



Meeting: **Reservoir Committee & Authority Board
Agenda Item 2.3**

March 22, 2024

Subject: **Request of Zone 3 of the Colusa County Flood Control and Water
Conservation District to become Associate Member of Sites
Project Authority**

Requested Action:

Authority Board consider authorizing the Executive Director to act on the request of newly formed Zone 3 of the Colusa County Flood Control and Water Conservation District (CCFCWCD) to become an Associate Member of the Sites Project Authority.

Detailed Description/Background:

The Project Agreement Amendment 3 Section 6c, d and e required, among other things, that Participants identify the form of project payment annex to be used for repayment at the time of executing the amendment. The following group of Amendment 3 Participants have now expressed interest in establishing a special benefit assessment district with powers to levy on certain lands the requirements for repayment obligations for Sites participation:

- Colusa County Water District
- Cortina Water District
- Davis Water District
- Dunnigan Water District
- LaGrande Water District
- Westside Water District

These Participants have been working with the Colusa County Flood Control and Water Conservation District to form a new zone of benefit (Zone 3) within CCFCWCD. They intend to ultimately authorize Zone 3 to serve as the special benefit district representing their collective interests in the Sites Project. While all of the details have not yet been finalized, the first steps in the transition process, formation of Zone 3, has been completed. Mike Urkov is working as a consultant to Zone 3 and has made representations to Sites staff on behalf of Zone 3.

Ultimately, Zone 3 would represent 131,244 acre-feet of storage space capacity and 9.3% of diversion capacity. This would make Zone 3 the 3rd largest capacity shareholder among the local agencies. To facilitate a smooth transition for these six agencies to consolidate under Zone 3, Zone 3 has requested to be an Associate Member of the Sites Project Authority, which would allow Mr. Urkov to serve as its representative and participate in the Board, workgroup and committee meetings. The assigned representatives of the Participants listed above have concurred with this request of Zone 3.

In accordance with Section 3.3 of the JPA and Section 7.4 of the Bylaws the following confirmations have been provided that serves to support the proposed action of bringing Zone 3 on as an Associate Member:

1. Certification of compliance with the membership requirements of the JPA and Bylaws are met by Zone 3.
2. The next steps in the process involve several legal and contractual commitments, including potentially map adjustments through the Colusa County and possibly Yolo County LAFCO's. These steps are anticipated to be completed by June 2024. A separate request will come the SPA at a future date to indicate the permanent configuration and requests for Authority Board membership. It is envisioned that Zone 3 will become a full Authority Board member and Colusa County Water District and/or Westside Water District Authority Board membership may change.
3. It has been confirmed that Zone 3 has the ability and willingness to be added as a signatory to the JPA. The SPA general counsel will ensure the duly authorized representative of Zone 3 signs the JPA and the proper designations of their representatives occur before Zone 3 participates as an Associate member.
4. It has been confirmed that the payment of Associate member dues of \$5,000 will be made within 30 days of invoice.

The addition of an Associate Member is the sole decision of the Authority Board and does not currently (or in the future proposed Bylaws) require Reservoir Committee concurrence. However, the Authority Board may wish to seek the Reservoir Committee's input in this case because:

- At such time that the current participating water districts wish to assign their rights and obligations under the Project Agreement to Zone 3, such proposed action will require the written consent of all of the other Project Agreement members (inclusive of all Reservoir Committee members) and the Authority (see Section 12 Assignment, of the Project Agreement).
- This action sets in motion a process that transitions a current subset of Participants to this new Zone 3 entity which down the line may have some bearing on the governance and voting of the Reservoir Committee because Zone 3 would be a Participant signatory to a Benefits & Obligations Contract which would make the Zone 3 a voting member of the Reservoir Committee.

Prior Action:

None.

Fiscal Impact/Funding Source:

An additional \$5k a year in revenue would be received from Zone 3 as a new Associate member which is the same dues paid by existing Associate members.

Staff Contact:

Jerry Brown

Primary Service Provider: None