2.1 Review Draft Payment of Claims and Treasurer’s report (Attachment 2-1 & Handout)

Traynham provided an overview and review of the Treasurer’s Report for November 2017 approved by the Authority Board on November 20, 2017.

The process to approve monthly expenses against the Reservoir Committee’s budget was discussed. A joint Authority and Reservoir Committee Payment of Claims report is prepared monthly. On certain months, the Authority meets before the Reservoir Committee meets. To ensure timely processing and payment, General Manager Watson recommended the Reservoir Committee delegate responsibility to the Economics and Finance Work Group to consider approval of the Reservoir Committee’s expenses to then prepare a recommendation to the Authority for their consideration.

After discussion, a motion was made by Headrick and seconded by Cheng to approve the General Manager’s recommendation. Motion was approved unanimously.

- 2.2 Consider approval of the Reservoir Committee’s Fiscal Year 2018 Budget (Attachment 2-2)

General Manager Watson recommends approval of the budget as presented in Attachment 2-2.

The Fiscal Year 2018 budget was reviewed jointly by the Economics and Finance Work Group and the Authority’s Phase 1 Finance & Budget Committee and comments were addressed. There is no change to the \$48.50 per acre-foot cost for participation in the project, which is in line with the Reservoir Committee’s Phase 1 budget that was approved in September. The Phase 1 budget extends through June 30, 2018 with a 3-month contingency.

After discussion, a motion was made by Davis and seconded by Hartwig to approve the Fiscal Year 2018 budget. Motion was approved unanimously.

At the end of agenda item 2, a request was made for any public comment, but no comments were provided.

3. Ad Hoc Members' Reservoir Operations Work Group: Kunde & Ruiz

3.1 Progress to model an integrated operation of Sites and CA WaterFix

The CalSim modeling team continues to make refinements, with preliminary results indicating both projects are complimentary.

3.2 Progress to develop the process and inputs needed to conduct the Phase 1 Rebalancing

The Preparations for this process focus on the following areas with additional details to be presented at the November 28 workshop (refer to Handout):

1. Developing a range of operational scenarios that can be provided by different facility sizes and configurations (i.e. scenarios).
2. Advancing the design and construction cost estimate to increase the level of detail associated with both owner's costs and identify primary contingencies. Owner's costs are those costs to operate the Authority and Reservoir Committee (e.g. Maxwell office, resources to perform contract management and compliance functions) and owner's contingencies will address risks and uncertainties (e.g. cost of delay in either planning or construction). This work will be used to develop a "target guaranteed maximum price" (TGMP) to use in the rebalancing and future decision-making.

For each facility scenario, a range of costs will be developed for inclusion into the risk-adjusted rebalancing matrix (diversions into storage vs. cost)

The plan to conduct a risk assessment in early 2018 was discussion with consensus to proceed. The approved work plan includes budget to perform a more-detailed assessment.

3. Spreading the project's costs into phases to develop an estimated cashflow with focus on developing an estimated funding requirement to support Phase 2 activities. This will also include financing assumptions.
4. Defining the rebalancing process, which included
 - a. Responding to a concept proposed by the Authority's Membership and Governance Ad hoc Committee to establish a 25% target level of participation in water supply benefits remaining within the Sacramento Valley Watershed. Based on discussion, this concept was generally acceptable on the condition that additional details be provided.

- b. Discussion of the need to establish a couple of key material change thresholds, such as the minimum amount of State and/or Federal participation to acquire water for the environment.
- c. What metrics to use for the water supply component, which is still a work in progress. The options are to use diversions, storage, or deliveries.

Each facility has a certain limitation on operations that can go with it, the consultants will line up each scenario with a yield and look at risk associated with that yield, and then come up with a cost per acre foot repayment based on assumptions, what kind of terms and credit risk associated from the market, interest during construction, and more. This process will require iterations to get to a scenario where the participants are most comfortable with.

At the end of agenda item 3, a request was made for any public comment, but no comments were provided.

4. Ad Hoc Site Works Work Group: Azevedo

This work group continues to review and provide comments to the technical memorandums related to facility locations.

5. Ad Hoc Water Facilities Work Group: Watson (on behalf of Arita)

This work group continues to review and provide comments to the technical memorandums related to storage and conveyance options.

6. Ad Hoc Document Review Work Group: Bettner

This work group has been providing input to the upcoming public meetings to obtain comments on the draft EIR/EIS.

7. Closed Session: Conant

Conference with legal counsel regarding significant exposure to litigation or adjudicatory proceedings (Govt. Code 54956.9(d)(2) and (4) (1 item).

8. Report from Closed Session: Conant

Discussion was held with no decisions made.

9. Ad Hoc Document Review Work Group: Bettner

8.1 Report out on Work Group’s activities.

There are no reportable items from closed session.

8.2 Consider preparing a recommendation to the Authority (Attachment 8-2) related to the status of the draft EIR/EIS.

10. Recap & Adjourn

Bettner/Headrick

10.1 Potential agenda topics for next meeting:

- Status of communications with resource agencies
- As a potential workshop, a presentation of/from the Public Policy Institute of California's recent paper regarding the concept of creating a water budget.

10.2 Upcoming Reservoir Committee meetings:

Workshop at ACWA conference: 3:00 pm on November 28, 2017 at the Anaheim Marriott Hotel, 700 W. Convention Way in Grand Ballroom H

Regular Monthly meeting: 2:00 PM on December 21, 2017 at Tsakopoulos Library Galleria, 828 I Street, Sacramento, CA 95814

10.3 Review of actions taken and follow-up items

No action items reported.

ADJOURN

Meeting adjourned at 4:08 PM.



Chairperson
Thad Bettner



General Manager
Jim Watson

2017 Dec 21

Attachment A to Meeting Minutes - Roll Call

Current Voting Committee Participants (27):

<input checked="" type="checkbox"/>	<i>Pct</i>	<i>Participant</i>	<input checked="" type="checkbox"/>	<i>Pct</i>	<i>Participant</i>
<input type="checkbox"/>	1.93	4M Water District	<input checked="" type="checkbox"/>	5.15	Glenn-Colusa ID
<input checked="" type="checkbox"/>	2.31	American Canyon, City	<input checked="" type="checkbox"/>	4.96	Metropolitan WD
<input checked="" type="checkbox"/>	2.11	Antelope Valley-EK WA	<input checked="" type="checkbox"/>	5.15	Orland-Artois WD
<input checked="" type="checkbox"/>	4.03	Cal Water Service (3)	<input checked="" type="checkbox"/>	3.10	Pacific Resources MWC (1)
<input type="checkbox"/>	1.91	Carter MWC	<input type="checkbox"/>	2.35	Proberta WD
<input type="checkbox"/>	2.51	Castaic Lake WA	<input checked="" 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 checked="" 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 checked="" 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"/>	0.00	Department of Water Resources	<input checked="" type="checkbox"/>	4.47	Wheeler Ridge-Maricopa WSD
<input checked="" type="checkbox"/>	2.70	Desert WA	<input checked="" type="checkbox"/>	0.00	US Bureau of Reclamation
<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)			

20 Present at start of Meeting (See Note 1)

79.7 Percentage in Attendance

Representation has been delegated as follows:

- (1) To Wheeler Ridge-Maricopa WSD (Kunde)
- (2) To Western Canal WD (Trimble)
- (3) To Dan Flory

NOTE 1: Due to technical problems, there was no participation by phone.

Attachment B 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	<input type="checkbox"/>		
American Canyon, City	<input checked="" type="checkbox"/>	Steve Hartwig	<input type="checkbox"/>	Jason Holley	
AVEK WA	<input type="checkbox"/>	Dwayne Chisam	<input checked="" type="checkbox"/>	Dan Flory	
Cal Water Service	<input type="checkbox"/>	Mike Hurley	<input type="checkbox"/>	Rob Kuta	Dan Flory
Carter MWC	<input type="checkbox"/>	Ben Carter	<input type="checkbox"/>		
Castaic Lake WA	<input type="checkbox"/>	Dirk Marks	<input type="checkbox"/>	Rick Viergutz	
Coachella Valley WD	<input checked="" type="checkbox"/>	Robert Cheng	<input type="checkbox"/>	Ivory Reyburn <input checked="" type="checkbox"/> Dan Charlton	
Colusa County.	<input checked="" 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 type="checkbox"/>	Mark Krause	<input checked="" type="checkbox"/>	Steve Johnson	
Dunnigan WD	<input type="checkbox"/>	Donita Hendrix	<input type="checkbox"/>		
Garden Highway MWC	<input type="checkbox"/>	Nicole Van Vleck	<input type="checkbox"/>	Jon Munger	Ted Trimble
Glenn-Colusa ID	<input type="checkbox"/>	Thad Bettner	<input type="checkbox"/>	Don Bransford	
Metropolitan WD	<input checked="" type="checkbox"/>	Randall Neudeck	<input type="checkbox"/>	Arlene Arita <input type="checkbox"/> Delaine Shane	<input type="checkbox"/> Sergio Valles <input type="checkbox"/> Chuching Wang
Orland-Artois WD	<input type="checkbox"/>	John Erickson	<input checked="" type="checkbox"/>	Emil Cavagnolo	
Pacific Resources MWC	<input type="checkbox"/>	Preston Brittian	<input type="checkbox"/>		Rob Kunde
Proberta WD	<input type="checkbox"/>	Dan Jones	<input type="checkbox"/>		

NOTE 1: Due to technical problems, there was no participation by phone.

Status: Meeting Record
 Purpose:
 Caveat 1
 Caveat 2 Subject to revision

Version: 0
 Date: 2017 Nov 19
 Ref/File #: 12.221-210.017
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<i>Participant</i>	<input checked="" type="checkbox"/> <i>Representative</i>	<input checked="" type="checkbox"/> <i>Alternate</i>	<i>Others</i>
RD 108	<input checked="" 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 checked="" type="checkbox"/> Ted Trimble	<input type="checkbox"/> Greg Johnson	
Westside WD	<input checked="" type="checkbox"/> Allan Myers	<input checked="" 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 checked="" 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 type="checkbox"/> Richard Welsh	<input type="checkbox"/> Don Bader	
	<input type="checkbox"/> David Van Rijn	<input checked="" type="checkbox"/> Mike Dietl	<input checked="" type="checkbox"/> John Menniti
	<input type="checkbox"/> Shana Kaplan	<input type="checkbox"/> Mike Mosley	<input type="checkbox"/>

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 (5):

<i>Participant</i>	<input checked="" type="checkbox"/> <i>Representative</i>	<input checked="" type="checkbox"/> <i>Alternate</i>
Glenn County	<input type="checkbox"/> John Viegas	<input type="checkbox"/>
Maxwell ID	<input type="checkbox"/> Mary Wells	<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"/>	<i>Name</i>	<i>Representing</i>
<input type="checkbox"/>	Barbieri, Janet	JB Comm
<input checked="" type="checkbox"/>	Barnes, Joe	AECOM
<input type="checkbox"/>	Black, Lyna	Ch2m
<input type="checkbox"/>	Brown, Scott	LWA
<input type="checkbox"/>	Bruner, Marc	Perkins Coie
<input type="checkbox"/>	Carlson, Nik	AECOM
<input checked="" type="checkbox"/>	Conant, Ernest	Young Wooldridge
<input type="checkbox"/>	Davis, Kim	Sites Project Authority
<input type="checkbox"/>	Herrin, Jeff	AECOM
<input checked="" type="checkbox"/>	Johns, Jerry	Johns
<input type="checkbox"/>	Kuney, Scott	Young Wooldridge

<input checked="" type="checkbox"/>	<i>Name</i>	<i>Representing</i>
<input checked="" type="checkbox"/>	Oliver, Mark	Ch2m
<input type="checkbox"/>	Nicholas, Rebeca	Nicholas Communications
<input checked="" type="checkbox"/>	Qazi, Shayann	AECOM
<input checked="" type="checkbox"/>	Spesert, Kevin	Sites Project Authority
<input checked="" type="checkbox"/>	Thomson, Rob	Sites Project Authority
<input checked="" type="checkbox"/>	Trapasso, Joe	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 type="checkbox"/>		
<input type="checkbox"/>		

Other Attendees: (*)

<i>Name</i>	<i>Representing</i>	<i>Contact (Phone & E-mail)</i>
Paul Marshall	Stantec	916.418.8236 Paul.Marshall@Stantec.com
Mike Forrest	AECOM	510.874.3012 Michael.Forrest@aecom.com
Alex Vdorichenko	DWR	916.651.9259 Alexander.Vdovichenko@water.gov
Monique Briard	ICF	916.231.9551 Monique.Briard@ICF.com
John Buttz	HDR	916.952.7977 John.Buttz@hdrinc.com
Jeff Nelson	Parsons	415.652.3659 jeff.nelson@parsons.com
Bill Worrall	Parsons	916.595.0247 bill.worrell@parsons.com

(*) An email address is required to be added to the distribution list.

Rebalancing Process – Risk Matrix

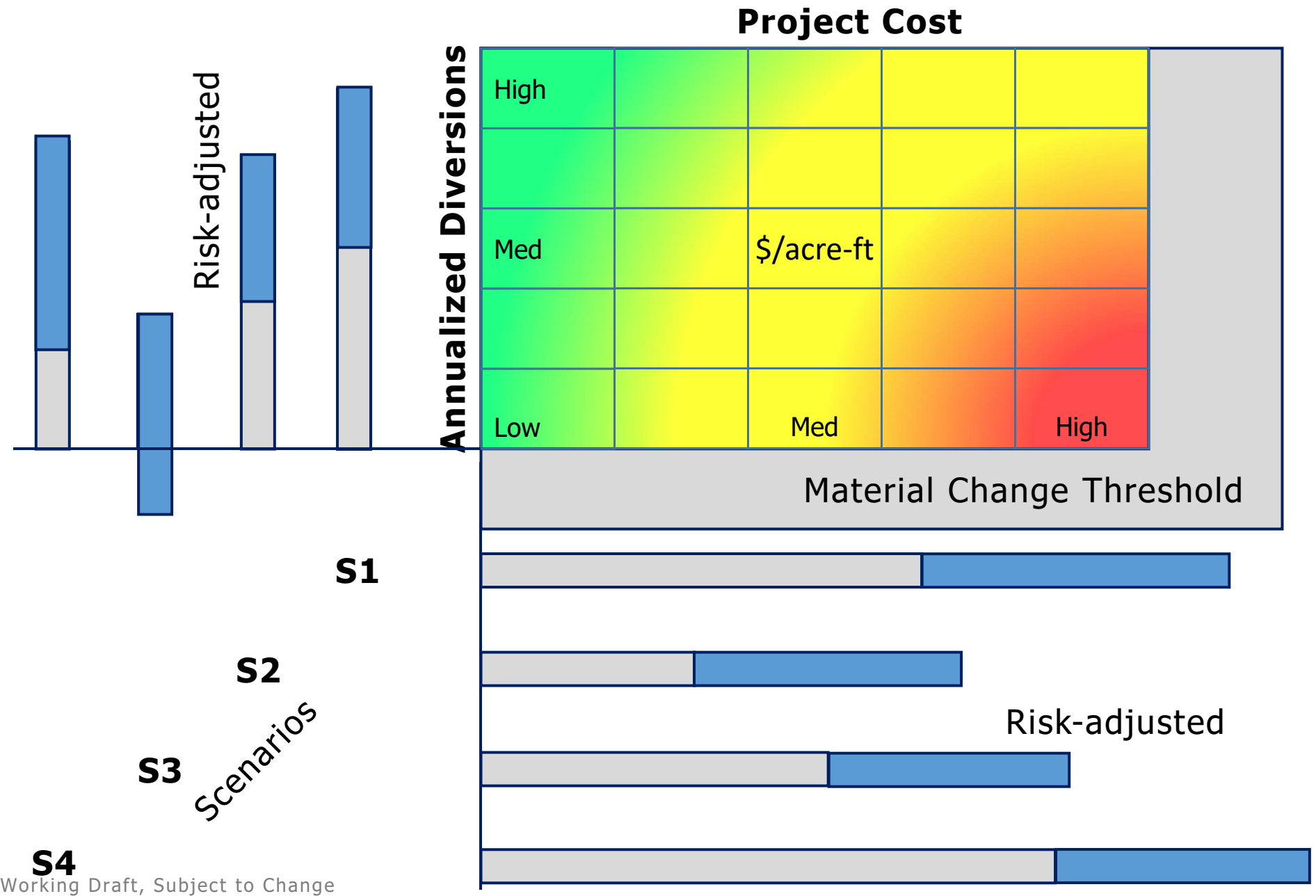
HANDOUT

		Project Cost				
Annualized Diversions	High					
	Med					
	Low		Med		High	
Material Change Threshold						

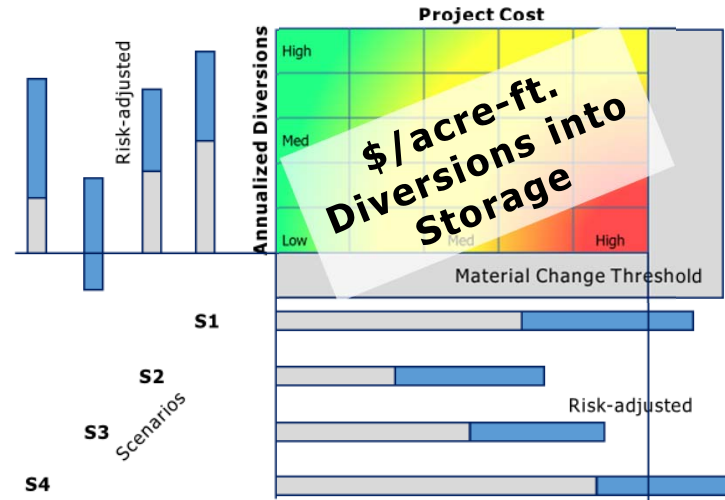
Primary Risks & Uncertainties:

- Water Commission’s WSIP participation decision (MCED)
- Department of Interior (WIIN Act) participation decision
- Unstable regulatory environment (multiple concurrent processes)
- Construction costs and schedule delays – What number is the TGMP?
- Cooperative operations agreements w/ CVP & SWP
- Financing, pre- & post-construction (w/ vs. w/o WIFIA)

Rebalancing Process – Risk Matrix



Rebalancing Process – Risk Matrix



Water Balance (Income Statement)	
Participation	Qty
<u>Losses:</u>	
Evaporation	- A
Seepage	- B
Local Mitigation	- C
Delta Carriage	- D
Conveyance	- E
Other	- F
Deliveries	G

Back to Matrix

Iterations

**\$/acre-foot
(Estimated
Repayment Cost)**

Financial Assumptions:

- Interest rate (w/ or w/o WIFIA)?
- Term (30 vs 40 years)?
- Credit Rating Premium?
- Interim financing? (e.g. phase 2 to phase 3)
- Interest During Construction (IDC)?
- Amount of debt (vs. self-fund)?