



SPECIAL NOTICE REGARDING CORONAVIRUS DISEASE 2019 (COVID-19) AND PARTICIPATION IN PUBLIC MEETINGS

On March 4, 2020, Governor Newsom declared a State of Emergency resulting from the threat of COVID-19. Governor Newsom issued Executive Order N-25-20 (3-12-20) and Executive Order N-29-20 (3-17-20) which temporarily suspend portions of the Brown Act relative to conducting public meetings. Subsequent thereto, Governor Newsom issued Executive Order N-33-20 (3-19-20) ordering all individuals to stay at home or at their place of residence. Accordingly, it has been determined that all meetings of the San Bernardino Valley Municipal Water District will be held pursuant to the Brown Act and will be conducted via teleconference. There will be no public access to the meeting venue.

ADVISORY COMMISSION ON WATER POLICY THURSDAY, OCTOBER 15, 2020 – 6:30 P.M.

PUBLIC PARTICIPATION

Public participation is welcome and encouraged. You may participate in the October 15, 2020, meeting of the Advisory Commission on Water Policy online and by telephone as follows:

**Dial-in Info: 888-788-0099 US Toll-free
877-853-5247 US Toll-free
Meeting ID: 857 7713 8321**

**<https://tinyurl.com/yy6pnau9>
Meeting ID: 857 7713 8321
Passcode: 540468**

If you are unable to participate online or by telephone, you may also submit your comments and questions in writing for the District's consideration by sending them to comments@sبvmwd.com with the subject line "Public Comment Item #" (insert the agenda item number relevant to your comment) or "Public Comment Non-Agenda Item". Submit your written comments by 6:00 p.m. on Wednesday, October 14, 2020. All public comments will be provided to the Chairman and may be read into the record or compiled as part of the record.

IMPORTANT PRIVACY NOTE: Participation in the meeting via the Zoom app is strongly encouraged. Please keep in mind: (1) This is a public meeting; as such, the virtual meeting information is published on the World Wide Web and available to everyone. (2) Should you participate remotely via telephone, your telephone number will be your "identifier" during the meeting and available to all meeting participants. Participation in the meeting via the Zoom app is strongly encouraged; there is no way to protect your privacy if you elect to call in to the meeting. The Zoom app is a free download.



SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
380 E. Vanderbilt Way, San Bernardino, CA 92408

MEETING OF THE ADVISORY COMMISSION ON WATER POLICY

AGENDA

6:30 PM Thursday, October 15, 2020

CALL TO ORDER/FLAG SALUTE

1. **PUBLIC COMMENT** - *Any person may address the Board on matters within its jurisdiction.*
2. **APPROVAL OF MINUTES**
 - 2.1. July 16, 2020 (Page 3)
[Advisory Minutes 071620](#)
3. **PRESENTATIONS**
 - 3.1. Update on the Integrated Regional Urban Watershed Management Plan (Page 7)
[Staff Memo - Update on the Integrated Regional Urban Watershed Management Plan](#)
 - 3.2. Update on the Yucaipa Groundwater Sustainability Plan (Page 9)
[Staff Memo - Update on the Yucaipa Groundwater Sustainability Plan](#)
 - 3.3. Update on Valley District Development of Hydroelectric Generation Projects (Page 12)
[Staff Memo - Update on Hydroelectric Generation Projects](#)
[Location Map for the Sites](#)
 - 3.4. Update on the State Water Project (Page 17)
[Staff Memo - Update on the State Water Project](#)
 - 3.5. 2020 BTAC Regional Water Management Plan Monthly Statement (Page 19)
[BTAC Monthly Statement - September 2020](#)
 - 3.6. Update on Regional Groundwater Management (Page 23)
[Staff Memo - Update on Regional Groundwater Management](#)

ACTION ITEMS

4. **ANNOUNCEMENTS BY COMMISSIONERS**

5. **FUTURE BUSINESS**

5.1. Local Agency Update on Activities

5.2. Suggestions by Commissioners on Items for Policy Review

6. **NEXT MEETING DATE**

6.1. Confirm next regular meeting date of January 14, 2021

7. **ADJOURNMENT**

PLEASE NOTE:

Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection in the District's office located at 380 E. Vanderbilt Way, San Bernardino, during normal business hours. Also, such documents are available on the District's website at www.sbvmd.com subject to staff's ability to post the documents before the meeting. The District recognizes its obligation to provide equal access to those individuals with disabilities. Please contact Melissa Zoba at (909) 387-9228 two working days prior to the meeting with any special requests for reasonable accommodation.

**MINUTES
OF
REGULAR MEETING OF THE ADVISORY COMMISSION ON WATER POLICY
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**

July 16, 2020

Chairman Corneille called the regular meeting of the Commissioners of the San Bernardino Valley Municipal Water District Advisory Commission on Water Policy to order at 6:30 p.m. by teleconference.

Commissioners and Alternates Present:

Dr. Luis S. Gonzalez, City of Colton
Isaac Suchil, City of Colton
Paul Barich, City of Redlands
Gil Ocegüera, City of Riverside
Ronald Coats, East Valley Water District
Denis Kidd, Riverside-Highland Water Company
George Saunders, Riverside-Highland Water Company
Richard Corneille, San Bernardino Valley Water Conservation District
David Raley, San Bernardino Valley Water Conservation District
Benjamin Kelly, Western Heights Water Company
Lonni Granlund, Yucaipa Valley Water District

San Bernardino Valley Directors and Staff Present:

T. Milford Harrison, S.B. Valley Municipal Water District
Susan Longville, S.B. Valley Municipal Water District
June Hayes, S.B. Valley Municipal Water District
Gil Navarro, S.B. Valley Municipal Water District
Heather Dyer, S.B. Valley Municipal Water District
Matt Howard, S.B. Valley Municipal Water District
Kai Palenscar, S.B. Valley Municipal Water District
Cindy Saks, S.B. Valley Municipal Water District
Melissa Zoba, S.B. Valley Municipal Water District
Lillian Hernandez, S.B. Valley Municipal Water District

Agencies and Consultants Present:

John Mura, East Valley Water District
Kelly Malloy, East Valley Water District
Daniel Cozad, San Bernardino Valley Water Conservation District
Tom Crowley, City of Rialto

Chairman Corneille led the pledge of allegiance. Chairman Corneille announced that there was a quorum so official business could take place. The meeting proceeded with the following agenda items.

Agenda Item 1. Public Comment. Members of the public may address the Commission on matters within its jurisdiction.

Chairman Corneille invited any person who so desired to address the Commission. Hearing none, he announced that this would be the last meeting for Lillian Hernandez as she is retiring. The group gave her a round of applause for her work with the Commission.

The meeting proceeded with the published agenda items.

Agenda Item 2. Approval of Minutes of the January 9, 2020, Advisory Commission Meeting Minutes.

It was moved by Ron Coats to approve the minutes of the January 9, 2020, meeting. It was seconded by Gil Ocegüera. The motion was unanimously adopted.

Agenda Item 3. Presentations.

3.1 Proposed Combined Integrated Regional Water Management Plan and Urban Water Management Plan. Matthew Howard went through the history of the two plans and how they are to be updated every five years. Valley District and partner agencies have proposed to merge the two plans which would eliminate duplication and any confusion between the two documents and is also more cost-effective. The document will be titled "the 2020 Upper Santa Ana River Integrated Regional Water Management Plan". Mr. Howard reviewed the overlapping/duplicate sections and the draft table of contents. Like the current San Bernardino Valley Regional Urban Water Management Plan, there will be individual chapters for each retail agency that is required to submit an Urban Water Management Plan where they describe the strategies they will be using to ensure their supplies are greater than their total demand. Mr. Howard stated this would be the first time an Integrated Plan and Urban Plan have been combined in the State of California. The Department of Water Resources (DWR) is supportive of the concept. Proposals have been requested from consulting firms to assist in preparing the document. The total cost for the plan is estimated to be between \$200,000 to \$300,000. San Bernardino Valley Municipal Water District (SBVMWD) will pay half of the regional sections with the remaining 50 percent of the regional sections being split equally among the remaining participating agencies. Each agency will pay the entire cost of their individual chapter. Updates will be provided to the Commission at each of their meetings over the next year. The combined plan is due for submittal to DWR in July 2021 and will be presented to the Commission before submittal to the State.

3.2 Update on the Status of the Upper Santa Ana River Habitat Conservation Plan. Kai Palenscar gave a PowerPoint presentation on the Upper Santa Ana Habitat Conservation Plan (SARHCP) planning process, covered species, plan area and covered activities, the Inland Empire Utilities Agency (IEUA) covered activities, all covered activities and potential impacts, take assessment and impact analysis, example of impacts, conservation strategy, tributary restoration sites, plan implementation, and the Upper SAR HCP, CEQA, NEPA, and incidental take permits. The HCP is providing endangered species coverage for over 70 proposed projects, including stormwater and recycled water projects totaling approximately 80,000 acre-feet per year of local supply to the region. It is estimated that the draft HCP document will be released for public review in August 2020 with permit issuance in the spring of 2021. Programmatic Aquatic Resource Permits will follow.

Commissioner representative from Colton, Mr. Suchil, asked why Colton projects were not included. Ms. Dyer said they did not request to be included when the project was started in 2014, but could be included in a second phase. Chairman Corneille asked how the recently completed Conservation District HCP for the Wash Area was integrated. Ms. Dyer said the Wash Plan was complimentary with the River HCP.

3.3 Update on the Santa Ana River-Mill Creek Cooperative Exchange Plan Revisions & SCE Power Plants. Daniel Cozad gave a PowerPoint presentation update on the Santa Ana River-Mill Creek Cooperative Exchange Plan revisions and the SCE Power Plants. The San Bernardino Valley Water Conservation District (SBVWCD) is the project manager for the Santa Ana River Mill Creek Exchange Plan. The Plan has been in existence for over 30 years and was originally put in place by Valley District to provide supplemental water to Yucaipa without building a Valley District pipeline to Yucaipa. Water is provided to Yucaipa by a three-level exchange. Mill Creek water is provided to Yucaipa, Santa Ana River water is provided to Mill Creek users and State Water Project is provided to Santa Ana River users. Now that Valley District has a pipeline to Yucaipa, the Exchange Plan is not needed for its originally intended purpose. However, the Plan's signatories, including the mutual water companies and public agencies, began to re-envision other possible uses for the Exchange Plan like overcoming water quality and delivery problems. A consultant was hired to facilitate the review process. Workshops were held to work on the update of the Plan. The consultant is producing a revised plan that would ultimately be forwarded to the signatory agencies for final approval. As an offshoot of this process, the decreased reliability of SCE's water delivery facilities was discussed. SCE's water delivery facilities do not seem to have a lot of value to SCE based upon their poor maintenance practices and long delays in getting the facilities back online after major storm events. This has resulted in both water quality and delivery problems. The agencies have approached SCE to determine if they have any interest in divesting some of their power generating facilities and accompanying water delivery facilities. A collaborative group made up of staff from the water agencies has been formed to discuss this possibility which could provide opportunities for all Plan participants. If a deal can be reached with SCE to sell these facilities, a joint powers authority may be formed to manage them. A letter of interest signed by Valley District has been sent to SCE.

3.4 Update on the Sterling Natural Resource Center Construction Status. John Mura, General Manager East Valley Water District, gave a PowerPoint update on the Sterling Natural Resource Center (SNRC) Project. It is a wastewater treatment plant that will produce up to 10 million gallons per day of recycled water when complete. The project consists of the treatment facility and an administration facility which will include public space and amenities. The treatment facility will be completely enclosed so there will be no odor from the plant. They will be using co-digestion technology to create 3 MW of renewable electricity that will offset the operating cost of the facility, as well as all of East Valley's power needs, and they will be able to sell the unused electric back to the grid for \$1 million per year. They are working with Indian Springs High School, California State University San Bernardino, and San Bernardino Valley College to provide education opportunities and workforce development as well as creating a passive recreational facility for the community. They began construction in early December 2018. They have installed 62,195 feet of underground electrical, poured over 12,000 cubic yards of concrete and are installing sewer lines. Mr. Mura showed photographs of the construction progress. They are finalizing landscape designs and constructing the administration building. He stated that if anyone

was interested in seeing the progress in real-time, they can go to their website where they have a time-lapse camera of the construction. The total cost of the project is \$185 million and is estimated to be completed by the end of 2021.

3.5 2020 BTAC Water Management Plan and SWP Allocation Update. Matt Howard reviewed the plan that was included in the Commission packet. The SBVMWD current State Water Project Table A allocation is 20 percent.

3.6 Groundwater Council Update. Heather Dyer stated that West Valley Water District has joined the Groundwater Council and that the City of Redlands is still working on joining.

Agenda Item 4. Announcements by Commissioners. None.

Agenda Item 5. Future Business

A. Identify Items for Future Agendas

The next meeting date for the Advisory Commission on Water Policy was set for October 15, 2020, at 6:30 p.m.

Agenda Item 6. Adjournment

There being no further business, Heather Dyer adjourned the meeting at 8:20 p.m. in honor of Lillian Hernandez and her 14 years of service to the District and retail agencies that they serve. She gave best wishes for a very happy and long retirement.

Respectfully submitted,

Cindy Saks
CFO/ Deputy General Manager



DATE: October 15, 2020
TO: Advisory Commission
FROM: Matt Howard, Water Resources Senior Project Manager
SUBJECT: Update on the Integrated Regional Urban Water Management Plan

Valley District staff will be providing an update to the Advisory Commission on the Integrated Regional Urban Water Management Plan (IRUWMP) project. The Advisory Commission will be updated on the participating agencies, consultant selection process, and cost-sharing breakdown for the project. The update will also include details from the October 5, 2020 kick-off meeting, which included a desired outcomes activity, in-depth look at the project schedule, key changes for the 2020 updates of both the Integrated and Urban portions of the Plan and the proposed plan structure that will be submitted to DWR.

Background

In January 2007, Valley District and 15 other agencies prepared the Upper Santa Ana River Watershed Integrated Regional Water Management Plan (IRWMP). The IRWMP provides a comprehensive look at the area's water resources and includes management strategies to help meet the long-term water needs of the area. The Advisory Commission recommended approval of the IRWMP. The IRWMP also created the Basin Technical Advisory Committee (BTAC) to facilitate implementation of the Plan. The IRWMP was last updated in 2015.

In 2010, nearly all of the retail water agencies in the Valley District service area chose to create a regional Urban Water Management Plan as an alternative to creating individual Urban Water Management Plans. The San Bernardino Valley Regional Urban Water Management Plan (RUWMP) requires water agencies to prove that their water supply will be able to withstand a short-term or long-term drought and to show how they are meeting statewide water

conservation requirements, among other things. The RUWMP was last updated in 2015 and has also been supported by the Advisory Commission.

Some agencies participated in both documents and there is overlap in content. The IRWMP is updated every 5 years therefore it is due for an update in 2020. The RUWMP is to be updated every five years and is due in years ending in 1 or 6, and is required to be updated in 2021.

Rather than continue updating these overlapping documents independently, Valley District and its partners would like to combine them into a single new document, the 2020 Upper Santa Ana River Integrated *Regional* Urban Water Management Plan (IRUWMP). The vision is to combine the overlapping sections to create one cohesive document that meets all of the requirements of both the *Urban Water Management Planning Act* and the *Integrated Regional Water Management Planning Act*. The Basin Technical Advisory Committee (BTAC) that oversaw the development of both the IRWMP and the RUWMP will be providing oversight on this project and will be made up of representatives from the participating agencies.

Staff Recommendation

Receive and File



DATE: October 15, 2020
TO: Advisory Commission
FROM: Matthew Howard, Water Resources Senior Project Manager
SUBJECT: Update on the Yucaipa Groundwater Sustainability Plan

The Sustainable Groundwater Management Act (SGMA) requires unadjudicated, or unmanaged, basins to establish a Groundwater Sustainability Agency and to prepare a Groundwater Sustainability Plan (GSP). The only Basin in the Valley District service area that is subject to SGMA is the Yucaipa Basin. The water agencies in the Yucaipa Basin have been working toward basin management for the last several years and established the Yucaipa Sustainable Groundwater Management Agency (Yucaipa SGMA) in 2017. The Groundwater Sustainability Plan (GSP) for the Yucaipa Basin is due by January 31, 2022. A brief summary of the current activities of the Yucaipa SGMA is included below:

1. Developing a water budget, sustainability criteria and the sustainable yield for the Yucaipa Basin using the Yucaipa Groundwater Model, developed by the United States Geological Survey and enhanced by Geoscience Support Services. This task includes evaluating the historical, current and projected water use in the Yucaipa Basin, based on data from 1965-2015 and will estimate the changes in supply, demand, population land use and climate.
2. The Yucaipa SGMA is currently reviewing the proposed Management Area's throughout the Yucaipa Basin that are necessary for establishing the sustainability criteria. The sustainability criteria are specific for each Management Area and include the sustainability goal, undesirable results, minimum thresholds and measure objectives. The two main sustainability criteria that are applicable to the Yucaipa SGMA are the chronic lowering of water levels and reduction in storage.

3. Implement the Yucaipa SGMA data management system
4. Identify and evaluate the potential projects that are needed to achieve sustainability.
5. Hold the first public meeting, which is tentatively set for January 2021 to share progress with the public.

Background

The Sustainable Groundwater Management Act (SGMA) went into effect on January 1, 2015 by identifying unmanaged, or un-adjudicated basins throughout the State of California. For each of these unmanaged basins, a Groundwater Sustainability Agency is required to be established and to prepare a Groundwater Sustainability Plan (GSP). The only principal basin or sub-basin that is not managed, or adjudicated, within the Valley District service area is the Yucaipa Basin.

On June 22, 2017, San Bernardino Valley Municipal Water District (Valley District) joined the City of Redlands, San Geronio Pass Water Agency, South Mesa Water Company, South Mountain Water Company, Western Heights Water Company, the City of Yucaipa and the Yucaipa Valley Water District to form the Yucaipa SGMA under the Sustainable Groundwater Management Act (SGMA). Further, the Yucaipa SGMA is required to submit a Groundwater Sustainability Plan (GSP) by January 31, 2022.

Even before SGMA was enacted, Valley District was working collaboratively with the water agencies and San Bernardino County to develop a groundwater management plan, now referred to as a GSP under SGMA, for the Yucaipa Basin. The following work has been completed, or is currently in progress, that will benefit the proposed GSP:

- Determination of the safe yield and basin capacity (2013)
- Calculation of the change in groundwater storage and identification of potential groundwater recharge sites (2014)
- Preliminary field evaluation of recharge potential using exploratory borings (2014)
- Field recharge testing (2018)
- Develop a groundwater flow model for the Yucaipa Sub-basin area (USGS, 2020, nearing completion)

The GSP will incorporate the extensive work already conducted and completed, including the investigation of the storage capacity and evaluation of potential sites for artificial recharge.

Projects needed to achieve sustainability will be evaluated in the GSP as part of determining the long-term future sustainable yield of the Basin. The GSP itself will provide critical guidance and data necessary to sustainably manage the Yucaipa Basin over the long-term, while furthering the collaborative stakeholder process already in place.

The Yucaipa SGMA generally meets every month to discuss the status of the Yucaipa GSP. The Yucaipa GSP consists of various work, including the assessment of current and historical groundwater conditions, current and project land-use, determination of water budget and sustainable yield and defining the sustainability criteria for the Yucaipa Basin. Fieldwork includes infiltration tests and locating new stream gages. A new data management system is also being developed to manage the datasets needed to manage the Basin such as water levels and pumping data. The scheduled date to have the public reviewed GSP submitted to DWR in June 2021.

Recommended Action:

Receive and File.



DATE: October 15, 2020

TO: Advisory Commission on Water Policy

FROM: Wen Huang, Chief Engineer/Deputy General Manager

SUBJECT: Update on Valley District Development of Hydroelectric Generation Projects

Summary:

This Memorandum provides background information and an update on Valley District's development of three hydroelectric generation units at the City Creek Turnout for East Valley Water District's Plant No. 134, Waterman Turnout, and West Valley Water District's Roemer Water Treatment Plant, respectively. A summary of the background, completed and proposed facilities, and potential impacts and benefits for the Project will be presented at the meeting.

Background:

Valley District owns and operates several pipelines and numerous turnout facilities to facilitate conveyance of State Water Project (SWP) for direct delivery to water treatment plants (WTPs) or groundwater recharge within Valley District's service area. Most of the delivery facilities utilize gravity to effectively convey SWP water and therefore contain hydroelectric generation potential. As electrical power costs continue to escalate due to several factors including renewable energy requirements, many proposed hydropower projects that were not economically feasible just a few years ago have now become viable.

In early 2013, Valley District engaged with NLine Energy, a company specialized in design and engineering in-conduit hydroelectric units and chosen by the Association of California Water Agencies (ACWA) to be the preferred and recommended provider for hydropower assessment and development, to conduct a system-wide feasibility assessment and evaluation. Based on the feasibility assessment, it was concluded that the development of hydroelectric generation units at

the following locations appears to make the most economic sense and thereby recommended for further evaluation:

1. City Creek Turnout for East Valley Water District Plant No. 134
2. Waterman Turnout
3. Cactus Basins Turnout
4. City Creek Turnout for groundwater recharge
5. Sweetwater Turnout

In June 2013, based on the conclusion of the feasibility assessment, Valley District contracted NLine Energy to perform a more in-depth analysis for the five potential sites. Through this evaluation process, it was recommended that the Cactus Basins Turnout be relocated to West Valley Water District's Roemer WTP to maximize the hydroelectric generation potential by combining SWP recharge water to the Cactus Basins with the direct SWP delivery to Roemer and to optimize the financial benefit by offsetting power consumption directly from the WTP ("Net Metering") rather than feeding the generated electricity back to the grid ("Feed-in Tariff"). In addition, due to the requirements and timing of additional facilities needed and existing interconnection circuit issues, development of hydroelectric generation units at the Sweetwater Turnout and the City Creek Turnout for groundwater recharge sites is being deferred.

In 2014, Valley District awarded a professional service contract with NLine Energy for designing and engineering hydroelectric generation facilities and appurtenances at the three sites. As a collaborative effort, partners for the Project include EVWD, the City of San Bernardino Municipal Water Department (SBMWD), and WVWD. Depending on how the costs and associated benefits are shared, specific arrangements were requested by the partners and have been subsequently accommodated by the Valley District Board of Directors.

Since then, through the collaboration, the EVWD Plant 134 Hydro Project and the WVWD's Roemer WTP Hydro Project were completed in 2017 and 2018, respectively, and have been operational and generating electricity. Construction of the Waterman Turnout Hydro Project is scheduled to begin in late October 2020 with the anticipated completion date of October 2021. Specific project information, including milestones, potential impacts and benefits, and specific financing arrangements for each of the Projects is summarized below and will be presented at the meeting:

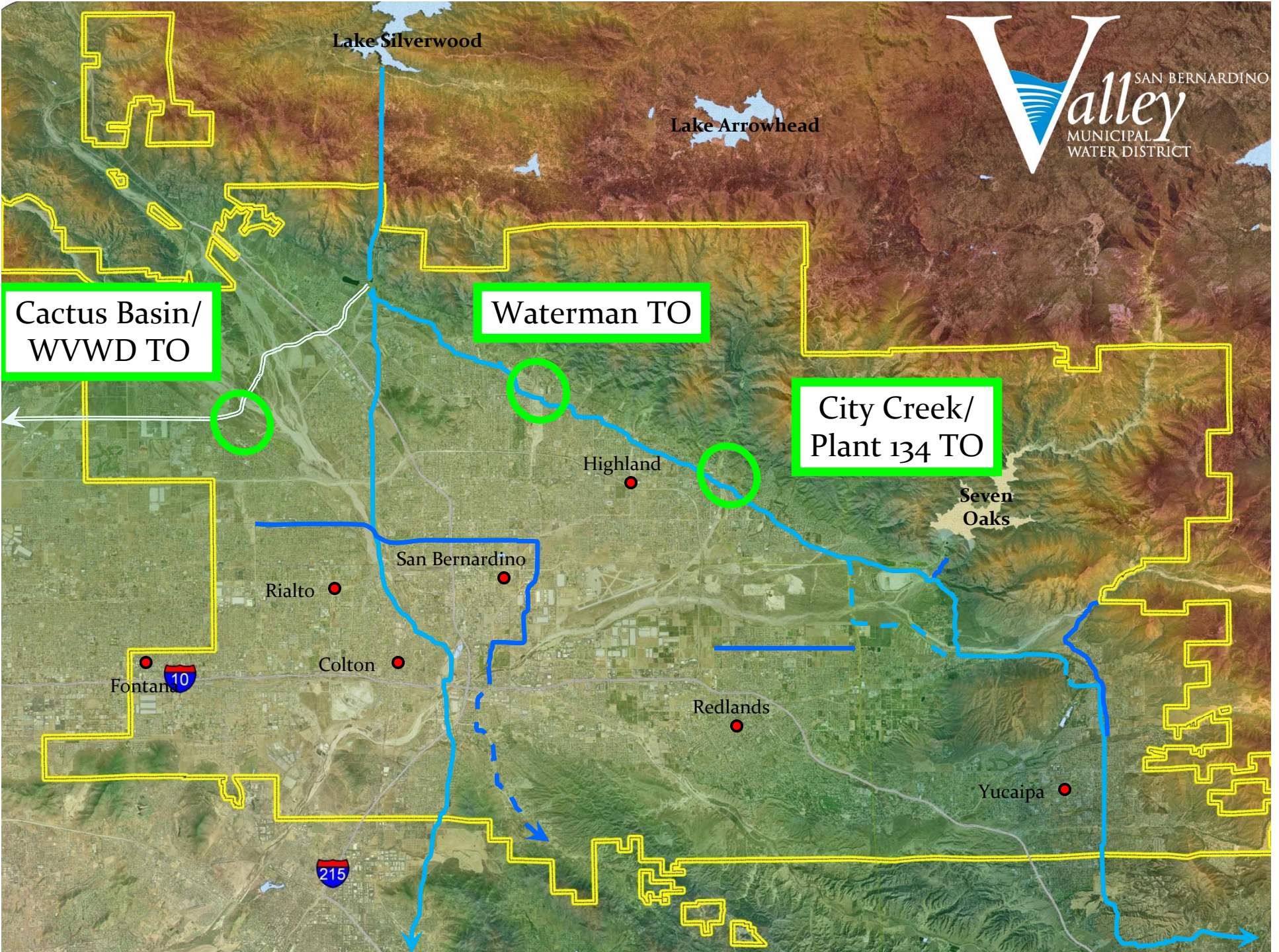
EVWD Plant 134 Hydro: The Valley District Board of Directors awarded the construction contract for EVWD Plant 134 Hydro Project at its meeting on June 21, 2016. Valley District completed construction of the 242 kW electric generation station at EVWD Plant 134 site and the new flow control facilities at the City Creek Turnout (CCTO) in 2017. The total cost of the hydro project was \$2.76 million including design, permitting, environmental, regulatory and construction. EVWD received a \$231,652 grant from Southern California Edison to help offset project costs. Based on the Design Memo prepared by NLine Energy, it is estimated that the payback period is approximately 14 years based on estimated design parameters (e.g. annual generation, annual revenue, project costs, generator size, etc.). This project is being financed by Valley District and EVWD will repay these costs with the Local Agency Investment Fund (LAIF) interest over 10 years in accordance with the approved agreement.

WVWD Roemer WTP Hydro: The Valley District Board of Directors awarded the construction contract for WVWD Roemer WTP Hydro Project at its meeting on May 2, 2017. Valley District completed construction of the 460 kW electric generation station at WVWD Roemer WTP site and new flow control facilities at the Lytle Creek Turnout (LCTO) in 2018. The total cost of the hydro project was \$3.26 M including design, permitting, environmental, regulatory and construction. WVWD received a \$454,260 grant from Southern California Edison to help offset costs. Based on the Design Memo prepared by NLine Energy, it is estimated that the payback period is approximately 12 years based on estimated design parameters (e.g. annual generation, annual revenue, project costs, generator size, etc.). Similar to the arrangement with EVWD, this project is being financed by Valley District and WVWD will repay these costs with LAIF interest over 10 years in accordance with the approved agreement.

Waterman Turnout Hydro: The Valley District Board of Directors awarded the construction contract for Waterman Turnout Hydro Project and improvements to the flow control facilities in the amount of \$2,252,500 at its meeting on September 15, 2020. Valley District anticipates to begin construction of the 1.1 MW electric generation station at Waterman Turnout site in late October 2020. The total estimated cost of the project is \$5.49 MM including design, permitting, environmental, regulatory and construction. SBMWD is responsible for 50 percent of the project cost related to the hydroelectric facilities. Based on the 50% Design Memo prepared by NLine Energy the payback period is approximately 11-12 years based on estimated design parameters (e.g. annual generation, annual revenue, project costs, generator size, etc.). SBMWD will pay its share of the Project over a 3-year period starting in 2019 in accordance with the approved agreement.

Staff Recommendation: Informational item. Receive and file.

Attachment: Location Map for the Sites.





DATE: October 15, 2020

TO: Advisory Commission on Water Policy

FROM: Bob Tincher, Chief Water Resources Officer/Deputy General Manager

SUBJECT: Update on the State Water Project

On December 30, 1960, on behalf of the voters in the Valley District service area, Valley District signed a contract with the State of California for a supplemental water supply from the State Water Project (SWP) along with the commitment to pay the accompanying cost which will reach about \$2 billion by the time the bonds have been paid. Valley District has used this supplemental water supply contract to import nearly 1 million acre-feet of SWP water into the region. This supplemental water supply provides about 25% of our water supply and without it, our regional demands would have exceeded the amount of our local resources in about the 1980s which would have dramatically changed the quality of life in the region.

Valley District's SWP contract provides up to 102,600 acre-feet per year depending upon actual rainfall in northern California. Up to the mid-1990s, Valley District received an average of about 78% of its total entitlement amount, or about 80,000 acre-feet. Since that time, the actual SWP supply has been steadily declining due primarily to endangered and threatened species issues associated with transporting SWP water through the Delta and is currently around 60%, or about 61,000 acre-feet.

At the meeting, staff will provide an update on the SWP including, but not limited to:

1. The annual entitlement for the year including any changes
2. Projects that restore lost SWP supply
 - a. Delta Conveyance
 - b. Sites Reservoir
3. Any proposed contract amendments

4. Any other items related to the SWP

Staff Recommendation

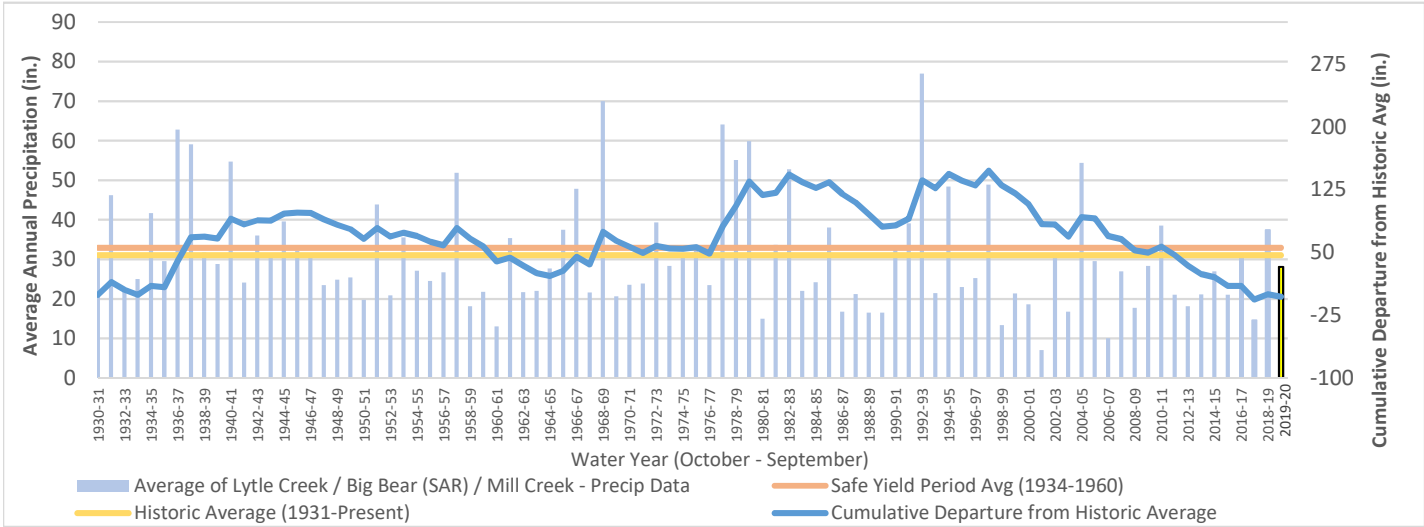
Receive and file

2020 Regional Water Management Plan

September

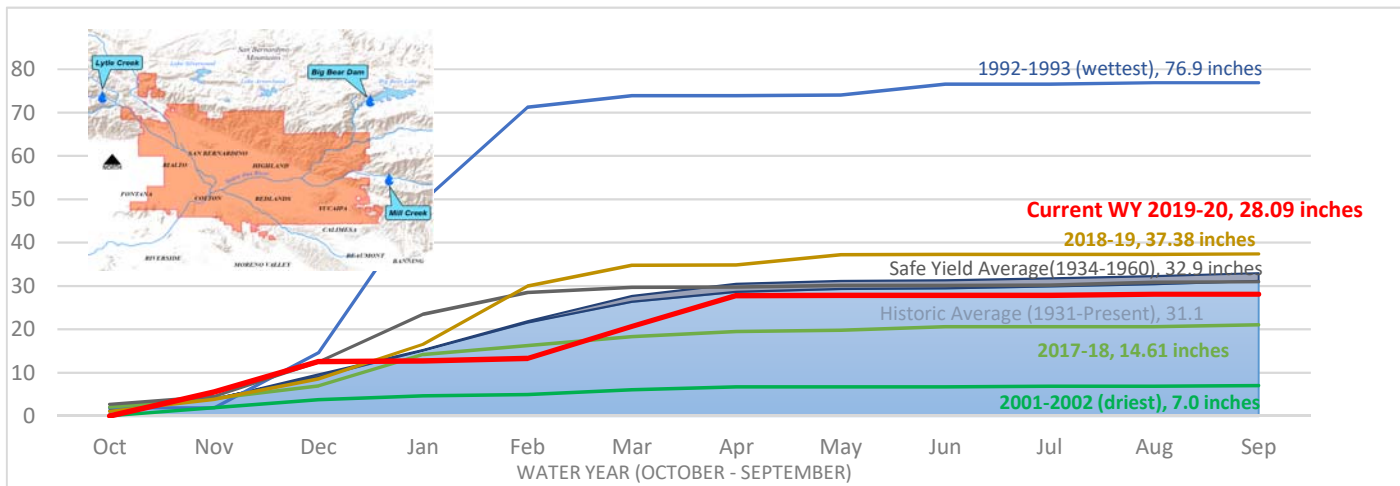
SBBA THREE STATION PRECIPITATION INDEX - CUMULATIVE DEPARTURE FROM THE MEAN

Below Average



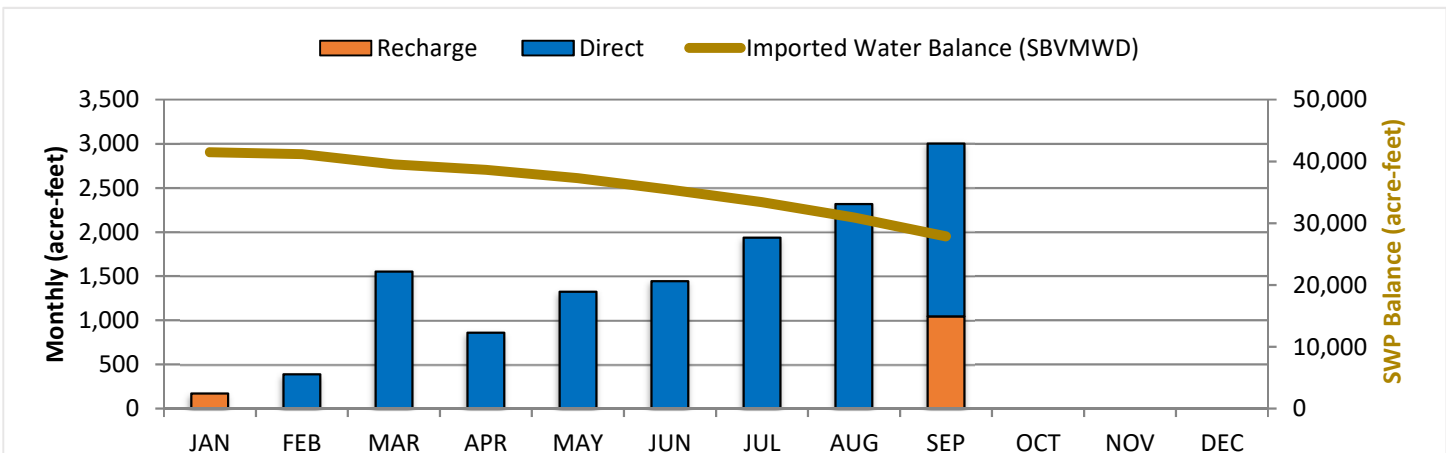
SBBA THREE STATION PRECIPITATION INDEX - MONTHLY

28.09 INCHES



2020 IMPORTED WATER SUPPLY PORTFOLIO BALANCE

28,296 AC-FT

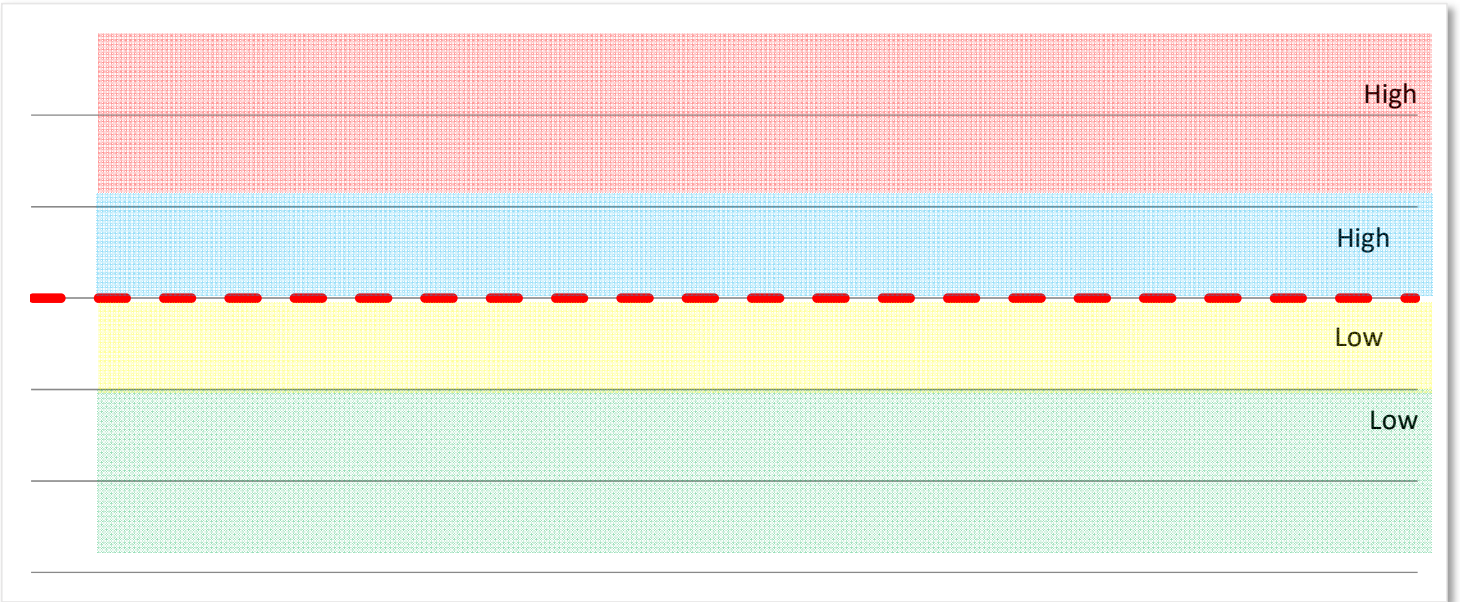


2020 Regional Water Management Plan

September

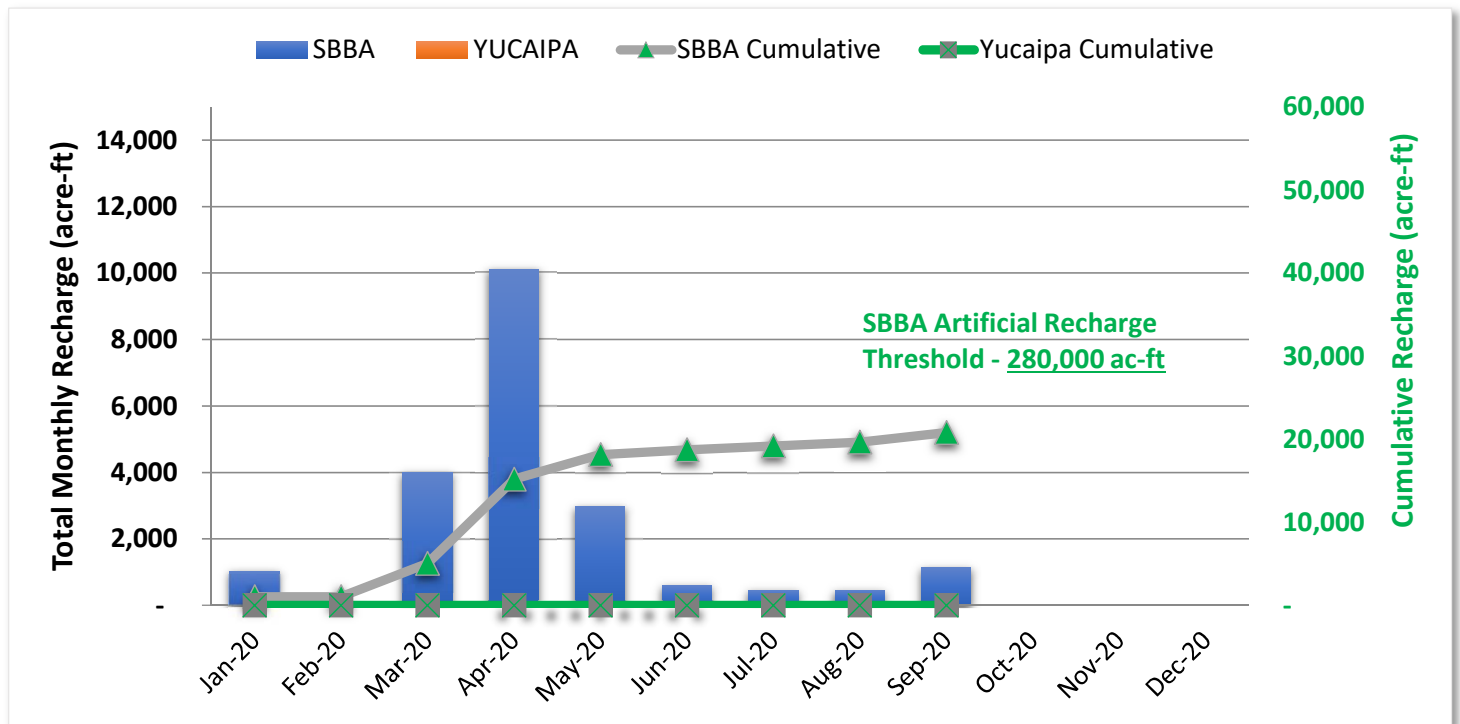
LIQUEFACTION POTENTIAL IN THE SBBA (Avg. Backyard Well, D4, D5 and D6)

Data Unavailable



ARTIFICIAL RECHARGE

20,785 AC-FT

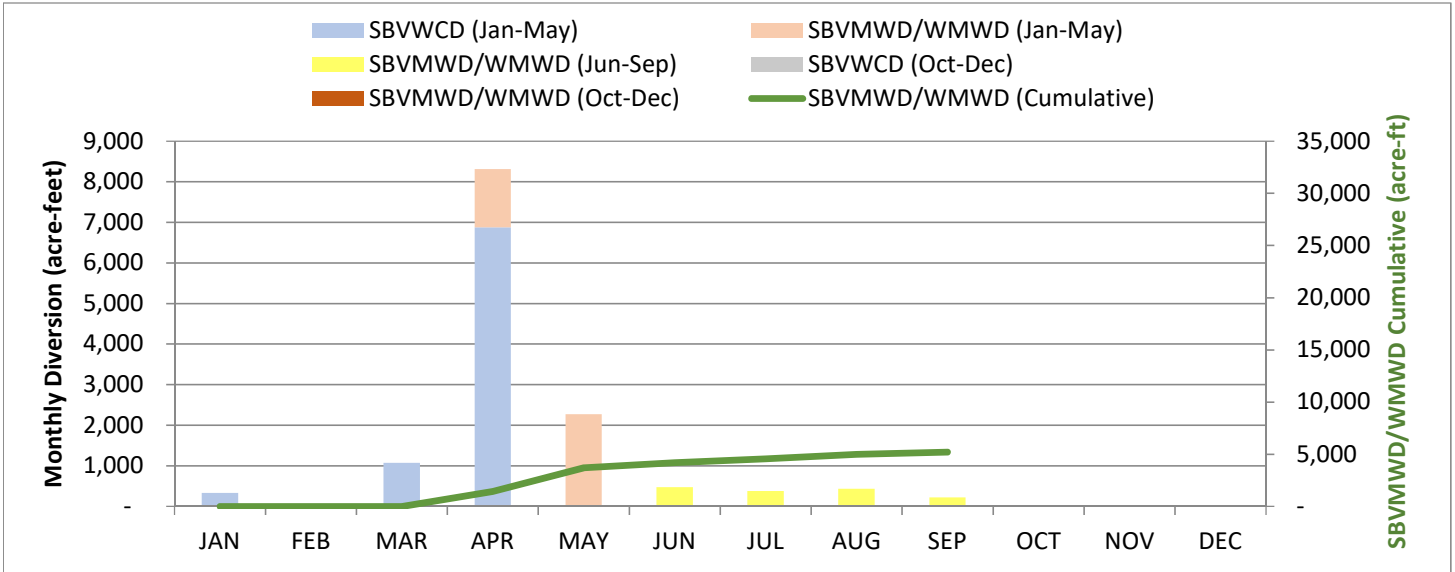


2020 Regional Water Management Plan

September

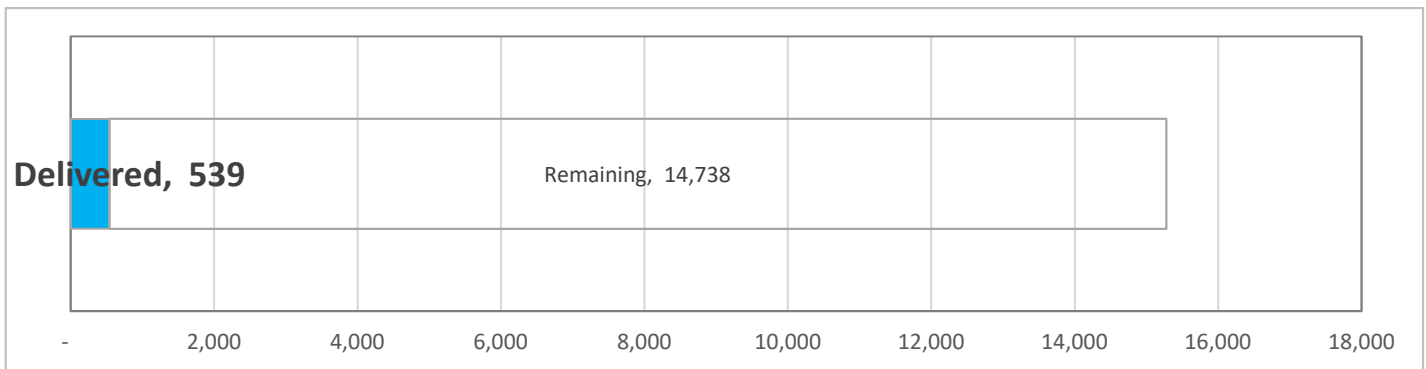
2020 SANTA ANA RIVER DIVERSIONS - PARSHALL FLUME

5,206 AC-FT



SAN BERNARDINO BASIN GROUNDWATER COUNCIL DELIVERIES

CY 2020 Deliveries	539 AF
SBBA GC Total Planned Deliveries	15,276 AF



2020 Regional Water Management Plan

September

WATER SUPPLY

	Jan 2020 to Dec 2020	Storage Program	September
SBVMWD/WMWD Santa Ana River Diversions in 2020:			
Direct delivery			
Artificial Recharge (17% required by Riverside Agreement unless credits)			100%
Exchange (long-term storage/banking, 40 cfs max)			
Additional San Bernardino Basin Area pumping:			
Imported Water Portfolio for 2020:			
Available:			
Carryover to 2020			11,471
Entitlement for 2020 (20%)			20,520
Kern - Delta Water Bank (5,000 af/yr maximum)			5,000
Multi-year Demo			
Big Bear Lake (stored)		742	
Big Bear Lake (Delivered)			
Yuba Accord			4,603
Palmdale Exchange			
Dry year yield program			
Purchase additional imported water			
TOTAL SUPPLIES	-	742	41,594
Demands:			
Direct Deliveries			(11,774)
Recommended uses for State Water Project Water in 2020:			
Short-term (carryover) storage for direct deliveries			
Artificial Recharge			(1,218)
Facility Storage			(718)
Long-term storage/banking			
Sale to MWDC			
Palmdale Exchange (delivery to Palmdale)			
Sale to Crestline-Lake Arrowhead Water Agency			
Exchange to Crestline-Lake Arrowhead Water Agency			
Exchange to Santa Clara			
True up with DWR meters			412
TOTAL USE	0		(13,299)
BALANCE	-		28,296

ARTIFICIAL RECHARGE

	Artificial Recharge Jan 2020 - Dec 2020	September			
		Local	SWP	Total	%
San Bernardino Basin Area¹	(Suggested Max)				
1. Waterman Basins & 9. East Twin Creek Spreading Basin	80,500	-	703	703	1%
2. Santa Ana Basins	105,000	13,774	-	13,774	13%
3. Mill Creek Basins	63,000	5,793	172	5,965	9%
4. City of Redlands Spreading Basins	-	-	-	-	0%
5. Bear Valley Spreading Basin	-	-	-	-	0%
6. Santa Ana River Bottom	-	-	-	-	0%
7. Patton Basin	-	-	-	-	0%
8. EVWD Turnout	-	-	-	-	0%
10. Badger Basins	12,250	-	-	-	0%
11. Wiggins Basin	-	-	-	-	0%
12. Devil Canyon & Sweetwater Basins	19,250	-	343	343	2%
13. Gravel Pits	-	-	-	-	0%
14. Lower Lytle Creek Basins (proposed)	-	-	-	-	0%
Sub-total SBBA	280,000	19,567	1,218	20,785	7%

% in each basin
Based on 2011 modelii

29%
38%
23%
0%
0%
0%
0%
0%
0%
4%
0%
7%
0%
0%

¹ Suggested maximum recharge values. See Appendix F.

² Due to shallow groundwater levels in this area, exceeding this value may result in rejected recharge at this location.

Rialto-Colton Basin				
Yucaipa Basin	3,500		-	-
Riverside North Basin				
SBVMWD Recharge in Riverside North (Watermaster Table No. 17C)	5,611			
Other	-			
Sub-Total R-C, Yucaipa, Riverside North			0	0

TOTAL RECHARGE SEPTEMBER 2020	19,567	1,218	20,785
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DATE: October 15, 2020

TO: Advisory Commission on Water Policy

FROM: Bob Tincher, Chief Water Resources Officer/Deputy General Manager

SUBJECT: Update on Groundwater Management

The Sustainable Groundwater Management Act (SGMA) requires unadjudicated, or unmanaged, basins to establish a Groundwater Sustainability Agency and to prepare a Groundwater Sustainability Plan (GSP). The only Basin in the Valley District service area that is subject to SGMA is the Yucaipa Basin. The other basins are adjudicated under the Western-San Bernardino Judgment (Judgment) and carefully monitored by the Western-San Bernardino Watermaster that is made up of one representative from Valley District and one representative from Western Municipal Water District.

The Judgment generally established pumping limits for both the Riverside Entities and the San Bernardino Entities. The San Bernardino Entities are also given the ability to manage the groundwater basins which includes providing supplemental water. The San Bernardino Entities pumping amount may be increased to include the amount of supplemental water that has been provided to the basin. The addition of supplemental water to the natural supply, or safe yield, is commonly referred to as sustainable yield. The pumpers in each of the groundwater basins desire to increase the sustainable yield in their respective basins and are taking the necessary steps to achieve that goal. A general summary of the progress in each basin is included below:

1. **San Bernardino Basin.** A staff-led Groundwater Council has been formed to develop annual, supplemental water purchase recommendations and accompanying cost-sharing for consideration by the participating elected boards and councils.
2. **Rialto-Colton Basin.** The pumpers in this region are developing an agreement that would generally create a group that would develop a groundwater sustainability plan

and accompanying process for purchasing supplemental water in order to increase the sustainable yield.

3. **Yucaipa Basin.** The pumpers in the basin have formed the SGMA compliant *Yucaipa Sustainable Groundwater Management Agency* (Yucaipa SGMA) and are currently developing a groundwater sustainability plan that will include the purchase of supplemental water in order to increase the sustainable yield.

At the meeting, staff will provide an update on the management activities in each basin.

Staff Recommendation

Receive and file



DATE: October 15, 2020

TO: Advisory Commission on Water Policy

FROM: Bob Tincher, Chief Water Resources Officer/Deputy General Manager

SUBJECT: Consider Support for Valley District's Continued Participation in the Delta Conveyance Project

Staff is asking the Advisory Commission on Water Policy to consider support for Valley District's continued participation in the Delta Conveyance Project (DCP) which would restore some of the State Water Project (SWP) supplies that have been lost, over the years, due to environmental regulations associated with conveying SWP water through the Sacramento-San Joaquin Delta (Delta). The DCP essentially provides a northern SWP intake, near Sacramento and then conveys the SWP water under the Delta in a 36-foot inside diameter tunnel.

The public water agencies (PWAs) that have contracts with the Department of Water Resources (DWR) to receive water through the SWP and that wish to participate in the DCP are being asked to pay their proportionate share of the next \$330 million of planning and design costs to keep the DCP advancing through 2024. Valley District's current proportionate share of the DCP is about 2.8% which could change depending upon the final participation by other PWAs. At this participation level, Valley District would receive an average benefit of about 15,000 acre-feet per year which would change its average Table A from about 60% (61,560 AF) currently to about 75% (76,456 AF) with DCP. Valley District's proportionate share of the estimated \$15.9 billion cost would be about \$445 million or a unit cost of about \$600 per acre-ft (AF). Valley District's proportionate share of the requested planning and design costs is about \$9.2 million. The \$10 million Valley District provided toward the DCP in 2018 (then known as the "California WaterFix") could be used to cover this cost. The funding agreement has been forwarded to Valley District's special counsel, David Aladjem, for review as to form.

Background

Valley District signed a contract with the State of California on December 30, 1960 for a water supply from, what would later become known as the SWP. Valley District has used this contract to supply nearly 1 million acre-feet of imported water since deliveries started in the early 1970s. However, starting in the mid-1990s and accelerating in the late 2000s, the actual SWP supply has been steadily reducing due primarily to endangered and threatened species issues associated with transporting SWP water through the Delta. In response to this continuing water supply reduction, the California Department of Water Resources (DWR), in cooperation with participating PWAs, has been developing a conveyance project to restore some of the lost supply due to environmental regulations.

Valley District participated in the planning and pre-design process for the project when it was known as the “California WaterFix” (CWF) (formerly “Bay Delta Conservation Plan” and “Delta Conservation and Conveyance Project”) for a span of more than ten years. In 2008, the Board approved a participation agreement and funding agreement (\$1.85 million) to cover initial environmental, planning, and preliminary design. Subsequently, in 2012 the Board approved a Supplemental Funding Agreement (\$1.25 million) to finish the environmental documentation and continue the design process. The combined \$3.1 million represented Valley District’s share of the \$240 million CWF initial planning and preliminary design costs. Then in October 2017, the Board approved a resolution supporting the CWF and agreeing to participate in the project up to our proportionate share based on Table A.

In 2018, the Board approved an agreement with DWR to provide \$10,000,000 for continued preconstruction planning costs for the California WaterFix Project. This money has been applied toward Valley District’s proportionate share of the requested planning and design costs for the period ending 2024. Until bonds are issued for the project, there will continue to be a need to provide funding to keep the project moving forward.

In January 2019, Governor Newsom announced that he did not support WaterFix, as configured, but that he did support a single tunnel conveyance project. In May 2019, DWR rescinded its approvals for WaterFix and began planning for the single tunnel option. Shortly thereafter, DWR began public negotiations with the participating PWAs on terms for an eventual agreement, referred to as an Agreement in Principle (AIP), which generally allocates costs and benefits for a potential single tunnel facility.

The existing SWP Delta water facilities, which include Clifton Court Forebay and Banks Pumping Plant in the south Delta, enable DWR to divert water and lift it into the California Aqueduct for delivery to south-of-Delta PWAs. As described in DWR's Notice of Preparation, the proposed DCP would essentially provide a SWP intake north of the Delta along the Sacramento River between Freeport and the confluence with Sutter Slough and then convey the water under the Delta in a single tunnel to the south Delta. The new facilities would be operated in coordination with the existing SWP facilities resulting in two ways to divert and convey water, or "dual conveyance". Dual conveyance does not increase the water rights for the SWP but restores previous losses due to environmental regulations. DCP also helps overcome various uncertainties associated with conveying water through the Delta including the potential impacts of climate change and extreme water events and the potential disruption of deliveries due to an earthquake in the Delta. The overarching objective of Delta Conveyance is to make the SWP more resilient.

The new north of Delta intake will be sized for up to 6,000 cfs of water from the Sacramento River to the SWP facilities in the south Delta and would generally include intake facilities, underground tunnel (two routes are being considered) and other ancillary facilities (Figure 1). DWR is considering other alternatives as part of the environmental review process with capacities ranging from 3,000 to 7,500 cfs and participation with and without the Central Valley Project (CVP).

Based on the preliminary schedule, the final Environmental Impact Report (EIR) will be completed in about 2023 and other environmental review, permitting and regulatory processes will be completed by about 2024. Once the DCP receives all necessary approvals and permits and has complied with all legal requirements, including, but not limited to, obtaining a change in point of diversion to DWR's existing water rights permit, construction would begin (Figure 2). At present, DWR is engaged in a California Environmental Quality Act (CEQA) scoping process and has solicited comments on potential impacts and alternatives. DWR is currently working toward a reasonable range of project alternatives that avoid or substantially reduce potentially significant impacts.

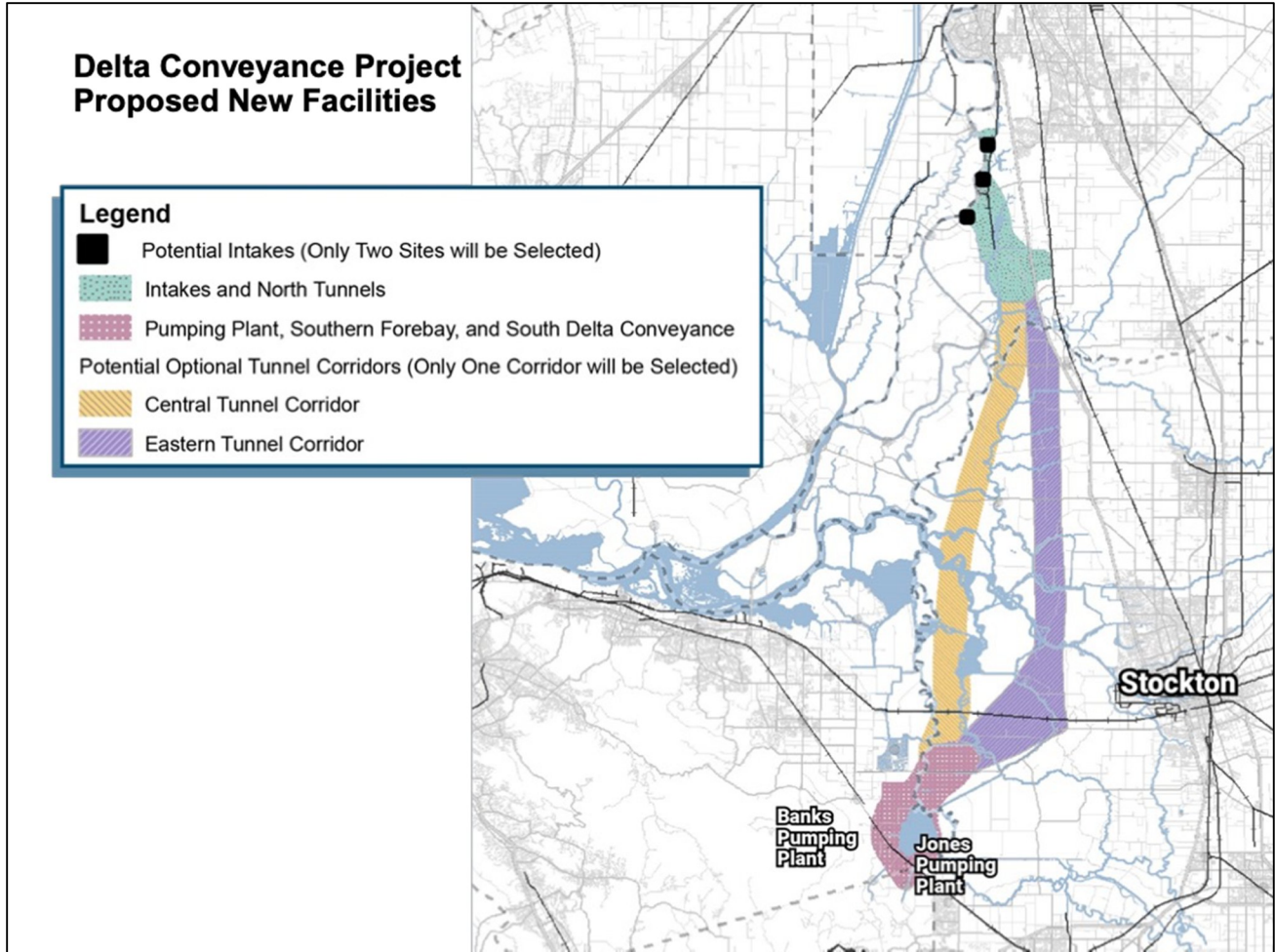


Figure 1. Map showing locations of potential tunnel intakes in relation to current SWP Pumping Plant.

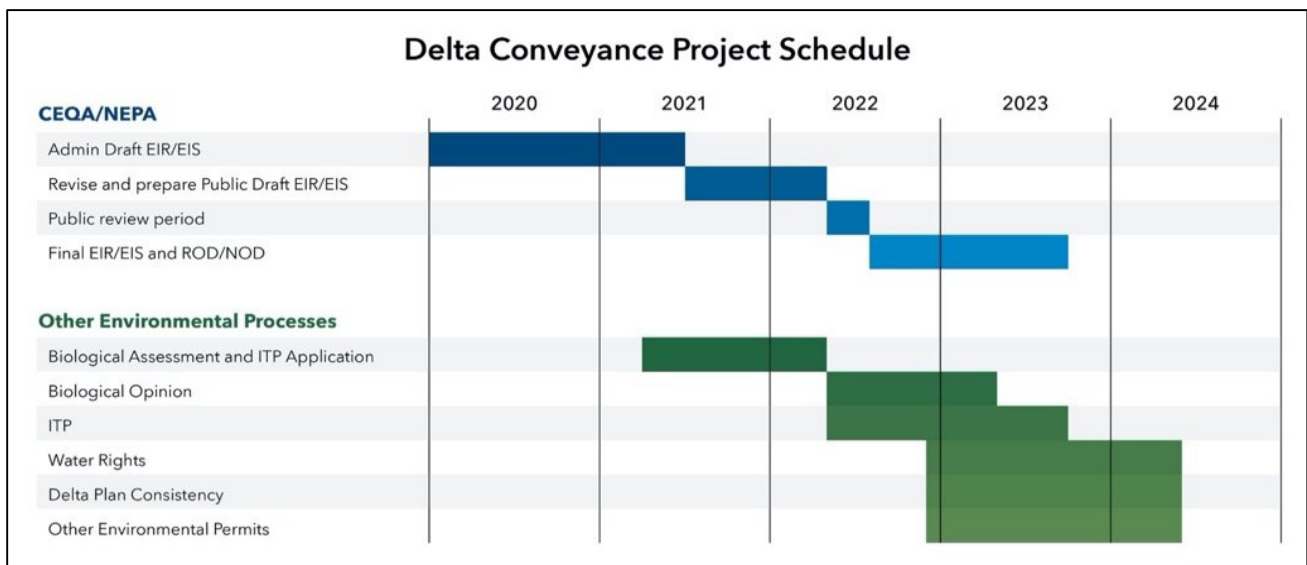


Figure 2. Current Delta Conveyance Project schedule.

The PWAs conducted a preliminary analysis with and without the DCP under a range of existing and future scenarios to help assess the benefits of the DCP. The range of future scenarios are intended to evaluate the DCP's benefits under plausible future regulatory, climate change, sea level rise, and seismic risks. As the DCP is further refined and permitted the estimated benefits may change.

Figures 3 and 4 provide the average annual SWP deliveries under existing and future scenarios with and without the DCP. The Current Trends future scenario, which provides a reasonable expectation of conditions at the start of DCP operations, indicates the restoration of approximately 500,000 AF in annual, average SWP deliveries. On average, about 60% of the restored SWP deliveries are Table A and 40% are Article 21. Furthermore, the preliminary modeling results in Figure 3 also indicate that the DCP would potentially eliminate any losses associated with the future plausible risks. On average, the DCP is estimated to result in about 100,000 AF to 1,000,000 AF per year of restored SWP deliveries as compared with no DCP, about 700,000 AF per year assuming a delivery disruption associated with an earthquake and about 900,000 AF per year under extreme sea level rise.

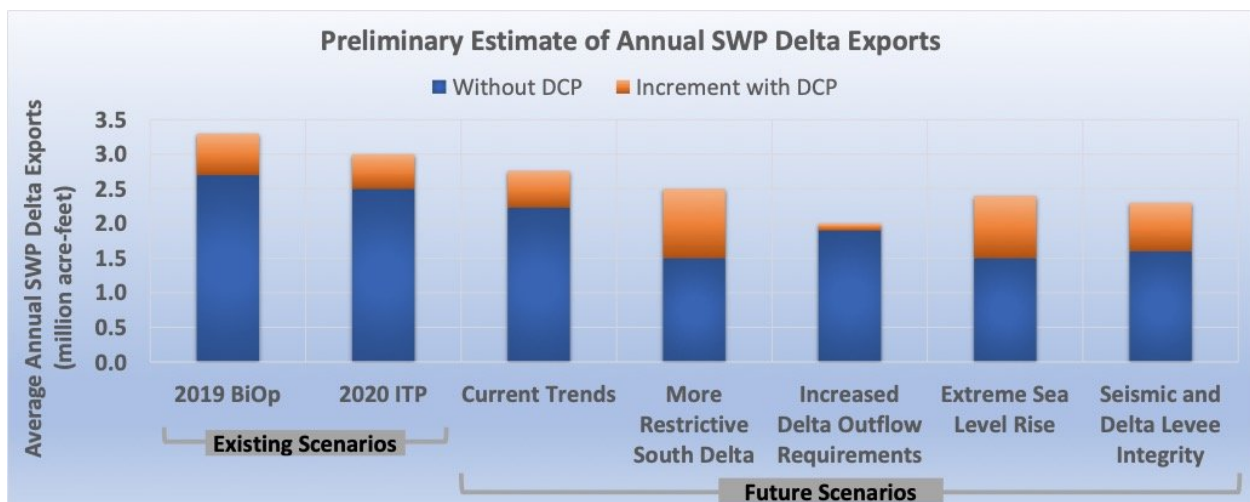


Figure 3: Preliminary modeled average annual SWP exports under existing and plausible future scenarios and corresponding increment resulting with the DCP

Without the DCP, SWP deliveries are estimated to be further reduced by an average of about 300,000 AF to 1,000,000 AF under various, plausible future scenarios for regulatory changes, sea level rise and seismic risk. With DCP these uncertainties have little impact demonstrating the resilience of the SWP with the DCP.

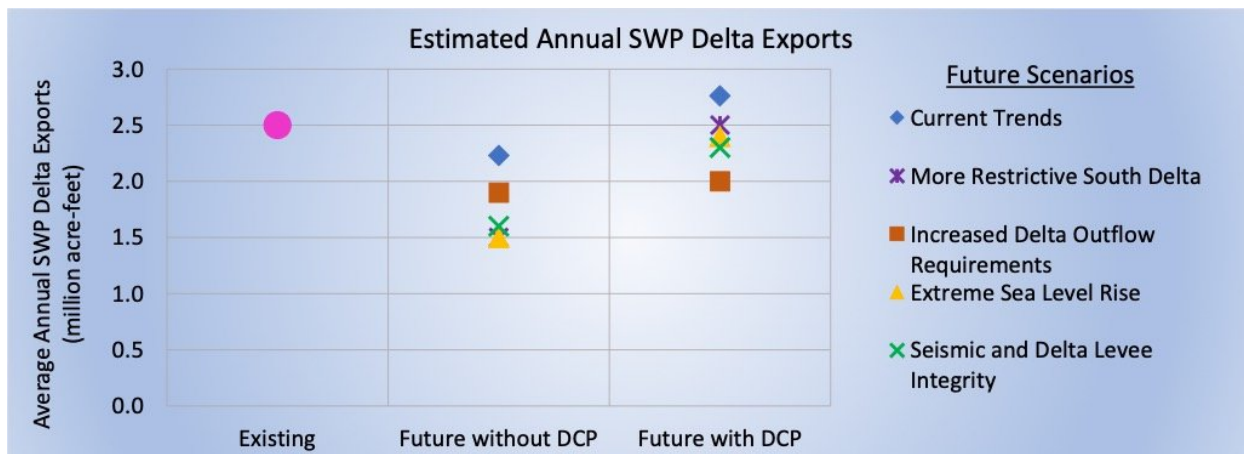


Figure 4: Preliminary modeled average annual SWP exports under the future scenarios with and without the DCP compared to the existing scenario

In addition to the water supply benefits, the DCP is expected to provide operational flexibility to capture some of the peak storm flows that have historically flowed to the ocean, improved water quality, conveyance capacity for water transfers and potential carriage water savings.

The Delta Conveyance Authority (DCA) developed a preliminary cost estimate for the DCP. DCA is still very early in the planning process which results in a higher level of uncertainty for the estimate. As the planning and design of DCP progresses, the level of uncertainty will decrease resulting in more confidence in the cost estimate. To overcome the current level of uncertainty, DCA added a contingency of about 38%. An independent review of the DCA cost estimate by AECOM concluded that the contingency may be as high as 44% taking into consideration the conservative design. This estimate does not include the final mitigation costs or cost items such as community benefits, DWR planning costs, inflation or financing costs. The estimate does include construction costs, soft costs, and environmental mitigation costs in 2020 dollars (no finance costs). In other words, the estimate is as if the DCP was built entirely in 2020. It is the DCA's opinion that there is a 50% probability that the DCP will cost \$15.9 billion in 2020 dollars.

The draft Agreement In Principle includes the proposed terms for an amendment to Valley District's SWP water supply contract to allocate Valley District a share of the DCP's costs and benefits. The AIP generally includes the following:

- An option for PWAs to opt out of the costs and benefits of the DCP.

- A requirement that PWAs may not commit to less than a 100% of their Table A percentage but they are allowed to increase their participation above their Table A percentage.
- States that the DCP will be constructed and operated as an integral part of the SWP so any contract amendment is constrained by the transition date in the Contract Extension Amendment.
- DWR will determine the amount of water attributable to DCP each year which will be additive to Table A for participants.
- Each PWA is responsible for the costs associated with their participation percentage
- Describes how costs will be billed to participating PWAs
- Describes the benefits that participants will receive, including a proportionate share of the water supply and conveyance capacity.

A copy of the AIP is attached. Participating PWAs are asked to provide their participation percentage in order to confirm that the DCP is 100% subscribed and to proportion planning costs. Staff is recommending that Valley District participate for its Table A amount, or 2.8% of the DCP. If the Board approves this percentage, it will be included in the AIP and proposed contract amendment. Once the contract amendment has been developed and undergone environmental review, it will be brought back to a Board workshop for review.

Participating PWAs must enter into a funding agreement with DWR to provide their proportionate share of the funds for environmental, planning and design costs through 2024. The current estimate of these environmental, planning and design costs is \$330 million, with Valley District's share being about \$9.2 million. Valley District's \$10 million payment in 2018 can be used to cover this cost. PWAs are given the option to authorize the entire amount or the amount for the first two years. As a show of support for the DCP, Staff is recommending that the Board authorize the entire amount. If the project were not to move forward, Valley District would receive any unspent funds.

Fiscal Impact

Funds provided by Valley District in 2018 can be used to cover the \$9.2 million in planning and design costs.

Staff Recommendation

Staff recommends that the Advisory Commission on Water Policy recommend support for the following actions to the Valley District Board of Directors:

1. Establish Valley District's participation level at 2.8% of the DCP
2. Approve the funding agreement for Valley District's portion of the planning and engineering costs

Attachments

Delta Conveyance Agreement in Principle

AGREEMENT IN PRINCIPLE

April 30, 2020

This Agreement in Principle has been developed from the State Water Contractor Public Water Agencies' offers presented from July 24, 2019 to present, Department of Water Resources' offers presented from July 31, 2019 to present, and information discussed and presented by the technical and legal work groups.

Agreement in Principle for the State Water Project Water Supply Contract Amendment on a Delta Conveyance Project

This Agreement in Principle (**AIP**) is by and between certain State Water Project Public Water Agencies (**PWAs**) and the State of California through the Department of Water Resources (**DWR**) for the purpose of amending the State Water Project Water Supply Contracts.

AIP Objective:

1. Develop an agreement between the State Water Project Contractor Public Water Agencies and Department of Water Resources to equitably allocate costs and benefits of a potential Delta Conveyance Facility that preserves operational flexibility such that the Department of Water Resources can manage the State Water Project to meet regulatory requirements, contractual responsibilities, and State Water Project purposes.

AIP Outline:

- I. Definitions
- II. Objective 1 - Availability of an option to opt out of costs and benefits of Delta Conveyance Facilities of the State Water Project
- III. Objective 2 - Availability of an option to assume, or partially assume, costs and benefits of Delta Conveyance Facilities of the State Water Project
- IV. Objective 3 - Pursuit of State Water Project Delta Conveyance Facilities under the State Water Project Water Supply Contracts
- V. Objective 4 - Delta Conveyance Facility billing
- VI. Objective 5 - Delta Conveyance Facility benefits allocation
- VII. Objective 6 - Affect upon other Water Supply Contract provisions
- VIII. Other Provisions
- IX. Environmental Review Process
- X. Authorized Representative Signatures

I. Definitions

- a. **Clifton Court Forebay** shall mean the existing State Water Project diversion at Clifton Court Forebay facility through its intake located on Old River in the southern Delta and the associated Skinner Fish Facility.
- b. **Delta** shall mean the Sacramento-San Joaquin Delta as defined in Section 12220 of the California Water Code on the date of approval of the Bond Act by the votes of the State of California.
- c. **Delta Conveyance Facility (DCF)** shall mean those facilities of the State Water Project consisting of a water diversion intake structure, or structures, located on the Sacramento River and connected by facilities to Banks Pumping Plant in the southern Delta with a single tunnel that will serve the water supply purposes of the State Water Project.
- d. **DCF Benefits** shall mean those water supply and capacity benefits attributable to the DCF including but not limited to: (1) Table A water supplies; (2) Article 21 water supplies; (3) carriage water savings; (4) reliable water supply and use of DCF available capacity in the event of a temporary or permanent physical, regulatory, or contractual disruption of southern Delta diversions; and (5) use of DCF available capacity to move non-project water through the proposed DCF.
- e. **Fair Compensation** shall include but is not limited to capital recovery, operations and maintenance, replacement, and variable charges associated with the use of the DCF capacity.
- f. **State Water Project (SWP)** shall mean the State Water Resources Development System as described in California Water Code section 12931.
- g. **State Water Project Contractor Public Water Agencies (PWAs)** shall include the 29 entities holding State Water Project Water Supply Contracts with the Department of Water Resources.

II. Objective 1 - Availability of an option to opt out of costs and DCF Benefits

- a. This AIP makes available to each PWA an option to opt out of the costs and benefits of the DCF through a contract amendment that establishes a Statement of Charges (SOC) percentage of DCF Benefits based on the percentages in the Delta Conveyance Allocation Factors table to water attributable to the DCF, as described in Section VI of this AIP.
- b. PWAs indicating an intent to opt out of costs and benefits of the DCF shall be described in Section VI(a) of this AIP.
- c. An option to opt out of DCF costs and benefits are limited such that a PWA must opt out of at least a minimum 100% of its Municipal and Industrial Table A or 100% of its Agricultural Table A. This provision doesn't prohibit a PWA from taking more than their Table A share, if available, in the Delta Facilities Allocation Factor table.

- III. Objective 2 - Availability of an option to assume additional costs and benefits of the DCF
- a. This AIP makes available to each PWA an option to assume additional costs and benefits of the DCF through a contract amendment that establishes additional costs on the SOC in exchange for DCF Benefits based on the percentages in the Delta Conveyance Allocation Factors table to water attributable to the DCF, as described in Section VI of this AIP.
 - b. PWAs indicating an intent to assume DCF costs and benefits shall be described in Section VI(b) of this AIP.
- IV. Objective 3 - Pursuit of State Water Project Delta Conveyance Facilities under the State Water Project Water Supply Contracts
- a. The DCF shall be constructed and operated as an integrated component of the State Water Project, and DWR will continue to operate the State Water Project at its sole discretion.
 - b. The DCF is an authorized component of the State Water Project pursuant to California Water Code sections 11100 et seq. and 12930 et seq.
 - c. Effective Date: A contract amendment pursuant to this AIP shall have an effective date no sooner than the billing transition date set forth in State Water Project Water Supply Contract Amendment known as The Contract Extension Amendment.
 - d. Administration of DCF: DWR will forecast and account for Project Water attributable to the DCF and DWR will determine whether or not that Project Water would not have been available at Clifton Court Forebay. A whitepaper describing the DWR's and the PWAs' current understanding of the approach on forecasting, administration, and accounting is contained in Attachment 1. Attachment 1 will not be incorporated into contract language.
- V. Objective 4 - Delta Conveyance Facility billing
- a. These costs would be billed to and collected from SWP PWAs consistent with the Delta Facilities Allocation Factor table below through their annual SOC.
 - b. Delta Conveyance Facilities Charge Components:** All capital and minimum operations, maintenance, power and replacement (OMP&R) costs associated with the DCF are 100% reimbursable and shall be recovered by DWR from PWAs through their annual SOC's consistent with the Delta Facilities Allocation Factor table. These costs shall be allocated to and billed under two new charges as follows:
 - (1) Delta Conveyance Facilities Capital Charge Component.
 - (2) Delta Conveyance Facilities Minimum OMP&R Component.
 - c. Delta Conveyance Facilities Capital Charge Component Method of Computation**
 - 1. This computation will recover actual annual debt service created by financing activities (Financing Method) for DCF.

2. Each Financing Method shall provide an annual repayment schedule, which includes all Financing Costs.
 3. Financing Costs shall mean the following: Principal of and interest on Revenue Bonds, debt service coverage required by the applicable bond resolution or indenture in relation to such principal and interest, deposits to reserves required by the bond resolution or indenture in relation to such Revenue Bonds, and premiums for insurance or other security obtained in relation to such Revenue Bonds.
- d. Financing Method shall be divided into four categories: DCF Capital Costs paid with the proceeds of Revenue Bonds; DCF Capital Costs paid with amounts in the State Water Resources Development System Reinvestment Account; DCF Capital Costs paid annually for assets that will have a short Economic Useful Life or the costs of which are not substantial, and DCF Capital Costs prepaid by the PWAs consistent with the Delta Facilities Allocation table.
 - e. DCF Capital Charge Component should be allocated to the PWAs in proportion to the Delta Conveyance Facilities Allocation Factors for each calendar year and consistent with the Delta Facilities Allocation Factor table.
 - f. **Delta Conveyance Facilities Minimum OMP&R Charge Component Method of Computation**
 1. Recovery will be estimated and/or actual annual OMP&R costs determined for the DCF each year.
 2. DCF Minimum OMP&R Charge Component shall be allocated to the PWAs in proportion to the Delta Conveyance Facilities Allocation Factors for each calendar year.
 - g. **Delta Conveyance Facilities Energy Charges:** The DCF energy costs are 100% reimbursable by the PWAs and the methodology will be determined by DWR, reviewed in the SWRDS Finance Committee, and approved by the Director.
 - h. **Redetermination:** These charges shall be subject to redetermination.
 - i. **Step-up:** PWAs that execute a contract amendment to opt out will not be allocated any portion of a step-up required in the event of a default on a DCF Capital Charge.
 - j. **Delta Conveyance Facilities Allocation Factors:** The following table is a preliminary allocation of DCF participation percentages. Only PWAs with a greater than 0 percentage would be billed for DCF Charge Components through their annual SOC, using the Delta Conveyance Facility Allocation Factors described in the table. PWAs with a zero allocation factor would not be billed for repayment of costs for construction, operation and maintenance of facilities associated with DCF, except to the extent there is a permanent transfer of Table A which would increase a PWA from a greater than zero allocation factor through a subsequent contract amendment.

Public Water Agency	Delta Conveyance Facilities Allocation Factors
City of Yuba City	0
County of Butte	0
Plumas County FC&WCD	0
Napa County FC&WCD	0
Solano County Water Agency	0
Alameda County FC&WCD, Zone 7	
Alameda County Water District	
Santa Clara Valley Water District	
Dudley Ridge Water District	
Empire-West Side Irrigation District	0
Kern County Water Agency-Total	
County of Kings	0
Oak Flat Water District	0
Tulare Lake Basin Water Storage District	0
San Luis Obispo County FC&WCD	
Santa Barbara County FC&WCD	0
Antelope Valley-East Kern Water Agency	
Santa Clarita Valley Water Agency	
Coachella Valley Water District	
Crestline-Lake Arrowhead Water Agency	
Desert Water Agency	
Littlerock Creek Irrigation District	0
Mojave Water Agency	
Palmdale Water District	
San Bernardino Valley Municipal Water District	
San Gabriel Valley Municipal Water District	
San Geronimo Pass Water Agency	
The Metropolitan Water District of Southern California	
Ventura County Watershed Protection District	
Total	100.000%

VI. Objective 5 - Delta Conveyance Facility Benefits Allocation

- a. PWAs that execute a contract amendment to opt out of DCF costs and benefits will agree, within that amendment, to the following:
 - i. Charges as set forth in Section V of this AIP will not appear on its SOC.
 - ii. Forego and waive any contractual rights to the following:
 - a. Right to or delivery of Project Water attributable to the DCF, provided that DWR determines that such water would not have been available for diversion at Clifton Court Forebay. This AIP will not modify the amounts within Table A but will memorialize this limited reduction for DCF Benefits by adding a footnote to the PWA's Table A to reflect their zero allocation for DCF Benefits.
 - b. Any contractual rights to or delivery of Article 21 Interruptible Water prior to the point(s) in time each year DWR determines that a volume of water equal to the volume of current year Project Water for Table A in San Luis Reservoir attributable to DCF in the SWP share of San Luis Reservoir storage will be displaced or evacuated by a quantity of exports equal to the quantity of exports from Clifton Court Forebay that would have been stored in San Luis Reservoir absent the DCF. Provided that, when Article 21 Interruptible Water supply is greater than demand from PWAs with a greater than zero Delta Conveyance Facility Allocation factor, Article 21 Interruptible Water will be made available to all PWAs based on Table A percentage.
 - c. Any contractual rights to or delivery of Article 21 Interruptible Water attributable to the DCF after a volume of water equal to the volume of current year Project Water for Table A in San Luis Reservoir attributable to DCF has been evacuated or displaced by the exports from Clifton Court Forebay that would have been stored in San Luis Reservoir absent DCF. Provided that, when Article 21 Interruptible Water supply is greater than demand from PWAs with a greater than zero Delta Conveyance Facility Allocation Factor, Article 21 Interruptible Water will be made available to all PWAs based on Table A percentage.
 - d. Right to use DCF conveyance capacity unused by DWR for SWP purposes to convey non-project water, except as provided in subsection h.
 - e. Right to use available DCF conveyance capacity to convey Project Water in the event that pumping directly from the south Delta is prevented or impaired by a physical, regulatory or contractual disruption, including but not limited to sea level rise, seismic events, flooding, or other uncontrollable event.
 - f. Right to carriage water savings that DWR determines are realized during its operation of any DCF for purposes of conveying Project Water.
 - g. Right to any credit from Fair Compensation collected by DWR for use of available DCF conveyance capacity.

- h. Rights to use of the DCF, unless a subsequent contract with DWR is entered that provides for payment of Fair Compensation associated with such use.
 - iii. For the North of Delta PWAs, DWR will not change the current administrative process for determining the availability of Article 21 due to the DCF. This process will be documented in the Article 21 administration that is distributed via a Notice to Contractors.
 - b. PWAs that execute a contract amendment to assume costs and benefits of the DCF will agree, within that amendment, to the following:
 - i. Charges will appear on the SOC as set forth in the table in the percentages shown in Section V of this AIP.
 - ii. DCF Benefits in proportion to the percentage table in Section V of this AIP, including but not limited to:
 - a) Delivery of Table A amounts diverted at and conveyed through the DCF. This AIP will not modify the amounts within Table A but will memorialize this DCF Benefits by amending the PWA's Table A with a footnote. The footnote will recognize each PWA's DCF Benefits consistent with the Delta Conveyance Facilities Allocation Factors.
 - b) Article 21 Interruptible Water attributable to DCF.
 - c) Available DCF conveyance capacity unused by DWR for SWP purposes, to convey non-project water for ultimate use within that PWA's service area.
 - d) Carriage water savings that DWR determines are realized during its operation of any DCF for purposes of conveying Project Water.
 - e) Available DCF conveyance capacity to convey Project Water in the event that pumping in the south Delta is prevented or impaired by a physical, regulatory or contractual disruption, including but not limited to sea level rise, seismic events, flooding, or other uncontrollable event.
 - f) A credit from Fair Compensation collected by DWR for use of available DCF conveyance capacity.
 - c. Nothing in this AIP changes Article 18(a) in the existing State Water Project Water Supply Contracts.

VII. Objective 6 - Affect Upon Other Water Supply Contract Provisions

- a. Unless specifically stated in this AIP and incorporated into a subsequent contract amendment, there are no changes to the PWAs' rights and obligations under the existing State Water Project Water Supply Contracts.
- b. Transfers and exchanges are not intended to be modified under this AIP and shall be subject to the provisions of the then existing State Water Project Water Supply Contracts.

VIII. Other Provisions

- a. Clifton Court Forebay Diversion Priority: In the event that DWR uses its discretion to move Project Water through the DCF that could have been moved through Clifton Court Forebay Intake, PWAs with a greater than zero Delta Conveyance Facilities Allocation Factor will be given a first priority of available capacity, as determined by DWR, based on their percentage in section V to move up to that same amount of non-project water at Clifton Court Forebay Intake.

IX. Environmental Review Process

DWR and the PWAs agree that this AIP is intended to be used during the environmental review process for the California Environmental Quality Act (CEQA), to define the proposed project description for the purposes of CEQA, and to permit the next steps of the SWP water supply contract amendment process, including scoping and the preparation of the EIR. The AIP principles are not final contract language and do not represent a contractual commitment by either DWR or the PWAs to approve any proposed project or to sign contract amendments. By concurring with the AIP, DWR and the PWAs express their intent to move forward with the CEQA process with DWR as lead agency and the PWAs as responsible agencies, and ultimately develop a proposed project consisting of contractual amendments consistent with the AIP principles and prepare the EIR for consideration by DWR and the PWAs.

At the end of the CEQA process and in compliance with CEQA, DWR and the PWAs will each individually evaluate the EIR and Contract Amendment, exercise their independent judgment, and determine whether or not to certify the EIR, approve the proposed project and sign the contract amendment or to approve an alternative project. Consequently, even though DWR and the PWAs have agreed to the AIP for the purposes described in the preceding paragraphs, DWR and each PWA retain their full discretion under CEQA to consider and adopt mitigation measures and alternatives, including the alternative of not going forward with the proposed project.