

Meeting: **Phase 2 Reservoir Project Agreement**

2019 October 18

Subject: **Reservoir Committee Meeting**

9:00 AM – 12 PM

Locations: Maxwell Project Office
122 Old Highway 99W
Maxwell, CA 95955

Call in: 1-800-201-7439
Code: 644237

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

Vice Chair: Thad Bettner (Glenn-Colusa Irrigation District)

Treasurer Jamie Traynham (Davis Water District)

MINUTES

9:00 AM - CALL TO ORDER:

Chairman Headrick called the meeting to order at 9:00 a.m., followed by the Pledge of Allegiance.

ROLL CALL:

Roll was called (See Attachment A), which resulted in 17 eligible representatives. This equated to 76.3% of the current participation percentage being in attendance, which is greater than the 50% needed to have a quorum of the Reservoir Committee. By 9:35 a.m. an additional member was seated bringing the total participation percentage to 91.6%.

INTRODUCTIONS:

The Sites Reservoir Committee members, staff and members of the public introduced themselves.

ATTENDANCE:

See Attachment B.

AGENDA APPROVAL:

Action: It was moved by Vanderwaal, seconded by Ruiz to approve the October 18, 2019 Sites Reservoir Committee Agenda, as presented. The motion carried unanimously.

MINUTES APPROVAL:

Action: It was moved by Bettner, seconded by Vanderwaal to approve the September 20, 2019 Phase 2 Reservoir Committee Meeting Minutes, as presented. The motion carried unanimously.

ANNOUNCEMENT OF CLOSED SESSION:

General Manager Watson announced the Reservoir Committee Members would consider a Closed Session matter regarding significant exposure to litigation or adjudicatory proceedings (Govt. Code 54956.9(d)(2) and (4) (2 items)) after the Regular Agenda.

PERIOD OF PUBLIC COMMENT:

Chairman Headrick called for public comment. Hearing none, he closed the period of public comment.

SPECIAL PRESENTATION:

- Santa Clara Valley Water perspective of statewide water management.

Ms. Kao spoke to Santa Clara Valley Water’s interest in the Sites Project. She also spoke to the history of the formation of the Water District, water demands of the people they serve, fluctuation of groundwater levels and the need for a reliable water source. She stated Santa Clara County Valley Water is not looking for more water than they currently have, but to maintain the existing level of water supply and to secure water to offset projected future increases.

Brief discussion followed regarding how Sites would fit into their needs, with no action taken.

General Manager Watson asked for volunteers for the next presentation in November.

Chairman Headrick (San Bernardino County) volunteered for November’s presentation of their perspective of statewide water management.

Mr. Dan Ruiz (Westside Water District) volunteered for December’s presentation.

1. Member’s Reports:

1.1 Chairpersons’ Report: Headrick, Bettner

This time is set aside to allow the Chair/Co-Chair an opportunity to disclose/discuss items related to the Sites Project.

Chairman Headrick announced board officer elections will be held in December 2019, along with reconsideration of the composition of the Work Groups.

1.2 Reservoir Committee Participant Reports: Representatives

This time is set aside to allow Representatives or their Alternates an opportunity to disclose/discuss items related to the Sites Project.

Mr. Kunde requested a meeting with the State Contractor Group after the Reservoir Committee meeting.

1.3 Special Study:

Discussion of value planning exercise.

Mr. Kunde provided an update of the value planning exercise. He stated the Reservoir Committee and the Authority Board Value Planning team met on October 1 and October 14, 2019 and discussed the following:

- Alternatives that might be less expensive than the existing Alternative D.
- New facilities and modified facilities identified.
- Preliminary construction cost estimates.
- Identified approximately 60 facility options which were considered in this analysis and combined individual facility options into nine alternatives.

Discussion followed regarding the various Alternatives, engineering process, affordability analysis, whether this is a viable project and the next steps in this process. Following discussion, Mr. Kunde requested specific direction as to how to proceed.

Chairman Headrick stated the Value Planning Team is headed in the right direction and to continue their current path. Mr. Kunde stated he hoped to have a recommendation at the next Reservoir Committee meeting.

2. Consent Agenda: Watson

None.

3. Manager's Report: Watson

3.1 Discussion and possible direction to staff regarding the Sites Project's monthly status report. (**Attachment 3-1A**)

General Manager Watson provided an overview of project activities performed in the months of September and October 2019 as follows:

- Announced Steve Cole is the new alternate for the Santa Clarita Valley Water Agency.

- Continued to work on pre-application consultations with the CDFW.
- Continued to assist Reclamation in finalizing preparations to collect geotechnical data at the Delevan pipeline, terminal regulating reservoir at Fletcher as part of their feasibility analysis.
- October 2, 2019, Reclamation started collecting data at the pipeline.
- In September 2019, held the second of two workshops that led to the value planning process. Staff continues to work on the affordability analysis, cost estimates, financials and the operations yield for all alternatives through the various Work Groups.
- Submitted first invoice to the Water Commission and it was approved for payment on October 14, 2019. Working on a 2nd invoice which will be submitted to the Water Commission with payment expected by year's end or early January 2020. Brief discussion followed, with no action taken.
- Staff continues to work on the concept level of a work plan.
- Staff has developed a concept for extending the existing Project funding through June 30, 2020.
- October 3, 2019, presented the Project to the American Council of Engineering Companies at their annual conference.
- October 8, 2019, presented the Project to the California Congressional Legislative Staff who had been invited to tour northern California's water infrastructure.
- Hosted several tours of the Project to various Metropolitan Water District groups.
- Tour of Sites Project with Robert Green from the LA Times Editorial Board.
- Chairman Headrick stated Metropolitan hosted a tour for their Board Members and guests. He stated Kevin Spesert was the presenter and he did a great job. He expressed his appreciation to the Sites staff.

3.2 Discussion and possible direction to staff regarding Proposition 1, WSIP activities.

General Manager Watson stated there was nothing to report at this time.

3.3 Discussion and possible direction to staff regarding U.S. Bureau of Reclamation activities and WIIN Act Funding.

Mr. Dietl updated the Committee Members regarding Reclamation activities on the following:

- Federal Feasibility report.
- Preferred project description extension of time.
- Geotechnical activities started on October 2, 2019.

General Manager Watson stated they are holding monthly Coordination Meetings with Reclamation Management. The next meeting is on November 12, 2019. He also noted Reclamation has a new name "Interior Region 10 California Great Basin".

9:25 am. Randall Nuedeck, Metropolitan Water District, representative is now present and seated.

4. **2019 Ad Hoc Budget & Finance Work Group:** Traynham

4.1 Review and consider accepting the Sites Project Authority Treasurer's Report. **(Attachments 4-1A)**

Action: It was moved by Vanderwaal, seconded by Bettner to accept the Sites Project Authority Treasurer's Report, as submitted. The motion carried unanimously.

4.2 Consider approval of the Reservoir Committee's portion of the monthly Payment of Claims. **(Attachments 4-2 A&B)**

Action: It was moved by Kao, seconded by Marks to approve the Reservoir Committee's portion of the monthly Payment of Claims, as submitted. The motion carried unanimously.

4.3 Consider approval of the revised Phase 2 (2019) Work Plan supporting a revised completion date for Phase 2 (2019) from December 31, 2019 to March 31, 2020 as presented in Attachment A: Revised Phase 2 (2019) Reservoir Project Agreement, Exhibit B (90 Day Delay). **(Attachments 4-3 A, B &C)**

General Manager Watson stated the Reservoir Committee Members at their September 2019 meeting approved to extend the Phase 2 (2019) Participation Agreement by three months. He stated after further review it was decided that a three-month extension was not sufficient to accomplish everything that needed to be done. He stated a 180 days extension could be done, but there would be consequences in terms of deliverables being deferred and reductions in support in different areas would need to be made.

Mr. Robinette provided a presentation on the 90 days extension approved by the Reservoir Committee members at their September 2019 meeting versus the current request for a 180 days extension. He spoke to the following:

- Cash Flow (Revenue/Expenses) in a 90 day delay.
- 90 day delay deliverables with Service Areas.
- 90 day delay Service Areas with deliverables.
- 180 day delay deliverables with Service Areas.
- Phase 2 90 vs 180 day delay milestones.

- A Revised Phase 2 (2019) Deliverables.
- Summary of Deliverables for the Revised Phase 2 (2019) Work Plan – 90 vs 180 Extension Service Area Scope.

Mr. Robinette stated the primary focus is defining a permissible and affordable project and updating the project description. Lengthy discussion followed regarding a working budget, no additional costs to the participants, burn rate reductions which were discussed with the consultants, placement of certain work on hold until a preferred project description is finalized, bank RFPs and availability of funds for critical tasks.

Following discussion, it was the consensus of those Reservoir Committee Members present to proceed with the 180 days extension.

Outcome from discussion during the meeting:

- Project Description by End of 2019.
- Operations with Reclamation by March 31, 2020.
- Permitability by March 31 (handshake CDFW) 2020.
- Possible cash call to help advance critical deliverables (develop a plan with and without).
- Logistics:
 - 180 Day Extension Work Plan – consensus from Res Comm.
 - Participation agreements need to be signed in December.
 - Focus on aligning the budget to those tasks, work through it with the work groups.

5. 2019 Ad Hoc Agreements & Contracts Work Group:

Davis

- 5.1 Consider approval of a recommendation to the Sites Project Authority to approve the “First Amendment to the Memorandum of Understanding for Completion of the North-of-Delta Offstream Storage investigation and Sharing of Costs” (2015) Cost Share MOU as presented in Attachment A. (**Attachments 5-1 A & B**)

Action: It was moved by Davis, seconded by Marks to approve a recommendation to the Sites Project Authority to approve the “First Amendment to the Memorandum of Understanding for Completion of the North-of-Delta Offstream Storage Investigation and Sharing of Costs” (2015) (Cost Share MOU) by and between the U.S. Department of the Interior, Bureau of Reclamation, Mid-Pacific Region and the Sites Project Authority.

- 5.2 Consider approval of a recommendation to the Sites Project Authority to approve the “First Amendment to [the] 2019 Reservoir Project Agreement by and Among [the] Sites Project Authority and the Project Agreement members Listed Herein, dated as of January 1, 2020” (2019 Agreement) as presented in

Attachment A or as further amended by the Reservoir Committee at today, October 18, 2019. (**Attachment 5-2A**)

At the request of General Manager Watson, Chairman Headrick tabled the November 2019 meeting approval of a recommendation to the Sites Project Authority to approve the "First Amendment to [the] 2019 Reservoir Project Agreement by and Among [the] Sites Project Authority and the Project Agreement Members Listed Herein, dated as of January 1, 2020" (2019 Agreement).

6. 2019 Ad Hoc Environmental & Permitting Work Group: Bettner

6.1 Discussion and possible direction to staff regarding consultation discussion with the California Department of Fish and Wildlife.

At the request of Vice-chairman Bettner, Chairman Headrick tabled the matter regarding consultation discussion with the California Department of Fish and Wildlife.

6.2 Discussion and possible direction to staff regarding the status and progress of the Sites Reservoir (and Maxwell Water Intertie) Project's environmental planning and permitting efforts.

Ms. Forsythe provided an update regarding the status and progress of the Sites Reservoir Project's environmental planning and permitting efforts as follows:

- Final EIR/EIS.
- Federal Endangered Species Act (ESA).
- National Historic Preservation Act, Section 106.
- California Endangered Species Act (Fish and Game Code Section 2081).
- Army Corp regarding Clean Water Act, Section 401 and 404, with a meeting to be held early November 2019.

7. 2019 Ad Hoc Reservoir Operations Work Group: Ruiz/Kunde

7.1 Discussion and possible direction to staff regarding the ongoing activities of the Reservoir Operations Work Group.

Mr. Kunde provided an update regarding the ongoing activities of the Reservoir Operations Work Group as follows:

- Affordability Analysis.
- Modeling efforts in support of the CDFW process and affordability analysis.
- New demand patterns from participation members.
- Continued work by Rob Cooke, Department of Water Resources, on ability to get water moved to South of the Delta.

- Operations modeling technical memo regarding assumptions.

Discussion followed, with no action taken.

8. **2019 Ad Hoc Water Facilities Work Group:** Vanderwaal

- 8.1 Consider approval of a recommendation to the Sites Project Authority to approve the Authority's Principles and Requirements for Feasibility Study.

Mr. Vanderwaal provided a brief update of the Authority's Principles and Requirements for the Feasibility Study.

Discussion followed. Continued discussion on this topic at the November 2019 Reservoir Committee Meeting.

9. **2019 Ad Hoc Site Facilities Work Group:** Azevedo

- 9.1 Discussion and possible direction to staff regarding real estate, land management, site facility activities, and early geotechnical explorations.

Messrs., Azevedo, Spesert and Dietl provided a brief update on the site facility activities and geotechnical explorations.

Brief discussion followed, with no action taken.

RECESS:

Chairman Headrick declared a recess at 11:34 a.m. and convened into Closed Session at 11:39 a.m. to consider the following matter:

10. **Closed Session:**

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

Chairman Headrick adjourned Closed Session at 12:40 p.m. and reconvened into Regular Session.

11. **Report from Closed Session:**

Chairman Headrick announced as to Closed Session regarding significant exposure to litigation or adjudicatory proceedings (Govt. code 54956.9(d)(2) and (4) (2 items)), there was no reportable action taken.

12. **Recap:**

- 12.1 Agenda topics for next meeting:

- Special presentation of San Bernardino County's perspective on statewide water management, November 21, 2019.
- Special presentation of Westside Water District's perspective on statewide water management, December 19, 2019.

12.2 Upcoming Reservoir Committee Meetings:

Thursday, November 21, 2019 1:00 p.m.

Reservoir Committee
Tsakopoulos Library Galleria
828 I Street, Sacramento, CA 95814

Thursday, November 21, 2019 4:30 p.m.

Joint Authority Board and Reservoir Committee Meeting
Downey Brand Office
621 Capitol Mall, Ste. 18
Sacramento, CA 95814

The meeting adjourned at 12:42 p.m.

Chairman
Doug Headrick

General Manager
Jim Watson

Attachment B to Meeting Minutes - Attendance

Current Voting Reservoir Committee Participants (21):

<i>Participant</i>	<input checked="" type="checkbox"/> <i>Representative</i>	<input checked="" type="checkbox"/> <i>Alternate</i>	<i>Others</i>
American Canyon, City	<input type="checkbox"/> Felix Hernandez III	<input type="checkbox"/> Jason Holley	
AVEK WA	<input type="checkbox"/> Dwayne Chisam	<input type="checkbox"/> Dan Flory	
Carter MWC	<input type="checkbox"/> Ben Carter	<input type="checkbox"/> Ann Carter	
Coachella Valley WD	<input type="checkbox"/> Robert Cheng	<input checked="" type="checkbox"/> Ivory Reyburn	
Colusa County.	<input checked="" type="checkbox"/> Azevedo, Mike	<input type="checkbox"/> Gary Evans	
Colusa Co. WD	<input checked="" type="checkbox"/> Shelley Murphy	<input type="checkbox"/> Joe Marsh	
Cortina WD	<input checked="" 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"/> Steve Johnson	
Dunnigan WD	<input checked="" type="checkbox"/> Bill Vanderwaal	<input type="checkbox"/>	
Glenn-Colusa ID	<input checked="" type="checkbox"/> Thad Bettner	<input type="checkbox"/> Don Bransford	
LaGrande WD	<input type="checkbox"/> Zach Dennis	<input type="checkbox"/> Ken LaGrande	
Metropolitan WD	<input checked="" type="checkbox"/> Randall Neudeck	<input type="checkbox"/> Chandra Chilmakuri	Sergio Valles
RD 108	<input checked="" type="checkbox"/> Bill Vanderwaal	<input type="checkbox"/> Blair Lewis	
San Bernardino V MWD	<input checked="" type="checkbox"/> Doug Headrick	<input checked="" type="checkbox"/> Bob Tincher	
San Gorgonio Pass WA	<input checked="" type="checkbox"/> Jeff Davis	<input type="checkbox"/>	
Santa Clara Valley WD	<input checked="" type="checkbox"/> Cindy Kao	<input type="checkbox"/> Eric Leitterman	
Santa Clarita Valley Water Agency	<input checked="" type="checkbox"/> Dirk Marks	<input type="checkbox"/> Steve Cole	
Westside WD	<input type="checkbox"/> Allan Myers	<input checked="" type="checkbox"/> Dan Ruiz	
Wheeler Ridge-Maricopa	<input checked="" type="checkbox"/> Rob Kunde	<input type="checkbox"/>	
Zone 7 WA	<input checked="" type="checkbox"/> Amparo Flores	<input type="checkbox"/> Carol Mahoney <input type="checkbox"/> Jarnail Chahal	Wes Mercado

Non-Voting Committee Participants (2):

<i>Participant</i>	✓ <i>Representative/Other</i>	✓ <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 Wiekling	<input type="checkbox"/> Dave Arrate
Bureau of Reclamation	<input type="checkbox"/> Richard Welsh	<input type="checkbox"/> Don Bader	<input type="checkbox"/> Chris Duke
	<input type="checkbox"/> David Van Rijn	<input checked="" type="checkbox"/> Mike Dietl	
	<input type="checkbox"/> Shana Kaplan	<input type="checkbox"/> Mike Mosley	<input type="checkbox"/> Natalie Wolder

Pending Reservoir Committee Participants (0):

<i>Participant</i>	✓ <i>Representative</i>	✓ <i>Alternate</i>
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Authority, Non-Signatory (6):

<i>Participant</i>	✓ <i>Representative</i>	✓ <i>Alternate</i>
Glenn County	<input type="checkbox"/> John Viegas	<input type="checkbox"/>
PCWA	<input type="checkbox"/> Ed Horton	<input type="checkbox"/> Ben Barker <input type="checkbox"/> Darin Reintjes
Roseville	<input type="checkbox"/> Sean Bigley	<input type="checkbox"/>
Sacramento, City of	<input type="checkbox"/> Jim Peifer	<input type="checkbox"/> Dan Sherry
Sacramento County WA	<input type="checkbox"/> Kerry Schmitz	<input type="checkbox"/> Michael Peterson
Tehama-Colusa Canal Authority	<input checked="" type="checkbox"/> Jeff Sutton	<input type="checkbox"/>

Staff:

✓ <i>Name</i>	<i>Representing</i>
<input checked="" type="checkbox"/> Forsythe, Ali	Sites Project Authority
<input checked="" type="checkbox"/> Frederiksen, Lee	Sites Project Authority
<input checked="" type="checkbox"/> Spesert, Kevin	Sites Project Authority
P Thomson, Rob	Sites Project Authority

✓ <i>Name</i>	<i>Representing</i>
<input checked="" type="checkbox"/> Trapasso, Joe	Sites Project Authority
<input checked="" type="checkbox"/> Tirado, Yolanda	Sites Project Authority
<input checked="" type="checkbox"/> Watson, Jim	Sites Project Authority
<input type="checkbox"/>	

Consultant/Public:

<input checked="" type="checkbox"/>	<i>Name</i>	<i>Representing</i>
P	Alexander, Jeriann	Fugro
<input type="checkbox"/>	Barnes, Joe	AECOM
<input checked="" type="checkbox"/>	Boling, Robert	HDR
<input type="checkbox"/>	Briard, Monique	ICF
<input type="checkbox"/>	Brown, Doug	Stradling
<input checked="" type="checkbox"/>	Brown, Scott	LWA
<input type="checkbox"/>	Bruner, Marc	Perkins Coie
<input type="checkbox"/>	Campbell, Jeff	Project Controls Cubed
<input type="checkbox"/>	Floyd, Kim	Floyd
<input checked="" type="checkbox"/>	Herrin, Jeff	AECOM
<input checked="" type="checkbox"/>	Heydinger	Erin
<input checked="" type="checkbox"/>	Johns, Jerry	Johns
P	Katz, Sara	Katz & Associates
<input checked="" type="checkbox"/>	Kivett, Marcia	Sites Project Authority

<input checked="" type="checkbox"/>	<i>Name</i>	<i>Representing</i>
<input type="checkbox"/>	Krivanec, Chris	HDR
P	Kuney, Scott	Young Wooldridge
<input type="checkbox"/>	McDonald, Connor	Bender Rosenthal
<input type="checkbox"/>	Montague, Doug	Montague DeRose Assoc.
P	Motamed, Farid	Fugro
<input checked="" type="checkbox"/>	Robinette, JP	Brown & Caldwell
<input type="checkbox"/>	Rossetto, Sarah	Katz & Associates
<input checked="" type="checkbox"/>	Rude, Peter	Jacobs
<input checked="" type="checkbox"/>	Spranza, John	HDR
<input checked="" type="checkbox"/>	Tull, Rob	Ch2m
<input type="checkbox"/>	Van Camp, Marc	MBK
<input type="checkbox"/>	Warner Herson, Laurie	Phenix
P	Dowd, Alan	Young Wooldridge

Other Attendees: *(Check box to have email address added to the distribution list)*

<i>Name</i>	<i>Representing</i>	<i>Contact (Phone & E-mail)</i>
Forest, Mike	AECOM	<input type="checkbox"/>
Mathews, Jeff	Westervelt	<input type="checkbox"/>
Serrano, Oscar	CICC	<input type="checkbox"/>
Rehermann, Clint	Motive Power, Inc	<input type="checkbox"/>
Lui, Gracie	Fugro	<input type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>

Attachment A to Meeting Minutes - Roll Call

Current Voting Committee Participants (21):

<input checked="" type="checkbox"/>	Pct	Participant	<input checked="" type="checkbox"/>	Pct	Participant
<input type="checkbox"/>	3.42	American Canyon, City	<input checked="" type="checkbox"/>	2.64	LaGrande WD (2)
<input type="checkbox"/>	2.51	Antelope Valley-East Kern WA	<input checked="" type="checkbox"/>	15.34	Metropolitan WD (‡)
<input type="checkbox"/>	2.46	Carter MWC	<input checked="" type="checkbox"/>	3.42	Reclamation District 108
<input checked="" type="checkbox"/>	4.97	Coachella Valley WD	<input checked="" type="checkbox"/>	7.93	San Bernardino Valley MWD
<input checked="" type="checkbox"/>	4.97	Colusa County	<input checked="" type="checkbox"/>	6.01	San Geronio Pass WA
<input checked="" type="checkbox"/>	5.49	Colusa Co. WD	<input checked="" type="checkbox"/>	6.53	Santa Clara Valley WD
<input checked="" type="checkbox"/>	2.50	Cortina WD (1)	<input checked="" type="checkbox"/>	3.67	Santa Clarita Valley WA
<input checked="" type="checkbox"/>	2.90	Davis WD	<input checked="" type="checkbox"/>	6.27	Westside WD
<input checked="" type="checkbox"/>	0.00	Department of Water Resources (non-voting)	<input checked="" type="checkbox"/>	3.17	Wheeler Ridge-Maricopa WSD
<input checked="" type="checkbox"/>	4.06	Desert WA	<input checked="" type="checkbox"/>	0.00	US Bureau of Reclamation (non-voting)
<input checked="" type="checkbox"/>	3.09	Dunnigan WD	<input checked="" type="checkbox"/>	4.97	Zone 7 WA
				100.00	Total

17. Voting members represented at Meeting start (See Note 1)

76.3 % Represented participation percentage

18. Represented by 9:35 am (See Note 1)

91.6 % Represented participation percentage

Representation has been delegated as follows:

- (1) To Jamie Traynham, Davis WD until 9:35 am.
- (2) To Jamie Traynham, Davis WD
- (‡) Not present between 11 to 11:45 am

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

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