



**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 Board and Workshop 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.

**REGULAR MEETING OF THE BOARD OF DIRECTORS
TUESDAY, OCTOBER 6 – 2:00 P.M.**

PUBLIC PARTICIPATION

Public participation is welcome and encouraged. You may participate in the October 6, 2020, meeting of the San Bernardino Valley Municipal Water District online and by telephone as follows:

**Dial-in Info: 877 853 5247 US Toll-free
Meeting ID: 684 456 030**

<https://us02web.zoom.us/j/684456030>

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@sbumwd.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 Monday, October 5, 2020. All public comments will be provided to the President 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 free to download.



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

REGULAR MEETING OF THE BOARD OF DIRECTORS

AGENDA

2:00 PM Tuesday, October 6, 2020

CALL TO ORDER/PLEDGE OF ALLEGIANCE/ROLL CALL

1. **PUBLIC COMMENT** - *Any person may address the Board on matters within its jurisdiction.*
2. **APPROVAL OF MINUTES**
 - 2.1. September 15, 2020, Meeting (Page 4)
[SBVMWD Minutes 091520](#)
3. **DISCUSSION AND POSSIBLE ACTION ITEMS**
 - 3.1. Consider Resolution No. 1107 Adopting the Santa Ana Watershed Project Authority One Water One Watershed (OWOW) Plan Update 2018 (Page 10)
[Staff Memo - Consider Resolution No. 1107 Adopting the Santa Ana Watershed Project Authority One Water One Watershed \(OWOW\) Plan Update 2018, the Integrated Regional Water Management Plan for the Santa Ana River Watershed](#)
[Prop 1 Round 1 Final List of Projects Submitted to DWR](#)
[Resolution No. 1107](#)
 - 3.2. Consider Resolution No. 1108 Approving Amendment No. 18 to the San Bernardino Valley Municipal Water District State Water Project Contract to Provide Management Flexibility and Making Findings Pursuant to the California Environmental Quality Act (Page 16)
[Staff Memo - Resolution No. 1108 Approving Amendment No 18 SWP Contract and CEQA SWP Contract Amendment Toolkit](#)
[Resolution No. 1108 Approving Amendment No 18 SWP Contract and CEQA](#)
 - 3.3. Consider Amendment Thirteen to the ICF Jones & Stokes Consulting Agreement for Inclusion of Evans Lake Tributary Project and Extension of Agreement Period (Page 66)
[Staff Memo - Consider Amendment Thirteen to the ICF Jones & Stokes Consulting Agreement for Inclusion of Evans Lake Tributary Project and Extension of Agreement Period](#)

[ICF Jones & Stokes Consulting Agreement Amendment 13](#)
[Location Maps](#)
[2018 Burn Area Photos](#)

- 3.4. Consider New Coordinated Operating Agreement with Metropolitan Water District of Southern California (Page 111)
[Staff Memo - COA with Metropolitan](#)
[Proposed Coordinated Operating Agreement with MWDSC](#)
- 3.5. Consider Board Position on Proposition 15: Schools and Communities First Ballot Initiative (Page 122)
[Staff Memo - Consider Position on Proposition 15](#)
[Board Presentation on Schools & Communities First Ballot Initiative - Presented on June 11 2020](#)
[Understanding the Impact of Proposition 15 on Small Businesses in California by Beacon Economics](#)
- 3.6. Consider Agreement between California Department of Parks and Recreation, San Bernardino Regional Water Resources Authority, Valley District, and the City of San Bernardino with respect to the Bryce E. Hanes Park (Page 172)
[100620 Staff Memo - Consider Agreement with City, State, and Authority for Hanes Park.docx](#)
[Cooperative Agreement between Valley District and the City of San Bernardino](#)
[Agreement between California Department of Parks and Recreation, San Bernardino Regional Water Resources Authority, Valley District, and the City of San Bernardino](#)

4. REPORTS (DISCUSSION AND POSSIBLE ACTION)

- 4.1. House Counsel Report - Brendan Brandt (Page 209)
[SBVMWD Memorandum and Letter from State Attorney General and Response September 30, 2020](#)
- 4.2. General Manager's Report (Page 212)
[Staff Memo - General Manager's Report](#)
- 4.3. SAWPA Meeting Report
- 4.4. Directors' Primary Representative and Activity Report
- 4.5. Board of Directors' Workshop - Resources - September 3, 2020 (Page 215)
[Summary Notes BOD Workshop - Resources 090320](#)
- 4.6. Board of Directors' Workshop - Engineering - September 8, 2020 (Page 218)
[Summary Notes BOD Workshop - Engineering 090820](#)
- 4.7. Board of Directors' Workshop - Policy - September 10, 2020 (Page 222)
[Summary Notes BOD Workshop - Policy 091020](#)

5. ANNOUNCEMENTS

- 5.1. List of Announcements (Page 226)
[List of Announcements 100620](#)

6. CLOSED SESSION

6.1. Conference with Real Property Negotiators - Pursuant to Government Code Section 54956.8 - Properties APN's 1210-211-18, 1210-211-21, 1210-211-23, 1210-281-01, 1210-281-02, 1210-281-03, 1210-281-04, and 1210-211-25

Agency negotiator: Heather Dyer, Wen Huang

Negotiating parties: Diversified Pacific

Under negotiation: Price and terms of payment

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
THE
REGULAR BOARD MEETING
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**

September 15, 2020

Directors Present: T. Milford Harrison, Paul Kielhold, Gil Navarro, Susan Longville, and June Hayes

Directors Absent: None

Staff Present: Heather Dyer, Wen Huang, Cindy Saks, Bob Tincher, Melissa Zoba, Mike Esquer, Aaron Jones, Brent Adair, Kristeen Farlow, Kai Palenscar, Matt Howard, Anel Perez, Anthony Flordelis and Brendan Brandt

The regular meeting of the Board of Directors was called to order by President Harrison at 2:00 p.m. Director Longville led the Pledge of Allegiance. A quorum was noted present by roll-call.

President Harrison stated that before they consider public comments, the record will reflect that pursuant to the provisions of Executive Order N-29-20 issued by Governor Newsom on March 17, 2020, this meeting will be conducted by teleconference only. Please note that all actions taken by the Board at the meeting will be conducted by a roll-call vote.

Agenda Item 1. Public Comment

Heather Dyer announced and introduced the District's two new employees, Joanna Gibson and Anthony (Tony) Flordelis. Joanna is the District's new HCP Senior Project Manager and Tony is the District's new Systems Analyst. Although Joanna was unable to attend today's board meeting, the Board welcomed both Joanna and Tony to the District and all board members look forward to working with them both.

President Harrison stated that any member of the public wishing to make any comments to the Board may do so. Audience attendance will be recorded in the minutes based on registration information generated in the teleconference or by stating their name during this time. There were no email comments or Zoom requests to speak.

Agenda Item 2. Approval of Minutes of the September 1, 2020, Board meeting.

Director Hayes moved to approve the minutes of the September 1, 2020.
Director Navarro seconded. The motion was unanimously adopted by a roll-call vote.

Agenda Item 3. Discussion and Possible Action Items.

3.1) Consider Amendment 6 to the Yuba Accord Agreement for a Dry Year Water Supply. Bob Tincher stated this item was discussed with the Board at the Engineering Workshop on September 8, 2020. The Yuba Accord Dry Year Water Purchase Program (Yuba Accord) provides additional water through the State Water Project (SWP) system, above Valley District's Table A allocation of SWP water. Valley District first participated in this program in 2008 and considers participation each year. This year, Valley District could receive almost 5,000 acre-feet through this program. The water pricing under Amendment 5 expires September 30, 2020. Those agencies that would like to continue participating in this program are being asked to execute Amendment 6 which primarily includes the pricing structure for 2021 through 2025. Staff is requesting the Board authorize the CEO/General Manager to execute the Yuba Accord Amendment 6 in order for the District to continue with the program.

Director Kielhold moved to authorize the CEO/General Manager to execute the Yuba Accord Amendment 6. Director Longville seconded. The motion was unanimously approved by a roll-call vote.

3.2) Consider USGS Data Collection Program for Fiscal Year 2020 – 2021.

Matt Howard stated this item was discussed at the Resources Workshop on September 3, 2020. Staff is recommending approval of Valley District's annual contract with the United States Geological Survey (USGS) for data monitoring and collection in support of the Western-San Bernardino Watermaster, Santa Ana River Watermaster, and the Habitat Conservation Plan at a total cost of \$1,024,230. The USGS is contributing a total of \$159,000 leaving a remainder of \$865,230 to be paid by Valley District and its partners. The cost of this project was included in line item 6350 United States Geological Survey in the Valley District General Fund Budget for fiscal year 2020-21. Staff is requesting to authorize the CEO/General Manager to sign the cooperative program Joint Funding Agreement with the United States Geological Survey for the fiscal year 2020-2021 data collection program.

Director Navarro moved to authorize the CEO/General Manager to sign the cooperative program Joint Funding Agreement with the United States Geological Survey for the fiscal year 2020-2021 data collection program. Director Kielhold seconded. The motion was unanimously approved by a roll-call vote.

3.3) Consider Participation in the Update of the 2015 Upper Santa Ana River Watershed Integrated Regional Water Management Plan and the 2015 San Bernardino Valley Regional Urban Water Management Plan. Matt Howard stated this item was discussed at the Engineering Workshop on September 8, 2020. Valley District, in cooperation with the retail water agencies that participated in the 2015 update of the Upper Santa Ana River Watershed Integrated Regional Water Management Plan (Integrated Plan) and the 2015 update of the San Bernardino Valley Regional Urban Water Management Plan (Regional Plan), solicited proposals to simultaneously update

and combine the Integrated Plan and Regional Plan into a single new document, the 2020 Upper Santa Ana River Integrated Regional Urban Water Management Plan (IRUWMP). The Integrated Plan is updated every 5 years and is due for update in 2020 and the Regional Plan is to be updated every five years, due in years ending in 1 or 6, with the next regular update being due in 2021. Since both documents were updated 5 years ago, this project is essentially an update of both documents while combining them into one cohesive document. Three proposals were received, reviewed and ranked by a review team comprised of staff from the San Bernardino Municipal Water Department, San Bernardino Valley Water Conservation District, Yucaipa Valley Water District, and Valley District. The review team unanimously recommended the selection of Water Systems Consulting, Inc. and Woodard Curran (WSC/WC) which was supported by the rest of the participating agencies. The WSC/WC team was selected based upon their high level of experience preparing Integrated and Regional Plans all over the state and their regional experience preparing the 2015 updates of the Integrated and Regional Plans as well as other studies in our region. The total cost for this project is \$393,100 and is included in line item 6360 Consultants in the Valley District General Fund Budget for fiscal year 2020-21. After taking into consideration the reimbursement from our partners, Valley District's net cost will be \$120,460. Staff is requesting the board approve and authorize the CEO/General Manager Valley District to execute an agreement for the development of the 2020 Upper Santa Ana River Integrated Regional Urban Water Management Plan (IRUWMP) with WSC in the total contract amount of \$393,100.

Director Hayes moved authorize Valley District to act as the contracting agency for the development of the 2020 Upper Santa Ana River Integrated Regional Urban Water Management Plan (IRUWMP) and authorize the CEO /General Manager to execute an agreement with WSC in the total contract amount of \$393,100. Valley District will be reimbursed by the project partners \$120,460. Director Longville seconded. The motion was unanimously approved by a roll-call vote.

3.4) Consider Awarding Contract to Borden Excavating, Inc. for Construction of the Waterman Hydroelectric Project. Brent Adair stated this item was discussed at the Engineering Workshop on September 8, 2020. Following the completion of the design for the Waterman Hydroelectric Project, staff advertised the project for bids in June 2020 and received bids on August 13, 2020. Nine (9) bids were opened at the bid opening, ranging from approximately \$2.253M to \$3.789M. The three lowest bidders (lowest to highest) are BEI (\$2,252,000), Environmental Construction, Inc. (\$2,657,153), and Kiewit Infrastructure West Co. (\$2,941,000). Subsequent to the Bid Opening, Environmental Construction, Inc. sent correspondence with a request to withdraw their bid due to a clerical error causing their bid proposal to be materially different from their original intent. The error was made in completing the proposal and not due to error in judgement, carelessness in inspecting the work site or in reading the plans and specifications. In reviewing BEI's bid package, several irregularities were identified and have been reviewed by District Special Construction Counsel. Upon completion of the legal review, it is concluded that the irregularities are not of a nature which would affect the amount of the bid and do not give the bidder an unfair competitive advantage and the Board of Directors has the right to waive them as inconsequential deviations from the bidding

instructions. The costs for the project construction and inspection costs were included in the approved FY 2020-2021 General Fund Budget. Staff is requesting the board 1) Waive minor irregularities found in BEI's bid package; 2) Award the construction of the Waterman Hydroelectric Project to BEI based on the bid amount of \$2,252,000 and authorize the Board President to execute the agreement with BEI; 3) Authorize the CEO/General Manager to approve contingent costs of up to ten (10) percent above the contract amount, or \$225,200 and; 4) Authorize the CEO/General Manager to contract with professional inspection and material testing firms for the project up to a budgetary amount of \$123,900 using the established selection procedures.

Director Kielhold moved the following items 1) Waive minor irregularities found in BEI's bid package; 2) Award the construction of the Waterman Hydroelectric Project to BEI based on the bid amount of \$2,252,000 and authorize the Board President to execute the agreement with BEI; 3) Authorize the CEO/General Manager to approve contingent costs of up to ten (10) percent above the contract amount, or \$225,200 and; 4) Authorize the CEO/General Manager to contract with professional inspection and material testing firms for the Project up to a budgetary amount of \$123,900. Director Navarro seconded. The motion was unanimously approved by a roll-call vote.

Agenda Item 4. Reports (Discussion and Possible Action Items).

4.1) SAWPA Meeting report.

President Harrison reported on the following items taken at the September 15, 2020 Commission Meeting:

Received the following reports:

- Proposition 84 and Proposition 1 Status Update
- Disadvantaged Communities Involvement (DCI) Program Status
- Update on Claim for Money/Damages | Claimant Larry McKenney

The Commission took the following action:

- Approved extending the agreement with West Coast Advisors for an additional period of two (2) years in an amount not to exceed \$240,000 to provide state legislative affairs services.

4.2) District's Primary Representatives and Activity Report.

Director Kielhold had nothing new to report.

Director Longville had nothing new to report.

Director Hayes reported that she attended virtually the San Bernardino Valley Water Conservation District meeting and the Water Advisory Committee of Orange County meeting.

Director Navarro had nothing new to report.

President Harrison reported that he attended the San Bernardino Valley Water Conservation District Board meeting on the September 9th and he attended a meeting with the District CEO/ General Manger on September 14th.

4.3) Treasurer's Report. Director Longville moved the following expenses for the month of August 2020. The State Water Contract Fund \$2,810,189.00, Devil Canyon/Castaic Fund \$104,370.00, and General Fund \$4,668,378.67. Director Hayes seconded. The motion was unanimously adopted by a roll-call vote.

4.4) Operations Report. No oral report was given as a written report was included in the Board packet.

4.5) Directors' Fees and Expenses for August 2020. No oral report was given as a written report was included in the Board packet.

Agenda Item 5. Announcements.

5.1) List of Announcements. The two board meetings scheduled on October 6th and 20th were added to the list of announcements.

Agenda Item 6. Closed Session. President Harrison adjourned the meeting to Closed Session at 3:03 p.m.

6.1) Conference with Real Property Negotiators - Pursuant to Government Code Section 54956.8 - Properties APN's 1210-211-18, 1210-211-21, 1210-211-23, 1210-281-01, 1210-281-02, 1210-281-03, 1210-281-04, 1210-211-14, 1210-211-25, 1210-211-26, 120-136-106, 120-136-107, 120-136-108, and 120-136-109

Agency Negotiator: Heather Dyer, Wen Huang

Owner Representative: Diversified Pacific

Under Negotiation: Price and Terms

President Harrison returned the meeting to Open Session at 3:58 p.m. Brendan Brandt reported that the Board gave staff direction and there was no reportable action taken.

President Harrison requested a motion for adjournment.

Director Kielhold moved to adjourn the meeting. Director Hayes seconded. The motion was adopted by a roll-call vote.

Agenda Item 7. Adjournment.

The meeting was adjourned at 4:00 p.m.

<p>APPROVAL CERTIFICATION I hereby certify to approval of the foregoing Minutes of San Bernardino Valley Municipal Water District.</p> <p>_____</p> <p>Secretary</p> <p>Date _____</p>

Respectfully submitted,

Anel Perez
Technical Assistant



DATE: October 6, 2020

TO: Board of Directors

FROM: Matthew Howard, Water Resources Senior Project Manager
Chris Jones, Biological Resources Project Manager

SUBJECT: Consider Resolution No. 1107 Adopting the Santa Ana Watershed Project Authority One Water One Watershed (OWOW) Plan Update 2018, the Integrated Regional Water Management Plan for the Santa Ana River Watershed

This item was discussed at the September 10, 2020, Policy workshop. The Directors requested the item be forwarded to a future regular Board of Directors meeting for consideration. Staff is recommending that the Board adopt the 2018 update of the Santa Ana Watershed Project Authority *One Water One Watershed Plan* which is an Integrated Regional Water Management Plan for the entire Santa Ana River Watershed and is consistent with the *Upper Santa Ana River Watershed Integrated Regional Water Management Plan*. To help simplify the submittal of the overall Proposition 1 grant application for the Santa Ana River Watershed region, the Santa Ana Watershed Project Authority (SAWPA) asked each of the 10 agencies adopt the OWOW Plan. The Board previously adopted the OWOW Plan in 2009 and then the 2014 update, OWOW 2.0. The 2018 OWOW Plan update can be downloaded using this link <https://www.sawpa.org/wp-content/uploads/2019/02/OWOW-Plan-Update-2018-1.pdf>.

Background

The San Bernardino Valley Municipal Water District took the lead in developing and then adopted the *Upper Santa Ana River Watershed Integrated Regional Water Management Plan (Plan)*. The Plan generally establishes the following water management objectives:

1. Improve Water Supply Reliability
2. Improve Water Quality
3. Improve Habitat and Open Space
4. Balance Flood Management and Increase Stormwater Recharge

Also included in the Plan are management strategies to achieve these water management objectives.

SAWPA is a joint powers agency made up of Eastern Municipal Water District, Inland Empire Utilities Agency, Orange County Water District, Western Municipal Water District and San Bernardino Valley Municipal Water District (Member Agencies). SAWPA, in conjunction with its Member Agencies, stakeholders and partners throughout the Santa Ana River Watershed prepared the One Water One Watershed (OWOW) Plan Update 2018, the Santa Ana River Watershed Integrated Regional Water Management Plan (IRWMP). The OWOW Plan Update 2018 covers the entire watershed while the *Upper Santa Ana River Watershed Integrated Regional Water Management Plan* focuses on the upper watershed. The two documents are consistent with each other.

Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014 authorized \$510 million in Integrated Regional Water Management (IRWM) funding. Funds are allocated to 12 hydrologic region-based Funding Areas. The Proposition 1 IRWM Grant Program, administered by DWR, provides funding for projects that help meet the long-term water needs of the state, including:

- Assisting water infrastructure systems adapt to climate change;
- Providing incentives throughout each watershed to collaborate in managing the region's water resources and setting regional priorities for water infrastructure; and
- Improving regional water self-reliance, while reducing reliance on Sacramento-San Joaquin Delta

On April 22, 2019, the Department of Water Resources (DWR) released the final guidelines for Round 1 of Proposition 1, Integrated Regional Water Management

implementation grant program. In anticipation of receiving the funding for this round, SAWPA conducted a call for projects and received 157 project applications from agencies throughout the watershed. Of this, 28 projects were selected to go through a more rigorous review process. On June 4, 2019, the SAWPA Commission finalized a list of projects for submission, on behalf of the region, for Proposition 1, Round 1 funding. The list includes 10 different projects proposed by 10 different agencies.

Valley District was selected to receive \$2 million for its *Evans Lake Tributary Restoration and Camp Evans Recreation*, which is a habitat restoration project located in the City of Riverside being completed on behalf of the Upper Santa Ana River Habitat Conservation Plan.

Staff Recommendation

Staff recommends that the Board approve Resolution No. 1107 formally adopting the 2018 Update to the One Water One Watershed Integrated Regional Watershed Management Plan.

Attachments

1. Prop 1 Round 1 Final Project List Submitted to DWR
2. Resolution No. 1107

Prop 1 Round 1 Final Project List Submitted to DWR

IRWM Solicitation	Project	Project Lead	Grant Award
OWOW	Replenish Big Bear	Big Bear Area Regional Wastewater Agency	\$4,563,338
	Evans Lake Tributary Restoration and Camp Evans Recreation	San Bernardino Valley Municipal Water District	\$2,000,000
	Well 30 Wellhead Treatment Project	Monte Vista Water District	\$3,431,225
	Regional Comprehensive Landscape Rebate Program	Project Partners*	\$2,767,344
	Physical Harvesting of Algal Biomass in Lake Elsinore – Pilot Program	City of Lake Elsinore	\$297,000
	Santa Ana Mountains Watershed Protection Project	Cleveland National Forest	\$497,998
	Enhancements to Watershed-Wide Water Budget Decision Support Tool	Santa Ana Watershed Project Authority	\$500,000
	Joint IEUA-JCSD Regional Water Recycling Program	Inland Empire Utilities Agency	\$2,617,970
North OC	Groundwater Replenishment System Final Expansion	Orange County Water District	\$3,589,553
	Raitt & Myrtle Park	City of Santa Ana	\$1,670,000
N/A	Grant Management (5% of Total Grant Award)	Santa Ana Watershed Project Authority	\$1,157,000
Total			\$23,091,428

*MWDOC, EMWD, IEUA, SBVMWD, WMWD and Big Bear Lake Department of Water and Power.

RESOLUTION NO. 1107

RESOLUTION OF THE BOARD OF DIRECTIONS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT ADOPTING THE SANTA ANA WATERSHED PROJECT AUTHORITY ONE WATER ONE WATERSHED PLAN UPDATE 2018, THE INTEGRATED REGIONAL WATER MANAGEMENT PLAN FOR THE SANTA ANA RIVER WATERSHED

WHEREAS, the San Bernardino Valley Municipal Water District (Valley District) participated in the development of the Upper Santa Ana River Integrated Regional Watershed Management Plan (Upper Santa Ana IRWMP), and the Board of Directors adopted the Upper Santa Ana IRWMP and subsequent updates; and

WHEREAS, in 2018 the Santa Ana Watershed Project Authority (SAWPA), working with stakeholders and partners throughout the Santa Ana River Watershed prepared an update to the "One Water One Watershed" (OWOW) Plan which is an Integrated Regional Water Management Plan for the Santa Ana River Watershed (OWOW Plan Update 2018) and is consistent with the Upper Santa Ana IRWMP; and

WHEREAS, SAWPA is the grant administrator for the Proposition 1, Chapter 7 Integrated Regional Water Management Program for the Santa Ana Funding Region; and

WHEREAS, Round 1 of the Proposition 1, Chapter 7 grant program includes approximately \$23 million for projects in the Santa Ana Region; and

WHEREAS, the Valley District Evans Lake habitat restoration project received a \$2.0 million Proposition 1 Implementation grant; and

WHEREAS, a project must be included in an Integrated Regional Water Management Plan to be eligible to receive a Proposition 1 grant funding; and

WHEREAS, to simplify the overall Proposition 1 grant application submittal process, SAWPA has included all projects that received Proposition 1, Round 1 grant funding in the OWOW IRWMP Update 2018 and asked the recipient agencies to adopt said plan;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Bernardino Valley Municipal Water District hereby supports and adopts the "One Water One Watershed" (OWOW) Plan Update 2018 Integrated Regional Water Management Plan, including the Project Portfolio, and agrees to support SAWPA in its submittal of the Project Portfolio, on behalf of the Santa Ana River Watershed, for the DWR Proposition 1, Chapter 7, Round 1 funding for the benefit of the residents of the Santa Ana River Watershed.

ADOPTED this 6th day of October 2020.

T. Milford Harrison, President
Board of Directors

ATTEST:

Heather Dyer
Secretary



DATE: October 6, 2020

TO: Board of Directors

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

SUBJECT: Consider Resolution No. 1108 Approving Amendment No. 18 to the San Bernardino Valley Municipal Water District State Water Project Contract to Provide Management Flexibility and Making Findings Pursuant to the California Environmental Quality Act

This item was discussed at the October 1, 2020 Resources workshop and staff was directed to place it on the next regular Board of Directors meeting for consideration. Staff is recommending approval of Resolution 1108 that approves Amendment No. 18 to the Valley District State Water Project (SWP) Contract and makes findings Pursuant to the California Environmental Quality Act (CEQA). This amendment generally provides guidelines for selling, or exchanging, SWP supply to other public water agencies (PWAs) that have SWP Contracts with the Department of Water Resources (DWR). The amendment has been reviewed by Special Counsel, David Aladjem, and approved, as to form.

Background

Article 56(d) of the SWP contracts provides the only mechanism for non-permanent sale, or transfer, of SWP water between PWAs. For most of the PWAs, this mechanism is the “Turnback Pool” which provides very limited and specific transfers and, therefore, is rarely utilized. The language in Article 56(d) was negotiated as part of the “Monterey Amendment” in 1994. Valley District did not support the Turnback Pool concept so that language is not included Valley District’s version of the Monterey Amendment that is attached to its SWP contract. It is for this reason that Valley District has the freedom to sell its surplus water directly to other PWAs such as the Metropolitan Water District of Southern California.

Section 56(f) allows PWAs to exchange SWP water with other PWAs but lacks specific details. As a result, the Department of Water Resources (DWR) reviews exchanges on a case by case basis which is time consuming and provides less certainty for PWAs wishing to negotiate a possible exchange(s). To overcome the limitations of Article 56(d) and Section 56(f), DWR and the PWAs worked collaboratively to develop this proposed contract amendment. The proposed amendment does not increase SWP diversions or change SWP operations.

Regarding transfers, the proposed contract amendment generally includes the following:

- Removes the Turnback Pool
- Allows non-permanent transfers among PWAs and provides compensation limits
- Requires that transfers not harm the SWP and other PWAs
- Requires DWR review and approval
- Allows PWAs to transfer Article 21 water in special circumstances
- Allows PWAs to transfer up to 50% of their carryover water
- Adds provisions to ensure transparency
- Provides a dispute resolution process for non-participating PWAs who feel they may be adversely impacted by a transfer.

Regarding exchanges, the proposed contract amendment generally includes the following:

- Establishes exchange ratios based on Table A water allocation up to a maximum of 5:1
- Establishes the maximum compensation for an exchange
- Allows multiple year exchanges up to 10 years
- Allows the exchange of up to 50% of PWAs carryover water
- Requires that exchanges not harm the SWP and other PWAs
- Adds provisions to ensure transparency
- Provides a dispute resolution process for non-participating PWAs who feel they may be adversely impacted by a transfer.

Under the proposed amendment, PWAs may participate in multiple transfers and/or exchanges each year and may be both a buyer and seller in the same year. PWAs may also petition DWR for exceptions to the established criteria in the amendment based upon special needs or circumstances. Overall, the proposed amendment provides improved flexibility for PWAs to maximize the value of their investment in the SWP.

The amendment will go into effect on the last day of the month in which a total of 24 PWAs have executed the amendment. If 24, or more, PWAs have not executed the amendment by February 28, 2021, DWR can decide, in consultation with those PWAs who have executed the amendment, whether to allow the amendment to take effect.

On February 28, 2020, DWR published the 2020 Partially Recirculated Draft EIR (DEIR) for the amendment. The Partially Recirculated DEIR was circulated for 94 days through June 1, 2020. On August 25, 2018, DWR certified the Final EIR for the Project. The Final EIR determined that the Project would have significant and unavoidable impacts to groundwater hydrology and water quality and cumulatively considerable and unavoidable impacts to groundwater supplies and subsidence. As such, DWR adopted CEQA Findings of Fact and Statement of Overriding Considerations for the Project. On August 28, 2020, DWR filed a Notice of Determination for the Project. The Final EIR and CEQA Findings of Fact and Statement of Overriding Considerations comply with CEQA. DWR's Notice of Determination, Partially Recirculated DEIR, and Final EIR can be found on the official DWR website at:

<https://water.ca.gov/News/Public-Notices/2020/August/SWP-Water-Supply-Contract-EIR>.

Please note, this is a different CEQA document than the Final EIR for State Water Project Long-Term Operations, on which we are currently engaged in active litigation.

Valley District, as a Responsible Agency under CEQA, is required to certify that it has reviewed and considered the information in the certified Final EIR for the Project. In addition, because the certified Final EIR identified significant and unavoidable impacts to the environment, Valley District must adopt CEQA Findings of Fact and Statement of Overriding Considerations which is covered by the Resolution.

Fiscal Impact

There is no cost to Valley District to approve this amendment.

Staff Recommendation

Staff recommends that the Board approve Resolution No. 1108 which 1) authorizes Amendment No. 18 to the Valley District State Water Project (SWP) Contract; and, 2) as a Responsible

Agency makes findings pursuant to the California Environmental Quality Act (CEQA); and, 3) adopts CEQA findings and statement of overriding considerations.

Attachments

1. State Water Project Amendment Toolkit
2. Resolution Authorizing Amendments to the Long Term Water Supply Contract with the Department of Water Resources to Supplement and Clarify Water Management Tools Regarding Transfers and Exchanges of SWP Water; and Making Responsible Agency Findings Pursuant to CEQA for the Final Environmental Impact Report for the State Water Project Supply Contract Amendments for Water Management, and Adopting CEQA Findings and Statement of Overriding Considerations
 - a. CEQA Findings of Fact and Statement of Overriding Considerations for the State Water Project Water Supply Contract Amendments for Water Management
 - b. Amendment 18 to Water Supply Contract Between the State Department of Water Resources and the San Bernardino Valley Municipal Water District



SWP Contract Amendment Toolkit

The State Water Contractors (SWC) appreciate your support in communicating the value of the water management tools amendment to the State Water Project (SWP) supply contract for your region.

As public water agencies prepare to vote to adopt the water management tools contract amendment, this toolkit has been developed to provide you with resources and materials about this vital effort to ensure greater water supply reliability amidst the threats of climate change and changing water supply portfolios.

Clarifies the process for water transfers, exchanges, and storage among State Water Project public water agencies

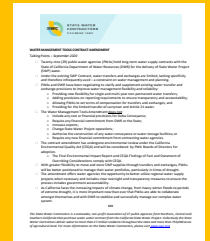


Enables public water agencies to more effectively and efficiently manage supplies through the increasing impacts of climate change

ACTIVATION TOOLS



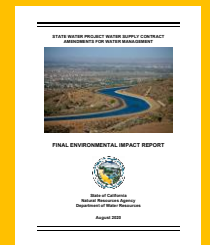
SWC Contract Amendment Fact Sheet



SWC Contract Amendment Talking Points



SWC Contract Amendment Blog Post



DWR Contract Amendment Final EIR

SWP RESOURCES



Statewide Overview



SWP Frequently Asked Questions



Bay Area



Desert



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Have More Questions?
Sierra Layton

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RESOLUTION NO. 1108

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT (1) AUTHORIZING AMENDMENTS TO THE LONG TERM WATER SUPPLY CONTRACT WITH THE DEPARTMENT OF WATER RESOURCES TO SUPPLEMENT AND CLARIFY WATER MANAGEMENT TOOLS REGARDING TRANSFERS AND EXCHANGES OF SWP WATER; AND (2) MAKING RESPONSIBLE AGENCY FINDINGS PURSUANT TO CEQA FOR THE FINAL ENVIRONMENTAL IMPACT REPORT FOR THE STATE WATER PROJECT SUPPLY CONTRACT AMENDMENTS FOR WATER MANAGEMENT, AND ADOPTING CEQA FINDINGS AND STATEMENT OF OVERRIDING CONSIDERATIONS

WHEREAS, the San Bernardino Valley Municipal Water District (Valley District) has a long term water supply contract (SWP Contract) with the State of California Department of Water Resources (DWR) for the delivery of State Water Project (SWP) water; and

WHEREAS, under the existing SWP Contract, water transfers are permitted in a limited and very specific manner, resulting in their infrequent use, and the parameters for exchanges of water, while allowed, lack specificity and clear guidance, which impede planning; and

WHEREAS, Valley District, along with other public water agencies with SWP Contracts (PWAs) conducted a series of public negotiations with DWR with the goal of agreeing on concepts to supplement and clarify the existing water transfer and exchange provisions of the SWP Contracts to provide improved water management; and

WHEREAS, in June 2018, PWAs and DWR agreed upon an Agreement in Principle (AIP), which included specific principles to clarify and enhance the terms of the SWP water supply contract related to water transfers and exchanges to improve water management capabilities and PWA options; and

WHEREAS, in October 2018, DWR circulated a Draft Environmental Impact Report (2018 DEIR) that considered impacts related to the AIP, which at that time also included certain cost allocation sections for the California WaterFix project (WaterFix); and

WHEREAS, in early 2019, Governor Newsom decided not to move forward with California WaterFix and DWR rescinded its approvals of the AIP project. The PWAs and DWR subsequently held a public negotiation and agreed to remove the WaterFix cost allocation sections from AIP, but to retain the water management provisions, and the AIP was finalized on May 20, 2019; and

WHEREAS, the proposed amendment to Valley District's SWP Contract for consideration by the Board articulates in contract language the principles of the final AIP; and

WHEREAS, DWR is the lead agency for the water management amendments, called the State Water Project Supply Contract Amendments for Water Management (Project), pursuant to CEQA (Pub. Res. Code §§ 21000, et seq.) and the State CEQA Guidelines (14 CCR §§ 15000, et seq.). As the lead agency, DWR is responsible for assuring that an adequate analysis of the Project’s environmental impacts is conducted; and

WHEREAS, on February 28, 2020, DWR issued a Partially Recirculated Draft Environmental Impact Report (DEIR) for the Project, which was circulated for public review for 94 days through June 1, 2020; and

WHEREAS, DWR prepared a Final Environmental Impact Report for the Project, which included the DEIR, appendices, comments on the DEIR, responses to comments on the DEIR, and revisions to the DEIR (collectively, FEIR); and

WHEREAS, on August 25, 2020, DWR certified the FEIR, adopted CEQA Findings of Fact and Statement of Overriding Considerations and approved the Project; and

WHEREAS, the FEIR concluded that the Project would have significant and unavoidable impacts to groundwater hydrology and water quality, and cumulatively considerable and unavoidable impacts to groundwater supplies and subsidence. As such, DWR adopted CEQA Findings of Fact and Statement of Overriding Considerations for the Project (attached as Exhibit “A”); and

WHEREAS, Valley District and DWR propose to amend Valley District’s SWP Contract by approving Amendment No. 18 attached as Exhibit “B” to this Resolution (Amendment), the environmental effects of which were studied in the FEIR; and

WHEREAS, the Valley District is a responsible agency and has more limited approval and implementing authority over the Amendment than does the DWR; and

WHEREAS, the Board of Directors of the Valley District, at its scheduled public meeting on October 6, 2020 independently reviewed and considered the FEIR, CEQA Findings of Fact and Statement of Overriding Considerations, and other related documents and evidence in the record before it; and

WHEREAS, all the procedures of CEQA and the State CEQA Guidelines have been met, and the FEIR prepared in connection with the Project is sufficiently detailed so that all the potentially significant effects of the Project and the Amendment on the environment and measures feasible to avoid or substantially lessen such effects have been evaluated in accordance with CEQA; and

WHEREAS, as contained herein, the Valley District has endeavored in good faith to set forth the basis for its decision on the Amendment;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT AS FOLLOWS:

1. The above recitals are true and correct and are incorporated herein by reference as an operative portion of this Resolution.

2. Based on the above findings, the Board hereby approves Amendment No. 18 and authorizes the General Manger to execute it on behalf of the Valley District, which is incorporated herein and attached hereto as Exhibit "B".

3. The FEIR prepared for the Project, which can be found at <https://water.ca.gov/News/Public-Notices/2020/August/SWP-Water-Supply-Contract-EIR>, is hereby received by the Board and incorporated herein by this reference

4. Pursuant to State CEQA Guidelines section 15096 and in its limited role as a responsible agency under CEQA, the Board has reviewed and considered the FEIR, as well as DWR's certification of the FEIR and approval of the Project, and DWR's CEQA Findings of Fact and Statement of Overriding Considerations, and the Board incorporates those items herein by reference. As to those resources within the Valley District's power and authority as a responsible agency under CEQA, the Board exercises its independent judgment and finds that the FEIR contains a complete, objective and accurate reporting of the Amendment's impacts.

5. Exercising its independent judgment, the Board concurs with the CEQA Findings of Fact and Statement of Overriding Considerations approved by DWR and hereby adopts those CEQA Findings of Fact and Statement of Overriding Considerations, attached hereto as Exhibit "A" and incorporated herein by this reference. The Board further finds that there are no feasible mitigation measures or alternatives within its authority that would substantially lessen or avoid any significant effects that the Project would have on the environment, for the reasons explained in the FEIR.

6. The Board concurs with the Statement of Overriding Considerations adopted by DWR and finds that the benefits of the Amendment outweigh the adverse environmental impacts not reduced to below a level of significance.

7. The Board hereby authorizes and directs staff to file and have posted a Notice of Determination with the County Clerk and with the State Clearinghouse within 5 working days of the adoption of this Resolution.

8. The documents and materials that constitute the record of proceedings for this Resolution are located at 380 E. Vanderbilt Way, San Bernardino, CA 92408.

ADOPTED this 6th day of October 2020.

San Bernardino Valley Municipal
Water District

By:
T. Milford Harrison
President

ATTEST:

Heather Dyer
Secretary

Exhibit "A"

DWR's CEQA Findings of Fact and Statement of Overriding Considerations

CEQA Findings of Fact and Statement of Overriding Considerations for the State Water Project Water Supply Contract Amendments for Water Management

Section 1. Description of the Project

The proposed project includes amending certain provisions of the State Water Resources Development System (SWRDS) Water Supply Contracts (Contracts). SWRDS (defined in Wat. Code, Section 12931), or more commonly referred to as the SWP, was enacted into law by the Burns-Porter Act, passed by the Legislature in 1959 and approved by the voters in 1960. The Department of Water Resources constructed and currently operates and maintains the SWP, a system of storage and conveyance facilities that provide water to 29 State Water Contractors known as the Public Water Agencies (PWAs)¹. The Contracts include water management provisions as the methods of delivery, storage and use of water and financial provisions for recovery of costs associated with the planning, construction, and operation and maintenance of the SWP.

DWR and the PWAs have a common interest to ensure the efficient delivery of SWP water supplies and to ensure the SWP's financial integrity. In order to address water management flexibility DWR and the PWAs agreed to the following objectives:

- Supplement and clarify terms of the SWP water supply contract that will provide greater water management regarding transfers and exchanges of SWP water supply within the SWP service area.

The proposed project would add, delete, and modify provisions of the Contracts and clarify certain terms of the Contracts that will provide greater water management regarding transfers and

¹ The State Water Project Public Water Agencies include Alameda County Flood Control and Water Conservation District (Zone 7), Alameda County Water District, Antelope Valley-East Kern Water Agency, City of Yuba City, Coachella Valley Water District, County of Butte, County of Kings, Crestline-Lake Arrowhead Water Agency, Desert Water Agency, Dudley Ridge Water District, Empire West Side Irrigation District, Kern County Water Agency, Littlerock Creek Irrigation District, The Metropolitan Water District of Southern California, Mojave Water Agency, Napa County Flood Control and Water Conservation District, Oak Flat Water District, Palmdale Water District, Plumas County Flood Control and Water Conservation District, San Bernardino Valley Municipal Water District, San Gabriel Valley Municipal Water District, San Geronio Pass Water Agency, San Luis Obispo County Flood Control and Water Conservation District, Santa Barbara County Flood Control and Water Conservation District, Santa Clara Valley Water District, Santa Clarita WA (formerly Castaic Lake WA), Solano County Water Agency, Tulare Lake Basin Water Storage District, and Ventura County Flood Control District.

exchanges of SWP water within the SWP service area. In addition, the proposed project would not build new or modify existing SWP facilities nor change any of the PWA's annual Table A amounts.² The proposed project would not change the water supply delivered by the SWP, as SWP water would continue to be delivered to the PWAs consistent with current Contract terms and all regulatory requirements. The May 20, 2019 AIP is included as Appendix A of the 2020 Partially Recirculated Draft Environmental Impact Report (RDEIR).

Section 2. Findings Required Under CEQA

CEQA requires that the lead agency adopt mitigation measures or alternatives, where feasible, to substantially lessen or avoid significant environment impacts that would otherwise occur. Mitigation measures or alternatives are not required, however, where such changes are infeasible or where the responsibility for the project lies with some other agency. (CEQA Guidelines, Section 15091, sub. (a), (b).)

With respect to a project for which significant impacts are not avoided or substantially lessened, a public agency, after adopting proper findings, may nevertheless approve the project if the agency first adopts a statement of overriding considerations setting forth the specific reasons why the agency found that the project's "benefits" rendered "acceptable" its "unavoidable adverse environmental effects." (CEQA Guidelines, Sections 15093, 15043, sub. (b); see also Pub. Resources Code, Section 21081, sub. (b).)

In seeking to effectuate the substantive policy of CEQA to substantially lessen or avoid significant environmental effects to the extent feasible, an agency, in adopting findings, need not necessarily address the feasibility of both mitigation measures and environmentally superior alternatives when contemplating approval of a proposed project with significant impacts. Where a significant impact can be mitigated to an "acceptable" level solely by the adoption of feasible mitigation measures, the agency, in drafting its findings, has no obligation to consider the feasibility of any environmentally superior alternative that could also substantially lessen or avoid that same impact — even if the alternative would render the impact less severe than would the proposed project as mitigated. (*Laurel Hills Homeowners Association v. City Council* (1978) 83 Cal.App.3d 515, 521; see also *Kings County Farm Bureau v. City of Hanford* (1990) 221 Cal.App.3d 692, 730-731; and *Laurel Heights Improvement Association v. Regents of the University of California* ("Laurel Heights I") (1988) 47 Cal.3d 376, 400-403.)

In cases in which a project's significant effects cannot be mitigated or avoided, an agency, after adopting proper findings, may nevertheless approve the project if it first adopts a statement of overriding considerations setting forth the specific reasons why the agency found that the "benefits of the project outweigh the significant effects on the environment." (Pub. Resources Code, Section 21081, sub. (b); see also, CEQA Guidelines, Sections 15043, subd. (b), 15093.)

² The maximum amount of SWP water that the PWAs can request pursuant to their individual water supply contract. annual Table A amounts also serve as a basis for allocation of some SWP costs among the contractors.

In the Statement of Overriding Considerations found at the conclusion of this exhibit, DWR identifies the benefit that, in its judgment, outweighs the significant environmental effects that the projects would cause.

The California Supreme Court has stated that “[t]he wisdom of approving ... any development project, a delicate task which requires a balancing of interests, is necessarily left to the sound discretion of the local officials and their constituents who are responsible for such decisions. The law as we interpret and apply it simply requires that those decisions be informed, and therefore balanced.” (*Citizens of Goleta* (1990) 52 Cal.3d 553, 564.)

In support of its approval of the proposed project, DWR’s findings are set forth below for the potentially significant environmental effects and alternatives of the proposed project identified in the EIR pursuant to Public Resources Code, Section 21080 and Section 15091 of the CEQA Guidelines.

These findings do not attempt to describe the full analysis of each environmental impact contained in the 2018 DEIR and 2020 RDEIR (collectively referred to in this document as the DEIR). Instead, a full explanation of these environmental findings and conclusions can be found in the DEIR and these findings hereby incorporate by reference the discussion and analysis in the DEIR supporting the determination regarding the impacts of the proposed project. In making these findings, DWR ratifies, adopts and incorporates in these findings the determinations and conclusions of the DEIR and Final EIR (FEIR) relating to environmental impacts except to the extent any such determinations and conclusions are specifically and expressly modified by these findings.

As described below and in the DEIR, there were two significant impacts identified for the proposed project and they were associated with groundwater hydrology and water quality. There were no mitigation measures identified in the DEIR to substantially lessen or avoid the potentially significant and significant groundwater resource impacts of the proposed project. Therefore, a Mitigation Monitoring and Reporting Program was not developed for the proposed project and is not included herein.

Unless otherwise specified, all page references presented herein are to the 2020 RDEIR.

2.1. Significant and Unavoidable Impacts

The following significant and potentially significant environmental impacts of the project are unavoidable and cannot be mitigated in a manner that would lessen the significant impact to below the level of significance. Notwithstanding disclosure of these impacts, DWR elects to approve the project due to overriding considerations as set forth below in Section 7, the statement of overriding considerations.

Impact Category: Groundwater Hydrology and Water Quality

Impact 5.10-1: The increase in groundwater pumping associated with changes in transfers and exchanges implemented by PWAs could substantially deplete groundwater supplies in some areas of the study area. [p. 5.10-17 – 5.10-21]

Finding. It is possible that transfers and exchanges of SWP water among the PWAs could result in benefits to groundwater levels, as transferred or exchanged water could be used instead of groundwater supplies or this water could be used for groundwater recharge. However, it is also possible that transfers and exchanges from agricultural to M&I PWAs could result in an increase in groundwater pumping resulting in a net deficit in aquifer volume or lowering the local groundwater table in some areas of the study area. DWR's conclusion is based on a program-level analysis, as there is uncertainty in the amount of groundwater use that may occur.

Because the Sustainable Groundwater Management Act (SGMA) is in the process of being implemented and because the extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known, assumptions related to the ability of SGMA to mitigate any changes in groundwater levels are speculative.

PWAs could propose feasible mitigation measures to reduce significant impacts to less than significant in some cases, although it is not possible for DWR to conclude that feasible mitigation measures would be available to avoid or mitigate significant groundwater effects in all cases. Per CEQA Guidelines Section 15091(a)(2), implementation and enforcement mitigation measures are within the responsibility and jurisdiction of another public agency and not the agency making the finding.

The extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known. Therefore, it is concluded that the potential increase in groundwater pumping could result in a net deficit in aquifer volume or lowering the local groundwater table. **For these reasons, this impact is significant and unavoidable.**

Impact 5.10-2: The increase in groundwater pumping associated with changes in transfers and exchanges implemented by PWAs could result in subsidence in some of the study area. [p. 5.10-22 – 5.10-25]

Finding. It is possible that transfers and exchanges among the PWAs could result in benefits to groundwater levels, as transferred or exchanged water could be used instead of groundwater supplies or this water could be used for groundwater recharge. However, it is also possible that transfers and exchanges from agricultural to M&I PWAs could result in an increase in groundwater pumping in some areas of the study area causing subsidence due to a net deficit in aquifer volume or lowering the local groundwater table. Because the extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known, it is concluded that groundwater pumping in

some areas of the study area would cause subsidence due to a net deficit in aquifer volume or lowering the local groundwater table and the impact would be potentially significant.

Because SGMA is in the process of being implemented and because the extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known, assumptions related to the ability of SGMA to mitigate any changes in groundwater levels or related subsidence are speculative.

PWAs could propose feasible mitigation measures to reduce significant impacts to less than significant in some cases, although it is not possible for DWR to conclude that feasible mitigation measures would be available to avoid or mitigate significant groundwater effects in all cases. Per CEQA Guidelines Section 15091(a)(2), implementation and enforcement mitigation measures are within the responsibility and jurisdiction of another public agency and not the agency making the finding.

DWR has no information on specific implementation of the transfers and exchanges from the proposed project and it has no authority to implement mitigation measures in the PWA service area. **For these reasons, this impact is significant and unavoidable.**

Section 3. Cumulative Impacts

Cumulative impacts, as defined in Section 15355 of the CEQA Guidelines, refer to two or more individual effects that, when taken together, are “considerable” or that compound or increase other environmental impacts. Cumulative impacts can result from individually minor, but collectively significant, actions when added to the impacts of other closely related past, present, or reasonably foreseeable future projects. Pertinent guidance for cumulative impact analysis is provided in Section 15130 of the CEQA Guidelines.

The DEIR presents the cumulative impact analysis for the proposed project. Each impact discussion in the DEIR assesses whether the incremental effects of the proposed project could combine with similar effects of one or more of the projects identified in the 2020 RDEIR (p.6-2 – 6.14) to cause or contribute to a significant cumulative effect. If so, the analysis considers whether the incremental contribution of the proposed project would be cumulatively significant (p. 6-8 –6-14).

DWR hereby finds that implementation of the proposed project would not result in physical environmental impacts on the following resource areas: hazards and hazardous materials; noise; population, employment and housing; public services and recreation; surface water hydrology and water quality; transportation; and utilities and service systems. Therefore, these resource areas would not contribute to a cumulative effect and would not compound or increase an environmental impact of these other projects.

The cumulative impact analysis associated with the remaining resource areas (aesthetics, agriculture and forest resources, air quality, biological resources, cultural resources, energy, geology and soils, GHG, groundwater hydrology and water quality, land use and planning, and water supply) focused on six types of impacts that were identified as less than significant or

potential impacts of the proposed project that could contribute to cumulative impacts with the cumulative projects (Contract Extension Project, Monterey Amendment and Settlement Agreement, and Sustainable Groundwater Management Act Implementation) identified in the DEIR. The six types of impacts are impacts to groundwater supplies, subsidence, fallowing and changes in crop patterns, energy and Greenhouse Gas (GHG), reservoir storage, and surface water flow above or below diversions. Impacts associated with fallowing and changes in crop patterns, energy and GHG, reservoir storage, and surface water flow above or below diversions were determined to be less than significant with no mitigation required.

Related to groundwater supplies and subsidence, DWR hereby finds as follows:

Groundwater Supplies and Subsidence

Findings. The incremental contribution of the proposed project's effect on groundwater supplies and subsidence would be cumulatively considerable when viewed in connection with the effects of past projects, and current and probable future projects (as full implementation of SGMA is not anticipated until 2040 or 2042). This cumulative impact would be **significant**. PWAs may provide mitigation in their project-level analysis for exchanges and transfers. However, per CEQA Guidelines Section 15091(a)(2), implementation and enforcement mitigation measures are within the responsibility and jurisdiction of another public agency and not the agency making the finding.

Because DWR has no information on specific implementation of the transfers and exchanges from the proposed project and it has no authority to implement mitigation measures in the PWA service area, the cumulative impact would remain **significant and unavoidable**.

Section 4. Significant Irreversible Environmental Changes

According to Sections 15126, subd. (c) and 15126.2, subd. (c) of the CEQA Guidelines, an EIR is required to address any significant irreversible environmental changes that would occur should the proposed project be implemented.

The proposed project would add, delete and modify provisions of the Contracts to clarify terms of the Contracts that will provide greater water management regarding transfers and exchanges of SWP water supply within the service area. The proposed project would not build or modify existing SWP facilities nor change each PWA's contractual maximum Table A amounts. The proposed project would amend and add financial provisions to the Contracts based on the negotiated Agreements in Principle between DWR and the PWAs. Therefore, the proposed project would not result in the commitment of nonrenewable natural resources such as gravel, petroleum products, steel, and slowly renewable resources such as wood products any differently than under existing conditions, and there would be no significant irreversible environmental changes.

Section 5. Growth-Inducing Effects

The CEQA Guidelines Section 15126.2, subd. (d) requires that an EIR evaluate the growth-inducing impacts of a project. As identified in CEQA Section 15126.2(d), growth inducement is not in and of itself an “environmental impact;” however, growth can result in adverse environmental consequences. Growth inducement may constitute an adverse impact if the growth is not consistent with or accommodated by the land use plans and policies for the affected area. Local land use plans, typically General Plans, provide for land use development patterns and growth policies that allow for the “orderly” expansion of urban development supported by adequate urban public services, such as water supply, sewer service, and new roadway infrastructure. A project that would induce “disorderly” growth (i.e., a project in conflict with local land use plans) could indirectly cause adverse environmental impacts. To assess whether a project with the potential to induce growth is expected to result in significant impacts, it is important to assess the degree to which the growth associated with a project would or would not be consistent with applicable land use plans.

In California, cities and counties have primary authority³ over land use decisions, while water suppliers, through laws and agreements, are expected and usually required to provide water service if water supply is available. Approval or denial of development proposals is the responsibility of the cities and counties in the study area. Numerous laws are intended to ensure that water supply planning, including planning for water supply infrastructure, and land use planning (such as the approval of, or establishment of constraints to, development) proceed in an orderly fashion.

The proposed project would not build new or modify existing SWP facilities nor change each PWA’s contractual maximum Table A amounts. As discussed in DEIR Section 5.14, Population, Employment, and Housing, (p. 5.14-2 to 5.14-5) because there would be no new facilities built or existing facilities modified, no housing is proposed as part of the project or required as a result of it, nor would the project provide substantial new permanent employment opportunities. Therefore, the proposed project would not result in direct growth inducement.

Because the proposed project would not result in the construction of new or modification of existing water supply storage, treatment or conveyance facilities it would not remove an obstacle to growth associated with water supply.

As discussed in DEIR Section 5.3 Agricultural and Forestry Resources of the DEIR (p. 5.3-7 to 5.3-9), it is possible that transfers from agricultural to M&I PWAs could result in fallowing of agricultural lands and/or changes in crop patterns (e.g., switching from high water-using crops to low water-using crops) in the study area. It is also possible that exchange of SWP water from agricultural to M&I PWAs could occur. However, these transfers and exchanges and any associated fallowing of agricultural land and/or changes in cropping patterns in the study area would not be anticipated to change the existing agricultural land use designations because the land use would remain in agricultural use. Furthermore, additional water transfers or exchanges

³ Although cities and counties have primary authority over land use planning, there are exceptions to this such as the CEC (with permit authority and CEQA lead agency status for some thermal power plant projects) and the CPUC (with regulatory authority and CEQA lead agency status for certain utility projects).

are not expected to substantially affect the acreage of land fallowed or put into dry farming compared to existing practices for other reasons (e.g., market conditions, economic conditions, etc.). As a result, it would not be anticipated that there would be a change in land uses associated with delivery of SWP water supplies including, conversion of agricultural land uses to urban uses or increased developed uses in urban areas.

While with the proposed amendments transfers and exchanges could be more frequent and longer in duration, they would not be a permanent transfer of a PWA's annual Table A amounts; therefore, it would not represent a viable long-term source of urban water supply to support additional unplanned growth. Therefore, the proposed amendments would not result in additional water supply that could support growth over what is currently planned for in those jurisdictions and the proposed project would not result in indirect growth inducement.

Furthermore, cities and counties are responsible for considering the environmental effects of their growth and land use planning decisions (including, but not limited to, conversion of agricultural land to urban uses, loss of sensitive habitats, and increases in criteria air emissions). As new developments are proposed, or general plans adopted, local jurisdictions prepare environmental compliance documents to analyze the impacts associated with development in their jurisdiction pursuant to CEQA. The impacts of growth would be analyzed in detail in general plan EIRs and in project-level CEQA compliance documents. Mitigation measures for identified significant impacts would be the responsibility of the local jurisdictions in which the growth would occur. If identified impacts could not be mitigated to a level below the established thresholds, then the local jurisdiction would need to adopt overriding considerations.

Section 6. Alternatives

DWR has considered the project alternatives presented and analyzed in the DEIR and presented during the comment period and public hearing process. DWR finds that these alternatives are infeasible. Based on the impacts identified in the DEIR and other reasons summarized below, and as supported by substantial evidence in the record, DWR finds that approval and implementation of the proposed project as proposed is the most desirable, feasible, and appropriate action and hereby rejects the other alternatives and other combinations and/or variations of alternatives as infeasible based on consideration of the relevant factors set forth in CEQA Guidelines Section 15126.6, subdivision (f). (See also CEQA Guidelines, Section 15091, subd. (a)(3).) Each alternative and the facts supporting the finding of infeasibility of each alternative are set forth below.

Alternatives Considered and Dismissed from Further Consideration

The alternative described below was rejected for further consideration (p 7-3 – 7-4).

Implement New Water Conservation Provisions in the Contracts: Agriculture and urban water efficiency, conservation, and management measures are governed by the existing regulatory and legal requirements independent from the proposed project, including Assembly

Bill 1668 and Senate Bill 606. Additional water conservation measures in the Contracts would not provide greater water management regarding transfers and exchanges of SWP water as compared to the proposed project because water conservation is already required. Consequently, these actions are independent from the proposed project and do not meet the basic project objectives. Therefore, amending the Contracts to require implementation of agriculture and M&I water conservation measures was rejected, as these actions are required by state statute and are met by local water agencies under existing law.

Summary of Alternatives Considered

CEQA requires that an EIR describe and evaluate a range of reasonable alternatives to a project or to the location of a project that would feasibly attain most of the basic project objectives and avoid or substantially lessen significant project impacts. The purpose of the alternatives analysis is to determine whether or not a variation of the proposed project would reduce or eliminate significant project impacts within the framework of the project's basic objectives.

The alternatives considered in the DEIR include:

- Alternative 1: No Project
- Alternative 2: Reduce Table A Deliveries
- Alternative 3: Reduced Flexibility in Water Transfers/Exchanges
- Alternative 4: More Flexibility in Water Transfers/Exchanges
- Alternative 5: Only Agriculture to M&I Transfers Allowed

Alternative 1: No Project

Description

CEQA Guidelines section 15126.6, subd. (e) requires consideration of a No Project Alternative. The purpose of this alternative is to allow the decision makers to compare impacts of approving a project with impacts of not approving a project. Under the No Project Alternative, DWR takes no action, and DWR and the PWAs would continue to operate and finance the SWP under the current Contracts.

Facts in Support of Finding of Infeasibility

Alternative 1 would not meet the objective of the project because Alternative 1 does not provide greater water management regarding transfers and exchanges of SWP water supply within the SWP service area and as compared to the proposed project. In addition, impacts under Alternative 1 would be similar but greater when compared to the proposed project. Alternative 1 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Alternative 2: Amending Contract to Reduce Table A Deliveries

Description

Under Alternative 2, as with the proposed project, DWR and the PWAs would agree to amend the Contracts based on the May 20, 2019 AIP. However, unlike the proposed project, the Contracts would be amended to reduce annual Table A amounts proportionately for all the PWAs.

Facts in Support of Finding of Infeasibility

Alternative 2 would not meet the objectives of the project because it would cause a reduction in delivery of annual Table A amounts proportional for all PWAs and would not provide greater water management regarding transfers and exchanges. In addition, impacts under Alternative 2 would be similar but greater when compared to the proposed project. Alternative 2 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Alternative 3: Less Flexibility in Water Transfers/Exchanges

Description

Under Alternative 3, as with the proposed project, DWR and the PWAs would agree to amend the Contracts based on the May 20, 2019 AIP. However, unlike the proposed project, the Contracts would not be amended to modify provisions of the Contracts and clarify certain terms of the Contracts to provide greater water management regarding transfers and exchanges of SWP water supply within the SWP service area. Some increase in flexibility of exchanges and transfers would be agreed to, but not all. For example, Alternative 3 would amend the Contracts to allow PWAs to transfer carryover water in San Luis Reservoir, but only 20 percent of the carryover water (the proposed project allows for 50 percent), allow limited multi-year transfers of five years or less (the proposed project allows for up to the Contract term), and not allow use of Transfer Packages. In addition, unlike the proposed project, PWAs would transfer water based on cost compensation established by DWR. Also, under Alternative 3, the Contracts would not amend the text in Article 56(f) regarding water exchanges to add provisions, such as conducting water exchanges as buyers and sellers in the same year and increasing the compensation allowed to facilitate the exchanges. Therefore, Alternative 3 would result in a similar or slightly less amount of water transfers among the PWAs than the proposed project, due to the less flexibility in water transfers and exchanges.

Facts in Support of Finding of Infeasibility

Alternative 3 would meet the objectives of the project, but to a lesser degree because the water transfers and exchanges would not provide as much water management flexibility regarding transfers and exchanges. In addition, impacts under Alternative 3 would be similar but greater

when compared to the proposed project. Alternative 3 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Alternative 4: More Flexibility in Water Transfer/Exchanges

Description

Under Alternative 4, as with the proposed project, DWR and the PWAs would agree to amend the Contracts. However, unlike the proposed project, the Contracts would be amended to allow PWAs more flexibility in water transfers and exchanges. Similar to the proposed project, PWAs would be able to transfer carryover water in San Luis Reservoir, transfer water for multiple years without permanently relinquishing that portion of their Table A amounts, and transfer water in Transfer Packages. Similar to the proposed project, PWA would be able to transfer water based on terms they establish for cost compensation and duration, and store and transfer water in the same year. Unlike the proposed project that only allows for a single-year transfers associated with carryover water, Alternative 4 would allow transfers and exchanges to include up to 100 percent of a PWA's carryover in San Luis Reservoir and allow multi-year use of its carryover water in both transfers and exchanges. Similar to the proposed project, the proposed exchange provisions of the AIP would establish a larger range of return ratios in consideration of varying hydrology and also maximum compensation with respect to SWP charges and allow PWAs to conduct additional water exchanges as buyers and sellers in the same year.

Facts in Support of Finding of Infeasibility

Alternative 4 would meet the objectives of the project. In addition, Under Alternative 4 the less than significant impacts associated with changes in flow including, adverse effects to special-status fish or terrestrial species, and water supply would be similar to the proposed project. However, similar to the proposed project, there is potential for Alternative 4 to result in a net deficit in aquifer volume, lowering of the local groundwater table, or subsidence in some areas of the study area with impacts that may be significant and unavoidable.

Alternative 5: Greater Water Management – Only Agriculture to M&I Transfers Allowed

Description

Under Alternative 5, as with the proposed project, DWR and the PWAs would agree to amend the Contracts based on the May 20, 2019 AIP.

Unlike the proposed project, DWR and PWAs would amend Contract provisions to allow the transfer of Table A water only from agricultural PWAs to M&I PWAs and not change any current Contract provisions for exchanges. Transfers from M&I PWAs to M&I PWAs, M&I PWAs to agricultural PWAs, and agricultural PWAs to agricultural PWAs would not be allowed. Similar to

the proposed project, PWAs could transfer carryover water in San Luis Reservoir to PWAs, transfer water for multiple years without permanently relinquishing that portion of their Table A amounts and request DWR's approval of Transfer Package; however, unlike the proposed project, these transfers would only be from agricultural PWAs to M&I PWAs. Similar to the proposed project, Alternative 5 would revise the Contract to allow the PWAs to transfer water based on terms they establish for cost compensation and duration. An agricultural PWA would be able to store and transfer water in the same year to M&I PWAs, and transfer up to 50 percent of its carryover water, but only for a single-year transfer to an M&I PWA (i.e., a future or multi-year commitment of transferring carryover water is not allowed). Under Alternative 5, the Contracts would not be amended to modify the text in Article 56(f) regarding water exchanges to include additional provisions, such as conducting water exchanges as buyers and sellers in the same year.

Similar to the proposed project, Alternative 5 would not build new or modify existing SWP facilities nor change any of the PWA's contractual maximum Table A amounts. Also similar to the proposed project, Alternative 5 would not change the water supply delivered by the SWP as SWP water supply would continue to be delivered to the PWAs consistent with current Contracts terms, including Table A and Article 21 deliveries. Operation of the SWP under this alternative would be subject to ongoing environmental regulations including for water rights, water quality and endangered species protection, among other State and federal laws. Also similar to the proposed project, Alternative 5 would not require additional permits or approvals.

Facts in Support of Finding of Infeasibility

Alternative 5 would meet some of the objectives of the project, but to a lesser degree because the water transfers and exchanges would not provide as much water management flexibility regarding transfers and exchanges. In addition, impacts under Alternative 5 would be similar but greater when compared to the proposed project. Alternative 5 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Environmentally Superior Alternative

CEQA Guidelines Section 15126.6 subd. (e) requires the identification of an environmentally superior alternative to the proposed project.

As presented in the DEIR, implementation of the proposed project would result in less than significant or no physical environmental impacts to all resource areas except for impacts related to groundwater supplies and subsidence, which are significant and unavoidable.

Alternative 4 would result in similar impacts as the proposed project (e.g., net deficit in aquifer volume, lowering of the local groundwater table, or subsidence in some areas of the study area). Alternatives 1, 2, 3, and 5 could result in impacts similar or greater (new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project) than the proposed project. Therefore, because the

proposed project and Alternative 4 would result in similar impacts and the other alternatives may result in similar or greater impacts, Alternative 4 was determined to be the environmentally superior alternative.

Section 7. Statement of Overriding Considerations

DWR hereby declares that, pursuant to CEQA Guidelines Section 15093, it has balanced the benefits of the proposed project against any unavoidable environmental impacts in determining whether to approve the proposed project. Pursuant to the CEQA Guidelines, if the benefits of the proposed project outweigh the unavoidable adverse environmental impacts, those impacts may be considered “acceptable.”

Having evaluated the reduction of adverse significant environmental effect of the proposed project to the extent feasible, considered the entire administrative record on the Project, and weighed the benefits of the proposed project against its unavoidable adverse impact, DWR has determined that each of the following benefits of the proposed project separately and individually outweigh the potential unavoidable adverse impacts and render those potential adverse impacts acceptable based upon the following overriding considerations. The following represents the specific reasons to support this determination based on the final EIR and information contained therein.

Water Transfers

The proposed project would add, delete, and modify provisions of the Contracts and clarify certain terms of the Contracts that will provide greater water management regarding transfers and exchanges of SWP water within the SWP service area.

The transfer provisions of the proposed project would facilitate the PWAs ability to:

- Transfer SWP water for multiple years and multiple parties without permanently relinquishing that portion of their annual Table A amounts;
- negotiate cost compensation and duration among the PWAs on a willing seller-willing buyer basis for water transfers; and
- Transfer SWP water stored outside of the transferring PWA’s service area to the receiving PWA’s service area

All these proposed transfer provisions would provide the PWAs with increased flexibility for short-term and long-term planning and management of their SWP water supplies. The proposed project, however, would not include any change to the PWA’s permanent annual Table A amounts.

Since the Monterey Amendment, DWR has approved short-term water transfers pursuant to Articles 15(a) and 41, and has administered the short-term Turn-Back Water Pool Program pursuant to Article 56 of the Contracts. The Turn-Back Water Pool Program allows a PWA to sell Table A water that it will not use, subject to certain conditions, for a set price that is either 50

percent or 25 percent of the Delta Water Rate for that year. DWR has also administered, on a demonstration basis, a multi-year water pool program for 2013-2014 and 2015-2016 that allowed PWAs to participate in the two-year program as either a buyer or seller for each of the two years (a decision made at the beginning of each of the two-year programs) with greater compensation for the water than allowed under the Turn-Back Water Pool Program. DWR has allowed transfers of Table A water among two PWAs with the same landowner in their respective service areas that do not include an exchange of money.

The proposed project would remove all language related to the Turn-back Pool from the Contracts and, compared to the Turn-Back Water Pool Program where DWR established the price based on the Delta water rate, the proposed project would revise the Contracts to allow the PWAs to transfer water based on terms they establish for cost compensation and duration. Also, in contrast to the Turn-Back Water Pool Program, a water transfer could be as long as the remainder of the term of the PWA's Contract. In addition, a PWA would be able to store and transfer water in the same year, and transfer up to 50 percent of its carryover water in San Luis Reservoir, but only for a single-year transfer (i.e., a future or multi-year commitment of transferring carryover water is not allowed).

The proposed amendments would result in a greater amount of water transfers among the PWAs than under the current Contract provisions. Based on past experience and discussions with PWAs, most water transfers that occur due to the proposed amendments would occur among the PWAs located south of the Delta and would not involve additional export of SWP water from the Delta. Water transfers would be implemented using the existing physical facilities and existing operational and regulatory processes, including CEQA compliance.

Water Exchanges

The proposed project would amend the text in Article 56(f) regarding water exchanges to include additional provisions. The proposed exchange provisions of the AIP would establish return ratios (up to a 5:1 ratio) based on a consideration of varying hydrology and would set compensation based on a PWA's SWP charges.

The proposed amendments would allow PWAs to exchange carryover water in San Luis Reservoir, and exchange up to 50 percent of their carryover water in a single-year transaction (i.e., a future or multi-year commitment of exchanging carryover water is not allowed). The proposed provisions would also allow PWAs to conduct water exchanges of carryover water as buyers and sellers in the same year.

While DWR has approved water exchanges pursuant to Articles 15(a), 41, and 56(f), the proposed project would provide the PWAs with increased flexibility for short-term and long-term planning of water supplies. Under the proposed project, exchanges may be used more frequently to respond to variations in hydrology, such as wet years, and in single dry-year and multiple dry-year conditions.

Acronyms and Glossary

AIP	Agreement in Principle
CEQA	California Environmental Quality Act
CFR	Code of Federal Regulations
Contracts	Water Supply Contracts
DEIR	Draft Environmental Impact Report
DWR	California Department of Water Resources
EIR	Environmental Impact Report
FEIR	Final EIR
PRC	California Public Resources Code
PWAs	Public Water Agencies
RDEIR	Recirculated Draft Environmental Impact Report
SGMA	Sustainable Groundwater Management Act
SWC	State Water Contractors
SWP	State Water Project

Exhibit "B"
Proposed SWP Contract Amendment

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STATE OF CALIFORNIA
CALIFORNIA NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES

AMENDMENT NO. 18 (THE WATER MANAGEMENT AMENDMENT)
TO WATER SUPPLY CONTRACT
BETWEEN
THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES
AND
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

THIS AMENDMENT to the Water Supply Contract is made this _____ day of _____, 20____ pursuant to the provisions of the California Water Resources Development Bond Act, the Central Valley Project Act, and other applicable laws of the State of California, between the State of California, acting by and through its Department of Water Resources, herein referred to as the "State," and San Bernardino Valley Municipal Water District, herein referred to as the "District."

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RECITALS

- A. The State and the District entered into and subsequently amended a water supply contract (the “contract”), dated December 30, 1960, providing that the State shall supply certain quantities of water to the District and providing that the District shall make certain payments to the State, and setting forth the terms and conditions of such supply and such payments; and
- B. The State and the District, in an effort to manage water supplies in a changing environment, explored non-structural solutions to provide greater flexibility in managing State Water Project (SWP) water supplies; and
- C. The State and the District, in an effort to support the achievement of the coequal goals for the Delta set forth in the Delta Reform Act, sought solutions to develop water supply management practices to enhance flexibility and reliability of SWP water supplies while the District is also demonstrating its commitment to expand its water supply portfolio by investing in local water supplies; and
- D. The State and the District, in response to the Governor’s Water Resiliency Portfolio, wish to maintain and diversify water supplies while protecting and enhancing natural systems without changing the way in which the SWP operates; and
- E. The State and the District sought to create a programmatic solution through transfers or exchanges of SWP water supplies that encourages regional approaches among water users sharing watersheds and strengthening partnerships with local water agencies, irrigation districts, and other stakeholders; and
- F. The State and the District, in an effort to comply with the Open and Transparent Water Data Platform Act (Assembly Bill 1755), sought means to create greater transparency in water transfers and exchanges; and
- G. The State, the District and representatives of certain other SWP Contractors have negotiated and agreed upon a document (dated May 20, 2019), the subject of which is “ Draft Agreement in Principle for the SWP Water Supply Contract Amendment for Water Management” (the “Agreement in Principle”); and
- H. The Agreement in Principle describes that the SWP Water Supply Contract Amendment for Water Management “supplements and clarifies terms of the SWP water supply contract that will provide greater water management regarding transfers and exchanges of SWP water within the SWP service area”; the principles agreed to would achieve this without relying upon increased SWP diversions or changing the way in which the SWP operates, and consistent with all applicable contract and regulatory requirements; and

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- I. The State, the District and those Contractors intending to be subject to the contract amendments contemplated by the Agreement in Principle subsequently prepared an amendment to their respective Contracts to implement the provisions of the Agreement in Principle, and such amendment was named the “SWP Water Supply Contract Amendment for Water Management”; and
- J. The State and the District desire to implement continued service through the contract and under the terms and conditions of this “SWP Water Supply Contract Amendment for Water Management”;

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NOW, THEREFORE, IT IS MUTUALLY AGREED that the following changes and additions are hereby made to the District's water supply contract with that State:

AMENDED CONTRACT TEXT

ARTICLE 1 IS AMENDED TO ADD THE FOLLOWING DEFINITIONS, PROVIDED THAT IF THIS WATER MANAGEMENT AMENDMENT TAKES EFFECT BEFORE THE CONTRACT EXTENSION AMENDMENT TAKES EFFECT, THE ADDITIONS HEREIN MADE SHALL CONTINUE IN EFFECT AFTER THE CONTRACT EXTENSION AMENDMENT TAKES EFFECT NOTWITHSTANDING THE CONTRACT EXTENSION AMENDMENT'S DELETION AND REPLACEMENT OF ARTICLE 1 IN ITS ENTIRETY:

1. Definitions

- (au) **"Article 56 Carryover Water"** shall mean water that a contractor elects to store under Article 56 in project surface conservation facilities for delivery in a subsequent year or years.

ARTICLES 21 and 56 ARE DELETED IN THEIR ENTIRETY AND REPLACED WITH THE FOLLOWING TEXT:

21. Interruptible Water Service

(a) Allocation of Interruptible Water

Each year from water sources available to the project, the State shall make available and allocate interruptible water to contractors in accordance with the procedure in Article 18(a). Allocations of interruptible water in any one year may not be carried over for delivery in a subsequent year, nor shall the delivery of interruptible water in any year impact the District's approved deliveries of Annual Table A Amount or the District's allocation of water for the next year. Deliveries of interruptible water in excess of the District's Annual Table A Amount may be made if the deliveries do not adversely affect the State's delivery of Annual Table A Amount to other contractors or adversely affect project operations. Any amounts of water owed to the District as of the date of this amendment pursuant to former Article 12(d), any contract provisions or letter agreements relating to wet weather water, and any Article 14(b) balances accumulated prior to 1995, are canceled. The State shall hereafter use its best efforts, in a manner that causes no adverse impacts upon other contractors or the project, to

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avoid adverse economic impacts due to the District's inability to take water during wet weather.

(b) Notice and Process for Obtaining Interruptible Water

The State shall periodically prepare and publish a notice to contractors describing the availability of interruptible water under this article. To obtain a supply of interruptible water, including a supply from a transfer of interruptible water, the District shall execute a further agreement with the State. The State will timely process such requests for scheduling the delivery of the interruptible water.

(c) Rates

For any interruptible water delivered pursuant to this article, the District shall pay the State the same (including adjustments) for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water as if such interruptible water were Table A Amount water, as well as all incremental operation, maintenance, and replacement costs, and any other incremental costs, as determined by the State. The State shall not include any administrative or contract preparation charge. Incremental costs shall mean those nonpower costs which would not be incurred if interruptible water were not scheduled for or delivered to the District. Only those contractors not participating in the repayment of the capital costs of a reach shall be required to pay any use of facilities charge for the delivery of interruptible water through that reach.

(d) Transfers of Interruptible Water

- (1) Tulare Lake Basin Water Storage District, Empire West-Side Irrigation District, Oak Flat Water District, and County of Kings may transfer to other contractors a portion of interruptible water allocated to them under subdivision (a) when the State determines that interruptible water is available.
- (2) The State may approve the transfer of a portion of interruptible water allocated under subdivision (a) to contractors other than those listed in (d)(1) if the contractor acquiring the water can demonstrate a special need for the transfer of interruptible water.

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- (3) The contractors participating in the transfer shall determine the cost compensation for the transfers of interruptible water. The transfers of interruptible water shall be consistent with Articles 56(d) and 57.

56. Use, Storage of Project Water Outside of Service Area and Article 56 Carryover Water

(a) State Consent to Use of Project Water Outside of Service Area

Notwithstanding the provisions of Article 15(a), the State hereby consents to the District storing project water in a groundwater storage program, project surface conservation facilities and in nonproject surface storage facilities located outside its service area for later use by the District within its service area and to the District transferring or exchanging project water outside its service area as set forth herein.

(b) Groundwater Storage Programs

The District shall cooperate with other contractors in the development and establishment of groundwater storage programs. The District may elect to store project water in a groundwater storage program outside its service area for later use within its service area. There shall be no limit on the amount of project water the District can store outside its service area during any year in a then existing and operational groundwater storage program.

(1) Transfers of Annual Table A Amount stored in a groundwater storage program outside a contractor's service area.

In accordance with applicable water rights law and the terms of this article, the District may transfer any Annual Table A Amount stored on or after the effective date of the Water Management Amendment in a groundwater storage program outside its service area to another contractor for use in that contractor's service area. These transfers must comply with the requirements of Articles 56(c)(4)(i)-(v), (6) and (7), and Article 57. The District will include these transfers in its preliminary water delivery schedule required in Article 12(a).

(2) Exchanges of any Annual Table A Amount stored in a groundwater storage program outside a contractor's service area.

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In accordance with applicable water rights law and the terms of this article, the District may exchange any Annual Table A Amount stored on or after the effective date of the Water Management Amendment in a groundwater storage program outside its service area with another contractor for use in that contractor's service area. These exchanges must comply with the requirements in Article 56(c)(4)(i)-(v). The District shall include these exchanges in its preliminary water delivery schedule pursuant to Article 12(a).

(c) Article 56 Carryover Water and Transfers or Exchanges of Article 56 Carryover Water

(1) In accordance with any applicable water rights laws, the District may elect to use Article 56 Carryover Water within its service area, or transfer or exchange Article 56 Carryover Water to another contractor for use in that contractor's service area in accordance with the provisions of subdivision (c)(4) of this article. The District shall submit to the State a preliminary water delivery schedule on or before October 1 of each year pursuant to Article 12(a), the quantity of water it wishes to store as Article 56 Carryover Water in the next succeeding year, and the quantity of Article 56 Carryover Water it wishes to transfer or exchange with another contractor in the next succeeding year. The amount of project water the District can add to storage in project surface conservation facilities and in nonproject surface storage facilities located outside the District's service area each year shall be limited to the lesser of the percent of the District's Annual Table A Amount shown in column 2 or the acre-feet shown in column 3 of the following table, depending on the State's final Table A water supply allocation percentage as shown in column 1. For the purpose of determining the amount of project water the District can store, the final water supply allocation percentage shown in column 1 of the table below shall apply to the District. However, there shall be no limit to storage in nonproject facilities in a year in which the State's final water supply allocation percentage is one hundred percent. These limits shall not apply to water stored pursuant to Articles 12(e) and 14(b).

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1. Final Water Supply Allocation Percentage	2. Maximum Percentage of District's Annual Table A Amount That Can Be Stored	3. Maximum Acre-Feet That Can Be Stored
50% or less	25%	100,000
51%	26%	104,000
52%	27%	108,000
53%	28%	112,000
54%	29%	116,000
55%	30%	120,000
56%	31%	124,000
57%	32%	128,000
58%	33%	132,000
59%	34%	136,000
60%	35%	140,000
61%	36%	144,000
62%	37%	148,000
63%	38%	152,000
64%	39%	156,000
65%	40%	160,000
66%	41%	164,000
67%	42%	168,000
68%	43%	172,000
69%	44%	176,000
70%	45%	180,000
71%	46%	184,000
72%	47%	188,000
73%	48%	192,000
74%	49%	196,000
75% or more	50%	200,000

- (2) Storage capacity in project surface conservation facilities at any time in excess of that needed for project operations shall be made available to requesting contractors for storage of project and nonproject water. If such storage requests exceed the available storage capacity, the available capacity shall be allocated among contractors requesting storage in proportion to their Annual Table A Amounts for that year. The District may store water in excess of its allocated share of capacity as long as capacity is available for such storage.
- (3) If the State determines that a reallocation of excess storage capacity is needed as a result of project operations or because of the exercise of a

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contractor's storage right, the available capacity shall be reallocated among contractors requesting storage in proportion to their respective Annual Table A Amounts for that year. If such reallocation results in the need to displace water from the storage balance for any contractor or noncontractor, the water to be displaced shall be displaced in the following order of priority:

First, water, if any, stored for noncontractors;

Second, water stored for a contractor that previously was in excess of that contractor's allocation of storage capacity; and

Third, water stored for a contractor that previously was within that contractor's allocated storage capacity.

The State shall determine whether water stored in a project surface water conservation facility is subject to displacement and give as much notice as feasible of a potential displacement. If the District transfers or exchanges Article 56 Carryover Water pursuant to this subdivision to another contractor for storage in such facility, the State shall recalculate the amount of water that is subject to potential displacement for both contractors participating in the transfer or exchange. The State's recalculation shall be made pursuant to subdivision (4) of this article.

(4) Transfers or Exchanges of Article 56 Carryover Water

The District may transfer or exchange its Article 56 Carryover Water as provided in this subdivision under a transfer or exchange agreement with another contractor. Water stored pursuant to Articles 12(e) and 14(b) and nonproject water shall not be transferred or exchanged. Transfers or exchanges of Article 56 Carryover Water under this subdivision shall comply with subdivision (f) of this article and Article 57 as applicable, which shall constitute the exclusive means to transfer or exchange Article 56 Carryover Water.

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On or around January 15 of each year, the State shall determine the maximum amount of Article 56 Carryover Water as of January 1 that will be available for transfers or exchanges during that year. The State's determination shall be consistent with subdivisions (c)(1) and (c)(2) of this article.

The State shall timely process requests for transfers or exchanges of Article 56 Carryover Water by participating contractors. After execution of the transfer or exchange agreement between the State and the contractors participating in the transfer or exchange, the State shall recalculate each contractor's storage amounts for the contractors participating in the transfer or exchange. The State's recalculation shall result in an increase by an amount of water within the storage amounts for the contractor receiving the water and a decrease by the same amount of water for the contractor transferring or exchanging water. The State's recalculation shall be based on the criteria set forth in the State's transfer or exchange agreement with the participating contractors. The State's calculations shall also apply when a contractor uses Article 56 Carryover Water to complete an exchange.

Transfers and exchanges of Article 56 Carryover Water shall meet all of the following criteria:

- (i) Transfers or exchanges of Article 56 Carryover Water are limited to a single-year. Project water returned as part of an exchange under subdivision (c)(4) Article 56 Carryover Water may be returned over multiple years.
- (ii) The District may transfer or exchange an amount up to fifty percent (50%) of its Article 56 Carryover Water to another contractor for use in that contractor's service area.
- (iii) Subject to approval of the State, the District may transfer or exchange an amount greater than 50% of its Article 56 Carryover Water to another

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contractor for use in that contractor's service area. The District seeking to transfer or exchange greater than 50% of its Article 56 Carryover Amount shall submit a written request to the State for approval. The District making such a request shall demonstrate to the State how the District will continue to meet its critical water needs in the current year of the transfer or exchange and in the following year.

- (iv) The contractor receiving the water transferred or exchanged under subdivisions (4)(i) or (ii) above shall confirm in writing to the State its need for the water that year and shall take delivery of the water transferred or exchanged in the same year.
 - (v) Subject to the approval of the State, the District may seek an exception to the requirements of subdivisions (4)(i), (ii), and (iii) above. The District seeking an exception shall submit a written request to the State demonstrating to the State the need for 1) using project surface conservation facilities as the transfer or exchange point for Article 56 Carryover Water if the receiving contractor cannot take delivery of the transfer or exchange water in that same year, 2) using project surface conservation facilities for the transfer or exchange of one contractor's Article 56 Carryover Water to another contractor to reduce the risk of the water being displaced. or 3) for some other need.
- (5) The restrictions on storage of project water outside a District's service area provided for in this subdivision (c), shall not apply to storage in any project off-stream storage facilities constructed south of the Delta after the date of the Monterey Amendment.

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- (6) For any project water stored outside its service area pursuant to subdivisions (b) and (c), the District shall pay the State the same (including adjustments) for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water as the District pays for the transportation of Annual Table A Amount to the reach of the project transportation facility from which the water is delivered to storage. If annual entitlement is stored, the Delta Water Charge shall be charged only in the year of delivery to interim storage. For any stored water returned to a project transportation facility for final delivery to its service area, the District shall pay the State the same for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water calculated from the point of return to the aqueduct to the turn-out in the District's service area. In addition, the District shall pay all incremental operation, maintenance, and replacement costs, and any other incremental costs, as determined by the State, which shall not include any administrative or contract preparation charge. Incremental costs shall mean those nonpower costs which would not be incurred if such water were scheduled for or delivered to the District's service area instead of to interim storage outside the service area. Only those contractors not participating in the repayment of a reach shall be required to pay a use of facilities charge for use of a reach for the delivery of water to, or return of water from, interim storage.
- (7) A District electing to store project water in a nonproject facility within the service area of another contractor shall execute a contract with that other contractor prior to storing such water which shall be in conformity with this article and will include at least provisions concerning the point of delivery and the time and method for transporting such water.

(d) Non-Permanent Water Transfers of Project Water

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Notwithstanding the provisions of Article 15(a), the State hereby consents to the District transferring project water outside its service area in accordance with the following:

- (1) The participating contractors shall determine the duration and compensation for all water transfers, including single-year transfers, Transfer Packages and multi-year transfers.
- (2) The duration of a multi-year transfer shall be determined by the participating contractors to the transfer, but the term of the transfer agreement shall not extend beyond the term of the Contract with the earliest term.
- (3) A Transfer Package shall be comprised of two or more water transfer agreements between the same contractors. The State shall consider each proposed water transfer within the package at the same time and shall apply the transfer criteria pursuant to Article 57 in the review and approval of each transfer. The State shall not consider a Transfer Package as an exchange.

(e) Continuance of Article 12(e) Carry-over Provisions

The provisions of this article are in addition to the provisions of Article 12(e), and nothing in this article shall be construed to modify or amend the provisions of Article 12(e). Any contractor electing to transfer or exchange project water during any year in accordance with the provisions of subdivision (c) of this article, shall not be precluded from using the provisions of Article 12(e) for carrying over water from the last three months of that year into the first three months of the succeeding year.

(f) Bona Fide Exchanges Permitted

Notwithstanding the provisions of Article 15(a), the State hereby consents to the District exchanging project water outside its service area consistent with this Article. Nothing in this article shall prevent the District from entering into bona fide exchanges of project water for use outside the District's service area with other parties for project water or nonproject water if the State consents to the use of the project water outside the District's service area. Also,

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nothing in this article shall prevent the District from continuing those exchange or sale arrangements entered into prior to September 1, 1995. Nothing in this article shall prevent the District from continuing those exchange or sale arrangements entered into prior to [] which had previously received any required State approvals. The State recognizes that the hydrology in any given year is an important factor in exchanges. A “bona fide exchange” shall mean an exchange of water involving the District and another party where the primary consideration for one party furnishing water to another party is the return of a substantially similar amount of water, after giving due consideration to the hydrology, the length of time during which the water will be returned, and reasonable payment for costs incurred.. In addition, the State shall consider reasonable deductions based on expected storage or transportation losses that may be made from water delivered. The State may also consider any other nonfinancial conditions of the return. A “bona fide exchange” shall not involve a significant payment unrelated to costs incurred in effectuating the exchange. The State, in consultation with the contractors, shall have authority to determine whether a proposed exchange of water constitutes a “bona fide exchange” within the meaning of this paragraph and not a disguised sale.

(g) Exchanges of Project Water

Exchanges of project water shall be consistent with Article 57. In addition, the State shall apply the following criteria to its review of each exchange of project water as set forth below:

(1) Exchange Ratio

Exchange ratio shall mean the amount of water delivered from a contractor’s project supply in a year to another contractor compared to the amount of water returned to the first contractor in a subsequent year by the other contractor. All exchanges shall be subject to the applicable exchange ratio in this article as determined by the allocation of available supply for the Annual Table A Amount at the time the exchange transaction between the contractors is executed.

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- (a) For allocations greater than or equal to 50%, the exchange ratio shall be no greater than 2 to 1.
- (b) For allocations greater than 25% and less than 50%, the exchange ratio shall be no greater than 3 to 1.
- (c) For allocations greater than 15% and less than or equal to 25%, the exchange ratio shall be no greater than 4 to 1.
- (d) For allocations less than or equal to 15%, the exchange ratio shall be no greater than 5 to 1.

(2) Cost Compensation

The State shall determine the maximum cost compensation calculation using the following formula:

The numerator shall be the exchanging District's conservation minimum and capital and transportation minimum and capital charges, including capital surcharges. DWR will set the denominator using the State Water Project allocation which incorporates the May 1 monthly Bulletin 120 runoff forecast.

If a District submits a request for approval of an exchange prior to May 1, the State shall provide timely approval with the obligation of the contractors to meet the requirement of the maximum compensation. If the maximum compensation is exceeded because the agreement between the contractors is executed prior to the State Water Project allocation as defined in (c)(2) above, the contractors will revisit the agreement between the two contractors and make any necessary adjustments to the compensation. If the contractors make any adjustments to the compensation, they shall notify the State.

(3) Period During Which the Water May Be Returned:

The period for the water to be returned shall not be greater than 10 years and shall not go beyond the

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expiration date of this Contract. If the return of the exchange water cannot be completed within 10 years, the State may approve a request for an extension of time.

(h) Other Transfers

Nothing in this article shall modify or amend the provisions of Articles 15(a), 18(a) or Article 41, except as expressly provided for in subdivisions (c) and (d) of this article and in subdivision (d) of Article 21.

NEW CONTRACT ARTICLES

ARTICLE 57 IS ADDED TO THE CONTRACT AS A NEW ARTICLE AS FOLLOWS:

57. Provisions Applicable to Both Transfers and Exchanges of Project Water

- (a) Nothing in this Article modifies or limits Article 18 (a).
- (b) Transfers and exchanges shall not have the protection of Article 14(b).
- (b) The District may be both a buyer and seller in the same year and enter into multiple transfers and exchanges within the same year.
- (d) Subject to the State's review and approval, all transfers and exchanges shall satisfy the following criteria:
 - (1) Transfers and exchanges shall comply with all applicable laws and regulations.
 - (2) Transfers and exchanges shall not impact the financial integrity of the State Water Project, Transfers and exchange agreements shall include provisions to cover all costs to the State for the movement of water such as power costs and use of facility charge.
 - (3) Transfers and exchanges shall be transparent, including compliance with subdivisions (g) and (h) of this article.
 - (4) Transfers and exchanges shall not harm other contractors not participating in the transfer or exchange.
 - (5) Transfers and exchanges shall not create significant adverse impacts to the service area of each contractor participating in the transfer or exchange.
 - (6) Transfers and exchanges shall not adversely impact State Water Project operations.
- (e) The District may petition the State and the State shall have discretion to approve an exception to the criteria set forth in subdivision (d) in the following cases:

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- (1) When a transfer or exchange does not meet the criteria, but the District has determined that there is a compelling need to proceed with the transfer or exchange.
 - (2) When a District that has received water in a transfer or exchange cannot take all of the water in the transaction in the same year, the District may request to store its water consistent with Article 56(c), including in San Luis Reservoir.
- (f) The State will timely process such requests for scheduling the delivery of the transferred or exchanged water. Contractors participating in a transfer or exchange shall submit the request in a timely manner.
- (g) Each contractor participating in a transfer or exchange shall confirm to the State in a resolution or other appropriate document approving the transfer or exchange, including use of Article 56(c) stored water, that:
- (1) The District has complied with all applicable laws.
 - (2) The District has provided any required notices to public agencies and the public.
 - (3) The District has provided the relevant terms to all contractors and to the Water Transfers Committee of the State Water Contractors Association.
 - (4) The District is informed and believes that the transfer or exchange will not harm other contractors.
 - (5) The District is informed and believes that the transfer or exchange will not adversely impact State Water Project operations.
 - (6) The District is informed and believes that the transfer or exchange will not affect its ability to make all payments, including payments when

due under its Contract for its share of the financing costs of the State's Central Valley Project Revenue Bonds.

- (7) The District has considered the potential impacts of the transfer or exchange within its service area.

(h) Dispute Resolution Process Prior to Executing an Agreement

The State and the contractors shall comply with the following process to resolve disputes if a contractor that is not participating in the transfer or exchange claims that the proposed transfer and/or exchange has a significant adverse impact.

- i. Any claim to a significant adverse impact may only be made after the District has submitted the relevant terms pursuant to Article 57(g)(3) and before the State approves a transfer or exchange agreement.
- ii. In the event that any dispute cannot be resolved among the contractors, the State will convene a group including the Department's Chief of the State Water Project Analysis Office, the Department's Chief Counsel and the Department's Chief of the Division of Operations or their designees and the contractors involved. The contractor's representatives shall be chosen by each contractor. Any contractor claiming an adverse impact must submit written documentation to support this claim and identify a proposed solution. This documentation must be provided 2 weeks in advance of a meeting of the group that includes the representatives identified in this paragraph.
- iii. If this group cannot resolve the dispute, the issue will be taken to the Director of the Department of Water Resources and that decision will be final.

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**WATER MANAGEMENT AMENDMENT IMPLEMENTING
AND ADMINISTRATIVE PROVISIONS**

IT IS FURTHER MUTUALLY AGREED that the following provisions, which shall not be part of the Water Supply Contract text, shall be a part of this Amendment and be binding on the Parties.

1. EFFECTIVE DATE OF WATER MANAGEMENT AMENDMENT

- (a) The Water Management Amendment shall take effect (“Water Management Amendment effective date”) on the last day of the calendar month in which the State and 24 or more contractors have executed the Water Management Amendment, unless a final judgment by a court of competent jurisdiction has been entered that the Water Management Amendment is invalid or unenforceable or a final order has been entered that enjoins the implementation of the Water Management Amendment.
- (b) If any part of the Water Management Amendment of any contractor is determined by a court of competent jurisdiction in a final judgment or order to be invalid or unenforceable, the Water Management Amendments of all contractors shall be of no force and effect unless the State and 24 or more contractors agree any the remaining provisions of the contract may remain in full force and effect.
- (c) If 24 or more contractors have not executed the Water Management Amendment by February 28, 2021 then within 30 days the State, after consultation with the contractors that have executed the amendment, shall make a determination whether to waive the requirement of subdivision (a) of this effective date provision. The State shall promptly notify all contractors of the State’s determination. If the State determines, pursuant to this article to allow the Water Management Amendment to take effect, it shall take effect only as to those consenting contractors.
- (d) If any contractor has not executed the Water Management Amendment within sixty (60) days after its effective date pursuant to subdivisions (a) through (c) of this effective date provision, this amendment shall not take effect as to such contractor unless the contractor and the State, in its discretion, thereafter execute such contractor’s Water Management Amendment, in which case the Water Management Amendment effective date for purposes of that contractor’s amendment shall be as agreed upon by the State and

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contractor, and shall replace the effective date identified in subdivision (a) for that contractor.

2. ADMINISTRATION OF CONTRACTS WITHOUT WATER MANAGEMENT AMENDMENT

The state shall administer the water supply contracts of any contractors that do not execute the Water Management Amendment in a manner that is consistent with the contractual rights of such contractors. These contractors' rights are not anticipated to be affected adversely or benefited by the Water Management Amendments.

3. OTHER CONTRACT PROVISIONS

Except as amended by this amendment, all provisions of the contract shall be and remain the same and in full force and effect, provided, however, that any reference to the definition of a term in Article 1, shall be deemed to be a reference to the definition of that term, notwithstanding that the definition has been re-lettered within Article 1. In preparing a consolidated contract, the parties agree to update all such references to reflect the definitions' lettering within Article 1.

4. DocuSign

The Parties agree to accept electronic signatures generated using DocuSign as original signatures.

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IN WITNESS WHEREOF, the Parties hereto have executed this Amendment on the date first above written.

Approved as to Legal Form
and Sufficiency:

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

Chief Counsel
Department of Water Resources

Director

Date

Approved as to Form:

SAN BERNARDINO VALLEY MUNICIPAL
WATER DISTRICT

General Counsel
San Bernardino Valley Municipal Water
District

General Manager

Date



DATE: October 6, 2020

TO: Board of Directors

FROM: Chris Jones, MESM, Project Manager II, Biological Resources

SUBJECT: Consider Amendment Thirteen to ICF Jones & Stokes Consulting Agreement

Background

This item was discussed at the October 1, 2020, Board of Directors' Resources Workshop and staff was directed to place this item on today's agenda for consideration. Staff is requesting the Board authorize the CEO/General Manager to execute Amendment 13 to the ICF Jones & Stokes Consulting Agreement for inclusion of design, CEQA compliance, and regulatory assistance associated with the Evans Lake Tributary Restoration and Camp Evans Recreation Project (Evans Creek Project) and extension of contract duration for an additional two years.

On June 4, 2013, the Valley District Board of Directors authorized participation in the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP). One of the main elements of the SARCCUP was removal of approximately 500 acres of giant reed (*Arundo donax*) and the construction of approximately 3.5 miles of habitat for the Santa Ana sucker (*Catostomus santaanae*). An opportunities and constraints analysis and report occurred to identify potential locations to fulfill the objective of construction of 3.5 miles of habitat for sucker. Evans Lake and its tributary to the River (aka Evans Lake Drain) was identified as a potential restoration area. Conceptual designs were developed for the site associated with the SARCCUP grant. After further evaluation, the Evans Lake Drain was dropped from the portfolio of streams that would move forward for further design and ultimately construction funded through the SARCCUP. While the Evans Lake Drain was not included in the final SARCCUP portfolio, the conceptual design work and evaluations that occurred via the SARCCUP laid the foundation for future work to occur when the right opportunity presented itself.

A string of fires impacted the site starting in 2017 that disturbed a large portion of the Evans Lake Drain area. The 2017 fire provided a catalyst for Valley District, on behalf of the Upper Santa Ana River Habitat Conservation Plan (HCP), to partner with the City of Riverside to further develop and implement the restoration plan that was previously considered for inclusion in the SARCCUP. Once restored, the Lake Evans Drain area would be included as a part of the HCP Conservation/Compensatory Mitigation Bank. The Valley District Board of Directors approved this partnership in 2018. Soon after in 2018, ICF Jones & Stokes was contracted to evaluate opportunities and constraints in more detail than had been done in 2015 and further develop design concepts for the site. The designs and information developed during this process allowed the Lake Evans Drain to be included in the Environmental Impact Report (EIR) that provided California Environmental Quality Act (CEQA) compliance for Tributary Restoration Projects associated with advanced mitigation for the HCP. The Board certified the EIR alternative that provided programmatic coverage for the Lake Evans Drain along with Anza, Old Ranch, Lower Hole and Hidden Valley Creeks by adopting the Tributaries Restoration EIR via Resolution Number 1095 in November 2019.

In 2019, through Resolution Number 1093, the Board of Directors authorized staff to apply for a Department of Water Resources (DWR) Integrated Regional Water Management Plan (IRWM) Grant funded through Proposition 1. Staff planned to utilize this funding opportunity to complete the detailed designs and implement construction. In June of 2020, staff was informed that the Evans Creek Project, as it is now referred to, was selected to receive the \$2,000,000 that it requested in grant funding. In order to receive this funding SAWPA requested each prospective recipient approve the 2018 Update to the One Water One Watershed (OWOW) Plan. Staff brought the OWOW 2018 update to the September 10, 2020, Board of Directors Workshop Policy Meeting for consideration. The Directors directed staff to place the item on a future Board of Directors Regular Meeting for consideration. Adoption of the OWOW 2018 update is scheduled for consideration on the October 6th regular Meeting of the Board. SAWPA is currently working with DWR on agreements for award of these funds. Once SAWPA and DWR finalize an agreement, SAWPA will develop a sub-agreement to be considered by the Valley District Board for award of these funds. This is expected to occur by late fall or early winter 2020.

The Proposition 1 funds come with a requirement to have CEQA compliance completed within one year of award. While the Evans Creek Project was included in the Tributaries Restoration Project EIR, additional CEQA compliance will be needed to describe changes to the project description that will be developed through the detailed design process that were not known and analyzed in the Tributaries EIR. At the moment, an Addendum to the Tributaries EIR is expected to provide sufficient CEQA compliance based on the level of effort that was put into studies and analysis associated with the Tributaries EIR. This could change depending on analysis that takes place during the subsequent CEQA analysis.

Staff has received a proposal from ICF Jones & Stokes to conduct this additional CEQA compliance and develop complete, detailed restoration plans for this site, permitting support,

and staff support for construction contractor selection and on-boarding submittal review. Implementing the scope of work in the ICF Jones & Stokes proposal (attached) will require collaboration between Valley District staff and ICF Jones & Stokes, and the City of Riverside staff and its contractors in order to maximize the value of the site and meet both parties' objectives. The City of Riverside received a grant from the Coastal Commission for master planning for 9 different parks within the city. Fairmount Park, which is home to the Evans Creek Project, is one of these 9 parks. The Coastal Commission grant will allow the City of Riverside to secure a contractor to develop detailed designs for the recreational components of the Evans Creek Project.

The ICF Jones & Stokes proposal totals \$926,361.53. The scope of services provided in ICF's proposal and associated costs would be included in the Thirteenth Amendment to the Consulting Agreement with ICF Jones & Stokes that was originally executed in September of 2013. The Thirteenth Amendment will also extend the term of Consulting Agreement with ICF Jones & Stokes for two additional years.

Costs associated with this consulting agreement amendment will be applied to the required matching funds for the Proposition 1 Grant and will be split between the HCP Partners based on the impacts associated with their covered activities. The Proposition 1 proposal included a match requirement of \$2,000,000 to receive the requested \$2,000,000 in grant funding.

City of Riverside staff and Valley District staff, on behalf of the HCP, have been coordinating on an agreement that would result in Valley District covering costs for design and construction of the ecological restoration area and compensating the City of Riverside for use of the land, including placement of a conservation easement as required for the HCP. The funding provided would help the City of Riverside secure additional funding necessary to implement the complementary infrastructure and recreational features envisioned for the site that were not eligible for Prop 1 grant funding (e.g. nature pavilion, parking lot, picnic area, scout camp building rehabilitation, archery range, etc.)

Fiscal Impact

The fiscal impact of this item is \$926,361.53. The work is included in line item 6780, Environmental/HCP Implementation, of the 2020/2021 General Fund Budget. After reimbursement by the HCP Partners the final cost to Valley District is \$370,544.61.

Staff Recommendation

Staff recommends the Board direct staff to authorize the CEO/General Manager to execute Amendment 13 to the ICF Jones & Stokes Consulting Agreement for inclusion of design, CEQA compliance, and regulatory assistance associated with the Evans Creek Project and extension of contract duration for an additional two years on behalf of the HCP.

Attachments

1. Amendment 13

2. Location Maps
3. 2018 Burn Photographs

THIRTEENTH AMENDMENT TO THE CONSULTING SERVICES AGREEMENT

This Thirteenth Amendment to the Consulting Services Agreement (“*Amendment*”) is entered into as of October 6, 2020, by and between ICF Jones & Stokes, Inc. (“*Consultant*”), and San Bernardino Valley Municipal Water District, a water district organized and existing under the California Municipal Water District Law of 1911 (“*District*”). Consultant and District are hereafter referred to individually as “*Party*” and collectively as the “*Parties*.”

RECITALS

A. The Parties entered into that certain Consulting Services Agreement, dated September 27, 2013 (as amended, “*Consulting Agreement*”), whereby Consultant agreed to provide certain professional environmental and engineering services to District in connection with the preliminary design for the habitat restoration project. The Consulting Agreement provided for a Maximum Fee of \$160,000.

B. On or about February 19, 2014, District agreed to increase the Maximum Fee by \$19,000, reflecting a total Maximum Fee of \$179,000.

C. On or about April 30, 2014, the Parties agreed to the First Amendment which increased the Maximum Fee by One Million Nine Hundred Seventy-Five Thousand Two Hundred Forty-Six Dollars and Fifty-Two Cents (\$1,975,246.52), reflecting a new total Maximum Fee of Two Million One Hundred Fifty-Four Thousand Two Hundred Forty-Six Dollars and Fifty-Two Cents (\$2,154,246.52).

D. On or about January 20, 2015, District found that the First Amendment Maximum Fee incorrectly added \$28,000 to the compensation amount for Consultant.

E. On or about January 27, 2015, the Parties agreed to the Second Amendment which decreased the Maximum Fee by Twenty-Eight Thousand Dollars (-\$28,000), reflecting a new total Maximum Fee of Two Million One Hundred Twenty-Six Thousand Two Hundred Forty-Six Dollars and Fifty-Two Cents (\$2,126,246.52).

F. On or about August 18, 2015, the Parties agreed to the Third Amendment which increased the Maximum Fee by Thirty Thousand Six Hundred Twenty-Five Dollars (\$30,625), reflecting a new total Maximum Fee of Two Million One Hundred Fifty Six Thousand Eight Hundred Seventy One Dollars and Fifty Two Cents (\$2,156,871.52).

G. On or about May 17, 2016, the Parties agreed to the Fourth Amendment which expanded the scope of services and increased the compensation to include Early Implementation Services for the Upper Santa Ana River Habitat Conservation Plan which increased the Maximum Fee by One Million Three Hundred Thirty-Six Thousand Two Hundred Seventy Dollars (\$1,336,270), reflecting a new Maximum Fee of Three Million

Four Hundred Ninety-Three Thousand One Hundred Forty-One Dollars and Fifty-Two Cents (\$3,493,141.52).

H. On or about July 19, 2016, the Parties agreed to the Fifth Amendment which expanded the scope of services to include two new members, Orange County Water District (OCWD) and the Metropolitan Water District of Southern California (MWDSC), in the Upper Santa Ana River Habitat Conservation Plan (HCP) and increased the Maximum Fee by One Hundred Ten Thousand Eight Hundred Ninety-Eight Dollars (\$110,898), reflecting a new Maximum Fee of Three Million Six Hundred Four Thousand Thirty-Nine Dollars and Fifty-Two Cents (\$3,604,039.52).

I. On or about February 21, 2017, the Parties agreed to the Sixth Amendment which expanded the scope of professional services to include additional hydrological and covered activities analyses and increased the Maximum Fee by Two Hundred Seven Thousand Eight Hundred Ninety-One Dollars and Ninety-One Cents (\$207,891.91), reflecting a new Maximum Fee of Three Million Eight Hundred Eleven Thousand Nine Hundred Thirty-One Dollars and Forty-Three Cents (\$3,811,931.43).

J. On or about June 20, 2017, the Parties agreed to the Seventh Amendment which expanded the scope of professional services to include additional analysis of restoration opportunities at the Hidden Valley Wetlands and support services for the development of the Santa Ana River Integrated Model and increased the Maximum Fee by Ninety-Six Thousand Four Hundred Forty-Seven Dollars and Zero Cents (\$96,447.00), reflecting a new Maximum Fee of Three Million Nine Hundred Eight Thousand Three Hundred Seventy-Eight Dollars and Forty-Three Cents (\$3,908,378.43).

K. On or about January 16, 2018, the Parties agreed to the Eighth Amendment which expanded the scope of professional services to include CEQA and regulatory permitting for the HCP tributaries restoration projects and increased the Maximum Fee by Four Hundred Twenty-Nine Thousand Eight Hundred One Dollars and Zero Cents (\$429,801.00), reflecting a new Maximum Fee of Four Million Three Hundred Thirty-Eight Thousand One Hundred Seventy-Nine Dollars and Forty-Three Cents (\$4,338,179.43).

L. On or about February 20, 2018, the Parties agreed to the Ninth Amendment which extended the Term of the Agreement to September 27, 2020, with no change to the Maximum Fee.

M. On or about June 19, 2018, the Parties agreed to the Tenth Amendment which expanded the scope of professional services and activities related to development of Programmatic Aquatic Resources Permitting (404, 401, and 1602 Permits) for HCP Covered Activities and increased the Maximum Fee by Five Hundred Ninety-Three Thousand Six Hundred Ninety-Seven Dollars and Zero Cents (\$593,697.00), reflecting a new Maximum Fee of Four Million Nine Hundred Thirty-One Thousand Eight Hundred Seventy-Six Dollars and Forty-Three Cents (\$4,931,876.43).

N. On or about September 18, 2018, the Parties agreed to the Eleventh Amendment which expanded the scope of professional services related to the HCP Plan Document and its EIR and increased the maximum fee by Two Hundred Forty-Six Thousand Fifty-Three Dollars and Ninety-Eight Cents (\$246,053.98), reflecting a new Maximum Fee of Five Million One Hundred Seventy-Seven Thousand Nine Hundred Thirty Dollars and Forty-One Cents (\$5,177,930.41).

O. On or about April 2, 2019, the Parties agreed to the Twelfth Amendment which expanded the scope of professional services related to Construction Management and Detailed Design Services for Upper Santa Ana River HCP Early Implementation and Upper Santa Ana River Habitat Conservation Plan communications and increased the maximum fee by Three Million Two Hundred Seventy-Three Thousand Four Hundred Twenty-Nine Dollars and Fifty-Two Cents (\$3,273,429.52), reflecting a new Maximum Fee of Eight Million Four Hundred Fifty-One Thousand Three Hundred Fifty-Nine Dollars and Ninety-Three Cents (\$8,451,359.93).

P. The Parties desire to further amend the Consulting Agreement to expand the scope of services and increase the Maximum Fee as described herein.

OPERATIVE TERMS

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Recitals; Defined Terms. The Recitals are material to this Amendment, and by this reference are hereby incorporated herein. For purposes of this Amendment, all capitalized terms shall have the meanings given to such terms in the Consulting Agreement, unless such terms are otherwise defined herein.

2. Additional Services. In accordance with Section 3 of the Consulting Agreement, the Parties hereby expand the Services to include the additional professional services and activities described in that certain Proposal for Detailed Design and Environmental Compliance Services for Lake Evans – Upper Santa Ana River HCP Early Implementation, which is attached to this Amendment as **Attachment A**, and incorporated herein by this reference. Said services and activities shall be considered Additional Services under the Consulting Agreement and shall be performed and completed in accordance with the standards and obligations set forth in the Consulting Agreement.

3. Term. The Term of the Agreement is hereby extended and shall automatically terminate upon the earlier of (a) October 6, 2022, or (b) the successful completion of Services, unless earlier terminated.

4. Compensation. The Maximum Fee is hereby increased by Nine Hundred Twenty-Six Thousand Three Hundred Sixty-One Dollars and Fifty-Three Cents (\$926,361.53), reflecting a new Maximum Fee of Nine Million Three Hundred

Seventy-Seven Thousand Seven Hundred Twenty-One Dollars and Forty-Six Cents (\$9,377,721.46). All references to Maximum Fee in the Consulting Agreement shall refer to the amount set forth herein.

5. Binding Effect. This Amendment shall be binding upon and inure to the benefit of the Parties' permitted successors and assigns. The Parties acknowledge and agree that except to the extent specifically provided in this Amendment, the Consulting Agreement shall continue in full force and effect as previously written.

6. No Other Modifications. The Parties acknowledge that this Amendment evidences the entire agreement between the Parties with respect to the matters addressed herein and supersedes all previous negotiations and discussions related thereto.

7. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereby execute this Amendment as of the date first set forth above.

DISTRICT:

**SAN BERNARDINO VALLEY
MUNICIPAL WATER DISTRICT**

By: _____

Name: _____

Its: _____

Date: _____

CONSULTANT:

ICF JONES & STOKES, INC.

By: _____

Name: _____

Its: _____

Date: _____

Attachment A

**Proposal for Detailed Design and Environmental Compliance Services for Lake
Evans – Upper Santa Ana River HCP Early Implementation**



Proposal for

**Detailed Design and
Environmental Compliance
Services for Lake Evans -
Upper Santa Ana River HCP
Early Implementation**

September 1, 2020

Submitted to:

San Bernardino Valley Municipal
Water District
380 East Vanderbilt Way
San Bernardino, CA 92408

Submitted by:

ICF
1250 Corona Pointe Ct., Suite 406
Corona, CA 92879

This proposal contains confidential information and shall not be disclosed or used for any purpose other than to evaluate this proposal.



September 1, 2020

Heather Dyer
General Manager
San Bernardino Valley Municipal Water District
380 East Vanderbilt Way
San Bernardino, CA 92408

Subject: Proposal for Detailed Design and Environmental Compliance Services for Lake Evans - Upper Santa Ana River HCP Early Implementation

Dear Heather:

ICF Jones & Stokes, Inc. ("ICF") appreciates the opportunity to provide additional technical services to the San Bernardino Valley Municipal Water District (SBVMWD) on behalf of its partner agencies currently participating in development of the Upper Santa Ana River Habitat Conservation Plan (Upper SAR HCP).

ICF has been supporting SBVMWD and the HCP team in the development of the Upper SAR HCP, and in the final design and environmental and regulatory compliance for four Upper SAR tributary restoration projects as a part of early implementation of the HCP. ICF previously prepared a preliminary restoration design for a fifth site, Lake Evans, and completed an Opportunities and Constraints analysis to identify additional restoration opportunities at the site.

For this Lake Evans proposal, ICF will continue to team with Stillwater Sciences to provide SBVMWD with a team of dedicated restoration professionals who have a history of working on Upper Santa River, and provide the experience and expertise needed to assist SBVMWD with successfully implementing the Upper Santa River tributary restoration sites. The ICF/Stillwater team's proposal will achieve the following:

- ▶ Develop restoration designs, plans and specifications, and cost estimate for the Lake Evans site to benefit the Santa Ana sucker and other HCP Covered Species, as well as to provide compensatory mitigation for impacts to Regulated Aquatic Resources.
- ▶ Provide as-needed landscape architecture design services to support the City of Riverside Parks and Recreation Department's objective at the Lake Evans site.
- ▶ Prepare a CEQA addendum to support SBVMWD for the Lake Evans site.
- ▶ Provide as-needed services to support permitting.

We offer SBVMWD the following ICF/Stillwater team advantages:

- ▶ **Successful implementation of the early mitigation needed to support the HCP Covered Activities**—We offer a comprehensive approach to final design and construction management that leverages our team's extensive experience designing and managing restoration project construction, our in-depth knowledge of the Lake Evans site from previous work, and maximizes the benefits and efficiencies of our ongoing work performing similar work for SBVMWD at four other creek restoration sites.
- ▶ **Streamlined environmental strategy established years ago will help meet the current schedule stipulated by the Grant**—Because SBVMWD approved the Upper SAR Tributaries Restoration EIR in 2019 to include an alternative with Lake Evans as a fifth restoration site, it



already contains a robust analysis prepared for Lake Evans, including an Initial Study like appendix. This upfront work streamlines the environment review process, only requiring preparation of an addendum to comply with CEQA, reducing the need for much more extensive environmental review and shortening the environmental schedule.

- ▶ **An integrated services approach to enable the highest level of success of the important early implementation components of the HCP**—Our team is in the best position to comprehensively build upon all work that has been completed to date, and apply the lessons learned from our 30 years of restoration experience to ensure successful project delivery through all phases of the project.

ICF shall provide services, as outlined in the attachment, under the terms and conditions of its existing agreement with the District dated June 20, 2017. Given the current impacts, both known and unknown, of the COVID-19 pandemic, for which there will likely be effects into the foreseeable future; personnel assignments, travel restrictions and other government mandates, may constrain our ability to conduct our services and provide deliverables as envisioned in this proposal. ICF reserves all rights to revise our delivery schedule and price due to such impacts from COVID-19 and will provide written notice of such proposed changes as needed. We are excited to continue supporting SBVMWD and the HCP Water Management Agencies in the successful implementation of these Integrated Environmental Services. Please contact Brendan Belby at (916) 231-7611 (Brendan.Belby@icf.com) or me with questions, as needed.

Thank you for your continued trust in ICF and our staff on this important effort.

Sincerely,

A handwritten signature in blue ink that reads "Amy Rucker".

Amy Rucker
Senior Vice President
(206) 801-2804
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A handwritten signature in blue ink that reads "Trina L. Fisher".

Trina L. Fisher
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PROJECT SCOPE OF WORK

The following section describes our team's approach and the detailed tasks required to successfully complete final design and implement the Lake Evans mitigation project.

Task 1. Project Management

Task 1.1 Project Management

ICF will provide project management services during the term of the contract, including, day-to-day direction of the project team; communication and coordination with SBVMWD staff, monitoring of project budgets and schedules; preparing and submitting status reports, and overseeing the QA/QC process. ICF will submit invoices, status reports, and project schedules monthly. These documents will conform to format and content guidelines agreed upon by ICF and the SBVMWD. Schedule, budget, and invoicing discussions will occur as part of the regular monthly meetings. These meetings will be conducted by conference call. In-person meetings will be held as needed.

Deliverables

- ▶ One (1) electronic copy (.pdf) of initial project schedule
- ▶ Thirty-six (36) electronic copies (.pdf) of monthly invoices, status reports, and project schedule updates
- ▶ Participate in biweekly coordination calls with SBVMWD for the first year and monthly calls thereafter (50 total)

Assumptions

- ▶ Biweekly and monthly coordination meetings with SBVMWD will be held by conference call.
- ▶ Each meeting will be no more than one (1) hour each

Task 1.2 Project Kick-off Meeting

The ICF/Stillwater team will attend a project kick-off meeting (and site visit) with SBVMWD to establish lines of communication; discuss project scope, goals, and objectives; and review the initial project schedule and budget. The initial discussion will focus on developing a shared understanding of project goals and objectives, and key issues. Prior to the kick-off meeting, the ICF/Stillwater team will review site-specific information and identify any additional data requirements.

Deliverables

- ▶ Attend one (1) kick-off meeting and site visit.
- ▶ One (1) electronic copy (.pdf) of Kick Off Meeting Agenda and Summary.
- ▶ One (1) electronic copy (.pdf) of additional data requirements, if needed.

Assumptions

- ▶ The kick-off meeting and site visit will be in-person meetings.
- ▶ The kick-off meeting and site visit be no longer than eight (8) hours total.

Task 2. Final Design

Task 2.1 Design Support Tasks

The following tasks are necessary to provide additional site information and support the restoration design tasks.

2.1.1 Supplemental Field Topographic Survey

The topographic data source for the concept design was LiDAR flown specifically for this project in 2014. SBVMWD had new LiDAR and orthoimagery flown in summer 2020 that is expected to be available for the project. No ground-based surveys using traditional equipment and performed under the supervision of a professional licensed land surveyor has been completed to supplement the LiDAR. Advancement of the 30% designs will require additional survey work to provide topographic detail in areas of heavy vegetation that limited the accuracy of the topography generated from the LiDAR data.

The survey will include, at a minimum, the following site features:

- ▶ Boundary surveys to identify accurate locations of right-of-way, property, and easement lines within the tributary restoration work area.
- ▶ Survey locations of key site features.
- ▶ Location of above and below ground utilities.
- ▶ Channel cross sections at regular intervals.
- ▶ Longitudinal bed profiles of the existing primary and the spillway channel.

Deliverables

- ▶ One (1) electronic copy in an AutoDesk DWG format; version 18, of the topographic survey data.
- ▶ One (1) plotted paper copy or electronic copy in PDF format that is stamped and signed by the surveyor that was in charge of the survey work.

Assumptions

- ▶ The ICF/Stillwater team has budgeted \$40,000 for the supplemental survey work needed for final design.
- ▶ Topographic survey data will be provided in AutoDesk DWG format; version 18, format, so the new survey information will be simple to integrate into the project basemap that is used as a reference on the construction plans.
- ▶ The boundary survey will be provided in AutoDesk DWG format; version 18, format, so the new survey information will be simple to integrate into the project basemap that is used as a reference on the construction plans. The data shall be depicted in the electronic file, plotted to paper as required by the State of California rules and regulations, and properly recorded at the county assessor.

2.1.2 Hydrology, Hydraulic and Sediment Transport Analysis

The Riverside Habitat, Parks, and Water Project (RHPWP, aka Purple Pipe project) has been identified as a source of water to provide perennial flows to the creek. The flow scenario(s) of the Purple Pipe, and the potential habitat value they may provide and infiltration flow losses that may occur, have not been evaluated yet. This task includes time for ICF to coordinate with the stakeholders on evaluation of potential Purple Pipe flow scenarios. Furthermore, ICF has not performed any hydraulic modeling of this site to date. ICF will perform 1D/2D hydraulic modeling of the restoration design and proposed habitat structures as part of the development of the 30% draft design. As the design progresses beyond the 30% level, ICF will update the 30% hydraulic models to evaluate channel and floodplain conditions for both design refinement purposes and for quantifying inundation areas to the regulatory agencies. The hydraulic model will evaluate:

- ▶ Hydraulics of various flow rates in the design channel (e.g., shear stress, velocity, depth) as they relate to suitability for sucker habitat.
- ▶ Sediment transport by evaluation of incipient motion of the D_{50} and D_{84} particle sizes to assess overall channel stability the stability of the key rocks forming the habitat structures.

- ▶ Evaluation of the potential for excess fine sediment accumulation, particularly in the vicinity of proposed habitat structures. Determination of magnitude and duration of flushing flows required to scour fine sediment deposits and expose coarser underlying sediment.
- ▶ Floodplain inundation to determine the frequency and depth of inundation of floodplains.

Deliverables

- ▶ Two (2) meetings with SBVMWD, City of Riverside Parks and Recreation Department, and RPU to discuss possible Purple Pipe flow scenarios.
- ▶ One (1) meeting with SBVMWD, City of Riverside Parks and Recreation Department, and RPU to discuss the model results.
- ▶ A section with supporting graphics will be included in the Basis of Design Report that describes the hydraulic and sediment analysis performed and implications for design.

Assumptions

- ▶ Meeting with SBVMWD, City of Riverside Parks and Recreation Department, and RPU will be via Skype conference call.

2.1.3 Conduct Tree Inventory

The ICF/Stillwater team will conduct a field inventory to map and document large trees or trees considered to have significant habitat value (e.g., bat roosting habitat) that occur within the entire project footprint, including staging areas and access/haul routes. This work shall be performed to provide information in support of CDFW's 1600 Agreement, other agency permits, and local tree ordinances (if applicable). Information obtained during the tree survey will also be used to identify native trees to be preserved, trees that could be salvaged for use as instream woody material or for live staking, and to develop tree removal line items for construction cost estimates.

The location of all trees, both native and nonnative species, with a diameter at breast height (dbh) of 18-inches or greater will be geolocated (mapped) with a hand-held GPS receiver. A numbered metal tree tag will be affixed to each tree to facilitate future field identification. Data collected for each tree shall consist of identification of the species, number of trunks, DBH, tree height, canopy diameter and tree health, vigor and structure.

The results of the tree survey will be included in the base map developed as part of the revegetation plan work described below in the 60% Draft Design Package.

At the same time the tree survey is being conducted, ICF staff will assess vegetation type and cover and update the previous vegetation mapping to reflect changes associated with the recent fire that altered the site since the original vegetation mapping was performed.

Deliverables

- ▶ One (1) electronic copy (MS Word/pdf) of draft tree survey memorandum.
- ▶ One (1) electronic copy (MS Word/pdf) of final tree survey memorandum.

Assumptions

- ▶ This scope assumes that based on existing tree densities a one (1) two-person crew would survey up to 100 trees/day and take one (1) week to complete the fieldwork portion of the tree survey.

2.1.4 Basis of Design Report

The ICF/Stillwater team will prepare a basis of design report that describes the logic and decisions made during the design process that led to the 60% design so that SBVMWD, stakeholders, and the construction contractor understand the design to be implemented. The report will communicate the history and objectives of the restoration design with reference to existing conditions and how they will be changed. The studies, data collection, modeling, and other assessments performed as part of the

design will be described and related to the overall discussion of the design. The report will also include a section on the expected performance of the design so that post-construction an evaluation can be made of project performance that will tie into the HMMP. Importantly, the report will identify limitations of the design (e.g., use of recycled water) and how the designs could be altered through natural processes.

Deliverables

- ▶ One (1) electronic copy (MS Word/pdf) draft report.
- ▶ One (1) electronic copy (MS Word/pdf) final report that includes revisions to the draft report. based on consolidated comments by SBVMWD and the City of Riverside.

Task 2.2 Prepare Revised Concept Plan & 30% Draft Plans & Specifications

The ICF/Stillwater team will prepare a revised concept plan and 30% draft plans for the Lake Evans mitigation site which will include restoring stream channel, riparian habitat, and upland habitat to the approximately 115 acres project area. The project area does not extend through the levee or into the SAR side of the levee. As an initial step in the design process, ICF will review previous concept plans and develop a revised concept plan identifying areas suitable for habitat restoration/mitigation, mixed restoration and recreational use, and areas for focused recreation. The revised concept plan will be based upon the restoration objectives discussed during the project kick-off meeting, site-specific opportunities and constraints identified in the *Opportunities and Constraints* report, previous conceptual designs, and comments received from SBVMWD and other stakeholders. The revised concept plan will be used to define the areas of potential impact to guide any additional field studies required for CEQA compliance. Stakeholder feedback received on the revised concept plan will be used to develop more detailed 30% draft restoration plans.

Preparation of the 30% draft restoration plans will include the following:

- ▶ Preliminary grading plans.
- ▶ Site preparation and planting plan sheets including a preliminary plant schedule.
- ▶ An irrigation approach and schedule (e.g., truck watering, installation of a temporary irrigation system).
- ▶ An outline of the technical specifications.
- ▶ A list of bid items that will be used to develop the cost estimate for the 65% draft plans.

The 30% draft plans will be prepared using AutoCAD Civil 3D software and have a drawing scale standardized to 22" x 34".

The 30% draft plans will be submitted to the SBVMWD for review and comment and distribution to other stakeholders. The ICF/Stillwater team will meet with SBVMWD to review the 35% plans and discuss any comments received from other stakeholders. Comments will be provided to ICF in advance of the meeting and compiled into a matrix. ICF will maintain an electronic version of the comment matrix for distribution to the reviewers. Comments will be discussed at the meeting and outcomes of the discussion will be reflected in the 65% draft plans.

Deliverables

- ▶ One (1) electronic copy (pdf) of revised concept plan
- ▶ One (1) electronic copy (pdf) of 30% draft plans.
- ▶ One (1) electronic copy (MS Word/pdf) of technical specifications outline.
- ▶ One (1) electronic copy (MS Excel/pdf) of bid item list.
- ▶ One (1) electronic copy (MS Excel/pdf) of the 30% draft comment matrix.
- ▶ Attend one (1) 30% plan review meeting.

Assumptions

- ▶ The 30% plan review meeting will be conducted via Skype conference call

Task 2.3 Prepare 60% Draft Plans & Specifications

Following the 30% plan review meeting, ICF will begin preparation of the 60% draft restoration plans and specifications. The 60% draft restoration plans will include:

- ▶ Cover sheet with index.
- ▶ General notes, construction notes, and legends.
- ▶ Site plan, including access routes, and staging and stockpiling areas.
- ▶ Grading plans, including protection fencing, utility locations, vegetation removal areas, earthen berms, and water control structures and other infrastructure.
- ▶ Cross sections and details.
- ▶ Planting plans, including planting zones, species mix, quantities, and schedule.
- ▶ Irrigation plans, including points of connection and locations of irrigation main lines.

The 60% draft plans will be prepared using AutoCAD Civil 3D and submitted on 22" x 34" plan sheets using the ICF standard templates. The plans will be in English units and consistent with SBVMWD's construction document standards, which were used for the 30% draft plans.

To complement the design plans and communicate the level of quality required during construction, ICF will prepare relevant technical sections of construction specifications for the mitigation area. The construction specifications will be prepared consistent with the CSI standards, as defined in consultation with SBVMWD, and will include technical sections addressing staging and access, earthwork, planting, erosion control, irrigation, and maintenance. SBVMWD will provide the standard and special provision sections of the construction specifications.

Based on the 60% draft plans & specifications, ICF will develop a preliminary construction cost estimate. The cost estimate will provide itemized estimates for construction and will include a brief description of each item, item quantities, identification of the relevant unit, unit cost, and an extended cost for each item of construction.

Following submittal of the 60% draft plans and specifications, ICF will conduct a plan check review meeting with SBVMWD to review and discuss comments on the 60% draft documents. Comments will be provided to ICF in advance of the meeting and compiled into a matrix. ICF will maintain an electronic version of the comment matrix for distribution to the reviewers. Review comments received from SBVMWD and other stakeholders will be discussed at the plan check meeting and outcomes of the discussion will be recorded in the comment matrix and reflected in the 90% draft plans and specifications, and construction cost estimate.

Deliverables

- ▶ One (1) electronic copy (pdf) of 60% draft plans.
- ▶ One (1) electronic copy (MS Word/pdf) of 60% draft technical specifications.
- ▶ One (1) electronic copy (MS Word/pdf) of 60% draft cost estimate.
- ▶ One (1) electronic copy (MS Excel/pdf) of the updated comment matrix.
- ▶ Attend one (1) plan check review meeting.

Assumptions

- ▶ The 60% plan review meeting will be an in-person meeting.

Task 2.4 Prepare 90% Draft Plans & Specifications

Following review of comments received on the 60% draft restoration plans and specifications, ICF will prepare 90% draft restoration plans and specifications for the mitigation area. The 90% draft plans and specifications will include the same plan drawings, cross-sections, details, technical specifications, and cost estimate contained in the 60% draft submittal but revised to a 90% level of completion. These documents will also reflect comments received on the 60% draft submittal. ICF will update the comment matrix to describe how comments received on the 60% draft submittal were

addressed in the 90% draft plans and specifications. Following submittal of the 90% draft construction documents, ICF will conduct a plan check review meeting with SBVMWD to review and discuss comments on the 90% draft submittal. Comments will be provided to ICF in advance of the meeting and compiled into a matrix. ICF will maintain an electronic version of the comment matrix for distribution to the reviewers. Review comments received from SBVMWD and other stakeholders will be discussed at the plan check meeting and outcomes of the discussion will be recorded in the comment matrix and reflected in the 100% final plans and specifications, described below.

Deliverables

- ▶ One (1) electronic copy (pdf) of 90% draft plans.
- ▶ One (1) electronic copy (MS Word/pdf) of 90% draft technical specifications.
- ▶ One (1) electronic copy (MS Word/pdf) of draft cost estimate.
- ▶ One (1) electronic copy (MS Excel/pdf) of the updated comment matrix.
- ▶ Attend one (1) plan check review meeting.

Assumptions

- ▶ The 90% plan review meeting will be conducted via Skype conference call.

Task 2.5 Prepare Final (100%) Plans & Specifications

Following review of comments received on the 90% draft restoration plans and specifications, ICF will prepare 100% final restoration plans and specifications for the mitigation area. The 100% final plans and specifications will include the same plan drawings, cross-sections, details, technical specifications, and cost estimate contained in the 90% draft submittal but revised to a final 100% level of completion. These final documents will also reflect comments received on the 90% draft submittal. ICF will update the comment matrix to describe how the comments received on the 90% draft construction documents were addressed in the final submittals. The final submittal will be stamped and signed by a California-licensed engineer and landscape architect.

Deliverables

- ▶ One (1) electronic copies (pdf) of 100% final plans.
- ▶ One (1) electronic copies (MS Word/pdf) of 100% final technical specifications.
- ▶ One (1) electronic copies (MS Excel/pdf) of the updated comment matrix.
- ▶ One (1) electronic copies (MS Word/pdf) of cost estimate.

Assumptions

- ▶ None

Task 2.6 Prepare As-Built Drawings

Once all construction activities have been completed and the Project have been accepted by SBVMWD, The ICF/Stillwater team will prepare as-built record drawings of the Project utilizing the working drawings prepared by the contractor. The as-built drawings will consist of the 100% construction drawings with adjustments to the design indicated in red to reflect the as-constructed field conditions.

Deliverables

- ▶ One (1) full-size (22x34) hard copies of final 100% plans with as-built changes.

Assumptions

- ▶ None

Task 3. Bidding and Contractor Selection

Task 3.1 Assist with RFP Preparation and Contractor Selection

The ICF/Stillwater team will assist SBVMWD with developing a Request for Proposals (RFP) to solicit bids from the short-list of qualified contractors identified in Task 3.1 above. The RFP will be based on the one prepared for the Upper Santa Ana River Tributaries restoration projects and will request interested firms to provide proposals for the Lake Evans restoration project that will include detailed construction bids, schedule, and names of key staff (project manager, field superintendents) that will be working on the Projects. The RFP will provide a link to the final plans and specifications, and provide information on insurance and bond requirements. During the bid process, The ICF/Stillwater team will assist SBVMWD with responding to questions from the bidders and requests for clarifications to the construction documents, and preparing any required addendums to the plans and specifications. The ICF/Stillwater team will also attend a pre-bid site visit with the short-listed contractors and SBVMWD. Following receipt of the proposals from the contractors, The ICF/Stillwater team will compare the proposed costs to the 100% design cost estimate, and rank the proposals based on cost and ability to complete the work within the designated timeframe.

Deliverables

- ▶ Attend one (1) pre-bid site visit.
- ▶ One (1) electronic copies (MS Word/pdf) of Draft RFP.
- ▶ One(1) electronic copies (MS Word/pdf) of Final RFP.
- ▶ One (1) electronic copies (MS Word/pdf) of proposal ranking.

Assumptions

- ▶ No more than one (1) pre-bid site visit will be required.

Task 3.2 Assist with Contractor Onboarding

Once a contractor has been selected, the ICF/Stillwater team will assist SBVMWD with getting them under contract and obtaining and reviewing the required insurance certificates, construction bonds, and other initial submittals. The ICF/Stillwater team will also review the contractors' initial construction schedules and participate in a kick-off meeting and a site visit with SBVMWD and the contractor. During the kick-off meeting and the site visit the team will review and discuss roles and responsibilities, construction schedule, required submittals and associated due dates, environmental compliance requirements, and coordination of environmental monitoring and field inspections.

Deliverables

- ▶ Attend one (1) kick-off meeting.
- ▶ Attend one (1) pre-construction site visit.
- ▶ Kick-off meeting and pre-construction site visit will occur on same trip.

Assumptions

- ▶ No more than one (1) kick-off meeting will be required.
- ▶ No more than one (1) pre-construction site visit will be required.

Task 4. CEQA Compliance

Task 4.1 Prepare Addendum

ICF will provide CEQA documentation support to SBVMWD for the Lake Evans restoration site. The Lake Evans project would tier off the Tributaries Restoration Project and Mitigation Reserve Program Environmental Impact Report (EIR) adopted by the SBVMWD Board in November 2019. A CEQA Addendum will be prepared to address additional project-specific details that have been developed

since adoption of Alternative B including the four tributaries restoration sites plus Lake Evans as a fifth site evaluated as an alternative in the adopted EIR. Early on, ICF developed the environmental strategy to complete a robust analysis of Lake Evans within the EIR to enable SBVMWD to approve Alternative B, with the intent being that this upfront work would streamline the environment review process, only requiring preparation of an addendum to comply with CEQA, reducing the need for much more extensive environmental review and shortening the environmental schedule. To the extent feasible, relevant information and analysis from the EIR (to include the implementation of EIR mitigation measures) would be incorporated into the analysis in this CEQA document. Additional study will be performed and meetings will be required as a part of this process.

4.1.1 Project Description

ICF will update the project description based on information provided in the EIR (including the Lake Evans Screening Analysis), Opportunities and Constraints Report and other available documents, for use in this Addendum. A comprehensive understanding of the project components is critical for a project description that accurately describes realistic project assumptions for the analysis. A draft project description will be provided to the SBVMWD for review and one round of comments.

4.1.2 CEQA Technical Evaluations

The Lake Evans Screening Analysis included a robust mitigated negative declaration level of project analysis for the Lake Evans improvements. This analysis screened all CEQA required environmental issues and provided recommendations for additional survey, specific to two key areas: cultural and paleontological resources, as noted below. In an earlier task, a tree survey will be prepared and site vegetation mapping will be updated to support the environmental analysis for biological resources.

Cultural Resources Surveys and Technical Study

The project has the potential to contain archaeological and built environment resources, as noted in the Lake Evans Screening Analysis. The City of Riverside General Plan 2025 indicates that the Lake Evans site is in an area of moderate prehistoric cultural resource sensitivity. The Lake Evans project is located within Fairmont Park (Cultural Heritage Landmark #69) adjacent to Lake Evans. The dam on Evans Creek which helped to create the manmade Lake Evans itself is a manmade water feature was rebuilt in 1938 after being destroyed in 1924. The embankment dam has reached the age of consideration for evaluation under the California Register of Historical Resources. The following outline the scope to conduct background research, conduct a pedestrian survey and prepare a Cultural Resources Technical Study to support the cultural resources portions of the Addendum.

Record Searches, Research, and Outreach

ICF will arrange for a record search to be conducted for the project study area/project site plus a half-mile radius at the Eastern Information Center (EIC) at the University of California – Riverside Campus. The record search will provide background information and inform ICF if there have been any previously conducted studies or if there are any previously recorded cultural resources in the area. Currently, the EIC is closed to outside researchers due to COVID-19 closure of the UCR campus. As a result, the acquisition of records search data from the EIC is expected to be delayed approximately three months, per current EIC policy, so this process will begin immediately upon a notice to proceed. Local archival research will be conducted to gather information about the project vicinity. The Native American Heritage Commission (NAHC) will be contacted regarding the presence of known sacred lands, and to provide a contact list of potentially interested parties in the vicinity of the project site. ICF will initiate a contact program whereby the Native American community will be solicited for input as per State CEQA guidelines.

Conduct Field Surveys and Research on Findings

ICF will conduct an intensive pedestrian survey of the project site. All portions of the project area likely to contain or exhibit archaeologically sensitive cultural resources will be inspected carefully to

ensure that visible archaeological resources are adequately recorded. Although we assume no archaeological resources will be identified in the records search or survey, any archaeological resources identified during field survey will be digitally photographed and mapped, and preliminary recommendations regarding eligibility for listing in CRHR will be made. Using digital photography, an ICF architectural historian will conduct a survey of the project area to record intact buildings and other built environment resources within the project area that are 50 years of age or stand to reach that age in the next five years. Preliminary research indicates that multiple buildings and the Lake Evans itself meet that age standard. ICF anticipates that, in order to determine if the project area contains any built resources that would qualify as historical resources in accordance with Section 15064.5(a) (2) of the State CEQA guidelines, it will be necessary to evaluate the buildings individually and also evaluate the Lake Evans and the buildings together as a potential historic landscape district.

Archaeological resources identified in the project area will require the preparation of site forms, and those that cannot be avoided by project design will require archaeological testing and evaluation. If such work is necessary, ICF will provide a separate scope and cost for those tasks. Additionally, ICF will conduct research that will also provide a basis for determining if the buildings or the potential landscape district formed by Fairmont Park and Lake Evans meet the significance criteria for the California Register of Historical Resources: either for direct association with a significant event or pattern of events in history; for significantly representing the productive life of a historically important individual; as significant examples of architectural or landscape design, or significant examples of the work of a historically significant architect or landscape architect.

Prepare Cultural Resources Technical Report

ICF will prepare a Cultural Resources Technical Report in accordance with applicable State CEQA guidelines. The report will provide appropriate environmental, prehistoric, ethnographic, and historic contexts, and will describe methods, survey results, and recommendations. It will also document the outreach to potentially interested parties. Newly identified archaeological and built resources will be described and documented on appropriate California Department of Recreation (DPR) forms in accordance with standards established by the California Office of Historic Preservation. The interested parties correspondence and the DPR forms will be included as appendices. The report will be prepared by staff with appropriate qualifications in archaeology, history, and architectural history.

The dam is significant as an element that contributes to Lake Evans through its function. Installation of the pump and well would not reduce its integrity such that it would no longer qualify as a contributor to Lake Evans or a Lake Evans district. Our approach is to assume that this dam is eligible as a contributor to a larger historical resource or district. ICF will provide an impact analysis explaining the results of the project would have on this resource. The project as currently designed is not expected to result in a significant impact on Historical Resources. After the project Addendum has been approved, the Cultural Resources Technical Report will be filed at the EIC. Information from the technical report will be incorporated into the Addendum for the project.

Paleontological Resources Surveys and Technical Study

Based on the understanding of the project and the regulatory environment, Paleo Solutions, a subconsultant to ICF, will perform the following tasks:

Paleontology Study

Paleo Solutions staff will perform an analysis of existing data, which will include background research of published and unpublished literature, geologic map reviews, a records search from the Western Science Center (WSC), and review of available geotechnical reports, if available. The proposed Lake Evans project area is entirely within Quaternary alluvium (Qa) and has a low paleontological potential. Therefore, a paleontological field survey is not recommended. The results of the analysis of existing data will be compiled in a paleontological technical report. This report will include paleontological recommendations, including the need for development of a Paleontological

Resource Impact Mitigation Plan (PRIMP), and will conform to CEQA, local regulations, and best practices in mitigation paleontology. A PRIMP has not been included in this scope of work.

4.1.3 Addendum – Administrative Draft and Final

ICF will prepare an Addendum to the EIR in accordance with Article 11 Section 15164 of the State CEQA requirements. ICF will conduct all necessary research, field surveys, and analyses as required to prepare the Addendum to the EIR, including explanation of the decision not to prepare a Subsequent or Supplemental EIR. The explanation will be supported by substantial evidence. ICF will include revisions for up to two rounds of comments from the SBVMWD and prepare a Final Draft Addendum.

The Addendum to the Tributaries Restoration Project and Mitigation Reserve Program EIR will include discussions of the existing conditions at the project site to establish the baseline, impacts and magnitude of the impacts as compared to the baseline, and the level of significance for each environmental discipline, as appropriate. The impact analysis will address construction- and operations-related impacts, while acknowledging that there may be few impacts anticipated other than from construction. Our effort will involve utilizing the analysis of the Lake Evans site found in the Draft EIR alternatives analysis and the Lake Evans Screening Analysis with additional supporting documentation provided in the Addendum.

ICF will identify applicable EIR mitigation measures, if necessary and where appropriate, to incorporate into the project that will minimize impacts to levels below significance thresholds. We will provide brief quantitative and/or qualitative analyses as necessary under CEQA.

ICF will prepare the Addendum to the EIR and submit to the SBVMWD for review. Upon approval after the second set of consolidated comments on the Addendum, ICF will revise the document and prepare the Addendum for public review if decided by the SBVMWD and/or the City of Riverside. Although CEQA does not require public review or notices, ICF upon request by the SBVMWD will assist with public review and noticing. It is the current assumption that a community meeting will occur to engage the community early on and any comments received will be included in the Addendum. Additional rounds of Draft Addendum Revisions to incorporate agency and attorney review comments are included in this task; however, a public scoping period for public review is not anticipated.

4.1.4 Project Management, Coordination and Meetings

ICF will participate in up to four meeting(s) by two ICF staff with the SBVMWD and the City of Riverside. This also assumes one of these meetings is a community-based meeting in the project area, or via Zoom due to COVID-19 restrictions, and ICF will prepare one PowerPoint presentation for this meeting. Meetings may include but are not limited to those organized by other agencies, communities, or contractors involved with the proposed project, meeting location either near the project area or at SBVMWD headquarters if held in a public location, to be coordinated by SBVMWD staff with support from ICF. ICF will prepare and send a meeting agenda electronically to the SBVMWD at least one day before the meeting. Within two working days after each meeting, ICF will prepare and send a meeting summary electronically to the SBVMWD.

ICF will also coordinate with the project team and with the SBVMWD, the City of Riverside, and other key stakeholders on an as needed basis to obtain data, provide progress reports or summary of results, to report out on findings, etc. to support the SBVMWD.

Deliverables

- ▶ Draft project description (electronic format: MS Word and PDF).
- ▶ Final project description (electronic format: MS Word and PDF).
- ▶ Necessary research, data collection, and analyses, as needed.

- ▶ Draft Cultural Resources Report (electronic format: MS Word and PDF).
- ▶ Final Cultural Resources Report (electronic format: MS Word and PDF).
- ▶ Draft Paleontological Resources Report (electronic format: MS Word and PDF).
- ▶ Final Paleontological Resources Report (electronic format: MS Word and PDF)
- ▶ Administrative Draft Addendum that incorporates one round of comments – one electronic copy.
- ▶ Administrative Draft Addendum presentation and meeting.
- ▶ Draft Addendum that incorporates one round of comments – one electronic copy.
- ▶ Final Addendum – one electronic copy and up to 10 hard copies.
- ▶ Draft and Final CEQA notice.
- ▶ Meeting materials and presentations (one public meeting, either in person or through Zoom).
- ▶ Up to three other in-person as-needed meetings or Zoom meetings due to COVID-19 restrictions.
- ▶ Meeting agenda – one electronic copy per meeting.
- ▶ Meeting summary – one electronic copy per meeting.

Assumptions

- ▶ Assumes that an Addendum is the appropriate CEQA document for the project based on a review of the Lake Evans Screening Analysis and other availability documents and plans. This scope does not include a subsequent or supplementation EIR or MND.
- ▶ Assumes no new environmental impact not previously disclosed in the Lake Evans Screening Analysis included in the Tributaries Restoration Project and Mitigation Reserve Program EIR.
- ▶ Assumes no more than two rounds of review for the Addendum, and additional rounds of review/comment by SBVMWD, the City of Riverside, resources agencies or Cox Castle is not anticipated or included in this scope.
- ▶ The schedule for CEQA will be no more than 8 months with the start time in Fall 2020 and with the completion of work and approvals occurring prior to June 2, 2021. An extensive extension of schedule may involve additional costs to be requested as an augment.
- ▶ Assumes that any NEPA compliance, if required, will be handled by the resource agencies separately.
- ▶ The site plans provided in the Lake Evans Screening Analysis will be essentially unchanged. This analysis will not include a larger project footprint or a significantly different site plan, especially for the biological and aquatic analysis.
- ▶ Scope includes coordination with SBVMWD, the City of Riverside and Cox Castle.
- ▶ Assumptions for the Cultural Resources Evaluation are provided below:
 - *The records searches at the EIC will cost no more than \$1,000.*
 - *Prior to the field survey, SBVMWD will arrange access to the project area.*
 - *No previously unrecorded archaeological resources will be identified during the pedestrian survey.*
 - *No artifacts will be collected; therefore, no curation costs are assumed.*
 - *If any archaeological resources identified in the project area cannot be avoided by project redesign, ICF will provide a scope and cost for archaeological testing and evaluation.*
 - *Two (2) building environment resources and one (1) potential historic landscape district (Lake Evans and buildings) will be identified during the survey.*
 - *The City of Riverside approves of the approach towards Lake Evans and the dam, and will not require a formal historical resource evaluation of the Lake and potentially contributing buildings, structures, and landscape elements*
 - *Any required AB52 tribal consultation will be conducted by the SBVMWD or the City of Riverside.*
- ▶ Assumptions for the Paleontological Resources Evaluation are provided below:
 - *WSC paleontological record search fees will not exceed \$100.*
 - *Paleontological survey is not included in this scope of work.*
 - *Preparation of a PRIMP is not included in this scope of work.*

- ▶ Noticing of public review, if requested by SBVMWD, does not include payment for a newspaper ad by ICF.
- ▶ No CEQA required public review meeting is anticipated; however, one community meeting will be assumed.
- ▶ No substantial comment letters anticipated. Up to 20 staff hours are anticipated for response to any comments received. An additional 12 hours is assumed for revising the Addendum based on any agency and public comments received.
- ▶ Any filing fees to be paid by the SBVMWD.
- ▶ We assume that attendance will not be required at any Board meetings.
- ▶ Changes in scope may require a change order.

Task 5. Seed and Plant Material Procurement

Task 5.1 Manage Seed Collection and Plant Propagation Orders and Delivery

The ICF/Stillwater team will work closely with SBVMWD's current seed contractor to identify the appropriate collection windows for the required species to maximize available materials for direct seeding and container plant propagation, and for long term sustainability ensure that seed is collected from areas that have similar geographic and climatic characteristics as the restoration areas. The seed contractor will submit a monthly report to the ICF/Stillwater team updating seed collection quantities and providing a schedule for upcoming seed collection periods.

The ICF/Stillwater team will also work with SBVMWD's current native plant nursery to propagate container plants and trees that cannot be acquired from commercial sources or installed as cuttings. We will work with the selected nursery to initiate propagation of material from seed purchased from commercial sources and/or seed or cuttings collected for the project. The ICF/Stillwater team will initiate inspections of nursery stock as soon as production begins to ensure that plants are being labeled, handled, and stored properly and that standard best management practices are adhered to throughout the propagation process. Nursery stock will be inspected, at a minimum, each quarter; more frequent inspections will occur if germination or quality issues are observed. The ICF/Stillwater team will conduct quarterly inspections of container plants to ensure that quality and quantity requirements are met. Quarterly native plant nursery status reports will be provided to SBVMWD within two weeks of a nursery visit and will include estimated number of plants/species, overall health of plants, identification of poor germination, pest/mold/disease/weed problems, facility or equipment needs, and any recommendations or notable observations.

The ICF/Stillwater team will prepare seed collection and plant propagation schedules to make sure that sufficient materials are available at the correct time to meet the contractor's schedule. Seed and plant material needs will be forecasted based on seed and container plant availability and adjusted as the designs are refined and finalized. Seed and container plant orders will be developed and submitted to seed and nursery contractors 30 days prior to scheduled seeding/plant installation. Container plant orders will be limited to the number of plants that the contractor can install within 5 days of delivery to limit the length of time the plants are exposed to potentially harmful site conditions prior to installation. The ICF/Stillwater team will coordinate deliveries with the seed and plant nursery contractors and the contractor, inspect the material upon delivery in conjunction with the restoration contractor, oversee acceptance by the Contractor and proper handling and storage of delivered materials.

Deliverables

- ▶ ICF assumes that SBVMWD will extend its existing contract with Moosa Creek for seed collection and plant propagation. ICF has not budgeted time to assist with selecting a new nursery contractor.
- ▶ One (1) electronic copy (MS Word/pdf) of monthly seed collection report and schedule (24 total).

- ▶ One (1) electronic copy (MS Word/pdf) of monthly container plant propagation schedule (24 total).
- ▶ One (1) electronic copy (MS Word/pdf) of quarterly native plant nursery status report (12 total).
- ▶ One (1) electronic copy (MS Word/pdf) of seed order (10 total).
- ▶ One (1) electronic copy (MS Word/pdf) of container plant orders (20 total).
- ▶ One (1) electronic copy (MS Word/pdf) of documentation of Contractor acceptance of seed and plant materials (30 total) .

Assumptions

- ▶ Commercial seed collectors and nurseries will be contracted directly with SBVMWD.
- ▶ Seed and container plant orders will be prepared and submitted in fall 2021 or spring 2022.
- ▶ ICF/Stillwater team will participate in up to 8 quarterly plant nursery inspections.

Task 6. Provide As-Needed Permitting Support

ICF will provide as-needed permitting support services to SBVMWD for the Lake Evans property. This work could include GIS analysis and map development, preparation of supporting documentation, preparing permit applications, and updating the jurisdictional delineation report, if needed. ICF would obtain pre-approval from SBVMWD prior to starting any tasks.

Deliverables

- ▶ As-needed.

Assumptions

- ▶ The permitting support services will not exceed \$50,000.

Task 7. Provide As-Needed Design Support

ICF will provide as-needed landscape architecture design support services to SBVMWD for the Lake Evans property. This work could include design support of nature trails, interpretive features, or other amenities the Parks Department would like to incorporate into the site's design, and providing support to the Parks Department and SBVMWD for commission hearings. ICF would obtain pre-approval from SBVMWD prior to starting any tasks. This task also includes participation in up to two coordination meetings/workshops with City of Riverside Parks and Recreation Department staff or other stakeholders. These meetings will be conducted by conference call.

Deliverables

- ▶ Participate in two (2) local agency coordination meetings/workshops.
- ▶ One (1) electronic copy (.pdf) of meeting notes.

Assumptions

- ▶ Stakeholder coordination meetings/workshops will be held by conference call.
- ▶ Budgeted travel expenses for a 1 day trip for ICF landscape architect to meet in-person with City of Riverside Parks and Recreation Department staff.
- ▶ The design support services will not exceed \$50,000.

Task 8. ICF Internal Program Management

This task includes time for Tony DeJulio for internal ICF Program Management. Work conducted under this task includes:

- ▶ Bi-weekly conference calls with ICF staff to coordinate integration of all program elements to support transition from plan and permit preparation through permitting to program implementation.
- ▶ Schedule management of all program elements to make sure schedule changes to one program element are accounted for in the other program elements.
- ▶ Program-level communication between program element leads and the ICF Program Manager, Scott Fleury.

Assumptions

- ▶ One hour every other week for a duration of 2 years for Tony DeJulio to participate in internal Program Management conference calls.

SCHEDULE

Our proposed project schedule for the major CEQA, design, and contractor bidding and selection, tasks is provided below.

2020				2021				2022				2023				
Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	
			CEQA													
			30% thru 100% Design													
									Bidding & Selection			Construction Management				

COST

The ICF/Stillwater team's professional fees for the scope of work identified above will be based upon time and materials fees as outlined below. ICF will invoice monthly, on a time and materials basis.

Task	Labor Costs	Other Direct Costs	Total Cost
Task 1. Project Management			
1.1 Project Management	\$191,838.65	\$1,945.13	\$193,783.78
1.2 Project Kick-off Meeting	\$23,292.80	\$6,662.25	\$29,955.05
Subtotal	\$215,131.45	\$8,607.38	\$223,738.83
Task 2. Final Design			
2.1 Design Support Tasks	\$114,475.52	\$47,790.75	\$162,266.27
2.2 Prepare 30% Draft Plans & Specifications	\$105,336.50	\$0.00	\$105,336.50
2.3 Prepare 60% Draft Plans & Specifications	\$77,411.20	\$2,707.69	\$80,118.89
2.4 Prepare 90% Draft Plans & Specifications	\$32,074.20	\$0.00	\$32,074.20
2.5 Prepare 100% Final Plans & Specifications	\$13,153.90	\$0.00	\$13,153.90
2.6 Prepare As-Built Drawings	\$10,175.58	\$0.00	\$10,175.58
Subtotal	\$352,626.90	\$50,498.44	\$403,125.33
Task 3. Bidding and Contractor Selection			
3.1 Assist with RFP Preparation and Contractor Selection	\$10,974.89	\$2,768.06	\$13,742.96
3.2 Assist with Contractor Onboarding	\$17,707.06	\$2,215.50	\$19,922.56
Subtotal	\$28,681.95	\$4,983.56	\$33,665.51
Task 4. CEQA Compliance			
4.1 Prepare Addendum	\$86,164.29	\$5,964.00	\$92,128.29
Subtotal	\$86,164.29	\$5,964.00	\$92,128.29
Task 5. Seed and Plant Material Procurement			
5.1 Manage Seed Collection and Plant Propagation Orders and Delivery	\$58,766.07	\$1,207.50	\$59,973.57

Task	Labor Costs	Other Direct Costs	Total Cost
Subtotal	\$58,766.07	\$1,207.50	\$59,973.57
Task 6. Provide As-Needed Permitting Support			
6.1 Provide As-Needed Permitting Support	\$49,935.00	\$0.00	\$49,935.00
Subtotal	\$49,935.00	\$0.00	\$49,935.00
Task 7. Provide As-Needed Design Support			
7.1 Provide As-Needed Design Support	\$48,413.50	\$972.56	\$49,386.06
Subtotal	\$48,413.50	\$972.56	\$49,386.06
Task 8. ICF Internal Program Management			
8.1 ICF Internal Program Management	\$14,408.94	\$0.00	\$14,408.94
Subtotal	\$14,408.94	\$0.00	\$14,408.94
Total	\$854,128.09	\$72,233.44	\$926,361.53

See Appendix A for details on sub-task costs

APPENDIX A: COST ESTIMATE



Period 1

	Period 1	Project Total
Budget	\$815,235.94	\$926,361.53

2 Total	
Hours	Dollars
2244	\$392,949.76

Period 1 Range 10/01/20 - 12/31/20

Jump To:

				1.1 Project Management		1.2 Project Kick-off Meeting		2.01 Supplemental Field Topographic Survey		2.02 Hydrology, Hydraulic and Sediment Transport Analysis		2.03 Conduct Tree Inventory & Vegetation Mapping		2.04 Basis of Design Report		2.2 Prepare Revised Concept Plan & 30% Draft Plans & Specifications		2.3 Prepare 60% Draft Plans & Specifications		2.4 Prepare 90% Draft Plans & Specifications		2.5 Prepare Final (100%) Draft Plans & Specifications	
Project Role	Last Name	First Name	Rate	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars
Belby	Brendan		\$172.05	366	\$62,970.30	16	\$2,752.80	4	\$688.20	140	\$24,087.00	4	\$688.20	60	\$10,323.00	40	\$6,882.00	20	\$3,441.00	12	\$2,064.60	6	\$1,032.30
Mackay	Kevin		\$255.75	222	\$56,776.50	16	\$4,092.00		\$0.00	2	\$511.50		\$0.00	6	\$1,534.50	8	\$2,046.00	2	\$511.50	2	\$511.50	2	\$511.50
Fleury	Scott		\$235.00	40	\$9,400.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Fisher	Martin		\$195.50		\$0.00		\$0.00	4	\$782.00	8	\$1,564.00		\$0.00	16	\$3,128.00	64	\$12,512.00	32	\$6,256.00	8	\$1,564.00	4	\$782.00
Sullivan	Annika		\$150.00		\$0.00	16	\$2,400.00		\$0.00	16	\$2,400.00		\$0.00	16	\$2,400.00	120	\$18,000.00	120	\$18,000.00	40	\$6,000.00	24	\$3,600.00
Deyo	Nicholas		\$125.00	50	\$6,250.00	16	\$2,000.00	28	\$3,500.00	40	\$5,000.00	24	\$3,000.00	48	\$6,000.00	220	\$27,500.00	160	\$20,000.00	100	\$12,500.00	40	\$5,000.00
Lantz	Kristin		\$160.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	60	\$9,600.00	80	\$12,800.00	20	\$3,200.00		\$0.00
Oakes	Harry		\$202.40		\$0.00	16	\$3,238.40		\$0.00		\$0.00	4	\$809.60	8	\$1,619.20	24	\$4,857.60	16	\$3,238.40	2	\$404.80		\$0.00
Teunis	Lindsay		\$175.75		\$0.00	16	\$2,812.00		\$0.00		\$0.00		\$0.00		\$0.00	76	\$13,357.00	4	\$703.50	2	\$351.75		\$0.00
Jensen	Carl		\$170.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
DeJulio	Anthony		\$273.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Guerrero	Meris		\$155.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Leight	Debra		\$184.83		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Belcourt	Andrew		\$125.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Calhoun	April		\$165.83		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Flacy	Meagan		\$108.15		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Van Sant	Richard		\$159.65		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Higginson	Jonathan		\$175.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
McFalls	Matthew		\$155.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Vargas	Benjamin		\$180.25		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Droessler	Rachel		\$86.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Pham	Peter		\$90.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Roderick	Margaret		\$90.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Davis	Colleen		\$166.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Garcia	Johnnie		\$115.41		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Mendoza	Tiffany		\$132.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Stein	Bradley		\$110.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Monzon	Stephanie		\$122.00		\$0.00		\$0.00		\$0.00		\$0.00	46	\$5,060.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Koehler	Antonia		\$115.88	216	\$25,029.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Schwartz	Paul		\$148.32		\$0.00		\$0.00		\$0.00		\$0.00	76	\$11,272.32		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Brullot	Jean-Luc		\$115.88		\$0.00		\$0.00		\$0.00	96	\$11,124.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Witters	Roxana		\$125.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	40	\$5,000.00	20	\$2,500.00		\$0.00
Total - Labor				894	\$160,426	96	\$17,295	36	\$4,970	206	\$33,563	250	\$31,954	154	\$25,005	612	\$94,755	474	\$69,950	206	\$29,096	76	\$10,926
Other Direct Costs (ODCs)																							
Category		Rate		Dollars		Dollars		Dollars		Dollars		Dollars		Dollars		Dollars		Dollars		Dollars		Dollars	
Subtotal - ODCs				\$0		\$0		\$40,000		\$0		\$650		\$0		\$0		\$0		\$0		\$0	
Markup		5.00%		\$0		\$0		\$33		\$0		\$33		\$0		\$0		\$0		\$0		\$0	
Total - ODCs				\$0		\$0		\$42,000		\$0		\$683		\$0		\$0		\$0		\$0		\$0	
Travel																							
Category		Rate		Dollars		Dollars		Dollars		Dollars		Dollars		Dollars		Dollars		Dollars		Dollars		Dollars	
Subtotal - ODCs				\$1,853		\$6,345		\$0		\$0		\$4,865		\$0		\$0		\$2,579		\$0		\$0	
G & A		Markup	5.00%	\$93		\$317		\$0		\$0		\$243		\$0		\$0		\$129		\$0		\$0	
Total - Travel				\$1,945		\$6,662		\$0		\$0		\$5,108		\$0		\$0		\$2,708		\$0		\$0	
Subcontractors																							
Firm	Name	Rate		Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars
Stillwater	Katagi, Wendy	\$196.00		138	\$27,048.00	16	\$3,136.00		\$0.00		\$0.00	4	\$784.00	8	\$1,568.00	6	\$1,176.00	2	\$392.00	2	\$392.00	2	\$392.00
Stillwater	Ward, Sam	\$151.00		19	\$2,869.00		\$0.00		\$0.00		\$0.00	8	\$1,208.00	8	\$1,208.00	8	\$1,208.00	2	\$302.00	2	\$302.00	2	\$302.00
Stillwater	Braudrick, Christian	\$161.00			\$0.00	16	\$2,576.00		\$0.00	32	\$5,152.00		\$0.00	16	\$2,576.00	16	\$2,576.00	12	\$1,932.00	6	\$966.00	4	\$644.00
Stillwater	Orr, Bruce	\$219.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	2	\$438.00	2	\$438.00		\$0.00		\$0.00		\$0.00
Stillwater	Drenner, Matt	\$144.00			\$0.00		\$0.00		\$0.00		\$0.00	12	\$1,728.00	8	\$1,152.00		\$0.00		\$0.00		\$0.00		\$0.00
Stillwater	Ash, Julie	\$196.00			\$0.00		\$0.00	32	\$6,272.00		\$0.00	8	\$1,568.00	16	\$3,136.00	12	\$2,352.00	6	\$1,176.00	4	\$784.00		\$0.00
Total - Subcontractors				157	\$29,917	32	\$5,712	0	\$0	64	\$11,424	0	\$0	40	\$6,656	58	\$10,078	40	\$7,106	16	\$2,836	12	\$2,122
Subcontractors - Markup					\$1,496		\$286		\$0		\$571		\$0		\$333		\$504		\$355		\$142		\$106
Total Proposed Price				1,051	\$193,784	128	\$29,955	36	\$46,970	270	\$45,558	250	\$37,745	194	\$31,994	670	\$105,337	514	\$80,119	222	\$32,074	88	\$13,154



Period 1

	Period 1	Project Total
Budget	\$815,235.94	\$926,361.53

4	Total
Hours	Dollars
642	\$ 92,128.29

Period 1 Range 10/01/20 - 12/31/20

Jump To:

4.01	Prepare Project Description for CEQA Compliance Addendum	4.02	Perform Cultural Resources Surveys and Technical Study	4.03	Paleontological Resources Surveys and Technical Study	4.04	Prepare Administrative Draft and Final CEQA Addendums	4.05	Project Management, Coordination and Meetings	6.1	Provide As-Needed Permitting Support	7.1	Provide As-Needed Design Support	8.1	ICF Internal Program Management	TOTAL
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Labor																						
Project Role	Last Name	First Name	Rate	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars			
	Belby	Brendan	\$172.05	2	\$344.10	2	\$344.10	2	\$344.10	2	\$344.10	2	\$344.10	2	\$0.00	28	\$4,817.40		\$0.00	706	\$121,467.30	
	MacKay	Kevin	\$255.75	2	\$511.50	2	\$511.50	1	\$255.75	2	\$511.50	8	\$2,046.00		\$0.00	6	\$1,534.50		\$0.00	281	\$71,865.75	
	Fleury	Scott	\$235.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	2	\$470.00		\$0.00	42	\$9,870.00	
	Fisher	Martin	\$195.50		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	8	\$1,564.00		\$0.00	144	\$28,152.00	
	Sullivan	Annika	\$150.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	40	\$6,000.00		\$0.00	392	\$58,800.00	
	Deyo	Nicholas	\$125.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	200	\$25,000.00		\$0.00	926	\$115,750.00	
	Lantz	Kristin	\$160.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	32	\$5,120.00		\$0.00	192	\$30,720.00	
	Oakes	Harry	\$202.40		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	9	\$1,821.60		\$0.00	79	\$15,989.60	
	Teunis	Lindsay	\$175.75		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	8	\$1,406.00		\$0.00	106	\$18,629.50	
	Jensen	Carl	\$170.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	4	\$680.00		\$0.00	4	\$680.00	
	DeJulio	Anthony	\$273.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	26	\$7,098.00	26	\$7,098.00	
	Guerrero	Meris	\$155.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	237	\$36,735.00		\$0.00		\$0.00	237	\$36,735.00	
	Leight	Debra	\$184.83	10	\$1,848.34	4	\$739.33	2	\$369.67	24	\$4,436.00	78	\$14,417.01		\$0.00		\$0.00		\$0.00	118	\$21,810.35	
	Belcourt	Andrew	\$125.00	16	\$2,000.00	8	\$1,000.00	4	\$500.00	38	\$4,750.00	16	\$2,000.00		\$0.00		\$0.00		\$0.00	82	\$10,250.00	
	Calhoun	April	\$165.83		\$0.00		\$0.00		\$0.00	14	\$2,321.62		\$0.00		\$0.00		\$0.00		\$0.00	14	\$2,321.62	
	Flacy	Meagan	\$108.15	8	\$865.20		\$0.00		\$0.00	38	\$4,109.70		\$0.00		\$0.00		\$0.00		\$0.00	46	\$4,974.90	
	Van Sant	Richard	\$159.65		\$0.00		\$0.00		\$0.00	24	\$3,831.60		\$0.00		\$0.00		\$0.00		\$0.00	24	\$3,831.60	
	Higginson	Jonathan	\$175.00		\$0.00		\$0.00		\$0.00	24	\$4,200.00		\$0.00		\$0.00		\$0.00		\$0.00	24	\$4,200.00	
	McFalls	Matthew	\$155.00		\$0.00		\$0.00		\$0.00	14	\$2,170.00		\$0.00		\$0.00		\$0.00		\$0.00	14	\$2,170.00	
	Vargas	Benjamin	\$180.25		\$0.00	12	\$2,163.00	3	\$540.75	2	\$360.50		\$0.00		\$0.00		\$0.00		\$0.00	17	\$3,064.25	
	Droessler	Rachel	\$86.00		\$0.00	74	\$6,364.00		\$0.00	18	\$1,548.00		\$0.00		\$0.00		\$0.00		\$0.00	92	\$7,912.00	
	Pham	Peter	\$90.00		\$0.00	37	\$3,330.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	37	\$3,330.00	
	Roderick	Margaret	\$90.00		\$0.00	52	\$4,680.00		\$0.00	8	\$720.00		\$0.00		\$0.00		\$0.00		\$0.00	60	\$5,400.00	
	Davis	Colleen	\$166.00		\$0.00	12	\$1,992.00		\$0.00	2	\$332.00		\$0.00		\$0.00		\$0.00		\$0.00	14	\$2,324.00	
	Garcia	Johnnie	\$115.41	6	\$692.46	6	\$692.46		\$0.00	14	\$1,615.74		\$0.00		\$0.00		\$0.00		\$0.00	26	\$3,000.66	
	Mendoza	Tiffany	\$132.00		\$0.00		\$0.00		\$0.00		\$0.00	4	\$528.00		\$0.00		\$0.00		\$0.00	4	\$528.00	
	Stein	Bradley	\$110.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	120	\$13,200.00		\$0.00		\$0.00	166	\$18,260.00	
	Monzon	Stephanie	\$122.00	6	\$732.02	10	\$1,220.04		\$0.00	29	\$3,538.10		\$0.00		\$0.00		\$0.00		\$0.00	45	\$5,490.16	
	Koehler	Antonia	\$115.88		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	216	\$25,029.00	
	Schwartz	Paul	\$148.32		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	76	\$11,272.32	
	Brullot	Jean-Luc	\$115.88		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	96	\$11,124.00	
	Witters	Roxana	\$125.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	60	\$7,500.00	
Total - Labor				50	\$6,994	219	\$23,036	12	\$2,010	253	\$34,789	108	\$19,335	357	\$49,935	337	\$48,414	26	\$7,098	4,366	\$669,550.01	
Other Direct Costs (ODCs)																						
Category	Rate	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars			
Subtotal - ODCs		\$0	\$1,200	\$3,630	\$750	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$46,330.00		
Markup	5.00%	\$0	\$60	\$182	\$38	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,316.50		
Total - ODCs		\$0	\$1,260	\$3,812	\$788	\$105	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$48,646.50		
Travel																						
Category	Rate	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars			
Subtotal - ODCs		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,567.50		
G & A	Markup 5.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$828.38		
Total - Travel		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,395.88		
Subcontractors																						
Firm	Name	Rate	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars		
Stillwater	Katagi, Wendy	\$196.00																		176	\$34,496.00	
Stillwater	Ward, Sam	\$151.00																		39	\$5,889.00	
Stillwater	Braudrick, Christian	\$161.00																		102	\$16,422.00	
Stillwater	Orr, Bruce	\$219.00																		4	\$876.00	
Stillwater	Drenner, Matt	\$144.00																		20	\$2,880.00	
Stillwater	Ash, Julie	\$196.00																		78	\$15,288.00	
Total - Subcontractors			0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	419	\$75,851.00
Subcontractors - Markup 5.00%				\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$3,792.55
Total Proposed Price				50	\$6,994	219	\$24,296	12	\$5,822	253	\$35,576	108	\$19,440	357	\$49,935	337	\$49,386	26	\$7,098	4,785	\$815,235.94	



Period 2

	Period 2	Project Total
Budget	\$111,125.59	\$926,361.53

Period 2 Range

01/01/21 - 12/31/21

2	Total
Hours	Dollars
70	\$ 10,175.58

Jump To:

2.01	Supplemental Field Topographic Survey	2.6	Prepare As-Built Drawings	3.1	Assist with RFP Preparation and Contractor Selection	3.2	Assist with Contractor Onboarding	5.1	Manage Seed Collection and Plant Propagation Orders & Delivery	8.1	ICF Internal Program Management	TOTAL
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Labor																	
Project Role	Last Name	First Name	Rate	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars
	Belby	Brendan	\$177.21		\$0.00	4	\$708.85	20	\$3,544.23	24	\$4,253.08	8	\$1,417.69		\$0.00	56	\$9,923.84
	Mackay	Kevin	\$263.42		\$0.00		\$0.00	2	\$526.85	8	\$2,107.38	32	\$8,429.52		\$0.00	42	\$11,063.75
	Fisher	Martin	\$201.37		\$0.00	2	\$402.73	2	\$402.73		\$0.00		\$0.00		\$0.00	4	\$805.46
	Sullivan	Annika	\$154.50		\$0.00	32	\$4,944.00	20	\$3,090.00	24	\$3,708.00		\$0.00		\$0.00	76	\$11,742.00
	Deyo	Nicholas	\$128.75		\$0.00	32	\$4,120.00	4	\$515.00	24	\$3,090.00	60	\$7,725.00		\$0.00	120	\$15,450.00
	Oakes	Harry	\$208.47		\$0.00		\$0.00	4	\$833.89		\$0.00	16	\$3,335.55		\$0.00	20	\$4,169.44
	DeJulio	Anthony	\$281.19		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	26	\$7,310.94	26	\$7,310.94
	Brullot	Jean-Luc	\$119.35		\$0.00		\$0.00		\$0.00		\$0.00	120	\$14,322.15		\$0.00	120	\$14,322.15
	Johnston	Shawn	\$152.77		\$0.00		\$0.00		\$0.00		\$0.00	120	\$18,332.35		\$0.00	120	\$18,332.35
Total - Labor				0	\$0	70	\$10,176	52	\$8,913	80	\$13,158	356	\$53,562	26	\$7,311	584	\$93,119.93
Travel																	
Category			Rate		Dollars		Dollars		Dollars		Dollars		Dollars		Dollars		Dollars
Subtotal - ODCs					\$0		\$0		\$2,636		\$2,110		\$1,150		\$0		\$5,896.25
G & A	Markup		5.00%		\$0		\$0		\$132		\$106		\$58		\$0		\$294.81
			0.00%		\$0		\$0		\$0		\$0		\$0		\$0		\$0.00
Total - Travel					\$0		\$0		\$2,768		\$2,216		\$1,208		\$0		\$6,191.06
Subcontractors																	
Firm	Name	Rate	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	
Stillwater	Katagi, Wendy	\$202.00					2	404	6	1212	6	1212			14	\$2,828.00	
Stillwater	Ward, Sam	\$156.00					10	1560	20	3120	24	3744			54	\$8,424.00	
Total - Subcontractors				0	\$0	0	\$0	12	\$1,964	26	\$4,332	30	\$4,956	0	\$0	68	\$11,252.00
Subcontractors - Markup			5.00%		\$0		\$0		\$98		\$217		\$248		\$0		\$562.60
Total Proposed Price				0	\$0	70	\$10,176	64	\$13,743	106	\$19,923	386	\$59,974	26	\$7,311	652	\$111,125.59



Other Direct Expenses

Period 1																										
			2.01	Supplemental Field Topographic Survey		2.03	Conduct Tree Inventory & Vegetation Mapping		4.02	Perform Cultural Resources Surveys and Technical Study		4.03	Paleontological Resources Surveys and Technical Study		4.04	Prepare Administrative Draft and Final CEQA Addendums		4.05	Project Management, Coordination and Meetings		6.20	0.00		TOTAL		
Other Direct Costs																										
Item	Unit	Unit Cost	Units	Cost	Units	Cost	Units	Cost	Units	Cost	Units	Cost	Units	Cost	Units	Cost	Units	Cost	Units	Cost	Units	Cost	Units	Cost	Units	Cost
Topo Surveying	1	\$40,000	1	\$40,000		\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0	1	\$40,000.00		
Paleo Surveys	1	\$3,630		\$0		\$0		\$0	1	\$3,630		\$0		\$0		\$0		\$0		\$0		\$0	1	\$3,630.00		
Cultural Resource Expenses	1	\$1,200		\$0		\$0		\$0	1	\$1,200		\$0		\$0		\$0		\$0		\$0		\$0	1	\$1,200.00		
Document Production (Draft/final addendum)	1	\$750		\$0		\$0		\$0		\$0		\$0	1	\$750		\$0		\$0		\$0		\$0	1	\$750.00		
MISC	1	\$100		\$0		\$0		\$0		\$0		\$0		\$0	1	\$100		\$0		\$0		\$0	1	\$100.00		
Tree tags	1	\$150		\$0	1	\$150		\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0	1	\$150.00		
GPS/Ipad	1	\$100		\$0	5	\$500		\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0	5	\$500.00		
Misc (flagging/paint)	1	\$250		\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0	0	\$0.00		
Total				\$40,000		\$650		\$1,200		\$3,630		\$750		\$100		\$0		\$0		\$0		\$0		\$46,330.00		



Travel Expenses

Period 1																						
Depart (Airport or City)	Arrive (Airport or City)	# of People	Days	Nights	# of Trips	Airfare (Per Person)	Total Airfare	Lodging (Daily per Person)	Lodging Tax	Total Lodging	M&IE (Daily per Person)	Total M&IE	Taxi (Total per Trip)	Rental Car (Daily)	Miles (Total per Trip)	Mileage Reimb.	TOTAL					
									15%										(Full)			\$0.575
1.1 Project Management																						
Sacramento	Ontario	1	1	1	1	\$500	\$500.00	\$175	\$26	\$201.25	\$75	\$75.00	\$50	\$100		\$0.00	\$926.25					
Portland	Ontario	1	1	1	1	\$500	\$500.00	\$175	\$26	\$201.25	\$75	\$75.00	\$50	\$100		\$0.00	\$926.25					
Total							\$1,000.00			\$402.50		\$150.00					\$1,852.50					
1.2 Project Kick-off Meeting																						
Sacramento	Ontario	1	1	1	1	\$500	\$500.00	\$175	\$26	\$201.25	\$75	\$75.00	\$50	\$100		\$0.00	\$926.25					
Sacramento	Ontario	1	1	1	1	\$500	\$500.00	\$175	\$26	\$201.25	\$75	\$75.00	\$50			\$0.00	\$826.25					
Sacramento	Ontario	1	1	1	1	\$500	\$500.00	\$175	\$26	\$201.25	\$75	\$75.00	\$50			\$0.00	\$826.25					
Denver	Ontario	1	1	1	1	\$500	\$500.00	\$175	\$26	\$201.25	\$75	\$75.00	\$50	\$100		\$0.00	\$926.25					
Portland	Ontario	1	1	1	1	\$500	\$500.00	\$175	\$26	\$201.25	\$75	\$75.00	\$50	\$100		\$0.00	\$926.25					
Portland	Ontario	1	1	1	1	\$500	\$500.00	\$175	\$26	\$201.25	\$75	\$75.00	\$50			\$0.00	\$826.25					
Stillwater		1	1	0	1		\$0.00		\$0	\$0.00	\$75	\$75.00			150	\$86.25	\$161.25					
Stillwater		1	1	1	1	\$500	\$500.00	\$175	\$26	\$201.25	\$75	\$75.00	\$50	\$100		\$0.00	\$926.25					
Total							\$3,500.00			\$1,408.75		\$600.00					\$6,345.00					
2.03 Conduct Tree Inventory & Vegetation Mapping																						
		1	7	6	1		\$0.00	\$175	\$158	\$1,207.50	\$75	\$525.00		\$100		\$0.00	\$2,432.50					
		1	7	6	1		\$0.00	\$175	\$158	\$1,207.50	\$75	\$525.00		\$100		\$0.00	\$2,432.50					
Total							\$0.00			\$2,415.00		\$1,050.00					\$4,865.00					
2.3 Prepare 60% Draft Plans & Specifications																						
Sacramento	Ontario	1	1	1	1	\$500	\$500.00	\$175	\$26	\$201.25	\$75	\$75.00	\$50	\$100		\$0.00	\$926.25					
Portland	Ontario	1	1	1	1	\$500	\$500.00	\$175	\$26	\$201.25	\$75	\$75.00	\$50			\$0.00	\$826.25					
Portland	Ontario	1	1	1	1	\$500	\$500.00	\$175	\$26	\$201.25	\$75	\$75.00	\$50			\$0.00	\$826.25					
Total							\$1,500.00			\$603.75		\$225.00					\$2,578.75					
3.1 Assist with RFP Preparation and Contractor Selection																						
							\$0.00		\$0	\$0.00		\$0.00				\$0.00	\$0.00					
							\$0.00		\$0	\$0.00		\$0.00				\$0.00	\$0.00					
							\$0.00		\$0	\$0.00		\$0.00				\$0.00	\$0.00					
Total							\$0.00			\$0.00		\$0.00					\$0.00					
3.2 Assist with Contractor Onboarding																						
							\$0.00		\$0	\$0.00		\$0.00				\$0.00	\$0.00					
							\$0.00		\$0	\$0.00		\$0.00				\$0.00	\$0.00					
							\$0.00		\$0	\$0.00		\$0.00				\$0.00	\$0.00					
Total							\$0.00			\$0.00		\$0.00					\$0.00					
5.1 Manage Seed Collection and Plant Propagation Orders & Delivery																						
							\$0.00		\$0	\$0.00		\$0.00				\$0.00	\$0.00					
Total							\$0.00			\$0.00		\$0.00					\$0.00					
6.2																						
Sacramento	Ontario						\$0.00		\$0	\$0.00		\$0.00				\$0.00	\$0.00					
Portland	Ontario						\$0.00		\$0	\$0.00		\$0.00				\$0.00	\$0.00					
San Diego	Riverside						\$0.00		\$0	\$0.00		\$0.00				\$0.00	\$0.00					
Stillwater							\$0.00		\$0	\$0.00		\$0.00				\$0.00	\$0.00					
Total							\$0.00			\$0.00		\$0.00					\$0.00					
7.1 Provide As-Needed Design Support																						
Sacramento	Ontario	1	1	1	1	\$500	\$500.00	\$175	\$26	\$201.25	\$75	\$75.00	\$50	\$100		\$0.00	\$926.25					
Total							\$500.00			\$201.25		\$75.00					\$926.25					
Total - Travel							\$6,500.00			\$5,031.25		\$2,100.00						\$16,567.50				



Travel Expenses

Period 2																			TOTAL	
Depart (Airport or City)	Arrive (Airport or City)	# of People	Days	Nights	# of Trips	Airfare (Per Person)	Total Airfare	Lodging (Daily)	Lodging Tax	Total Lodging	M&IE (Daily)	Total M&IE (Full)	Taxi (Total per Trip)	Rental Car (Daily)	Miles (Per Trip)	Mileage Reimb.	Other (Per Person)	TOTAL		TOTAL
1.1 Project Management																			Task 1	
							\$0.00		\$0	\$0.00		\$0.00				\$0.00		\$0.00	\$0.00	
							\$0.00		\$0	\$0.00		\$0.00				\$0.00		\$0.00	\$0.00	
Total							\$0.00			\$0.00		\$0.00							\$0.00	\$1,852.50
1.2 Project Kick-off Meeting																			Task 1	
							\$0.00		\$0	\$0.00		\$0.00				\$0.00		\$0.00	\$0.00	
							\$0.00		\$0	\$0.00		\$0.00				\$0.00		\$0.00	\$0.00	
							\$0.00		\$0	\$0.00		\$0.00				\$0.00		\$0.00	\$0.00	
							\$0.00		\$0	\$0.00		\$0.00				\$0.00		\$0.00	\$0.00	
							\$0.00		\$0	\$0.00		\$0.00				\$0.00		\$0.00	\$0.00	
							\$0.00		\$0	\$0.00		\$0.00				\$0.00		\$0.00	\$0.00	
							\$0.00		\$0	\$0.00		\$0.00				\$0.00		\$0.00	\$0.00	
Total							\$0.00			\$0.00		\$0.00							\$0.00	\$6,345.00
2.03 Conduct Tree Inventory & Vegetation Mapping																			Task 2	
							\$0.00		\$0	\$0.00		\$0.00				\$0.00		\$0.00	\$0.00	
							\$0.00		\$0	\$0.00		\$0.00				\$0.00		\$0.00	\$0.00	
Total							\$0.00			\$0.00		\$0.00							\$0.00	\$4,865.00
2.3 Prepare 60% Draft Plans & Specifications																			Task 2	
							\$0.00		\$0	\$0.00		\$0.00				\$0.00		\$0.00	\$0.00	
							\$0.00		\$0	\$0.00		\$0.00				\$0.00		\$0.00	\$0.00	
							\$0.00		\$0	\$0.00		\$0.00				\$0.00		\$0.00	\$0.00	
Total							\$0.00			\$0.00		\$0.00							\$0.00	\$2,578.75
3.1 Assist with RFP Preparation and Contractor Selection																			Task 3	
Sacramento	Ontario	2	1	1	1	\$500	\$1,000.00	\$175	\$53	\$402.50	\$75	\$150.00	\$50	\$100		\$0.00		\$1,702.50		
Portland	Ontario	1	1	1	1	\$500	\$500.00	\$175	\$26	\$201.25	\$75	\$75.00	\$50			\$0.00		\$826.25		
Stillwater		1	1		1		\$0.00		\$0	\$0.00		\$0.00			100	\$57.50	\$50	\$107.50		
Total							\$1,500.00			\$603.75		\$225.00							\$2,636.25	\$2,636.25
3.2 Assist with Contractor Onboarding																			\$3.20	
Sacramento	Ontario	1	2	1	1	\$500	\$500.00	\$175	\$26	\$201.25	\$75	\$150.00	\$50	\$100		\$0.00		\$1,101.25		
Portland	Ontario	1	2	1	1	\$500	\$500.00	\$175	\$26	\$201.25	\$75	\$150.00	\$50			\$0.00		\$901.25		
Stillwater		1	1		1		\$0.00		\$0	\$0.00		\$0.00			100	\$57.50	\$50	\$107.50		
Total							\$1,000.00			\$402.50		\$300.00							\$2,110.00	\$2,110.00
5.1 Manage Seed Collection and Plant Propagation Orders & Delivery																			\$5.10	
ICF - SD	Riverside	1	1	1	8		\$0.00		\$0	\$0.00		\$0.00			250	\$143.75		\$1,150.00		
Total							\$0.00			\$0.00		\$0.00							\$1,150.00	\$1,150.00
6.2																			Task 6	
Sacramento	Ontario	1					\$0.00	\$175	\$0	\$0.00	\$75	\$0.00	\$50	\$100		\$0.00		\$0.00		
Portland	Ontario	1					\$0.00	\$175	\$0	\$0.00	\$75	\$0.00	\$50	\$100		\$0.00		\$0.00		
San Diego	Riverside	1					\$0.00	\$175	\$0	\$0.00	\$75	\$0.00			250	\$143.75		\$0.00		
Stillwater		1					\$0.00	\$175	\$0	\$0.00	\$75	\$0.00		\$100		\$0.00	\$1,000	\$0.00		
Total							\$0.00			\$0.00		\$0.00							\$0.00	\$0.00
7.1 Provide As-Needed Design Support																			Task 7	
							\$0.00		\$0	\$0.00		\$0.00				\$0.00		\$0.00		
Total							\$0.00			\$0.00		\$0.00							\$0.00	\$926.25
Total - Travel							\$2,500.00			\$1,006.25		\$525.00							\$5,896.25	\$22,463.75

Task	Labor Costs	Other Direct Costs	Total Cost
Task 1. Project Management			
1.1 Project Management	\$191,838.65	\$1,945.13	\$193,783.78
1.2 Project Kick-off Meeting	\$23,292.80	\$6,662.25	\$29,955.05
Subtotal	\$215,131.45	\$8,607.38	\$223,738.83
Task 2. Final Design			
2.1 Design Support Tasks	\$114,475.52	\$47,790.75	\$162,266.27
2.2 Prepare 30% Draft Plans & Specifications	\$105,336.50	\$0.00	\$105,336.50
2.3 Prepare 60% Draft Plans & Specifications	\$77,411.20	\$2,707.69	\$80,118.89
2.4 Prepare 90% Draft Plans & Specifications	\$32,074.20	\$0.00	\$32,074.20
2.5 Prepare 100% Final Plans & Specifications	\$13,153.90	\$0.00	\$13,153.90
2.6 Prepare As-Built Drawings	\$10,175.58	\$0.00	\$10,175.58
Subtotal	\$352,626.90	\$50,498.44	\$403,125.33
Task 3. Bidding and Contractor Selection			
3.1 Assist with RFP Preparation and Contractor Selection	\$10,974.89	\$2,768.06	\$13,742.96
3.2 Assist with Contractor Onboarding	\$17,707.06	\$2,215.50	\$19,922.56
Subtotal	\$28,681.95	\$4,983.56	\$33,665.51
Task 4. CEQA Compliance			
4.1 Prepare Addendum	\$86,164.29	\$5,964.00	\$92,128.29
Subtotal	\$86,164.29	\$5,964.00	\$92,128.29
Task 5. Seed and Plant Material Procurement			
5.1 Manage Seed Collection and Plant Propagation Orders and Delivery	\$58,766.07	\$1,207.50	\$59,973.57
Subtotal	\$58,766.07	\$1,207.50	\$59,973.57
Task 6. Provide As-Needed Permitting Support			
6.1 Provide As-Needed Permitting Support	\$49,935.00	\$0.00	\$49,935.00
6.2 Field Inspection	\$0.00	\$0.00	\$0.00
6.3 Project Completion	\$0.00	\$0.00	\$0.00
Subtotal	\$49,935.00	\$0.00	\$49,935.00
Task 7. Provide As-Needed Design Support			
7.1 Provide As-Needed Design Support	\$48,413.50	\$972.56	\$49,386.06
Subtotal	\$48,413.50	\$972.56	\$49,386.06
Task 8. ICF Internal Program Management			
8.1 ICF Internal Program Management	\$14,408.94	\$0.00	\$14,408.94
Subtotal	\$14,408.94	\$0.00	\$14,408.94
Total	\$854,128.09	\$72,233.44	\$926,361.53



Total

Project Total	
Budget	\$926,361.53

4	Total
Hours	Dollars
658	\$ 92,128.29

Jump to:				4.01	4.02	4.03	4.04	4.05	5.1	6.1	7.1	8.1	TOTAL											
				Prepare Project Description for CEQA Compliance Addendum	Perform Cultural Resources Surveys and Technical Study	Paleontological Resources Surveys and Technical Study	Prepare Administrative Draft and Final CEQA Addendums	Project Management + Coordination and Meetings	Manage Seed Collection and Plant Propagation Orders & Delivery	Provide As-Needed Permitting Support	Provide As-Needed Design Support	ICF Internal Program Management	TOTAL											
Project Role	Last Name	First Name	Rate	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars			
	Belby	Brendan		2	\$344.10	2	\$344.10	2	\$344.10	2	\$344.10	8	\$1,417.69	0	\$0.00	28	\$4,817.40	0	\$0.00	762	\$131,391.14			
	MacKay	Kevin		2	\$511.50	2	\$511.50	1	\$255.75	2	\$511.50	8	\$2,046.00	32	\$8,429.52	0	\$0.00	6	\$1,534.50	0	\$0.00	323	\$82,929.50	
	Fleury	Scott		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	2	\$470.00	0	\$0.00	42	\$9,870.00	
	Fisher	Martin		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	8	\$1,564.00	0	\$0.00	148	\$28,957.46	
	Sullivan	Annika		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	40	\$6,000.00	0	\$0.00	468	\$70,542.00	
	Deyo	Nicholas		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	60	\$7,725.00	0	\$0.00	200	\$25,000.00	0	\$0.00	1,046	\$131,200.00	
	Lantz	Kristin		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	32	\$5,120.00	0	\$0.00	192	\$30,720.00	
	Oakes	Harry		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	16	\$3,335.55	0	\$0.00	9	\$1,821.60	0	\$0.00	99	\$20,159.04	
	Teunis	Lindsay		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	8	\$1,406.00	0	\$0.00	106	\$18,629.50	
	Jensen	Carl		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	4	\$680.00	0	\$0.00	4	\$680.00	
	DeJulio	Anthony		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	52	\$14,408.94	52	\$14,408.94	52	\$14,408.94	
	Guerrero	Meris		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	237	\$36,735.00	0	\$0.00	0	\$0.00	237	\$36,735.00	
	Leight	Debra		10	\$1,848.34	4	\$739.33	2	\$369.67	24	\$4,436.00	78	\$14,417.01	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	118	\$21,810.35	
	Belcourt	Andrew		16	\$2,000.00	8	\$1,000.00	4	\$500.00	38	\$4,750.00	16	\$2,000.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	82	\$10,250.00	
	Calhoun	April		0	\$0.00	0	\$0.00	0	\$0.00	14	\$2,321.62	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	14	\$2,321.62	
	Flacy	Meagan		8	\$865.20	0	\$0.00	0	\$0.00	38	\$4,109.70	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	46	\$4,974.90	
	Van Sant	Richard		0	\$0.00	0	\$0.00	0	\$0.00	24	\$3,831.60	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	24	\$3,831.60	
	Higginson	Jonathan		0	\$0.00	0	\$0.00	0	\$0.00	24	\$4,200.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	24	\$4,200.00	
	McFalls	Matthew		0	\$0.00	0	\$0.00	0	\$0.00	14	\$2,170.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	14	\$2,170.00	
	Vargas	Benjamin		0	\$0.00	12	\$2,163.00	3	\$540.75	6	\$360.50	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	17	\$3,064.25	
	Droessler	Rachel		0	\$0.00	74	\$6,364.00	0	\$0.00	24	\$1,548.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	92	\$7,912.00	
	Pham	Peter		0	\$0.00	37	\$3,330.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	37	\$3,330.00	
	Roderick	Margaret		0	\$0.00	52	\$4,680.00	0	\$0.00	12	\$720.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	60	\$5,400.00	
	Davis	Colleen		0	\$0.00	12	\$1,992.00	0	\$0.00	4	\$332.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	14	\$2,324.00	
	Garcia	Johnnie		6	\$692.46	6	\$692.46	0	\$0.00	14	\$1,615.74	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	26	\$3,000.66	
	Mendoza	Tiffany		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	4	\$528.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	4	\$528.00	
	Stein	Bradley		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	120	\$13,200.00	0	\$0.00	0	\$0.00	0	\$0.00	166	\$18,260.00	
	Monzon	Stephanie		6	\$732.02	10	\$1,220.04	0	\$0.00	29	\$3,538.10	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	45	\$5,490.16	
	Koehler	Antonia		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	216	\$25,029.00	
	Schwartz	Paul		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	76	\$11,272.32	
	Brullot	Jean-Luc		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	120	\$14,322.15	0	\$0.00	0	\$0.00	0	\$0.00	216	\$25,446.15	
	Johnston	Shawn		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	120	\$18,332.35	0	\$0.00	0	\$0.00	0	\$0.00	120	\$18,332.35	
	Witters	Roxana		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	60	\$7,500.00	
	Total - Labor			50	\$6,994	219	\$23,036	12	\$2,010	269	\$34,789	108	\$19,335	356	\$53,562	357	\$49,935	337	\$48,414	52	\$14,409	4,950	\$762,669.94	
Other Direct Costs (ODCs)																								
Category				Rate	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars			
Subtotal - ODCs					\$0	\$1,200	\$3,630	\$750	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$46,330.00			
G & A Markup				5.00%	\$0	\$60	\$182	\$38	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,316.50			
Total - ODCs					\$0	\$1,260	\$3,812	\$788	\$105	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$48,646.50		
Travel																								
Category				Rate	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars		
Subtotal - ODCs					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,150	\$0	\$926	\$0	\$0	\$0	\$0	\$0	\$22,463.75			
G & A Markup				5.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$58	\$0	\$46	\$0	\$0	\$0	\$0	\$0	\$0	\$1,123.19			
Total - Travel					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,208	\$0	\$973	\$0	\$0	\$0	\$0	\$0	\$0	\$23,586.94		
Subcontractors																								
Firm				Name	Rate	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars	
Stillwater				Katagi, Wendy		0	\$0	0	\$0	0	\$0	0	\$0	6	\$1,212	0	\$0	0	\$0	0	\$0	190	\$37,324.00	
Stillwater				Ward, Sam		0	\$0	0	\$0	0	\$0	0	\$0	24	\$3,744	0	\$0	0	\$0	0	\$0	93	\$14,313.00	
Stillwater				Braudrick, Christian		0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	102	\$16,422.00	
Stillwater				Orr, Bruce		0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	4	\$876.00	
Stillwater				Drenner, Matt		0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	20	\$2,880.00	
Stillwater				Ash, Julie		0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	78	\$15,288.00	
Subcontractors - Markup				5.00%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$248	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,355.15	
Total Proposed Price					50	\$6,994	219	\$24,296	12	\$5,822	269	\$35,576	108	\$19,440	386	\$59,974	357	\$49,935	337	\$49,386	52	\$14,409	5,437	\$926,361.53

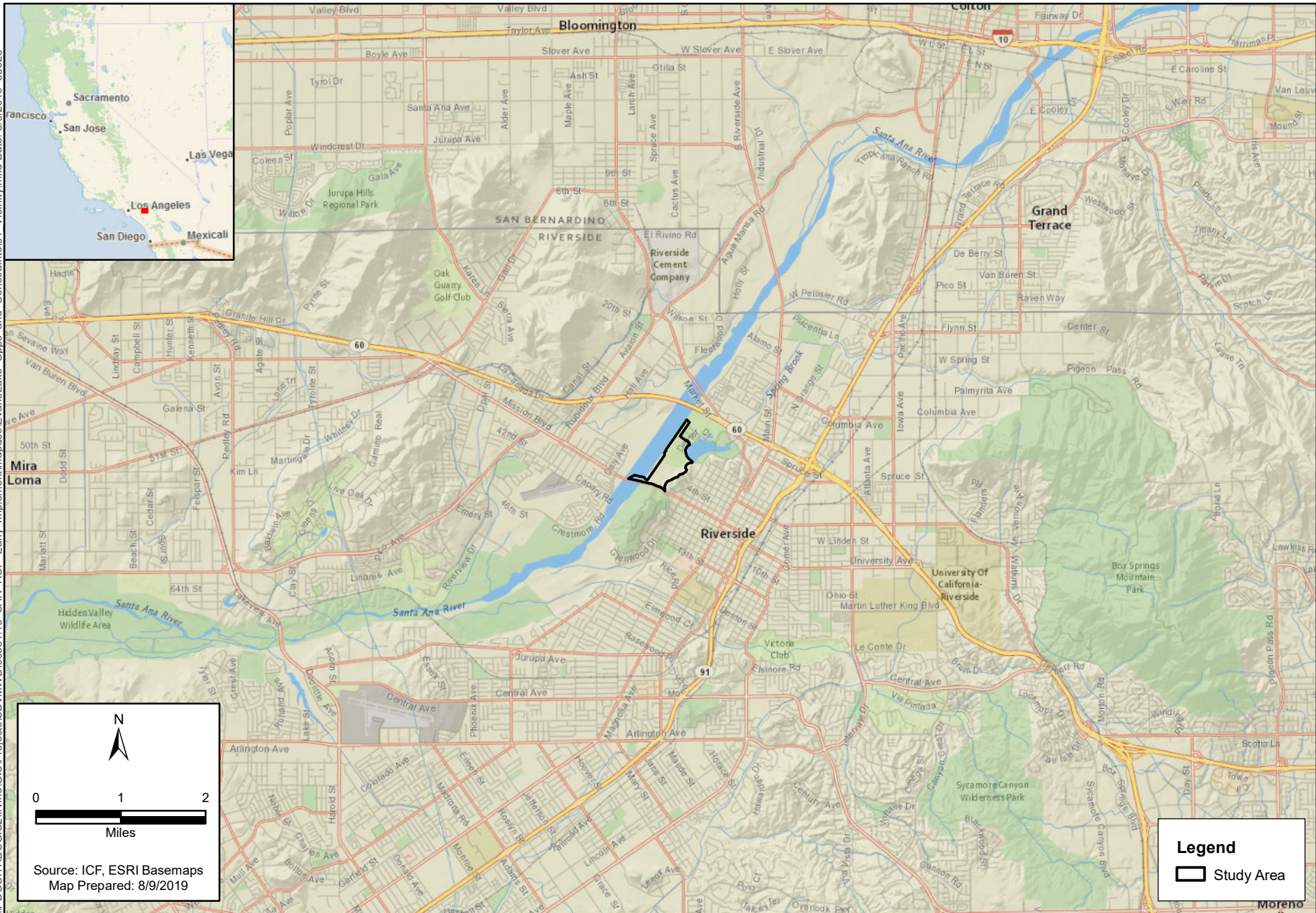


Figure 1
Project Vicinity
Evans Creek Opportunities and Constraints Memo



V:\PDC\ITRDS\GIS\2\virvine\GIS\Projects\SBVMWD\0033116 SAR HCP Early Implement\mapdoc\EvansLake Opps and Constraints.mxd 8/9/2019 35528



Figure 2
Aerial Image
Evans Creek Opportunities and Constraints Memo



Evans Lake/Fairmount Park Burn Area, February 2018





DATE: October 6, 2020

TO: Board of Directors

FROM: Bob Tincher
Chief Water Resource Officer/Deputy General Manager

SUBJECT: Consider New Coordinated Operating Agreement with Metropolitan Water District of Southern California

This item was discussed at the October 1, 2020 Board of Directors Resources Workshop. Those Board members in attendance asked that it be placed on an upcoming Board of Directors agenda for consideration.

Valley District Ordinance 79 directs the general manager to develop agreements for the sale of any surplus State Water Project water and to bring them back to the Board for consideration. In March 2018, staff presented draft terms for a new Coordinated Operating Agreement (COA) with Metropolitan Water District of Southern California (Metropolitan) that would sell them most of Valley District's surplus water, among other things, and would replace the previous version of our agreement that expired in 2016. Those Board members present at that workshop, supported the terms of the agreement and asked staff to develop an agreement based on the terms. One of the terms requires Metropolitan to offer 50% of any surplus water purchased under this agreement to their member agencies in the Santa Ana River Watershed through the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP). Metropolitan and its member agencies that are part of the SARCCUP have also developed a companion agreement that describes how SARCCUP will function within Metropolitan's existing policies. Staff recommends approval of the new COA because it is consistent with the vital factor of stewardship by helping Valley District fully utilize its significant investment in the SWP.

Background

In 2000, Metropolitan Water District of Southern California (Metropolitan) and San Bernardino Valley Municipal Water District (Valley District) entered into a COA which generally provided the legal framework for coordinated operation of our respective water delivery systems for the mutual benefit of both agencies. Subsequent to the approval of the original agreement, eight Attachments were also approved by both agencies. A summary of the previous agreement and its attachments is included below.

Document	Date	Expiration	General Description
Coordinated Operating Agreement	July 10, 2000	December 31, 2016 (Att 8) December 31, 2015 (Att 7) December 31, 2014 (Att 5) December 31, 2004 (Att 4) December 31, 2002 (Att 3) December 31, 2001	Work together to identify projects of mutual benefit and resolve existing controversies. Projects include but are not limited to: <ol style="list-style-type: none"> 1. Interconnections 2. Coordinated use of supplies 3. Conjunctive use 4. No delivery into each other's service areas without permission 5. Stay two pending legal cases
Attachment 1 Proposed Exchange Transaction Principles	July 10, 2000	December 31, 2001 (may be extended)	Allows for Metropolitan to purchase and store up to 15,000 acre-feet of State Water Project (SWP) water for storage in the SBBA. Establishes price. Valley District would extract the water and deliver to Metropolitan member agencies IEUA, WMWD, EMWD, OCWD and/or Metropolitan.
Attachment 2 Conveyance Facilities and State Water Project Supplies	May 14, 2001	December 31, 2010 then evergreen on annual increments	Establishes a 20,000 acre-foot minimum purchase amount by Metropolitan for any Valley District surplus SWP water and also provides Metropolitan option purchases and first right of refusal purchases.
Attachment 3 Extension of time to complete the definitive agreement required under Section 5 of the COA	December 7, 2001		Extends time limit in COA to December 31, 2002. Expectation for an agreement with a 20 year term.
Attachment 4 Extension of time to complete the definitive agreement required under Section 5 of the COA	December 30, 2002		Accomplishments. Extends time limit in COA to December 31, 2004.
Attachment 5	December 22, 2004		Provides the responsibilities regarding 1) right-of-way for the Foothill Pump Station, 2) the obligation to deliver water to the Cone Camp

			Intertie and 3) payment provisions for the Foothill Pump Station power costs and water delivered through the Cone Camp Intertie. Extends the COA to December 31, 2014
Attachment 6 Coordinated Exchange Agreement	2004	December 31, 2014 (Same as COA)	Maximize the benefits from Seven Oaks Dam. Basic framework for an exchange whereby Western Municipal Water District and Valley District would deliver Santa Ana River water to Metropolitan in exchange for Metropolitan delivering an equal amount of SWP to Valley District
Attachment 7	2014	Extends the agreement to December 31, 2015	
Attachment 8	2015	Extends the agreement to December 31, 2016	

The previous COA provided substantial benefits to both agencies since its implementation in 2000. It provided for the enhancement of Metropolitan's water supply and also enabled Metropolitan to fill its newly constructed Diamond Valley Lake while they completed construction of their Inland Feeder Pipeline. Valley District received financial proceeds from water sales that was used to help offset the cost to construct some of its regional facilities, received the Foothill Pump Station and was allowed to participate in Metropolitan's storage in the Kern-Delta water bank from which Valley District extracted 5,000 this year.

Fiscal Impact

There is no fiscal impact associated with executing this agreement. Any future sale of surplus water to Metropolitan would generate additional revenue for the State Water Project Debt Service Fund.

Staff Recommendation

Approve the Coordinated Operating Agreement with the Metropolitan Water District of Southern California.

Attachments

Coordinated Operating Agreement with the Metropolitan Water District of Southern California

**COORDINATED OPERATING AND SURPLUS WATER AGREEMENT BETWEEN
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
AND SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**

This Coordinated Operating and Surplus Water Agreement (Agreement) is entered into and effective this ___ day of _____, 2020 by and between The Metropolitan Water District of Southern California (Metropolitan) and San Bernardino Valley Municipal Water District (Valley District), collectively referred to as “Parties” and individual as a “Party.”

Recitals

A. Metropolitan is a metropolitan water district organized under the Metropolitan Water District Act, codified at section 109-1, et seq. of West’s Appendix to the California Water Code, and is engaged in developing, storing, and distributing water in the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura.

B. Valley District is a public agency of the State of California engaged in developing, transporting, storing and wholesale delivery of water in portions of the counties of San Bernardino and Riverside.

C. Metropolitan and Valley District each have long-term contracts with the California Department of Water Resources (DWR) which set forth the terms and conditions of their participation in the State Water Project (SWP).

D. Metropolitan and Valley District have existing facilities for conveyance of SWP water located within Valley District. Metropolitan and Valley District have constructed conveyance facilities within Valley District that enable moving SWP water from DWR’s Devil Canyon Powerplant to Metropolitan’s Diamond Valley Lake in Riverside County and the southeastern portion of Valley District’s service area, respectively.

E. In 2000, Metropolitan and Valley District entered into a Coordinated Operating Agreement (COA) that provided for coordinated operation of their respective resources within Valley District to increase reliability of their respective water supplies. Both Metropolitan and Valley District have benefited from the COA including, but not limited to:

- i. The ability for both Parties to coordinate the operation of their distribution systems under emergency situations.
- ii. Metropolitan was able to utilize Valley District’s Foothill Pipeline to convey approximately 610,000 acre-feet (AF) of water to Diamond Valley Reservoir while MWD’s Inland Feeder was under construction.
- iii. Metropolitan purchased 223,500 AF of water from Valley District that benefited the Metropolitan service area.

- iv. Valley District used the proceeds from the water sales to Metropolitan to offset the cost of facilities in Valley District's service area.
- v. Metropolitan enhanced the Valley District delivery system by constructing the Foothill Pump Station, at Metropolitan expense, in order to fill Diamond Valley Reservoir.
- vi. Metropolitan allowed Valley District to participate in Metropolitan's Kern-Delta water storage program.
- vii. Metropolitan allowed Valley District to use its pipeline fabrication plant and related technical services in an emergency situation.

F. The COA expired in 2016. Metropolitan and Valley District wish to continue their partnership with this new Agreement that continues in the same cooperative spirit of the COA. The overarching goal of this Agreement is to continue to identify opportunities for coordinated operation of the Parties' individual systems to realize mutual benefit and to facilitate the sale of a portion of Valley District's surplus SWP water to Metropolitan.

Agreement

The Parties hereby agree as follows:

1. *Cooperation Generally*

- a. *Identification of Projects.* Metropolitan and Valley District will continue to work together to identify water-related projects which may be of mutual benefit. Any projects so identified will be further examined regarding their technical and financial feasibility by Metropolitan, Valley District, and/or mutually agreed-to consultants. Such projects may include, but are not limited to:
 - i. Interconnection of conveyance facilities.
 - ii. Coordinated use of SWP water supplies consistent with the existing SWP contract rights of Metropolitan and Valley District, and the water rights of local groundwater and surface water users.
 - iii. Coordinated use of SWP water supplies and facilities in support of the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP).
 - iv. Coordinated use of facilities to maximize the delivery of water diverted from the Santa Ana River under Valley District's and Western Municipal Water District's water rights permits.
 - v. Use of existing and/or new facilities for the production and conveyance of water for conjunctive use operation in the San Bernardino Basin.

- b. *Deliveries Within the Other Party's Service Area Prohibited.* Metropolitan and Valley District will not deliver water from any source, including but not limited to SWP water supplies (except as required or provided for under the Riverside County Superior Court judgment No. 78426 and Orange County Superior Court judgment No 117628) into each other's respective service areas, except as provided herein or as agreed to in writing by the Parties.

2. *Sale of Valley District Surplus SWP Water*

- a. *Declaration of Surplus SWP Water.* No later than June 1 of each year, Valley District will determine, in its sole discretion, the quantity of surplus SWP water that it may have over and above the demands of its customers, per its Ordinance 79, as amended.
- b. *Surplus SWP Water First Made Available to the San Gorgonio Pass Water Agency.* Valley District will first offer 5,000 AF of its surplus SWP water each year for sale to the San Gorgonio Pass Water Agency.
- c. *Remaining Surplus SWP Water Made Available to Metropolitan.* Valley District will offer to Metropolitan, and Metropolitan may purchase, all of Valley District's remaining surplus SWP water, provided that Metropolitan agrees that an amount equivalent to up to half of the water that Metropolitan purchases from Valley District may qualify as Extraordinary Supply under Metropolitan's Water Supply Allocation Plan for Metropolitan's member agencies participating in the SARCCUP, provided that such storage meets all of Metropolitan's requirements.
- d. *Storage of Surplus Water in Valley District's Service Area.* Metropolitan allows Valley's Surplus SWP Water purchased by Metropolitan to be temporarily stored within the boundaries of Valley District provided that it is ultimately used within Metropolitan's service area during the term of this Agreement. Valley District and Metropolitan agree to work cooperatively with DWR on an agreement to effectuate these deliveries.
- e. *Recovery of SARCCUP Water within Valley District's Boundaries.* When a member agency of Metropolitan wishes to recover SARCCUP water stored within Valley District's boundaries, Valley District will coordinate a delivery, by exchange with Metropolitan, or a delivery through local facilities that were constructed by SARCCUP agencies. Valley District will notify Metropolitan when the water is recovered from Valley District's boundaries and conveyed to a Metropolitan member agency.
- f. *Cost of Surplus SWP Water.* Metropolitan will pay Valley District for its surplus SWP water that Metropolitan purchases from Valley District as set forth in the following table:

Final SWP Allocation	Water Cost (\$/AF)
0 - 20%	\$450
21 - 40%	\$350
41 - 60%	\$250
61 - 100%	\$125

Metropolitan will pay the Water Cost per AF in the table plus the actual SWP energy cost for that year, as determined by DWR. Metropolitan's payments for each calendar year are due and payable each February 1, for the prior year, but the energy costs are subject to reconciliation by DWR. For surplus water temporarily stored in Valley District's service area, the Water Cost paid by Metropolitan is \$125/AF, regardless of the Final SWP Allocation for that year. The Parties agree to re-evaluate these costs every five years.

3. *Mutual Aid.* The Parties agree to provide mutual aid as follows:

- a. *Use of Facilities.* Metropolitan and Valley District shall coordinate their facilities in a manner consistent with the principles of the Omnibus Mutual Assistance Agreement as implemented by the state-wide Water Agency Response Network in coordination with the State Office of Emergency Services. Specifically, Metropolitan and Valley District will conduct a test of the ability to move water to each other's systems within the first five (5) years of this agreement. The goal of the test will be to identify any facility deficiencies and develop procedures for delivering to each other's systems in advance of a possible emergency where such deliveries are required.
- b. *System Reliability and Back-Up.* The coordinated use of Metropolitan's Inland Feeder Santa Ana River Crossing Pipeline in conjunction with the Foothill Pipeline and Inland Feeder provides Valley District and Metropolitan with greater system reliability and back-up during emergencies and facility outages. With existing system interconnections, Metropolitan may convey Valley District's water through Metropolitan's Inland Feeder Santa Ana River Crossing pipeline at no cost to Valley District when requested and when capacity is available provided it does not interfere with Metropolitan's deliveries during the term of this Agreement. Valley District may convey Metropolitan's water through Valley District's Foothill Pipeline at no cost to Metropolitan when requested and when capacity is available provided it does not interfere with Valley District's deliveries during the term of this Agreement. Metropolitan and Valley District will ensure, at their own expense, that the water conveyed, at a minimum, meets all federal and state standards applicable to the California Aqueduct as established by the State Water Resources Control Board, DWR, or other permitting authority.

4. *Local Stormwater Supplies.* Valley District and Metropolitan agree to work cooperatively on exploring supplemental stormwater capture programs that would provide mutual benefits to their respective service areas.
5. *Term.* This Agreement is effective as of the date set forth above and continues in force until December 31, 2035, unless the State Water Contracts between the Parties and the State of California are extended past 2035, in which case this Agreement will have the same termination date. However, either Party may terminate this Agreement at any time, with or without cause, upon one year's written notice of termination.
6. *DWR Approvals.* The transfer of Valley District Surplus SWP to Metropolitan shall not become operative until DWR approvals are obtained for all provisions requiring such approval. Valley District and Metropolitan shall jointly pursue obtaining such approvals.
7. *Rights and Obligations Under the 1969 Judgments.* This Agreement is not intended and shall not be construed to interfere with rights or obligations under the 1969 Judgments (*Orange County Water District v. City of Chino, et al.*, Orange County Superior Court Action No. 117628 (“*Orange County Judgment*”), and *Western Municipal Water District of Riverside County, et al. v. East San Bernardino County Water District, et al.*, Riverside Superior Court Action No. 78426 (“*Western Judgment*”)).
8. *Books and Records.* Each Party shall have access to and the right to examine any of the other Party's pertinent books, documents, papers or other records (including, without limitation, records contained on electronic media) relating to the performance of that Party's obligations pursuant to this Agreement. Each Party shall retain all such books, documents, papers or other records to facilitate such review in accordance with that Party's record retention policy. Access to each Party's books and records shall be during normal business hours only. Nothing in this paragraph shall be construed to operate as a waiver of any applicable privileges.
9. *Authority.* Each signatory of this Agreement represents that s/he is authorized to execute this Agreement on behalf of the Party for which s/he signs. Each Party represents that it has legal authority to enter into this Agreement and to perform all obligations under this Agreement.
10. *Informal Mediation.* In the event of a dispute between the Parties regarding this Agreement, the Parties may attempt to resolve the dispute by using the services of a mutually acceptable mediator. If the Parties decide use a mediator, they will equally share the mediator's fees and expenses.
11. *Amendment.* This Agreement may be amended or modified only by a written instrument executed by each of the Parties to this Agreement.
12. *Jurisdiction and Venue.* This Agreement shall be governed by and construed in accordance with the laws of the State of California.

13. *Headings.* The paragraph headings used in this Agreement are intended for convenience only and shall not be used in interpreting this Agreement or in determining any of the rights or obligations of the Parties to this Agreement.
14. *Construction and Interpretation.* This Agreement has been arrived at through negotiations and each Party has had a full and fair opportunity to revise the terms of this Agreement. As a result, the normal rule of construction that any ambiguities are to be resolved against the drafting Party shall not apply in the construction or interpretation of this Agreement.
15. *Entire Agreement.* This Agreement constitutes the entire agreement of the Parties with respect to the subject matter of this Agreement and, save as expressly provided in this Agreement, supersedes any prior oral or written agreement, understanding, or representation relating to the subject matter of this Agreement.
16. *Partial Invalidity.* If, after the date of execution of this Agreement, any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable. However, in lieu thereof, there shall be added a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.
17. *Successors and Assigns.* This Agreement shall be binding on and inure to the benefit of the successors and assigns of the respective Parties to this Agreement. No Party may assign its interests in or obligations under this Agreement without the written consent of the other Party, which consent shall not be unreasonably withheld or delayed.
18. *Waivers.* Waiver of any breach or default hereunder shall not constitute a continuing waiver or a waiver of any subsequent breach either of the same or of another provision of this Agreement and forbearance to enforce one or more of the rights or remedies provided in this Agreement shall not be deemed to be a waiver of that right or remedy.
19. *Necessary Actions.* Each Party agrees to execute and deliver additional documents and instruments and to take any additional actions as may be reasonably required to carry out the purposes of this Agreement.
20. *No Third-Party Beneficiaries.* This Agreement shall not create any right or interest in any non-party or in any member of the public as a third-party beneficiary.
21. *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.
22. *Notices.* All notices, requests, and demands hereunder (Notices) shall be in writing, including electronic communications, and shall be deemed to have been duly given when delivered (or, if mailed, postage prepaid, on the third business day after mailing, if that

date is earlier than actual delivery). Notices shall be sent to a Party at the address of that Party set forth below or, if such Party has furnished notice of a change of that address as herein provided, to the address of that Party most recently so furnished.

Metropolitan Water District of Southern California
Attention: General Manager
P.O. Box 54153
Los Angeles, CA 90054-0153

San Bernardino Valley Water District
Attention: General Manager
380 E. Vanderbilt Way
San Bernardino, CA 92408

In WITNESS WHEREOF, the Parties have caused this Agreement to be executed by the following duly authorized representatives.

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

By: _____
Jeffrey Kightlinger
General Manager

_____ Dated

APPROVED AS TO FORM:

By: _____
Marcia L. Scully
General Counsel

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

By: _____
Heather Dyer
General Manager

_____ Dated

APPROVED AS TO FORM:

By: _____
David Aladjem
Special Counsel



DATE: October 6, 2020
TO: Board of Directors
FROM: Heather Dyer, CEO/General Manager
SUBJECT: Consider Board Position on Proposition 15: Schools and Communities First Ballot Initiative

At the June 11, 2020, Board Policy Workshop, Ms. Cindy Saks presented an overview of Proposition 15: *Schools and Communities First* ballot initiative, is a statewide ballot measure that seeks to change some provisions of California's landmark 1978 property tax limitations – Proposition 13. *Schools and Communities First* is the first qualifying initiative that would make changes to Proposition 13 in over 40 years.

The ballot initiative would raise additional local tax revenue for schools and local governments by changing how assessed values are determined for commercial and industrial properties. As proposed, it does not affect the value assessment of residential, agricultural, or small business properties. (This ballot measure is often referred to as “split roll” because it would split how commercial properties are taxed from residential, agricultural, and small business properties.) As Ms. Saks presented in June, based on assumptions and information obtained*, there is potential for the District to collect additional revenues of \$1.5 million to the General Fund and \$14.6 million to the State Water Project fund if this ballot initiative passes. (Many assumptions are made in calculating the estimated revenues to Valley District.)

Additional information, presenting opinions from both sides of the measure, on this ballot initiative can be found in a recent Public Policy of California Institute video post and can be found here: https://www.ppic.org/blog/video-assessing-proposition-15/?utm_source=rss&utm_medium=rss&utm_campaign=video-assessing-proposition-15?utm_source=ppic&utm_medium=email&utm_campaign=blog_subscriber

*Assumptions and information obtained from the San Bernardino County Auditor Controllers Office, San Bernardino County Assessor's Office, and a report dated Feb. 2020 from the University of Southern California Dornsife Program for Environmental and Regional Equity

Staff has also included a report completed by Beacon Economics that was recently published in the Inland Empire Business Journal. Director Longville requested the Board of Directors discuss this ballot initiative and consider taking an official position.

Fiscal Impact

There is no fiscal impact related to this item.

Staff Recommendation

Discuss whether or not to take a formal position in support or opposition of Prop 15 and direct Staff accordingly.

Attachments

Presentation on Proposition 15 from June 11, 2020 Policy Workshop

Understanding the Impact of Proposition 15 on Small Businesses in California by Beacon Economics

*Assumptions and information obtained from the San Bernardino County Auditor Controllers Office, San Bernardino County Assessor's Office, and a report dated Feb. 2020 from the University of Southern California Dornsife Program for Environmental and Regional Equity



Review of Schools & Communities First November 2020 Ballot Initiative



Presented by:
Cindy Saks, Deputy General Manager – Administration

June 11, 2020

Schools and Local Communities Initiative

The California Schools and Local Communities Funding Act, known as Schools and Communities First (SCF), is a statewide ballot measure that seeks to make changes to some provisions of California's landmark 1978 property tax limitations, Proposition 13. Schools and Communities First is the first qualifying initiative that would make changes to Proposition 13 in over 40 years. The ballot initiative would raise additional local tax revenue for schools and local governments by changing how assessed values are determined for commercial and industrial properties.

Background on Proposition 13:

Proposition 13 passed in 1978 with 64 percent of voter approval which made three changes to California's property tax law:

- Limited the property tax rate for all properties, regardless of type, to 1 percent of the value at the time of purchase.
- Established a ceiling for assessed value of at most 2 percent per year unless a change in ownership occurred or the property is remodeled.
- Amended the state constitution to require that any statewide tax increase would require a two-thirds vote in the Legislature and local state increases or designations would require two-thirds voter approval.

- The SCF initiative seeks to constitutionally change the property tax law enacted under Proposition 13 as it applies to commercial and industrial properties.
- This ballot measure is often referred to as “split roll” since it would split how commercial properties are taxed from residential, agricultural, and small business properties.
- If enacted, commercial and industrial properties would be required to undergo regular and ongoing reassessments to bring the property to its current market value. The property owners would then be required to pay property taxes on the newly assessed value.
- As proposed, the ballot measure does not affect the value assessment of residential, agricultural, or small business properties.
- In addition, the measure does not change the property tax rate of 1 percent, regardless of property type.
- To protect small businesses, the measure includes an exemption for businesses with a combined property value of \$3 million or less and also eliminates the business personal property taxes on business fixtures and equipment up to \$500,000.

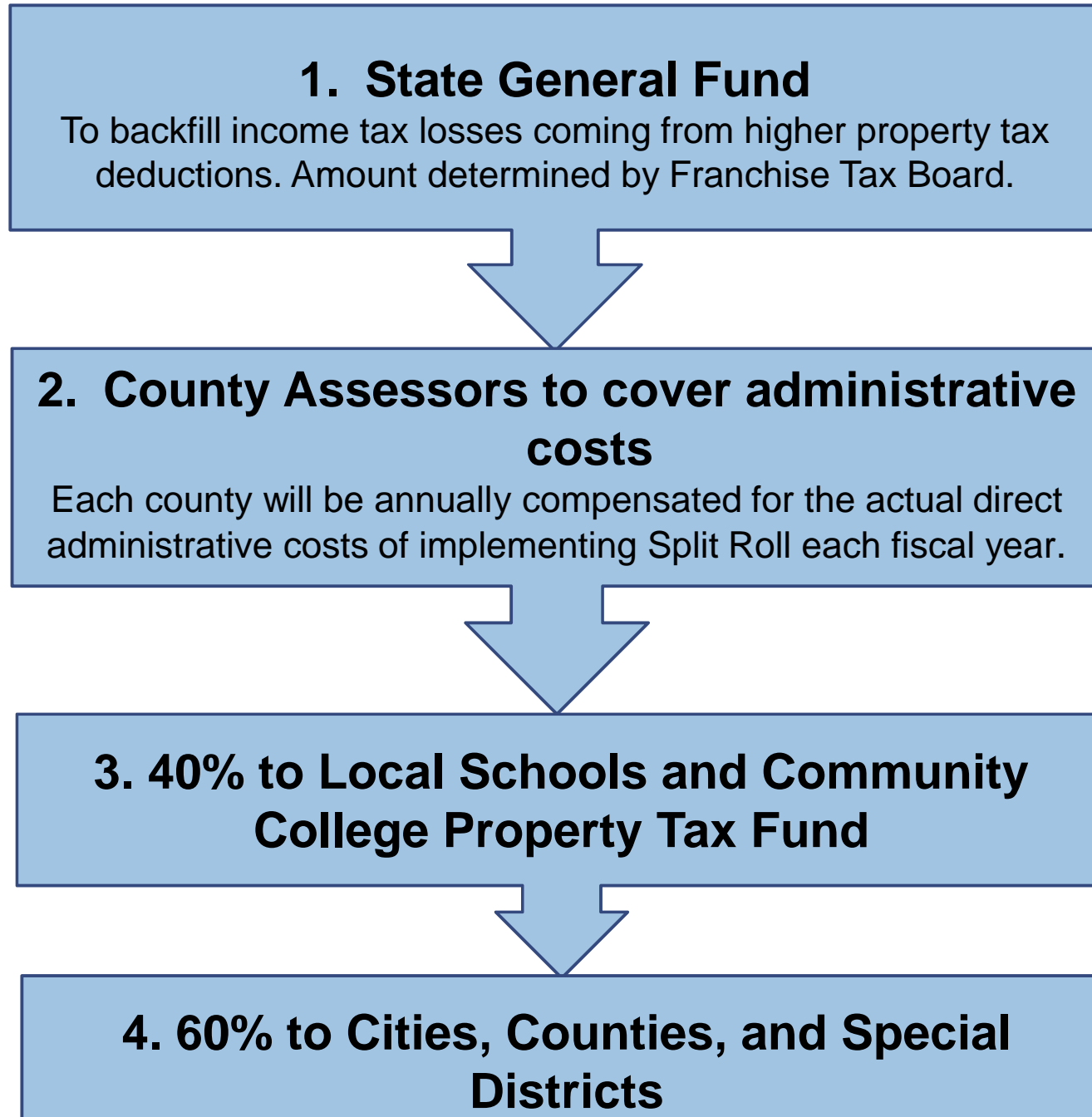
Small Business Exemptions include:

- Properties valued \$3 million or less as adjusted for inflation by the California State Board of Equalization every two years starting 2025
- Commercial Industrial property valued over \$3 million but occupied 50% or more by a small business, can receive a delay of Split Roll until 2025.

Small Business is defined as:

- 50 or fewer full-time equivalent employees
- independently owned and operated
- located in California
- owned by California residents
- no major statewide influence on the industry

How the
Split Roll
Revenue
would be
distributed



LAO
estimates
annual
costs at
\$550
Million

What is the estimated impact to Valley District upon the passage of the “Split Roll” Initiative:

- Based on many assumptions and information obtained from the San Bernardino County Auditor Controllers Office, San Bernardino County Assessor Office and recent report from USC Dornsife Program for Environmental and Regional Equity dated February 2020, staff presents the following information.
- Based on the calculations, estimates and assumptions on the spreadsheet attached. Staff is estimating additional revenues to the General Fund at \$1.5 million dollars.
- Based on estimated revenue information in the USC report for San Bernardino County, Assessed Values (AV) could increase by \$43.5 Billion dollars. After applying estimated percentages for the District’s service area, AV would increase by \$10.2 Billion which based on the current State Water Contract tax rate of .1425 could generate additional tax revenue of \$14.6 million dollars.



Additional information

- There are many assumptions made in calculating the estimated revenues to Valley District.
- County Assessors state concerns about
 - Additional costs of training employees, upgrading technology and administrative costs could range from \$517 million to \$639 million annually for the first decade.
 - As many as 900 new positions would be needed statewide
 - Difficulty in hiring qualified individuals.
 - Assessment Appeals will increase dramatically.
 - Counties would need to create new or expanded assessment appeals boards, along with staff to manage the significant increase in cases.
 - The number and complexity of appeals submitted will likely result in a major backlog requiring multiple years to resolve.

Additional information

- Many Statutes still need determination by the Legislature which include:
 - Providing methodology for determining additional revenue generated in each county each fiscal year as a result of Split Roll.
 - Possible concerns include the amount of AV within Redevelopment Agencies. An estimated one third of the San Bernardino County AV is already allocated as RDA Increment.
 - Phase-in timeline of reassessments to be determined.
 - Create a “reasonable timeframe” when taxpayer has to pay taxes upon an increase due to reassessment.
 - Develop an expedited process for hearing appeals.
 - Define what constitutes as “Long-Term Residential Property” that sits on commercial and industrial property.
 - Clarify calculations to backfill the State General Fund for the decrease income tax and provide additional clarification on the approved direct costs for County Assessors.

Additional information

- As with all Ballot Initiatives there are always Supporters and Opponents. Just a few examples of concern:
 - Supporters feel that corporations should contribute fairly to public society as they continue to benefit from California's low property tax rate.
 - Opponents argue that by raising business and corporate property taxes, it will negatively impact businesses with higher costs and in turn, hurt consumers and California's economy.
- As reported in a very recent article, even with the state facing a potential record-high \$54 billion deficit due to the COVID 19 pandemic effecting the State and bracing for sweeping cuts to education and social services, Gov. Gavin Newsom has refused to fully wade into the fight over the future of Proposition 13.



Questions ?



Understanding the Impact of Proposition 15 on Small Businesses in California

September 2020



This report was prepared by Beacon Economics LLC with research costs covered by the Silicon Valley Community Foundation, Stupski Foundation, and others. All findings, conclusions, and opinions are solely and exclusively those of Beacon Economics.

ABOUT BEACON ECONOMICS LLC

Founded in 2007, Beacon Economics, an LLC and certified Small Business Enterprise with the state of California, is an independent research and consulting firm dedicated to delivering accurate, insightful, and objectively based economic analysis. Leveraging unique proprietary models, vast databases, and sophisticated data processing, the company's specialized practice areas include sustainable growth and development, real estate market analysis, economic forecasting, industry analysis, economic policy analysis, and economic impact studies. Beacon Economics equips its clients with the data and analysis required to understand the significance of on-the-ground realities and to make informed business and policy decisions.

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KEY FINDINGS

- This report examines the factors that determine commercial rents in 12 California counties. It explores the relationship between commercial and industrial rents and the reassessment of commercial property values, accounting for other factors that shape rents.
- Commercial rents are driven by location, local market conditions, the nature of a local economy (high-wage areas are associated with higher rents), and building age and size.
- For average commercial properties, reassessments do not increase rents. Office buildings have a small relationship between reassessments and rents. Reassessing a 20-year-old office building to current market value could lead to a one-time rent increase of roughly 2%.

CONTEXT

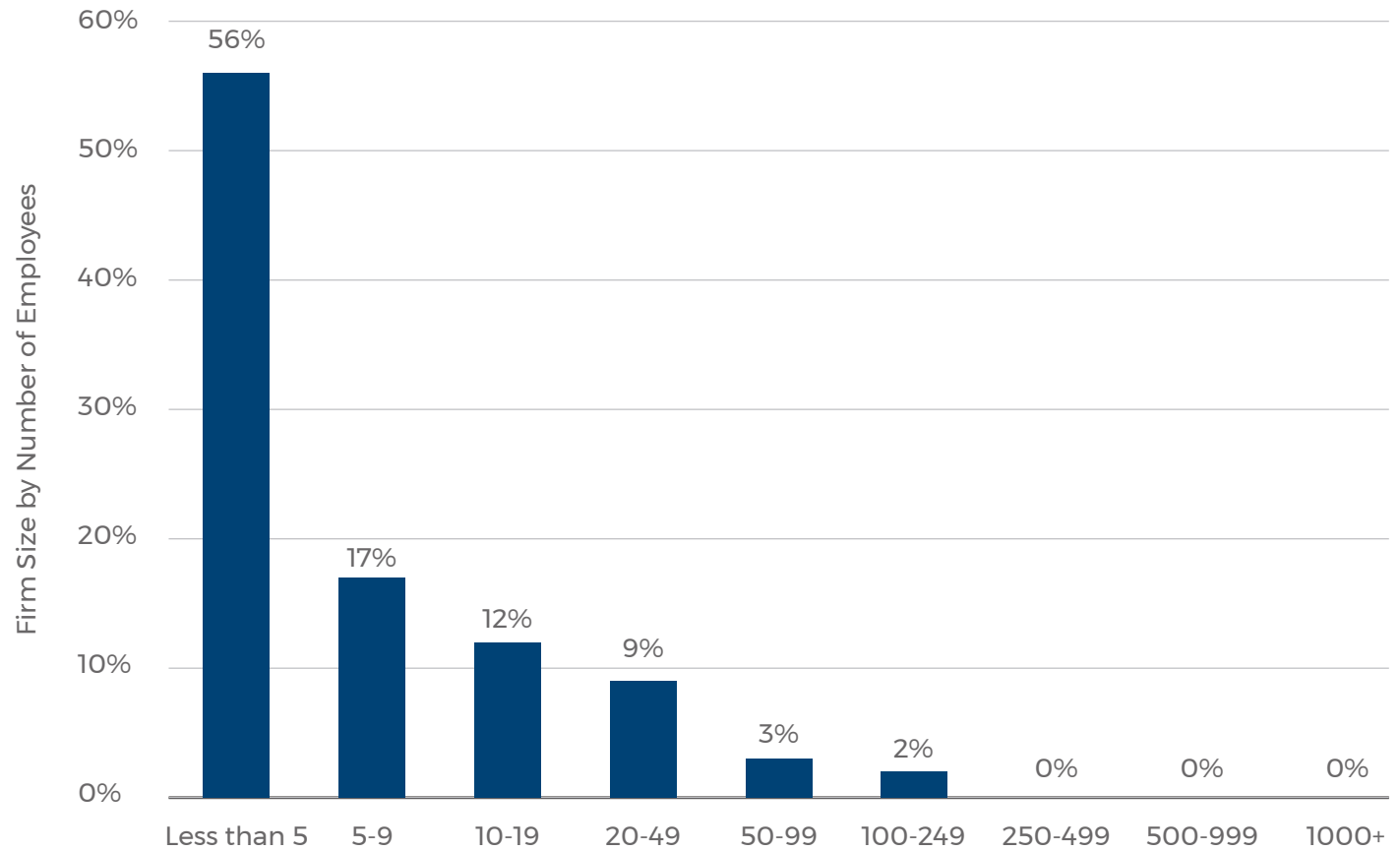
- On Nov. 3, the state’s voters will be asked to vote on Proposition 15, formally known as the “Increases Funding for Public Schools, Community Colleges, and Local Government Services by Changing Tax Assessment of Commercial and Industrial Property. Initiative Constitutional Amendment,”¹ and commonly called the “Schools and Communities First Initiative” or the “Split Roll” initiative.
- The initiative would amend the California Constitution to require commercial and industrial properties, except those zoned as commercial agriculture, to be taxed on market value rather than purchase price, while continuing to tax residential properties on their purchase price.
- The revenue generated from Prop. 15 would be directed to K-12 public schools, community colleges, and local governments.
- At present, property taxes are determined by the purchase price, under the provisions of Prop. 13. The tax is limited to no more than 1% of the purchase price, with an annual adjustment equal to the rate of inflation or 2%, whichever is lower. The assessed value of a property resets once a property is sold. The changes under Prop. 15 would be phased in beginning in fiscal year 2022-23.
- The initiative exempts properties whose owners have \$3 million or less in holdings in California. These properties would continue to be taxed on their purchase price.
- Prop. 15 contains other protections for small businesses, including an exemption for home-based businesses; deferred reassessment until the 2025-26 lien date for properties in which small businesses account for 50% or more of the occupied spaces; and the elimination of the business tangible personal property tax on equipment and fixtures for small firms.
- Supporters of Prop. 15 argue that it would generate billions of dollars for education and local services without affecting the property taxes of homeowners and small businesses; close loopholes that allow corporations to avoid property tax reassessment; and create greater parity in property tax revenue generation, which increasingly relies on taxes from households.
- Opponents argue that it would create a substantial tax increase (roughly \$12.5 billion per annum) on commercial and industrial property owners and would increase the rents paid by their tenants. They say these cost increases would eliminate jobs, suppress new business activity, and prompt firms to move out of state.

¹ <https://www.sos.ca.gov/elections/ballot-measures/qualified-ballot-measures/>

THE SMALL-BUSINESS LANDSCAPE IN CALIFORNIA

- California has more than 1 million businesses, the overwhelming majority of which are small. Fifty-six percent have fewer than five employees, and 17% have five to nine. Altogether, 85% of all businesses in the state have fewer than 20 employees.

Distribution of Firms by Employee Size



Source: County Business Patterns; Analysis by Beacon Economics, LLC

- Prop. 15 could affect business costs in two primary ways. First, it would raise property taxes of commercial landowners with properties valued at greater than \$3 million, especially long-standing property owners. Second, these increases could be passed through to commercial renters. A number of provisions in Prop. 15 protect small businesses from such increases.

SMALL-BUSINESS PROPERTY OWNERS

- Properties owned by most small businesses are low-value and therefore shielded by the Prop. 15 exemptions.
- A random sample of about 22,000 commercial property transactions in California's major population centers from 2018 to 2020 found that two-thirds sold for less than \$3 million. The median price was \$1.6 million.
- Based on this sample, most properties in California be exempt from Prop. 15. In general, small businesses require less space and operate in relatively small and inexpensive properties.
- This finding is consistent with studies that show that the burden of Prop. 15 would fall on the state's largest corporations and highest-value properties.
- But many small businesses rent their places of business. Small-business renters could suffer if increased property tax bills are passed through to them.

SMALL-BUSINESS RENTERS

- Commercial rents are primarily determined by location, market conditions, building type, building age, and taxes.
- The findings in this report are based on a statistical analysis of the factors that influence commercial and industrial rents in California.
- The study analyzes nearly 12,000 properties in the counties of Alameda, Contra Costa, Fresno, Los Angeles, Orange, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, San Mateo and Santa Clara.

The analysis determines whether rents are higher in recently sold properties than in those sold earlier. If property tax reassessments under Prop. 15 lead to rent increases, rents would be higher in recently sold properties than in those sold earlier.

- Factors that determine rents include building age, property type (office, warehouse, retail, etc.), location (city), size, the year a building was sold or renovated, the prevailing local rent, a building's vacancy rate, how much local commercial activity is found in professional and business services, and local economic conditions, such as wages.

- Report Findings:
 - ▶ Rent is mostly determined by local market conditions, such as the average rent of other local properties
 - ▶ Rents rise in tandem with the number of Professional and Business Services in the building or area.
 - ▶ In high-wage areas, rents are relatively high.
 - ▶ Larger buildings command higher rents per square foot.
 - ▶ Older buildings command lower rents.
 - ▶ The length of time since a property was sold or renovated does not have a statistically significant relationship with commercial rents. For most property types, if an assessed value is lower than market value, this does not influence rent. In other words, if under Prop. 15 many properties are reassessed to current market value, this would not affect rents, based on the properties studied.

- To place these figures in context, imagine identical properties side by side. One's taxes are based on the purchase price of the building 10 years ago. The other's taxes are based on today's market value. The property taxes paid by the first building owner are lower than those paid by the second owner, but Beacon Economics' analysis shows that the rents are not driven by the property taxes paid, but by other factors as described above.

- In a triple net lease, the tenant or lessee is responsible for the ongoing expenses of the property, including real estate taxes, building insurance, and maintenance, in addition to rent and utilities. Opponents of Prop. 15 say small businesses subject to such leases would be adversely affected.

- But if triple net leases were affected by property tax reassessment in some wholesale manner, it would show in this report's analysis. If thousands of renters routinely had their rents increase each time properties were reassessed, evidence would be seen.

- Ultimately, this analysis shows that rents are determined by what the market is willing to pay. That is, in some of the most desirable commercial markets, rent differences in neighboring properties are not based on the sale date. A property owner charges the highest rent that tenants are willing to pay, regardless of the purchase price.

- These findings hold for retail, warehouse, and research and development properties. For office properties, the year of sale does have an effect on rents. In two identical neighboring properties, one would yield a rent 0.014% lower than its neighbor bought a year later. This means that reassessing a property bought 20 years ago to current market conditions could lead to a one-time 2% rent increase.

- In sum, Prop. 15 could affect costs for small businesses in two primary ways. First, small-business property owners could see higher taxes. But this analysis reveals that most commercial properties would not have their assessed value changed under Prop. 15. Second, increased property taxes could be passed on to small businesses through higher rents. This analysis suggests that recently purchased properties, which should command higher taxes, do not have higher rents. Based on this analysis, it seems unlikely that small-business owners would be hurt by Prop. 15.



INTRODUCTION

1978's Proposition 13 lowered property taxes by assessing values at their 1976 levels and restricting annual increases of assessed value to a maximum of 2%. It prohibits reassessment of a new base-year value except after a change in ownership or completion of new construction. These rules apply equally to all real estate, residential and commercial, whether owned by individuals or corporations. Before Prop. 13, property taxes were largely determined by the market value of homes and commercial properties. Prop. 13 passed with 64% voter approval.

From 1970 to 1980, the median property value in the state increased 250% while median household income growth remained flat. This meant that property tax payments were increasing as a share of Californians' incomes. Households' increasing property tax bills were a primary driver of Prop. 13. The law has affected local budgets and the types of development that communities have permitted. Despite its perceived negative impacts, Prop. 13 remains popular with voters.

Prop. 13 was intended to reduce taxes for homeowners, not commercial property owners. But over time, the relative tax for commercial property owners has fallen. In 1975, commercial properties paid 46% of the property tax roll in L.A. County; by 2017, such properties paid just 28%.² This is because homes are reassessed more frequently than commercial properties because unlike corporations, homeowners move or die. Corporations can hold properties longer than people and so reap greater benefits from the reassessment rule. At some blue-chip companies, personnel changes occur regularly but the corporate entity lives for generations.

² https://assessor.lacounty.gov/wp-content/uploads/2017/10/LACountyAssessor_AnnualReport_Digital.pdf

Furthermore, a property transfer loophole in Prop. 13 limits what constitutes a change in property ownership, therefore reducing the reassessment of commercial properties. Usually when a property changes hands, the assessed value (which determines the taxable value) resets to the market rate. But the use of limited liability corporations and complex partnerships enable certain corporations to avoid reassessment.

Legislative attempts have been made to close such loopholes (in 2014, 2015, 2018, and 2020), but none have succeeded. Prop. 15 aims to tax commercial and industrial property on current market value as opposed to the purchase price. The initiative includes exemptions for agricultural land, residential properties, and commercial and industrial properties that have a combined value of \$3 million or less.

Small businesses would be exempt from personal property tax, and non-small businesses would receive a \$500,000 exemption on personal property tax. The ballot initiative would provide \$6.5 billion to \$11.5 billion in new funding to local governments,³ public schools, and community colleges based on the revenue from the increased property taxes.⁴

The ballot measure preserves Prop. 13's protections for homeowners and residential rental properties while providing increased and stable revenue for schools and local governments; new revenue is not intended to be allocated to the state government.

The key provisions of Prop. 15:

- Commercial and industrial properties are to be taxed at market value instead of purchase price.
- Commercial and industrial properties with a combined value at or below \$3 million are exempt and will continue to pay property tax based on purchase price.
- Home-based businesses are exempt.
- No changes are made to Prop. 13's provision limiting property tax rates for all taxable real property to 1%.
- All residential property is exempt.
- Agricultural land is exempt and will continue to be taxed under existing laws.
- For properties in which small businesses account for 50% or more of the occupied space, reassessments of tax will be deferred until the 2025-26 lien date.
- The business tangible personal property tax on equipment and fixtures for small businesses is eliminated.
- A \$500,000 annual tax exemption on equipment and fixtures to non-small businesses is included.
- Legislatures must provide, by statute, for the phase-in of reassessments of under-assessed commercial and industrial real properties to implement the new law beginning with the lien date of 2022-23.
- Affected owners will be required to pay the new taxes only from the lien date for the fiscal year when the assessor has completed the assessment.
- Legislatures must provide reasonable time to pay any increase in tax obligations resulting from this measure.
- The Board of Equalization's oversight over the property tax system is maintained to assure the public that the assessment of commercial and industrial property in every county is equitable and uniform.

³ <https://lao.ca.gov/BallotAnalysis/Proposition?number=15&year=2020>

⁴ California Secretary of State. (2020, July 3). Official title and summary prepared by the attorney general. Retrieved from <https://elections.cdn.sos.ca.gov/statewide-elections/2020-general/prop-15-title-summary.pdf>

PROPOSERS OF PROP. 15 ARGUE THAT THE LEGISLATION WOULD:

- **Close corporate loopholes:** Commercial and industrial property owners exploit loopholes in the current law to avoid property reassessment.
- **Have no impact on homeowners and renters:** The initiative exempts residential properties.
- **Reduce taxes for small businesses:** Small businesses that operate from their residences and those that own nonresidential commercial property valued at \$3 million or less would be exempt.
- **Restore equity to property taxes:** Over the years, residential property tax revenue has increased from 55% to 72% relative to commercial tax revenue. Prop. 15 would reduce this inequity.
- **Increase funding for public services (schools and community colleges):** Property tax revenue would go directly to schools and community colleges instead of being redirected by intermediary bodies.
- **Protect farmland:** The legislation exempts agricultural land.⁵

OPPOSERS ARGUE THAT THE LEGISLATION WOULD:

- **Be the largest property tax increase in the state's history:** The legislation would lead to a substantial tax increase (\$12.5 billion per annum) on commercial and industrial entities. This would hurt small businesses, the agricultural industry, residential homeowners, and consumers.
- **Raise the cost of living:** The tax increases would cause businesses to increase the cost of groceries, health-care, energy, and other products and services. Some residents would be priced out of their communities, and the legislation would have detrimental impacts on low-income communities.
- **Destroy jobs and small businesses:** The legislation does not prevent increased taxes from being passed on to small businesses.
- **Increase taxes on farms:** The legislation would increase property taxes on the farming sector (barns, dairies, food processing plants, and cultivation sites), which would raise food prices.
- **Enable the legislature to increase homeowners' property taxes:** Business owners who operate from their homes would pay higher taxes.

The merits of these claims notwithstanding, both sides agree that Prop. 15 would increase property tax revenue. The key difference centers on who would bear the cost of the increases. Although the crafters of Prop. 15 have taken steps to protect small businesses from property tax increases, opponents argue costs for small businesses would increase substantially. The remainder of this report considers how Prop. 15 could affect small businesses.

⁵ California Secretary of State. Retrieved from <https://elections.cdn.sos.ca.gov/statewide-elections/2020-general/prop-15-arg-in-favor.pdf>

LITERATURE REVIEW

After considering studies of the potential impact of Prop. 15, this report discusses research that measures the effect of taxes on business location.

THE POTENTIAL IMPACT OF PROP. 15

Surprisingly, given the potential magnitude of Prop. 15, few analyses have been done on its potential effects. A study by Blue Sky Consulting Group found that more than 90% of the additional property tax revenue Prop. 15 would generate would come from just 10% of high-value properties.⁶ These findings are consistent with those from researchers at UC Santa Cruz who found that 8% of properties gain 80% of the benefits under Prop. 13.⁷

According to the Legislative Analyst's Office, increased property taxes on commercial properties worth more than \$3 million would provide \$6.5 billion to \$11.5 billion in new funding to local governments and schools.⁸ Similarly, USC researchers found that \$10.3 billion to \$12.6 billion in revenue would be generated in 2021-22.⁹

According to research by the Berkeley Research Group, the property tax increases would cause the loss of 120,000 private-sector jobs, which would be partially or fully offset by job gains in the public sector.¹⁰ Both the Berkeley and UC Santa Cruz studies found that Prop. 15 would have a negligible impact on the state's output.

These studies have merits and deficiencies, but none address the relationship between Prop. 15 and commercial rents, which is the focus of this study.

BUSINESS LOCATION

The opponents of Prop. 15 say the law would prompt many companies to leave the state. Business location is a well-explored area of inquiry,¹¹ and our understanding continues to evolve as changes in industry, markets, and globalization have altered decision-making and business strategies.¹² The following section explores some of the most-discussed factors that businesses consider when choosing locations.

Access to workers, consumers, infrastructure, land and natural resources is key to business location. The regulatory climate is also a consideration, but labor and market access are the most important factors.

⁶ <https://www.documentcloud.org/documents/6988869-Proposition-15-Analysis-1.html>

⁷ http://www.everettprogram.org/main/wp-content/uploads/Market-Value_Final.pdf

⁸ <https://lao.ca.gov/BallotAnalysis/Proposition?number=15&year=2020>

⁹ https://dornsife.usc.edu/assets/sites/242/docs/Updated_2019_Rev_Est_memo_Design_v5.pdf

¹⁰ <https://www.politico.com/f/?id=00000171-5087-d6b1-a3f1-d4d7be430000>

¹¹ Dunning J. (1998). "Location and the Multinational Enterprise: A Neglected Factor?" *Journal of International Business Studies*, 29, 45-66

¹² Vlachou C. & Iakovidou O. (2015). "The Evolution of Studies on Business Location Factors." *Journal of Developmental Entrepreneurship*, 20, 04

LABOR

Industries are “traded” or “nontraded.” Traded industries are those whose good or service is transported and exchanged between locations. Movies produced in Hollywood are consumed throughout the world. By contrast, nontraded industries’ production and consumption occur in proximity. Restaurants and hairdressers, for example, serve local markets rather than being “traded” in distant locations.

Traded industries are typically more sensitive to labor considerations. With respect to labor market access, businesses in these industries consider skill and cost. The importance of each of these factors varies by industry. In some industries, business success is determined by innovation and creation. The key considerations for these industries are knowledge and worker skill. Access to skilled workers is why tech firms pay a high cost to cluster in Silicon Valley. These firms compete on their ability to innovate and bear high costs to access certain workers.

Other industries compete on cost. Take clothing. Although branding and marketing are important, a pair of jeans today is not fundamentally different from jeans of 100 years ago. For most such businesses, success is determined not by worker knowledge or innovation but by the ability to produce goods in high volume at low cost. For these companies, competitive strategy centers on reducing labor costs, so they locate where payroll costs are relatively cheap.

CONSUMER ACCESS

For nontraded industries (goods that are consumed in the place of production), business location is determined by the ability to access consumers. A hairdresser has more market potential in a city than in a rural location, and better access to consumers in some parts of a city than others. Many companies, such as Trader Joe’s, employ location strategists who use algorithms to help the grocer access the preferred type of consumer.

For traded industries, market access can also be important. Ford Motor Co., for example, locates many manufacturing plants overseas to cut the cost of shipping cars and trucks to final consumers. Likewise, suppliers locate close to their business consumers to cut transportation costs and facilitate coordination. Hence many intellectual property lawyers are in the Bay Area and costume designers in Los Angeles.

INFRASTRUCTURE

Businesses’ infrastructure requirements depend on the nature of their activities. Infrastructure typically refers to transportation (roads, freeways, airports, ports) telecommunications (cellphone coverage, broadband), and energy and utilities (electricity, water, sewage systems), and soft infrastructure, such as education. Exporting companies require good access to airports, freeways, ports, and railroads. Firms typically favor locations with good infrastructure because it lowers operating costs.

ENVIRONMENT/LAND AND NATURAL RESOURCES

Businesses consume land and resources differently. Manufacturing facilities are land-intensive; given the nature of their machinery and output, they are better suited to single-story operations. The same is true of distribution facilities. Large facilities consume a large amount of land and typically locate where it is relatively cheap. Other industries can overcome high land costs by building upward. Land is scarce in Manhattan, so companies that locate there are either not land-intensive or consume land in a more efficient way through the use of tall buildings.

In some industries, natural resources are a key input of production. The classic examples are the steel mills in Pittsburgh, which located there to benefit from proximity to iron ore deposits. The same is true of oil companies. For such extraction industries, proximity to natural resources is a key location consideration to reduce transportation costs.

REGULATORY ENVIRONMENT

Local business climates and the region's soft infrastructure, which includes governance (government, law enforcement, and emergency services), also are key to business location.

The role of taxes is the most commonly discussed business climate metric. Taxes are typically applied to income, profits, property, and sales. The largest taxes, which are equal across states, are applied by the Federal government. There are myriad local taxes, however, with which a business must contend. Again, the extent to which taxes shape the location of operations depends on the nature of the business. If cost were the only determinant of business location, tech firms would not be found in Silicon Valley and entertainment firms would not be found in Hollywood — two of the costliest real estate markets in the world. Clearly cost is not the key driver of decisions for some firms, as described above. For other firms, cost-cutting is the primary driver of location, and they will be more sensitive to lower taxes and tax incentives.

Recourse to the law is another key determinant of business location. Consider technology and creative firms that rely on intellectual property protection. The inability to protect against intellectual property theft can be a key factor in decisions about location.

As the next section will demonstrate, firms do not locate in California because it is a cheap place to do business. It is because it has unique attributes: skilled labor, an ecosystem of tech and entertainment firms, and a high quality of life for workers. Low taxes and a low cost of doing business are not relevant factors.

STATE RANKINGS

The previous section outlined factors that influence firm location. One of the key points was that firms in some industries are more sensitive to high costs. As a high-cost state with a historically active government, California is the target of constant refrains: "It's too costly and its businesses are at a competitive disadvantage compared with those in other states." "Taxes are too high, regulations are too strict, and land is too expensive." "California is at a competitive disadvantage compared with other states."

To Prop. 15 opponents, the cost of doing business in California is already high compared with other places, and the proposed ballot initiative would only increase it. This section compares the cost of doing business in California with other states'. This will include rankings of income tax rates, business tax rates, housing costs, commercial rents, and measures of regulation, such as the Wharton national survey of land use regulation. Focus will be placed on rankings of business climate and the key metrics and data that are used to determine the rankings.

Many organizations compile and publish state-level business climate rankings. These are based on measures of state policies and other factors that are thought to affect the health of businesses, and therefore the ability for states to attract new or expanding businesses. The rankings usually fall into two groups: those that consider the business climate in terms of productivity (including measures of quality of life, human capital, and growth potential), and those that emphasize taxes, regulation, and other costs of doing business.

California ranks poorly on many indexes, particularly those focusing on taxes and costs. At the same time, the state's employment, wages, and output continue to grow at or above the national average, raising the question of why California's economic performance is often better than its business climate rankings suggest it should be, and what this implies for the usefulness of these rankings.

TAX AND COST BASED INDEXES

TAX FOUNDATION: 2020 STATE BUSINESS TAX CLIMATE INDEX

Taxes are an inevitable part of the business climate. The State Business Tax Climate Index, produced by the Tax Foundation, distills the many complexities of states' tax systems down to a single metric of overall tax efficiency.

The index is a hierarchical structure built from five components that each focus on a major area of state taxation. The five components and their weighting in the index are individual income tax (30.2%), sales tax (24.0%), corporate income tax (19.7%), property tax (16.6%), and unemployment insurance tax (9.5%). The weighting is based on the degree of variability in tax rates across states, with more weight placed on components with greater variability. Businesses that are comparing states for new or expanded operations will give greater emphasis to tax components when the differences among states are large. Conversely, tax components with little variation among states are likely the areas that businesses deemphasize in their location decisions.

California ranks 48th in the overall index for 2020, with the subcomponent rankings as follows:

- Individual income tax (ranks 49th)
- Sales tax (45th)
- Corporate income tax (28th)
- Property tax (16th)
- Unemployment insurance tax (22nd)

PACIFIC RESEARCH INSTITUTE: SMALL-BUSINESS REGULATION INDEX

This ranking enables the comparison of regulatory requirements among states. The index measures 14 regulatory components that are either positively or negatively associated with small-business economic burdens and relates these to the alternative growth performance of small businesses across states. Each regulatory component is included because of its impact on small-businesses' costs. The regulations will raise the cost of hiring workers, increase operation costs, reduce profit-making options, or create operational uncertainty. When relating the index rankings to small-business performance across states, the study found a strong relationship between the index rankings and small-business economic performance, and further argues that state policymakers who ignore regulatory concerns of small-business owners do so at the expense of a robust small-business economy.¹³

California ranked 50th overall in 2015, with these subcomponent scores:

- State Labor Regulations
 - Workers compensation insurance (ranked 50th)
 - Unemployment insurance (21st)
 - Short-term disability insurance requirements (one of five states that require disability insurance)
 - Minimum wage laws (44th)
 - Expanded Family Medical Leave Act (50th)
 - “Right to work” laws (Not a “right to work” state)
 - Occupational licensing laws (35th)
- Other Business Regulations
 - Land use (42nd)
 - Energy (49th)
 - Tort liability costs (47th)
 - Regulatory flexibility (32nd)
 - Telecommunication (40th)
 - Start-up and filing costs (35th)
 - Alcohol Control States (Not an alcoholic beverage control state)

¹³ Wayne Winegarden, “The 50-State Small Business Regulation Index,” Pacific Research Institute, July 2015, https://www.pacificresearch.org/wp-content/uploads/2017/04/SmBusinessIndex_UpdatedVersion2_web.pdf

WHARTON RESIDENTIAL LAND USE REGULATORY INDEX

This index compares local regulatory environments through factor analysis, which combines component parts into a single index that measures regulatory constraints on development. This index enables comparison of the degree of control over residential land use in each state. California ranks among the most restrictive regulatory environments (ninth-most restrictive state).

Key insights from the data:

- Strong positive correlation across the subcomponents of the index.
 - This means that highly regulated places tend to be highly regulated on all dimensions included in the index, while less regulated places tend to be less regulated on all dimensions.
 - This suggests that regions do not target specific items or issues to regulate.
- Strictness of regulation is positively correlated with measure of community wealth.
 - Richer and more educated places have the highest-regulated land use environments.
- Strictness of regulation is negatively correlated with population density.
 - This suggests that motivation for land use controls is not a fundamental scarcity issue.

Characteristics of regions with the average ranking:

- Two distinct entities such as a zoning commission, city council, or environmental review board that must approve any project requiring a zoning change
- Some density control such as a minimum lot size requirement, but is highly unlikely to be as stringent as a one acre minimum
- Some exactions requirements on developers, with a six-month lag on average between permit application and issuance on standard developments.

More-regulated regions have more intense community and political involvement in the land use control process, are likely to have a one-acre lot size minimum in at least one neighborhood, and some type of open-space requirement, and have much longer permit review times. Most include some type of direct democracy, such as town meetings at which zoning changes are voted on by citizens.

Less-regulated regions have some controls in place, but their density restrictions are much more forgiving, open-space requirements are unlikely to be imposed, and the lag between permit requests and issuance for standard projects is about 90 days.

This aggregate measure comprises 11 subindexes that summarize aspects of the regulatory environment. Nine pertain to local characteristics, and two reflect state court and state legislative/executive branch behavior. In each index, a low value indicates a less restrictive or more laissez faire approach to regulating local housing. Factor analysis is used to create the aggregate index, which then is standardized so that the sample mean is 0 and the standard deviation equals 1.

PRODUCTIVITY AND ECONOMIC GROWTH POTENTIAL INDEXES

FORBES: BEST STATES FOR BUSINESS

Forbes' Best States for Business ranking takes a more holistic approach to rating states' business-friendliness. Rather than focusing strictly on tax structure, the ranking is based on six measures of the overall business climate: business costs, labor supply, regulatory environment, current economic climate, growth prospects, and quality of life. This approach considers the many factors businesses weigh when determining where to expand or develop new business. The ranking uses 40 metrics that together represent the six main areas of consideration.

California ranked 31st overall in 2019, with these subcomponent scores:

- Business cost (ranked 47th)
- Labor supply (25th)
- Regulatory environment (40th)
- Economic climate (1st)
- Growth prospects (10th)
- Quality of life (27th)

The Moody's Analytics Cost of Doing Business Index focuses on the cost of labor, energy, and taxes on business operations. One of the most important factors in determining an area's ability to attract capital and labor is its cost structure. For example, China's cheap labor and subsidized energy costs have enabled it to attract manufacturers from around the globe.¹⁴ Also considered in the business cost ranking is the Tax Foundation's State Business Climate Tax Index.

The ranking of labor supply accounts for the rates of college and high school achievement, using figures from the U.S. Census Bureau. Also considered is net migration and projected population growth over the next five years. In this way, the labor supply ranking accounts for the size, growth and skill level of the available pool. Other factors include the share of the workforce represented by a union and the share of the population age 25 to 34, both of which are collected from the U.S. Census Bureau.

The regulatory environment ranking includes metrics influenced by government policy. The Cato Institute's regulatory component of the Freedom in the 50 States report is used; it incorporates a range of metrics including state taxes, land use regulation, and social policies. Additionally, the regulatory environment ranking includes Moody's bond rating on the state's general obligation debt and metrics on the transportation infrastructure of the state. Another factor in the regulatory component is a measure of the best and worst legal climates for businesses compiled by the U.S. Chamber Institute for Legal Reform. According to the institute, 70% of general counsels who participate in the survey say that a state's lawsuit environment impacts business decisions to expand or locate to an area. The survey focuses on the perceptions of the state's liability system by asking respondents to grade treatment of class action lawsuits, trial judges' impartiality, etc.¹⁵

The economic climate category gauges jobs, income, gross state product growth, and the average unemployment rate over the past five years. This component also incorporates the 1,000 biggest public and private companies by revenue that are headquartered in the state.

¹⁴ Tyler Case, "U.S. Cost of Doing Business: Costs Fall in 2010," Moody's Analytics, DATE, SOURCE

¹⁵ "Legal Climate: Overall Rankings by State," U.S. Chamber Institute for Legal Reform, DATE, <https://www.instituteforlegalreform.com/states>

The economic climate component is backward looking, and the growth prospects component looks forward, incorporating job, income, and gross state product growth forecasts over the next five years from Moody's Analytics. This category also looks at venture capital activity from the PWC MoneyTree survey and entrepreneurial activity tracked by the Kauffman Foundation.

Finally, the quality of life component measures the cost of living via Emsi, school test performance via the Department of Education, and crime rates from the FBI. Also considered is the number of top-ranked four-year colleges in the state from Forbes' annual college rankings, the culture and recreational opportunities based on an index created as part of the Best Places for Business and Careers list, commute times from the Census Bureau, and the United Health Foundation's America's Health Rankings.

WHERE DOES CALIFORNIA STAND?

- California has the eighth-highest corporate income tax rate at 8.84%. California does not have tax brackets, so the 8.84% rate applies to all corporate income, other than that of banks and financials.
- It has the highest individual marginal income tax rate, 13.3%. California does have tax brackets for individuals.
- It has the highest state-level sales tax rate, 7.25%.
- It ranks as one of the worst regulatory environments for land use, based on the Wharton Land Use index (ninth-most restrictive land use environment).
- It ranks 15th in the share of population 25 and older with at least a bachelor's degree.
- It ranks sixth in median household income.
- It ranks second in median home value.
- It ranks 49th in affordability (measured as median home value/median household income).
- It ranks 50th in Pacific Research Institute's Small Business Regulation Index.
- It ranks 31st in Forbes' Best States for Business.

CALIFORNIA'S SECRET SAUCE

Other studies cast California's business climate in a more favorable light. With respect to property taxes, these studies suggest that California has a lower amount because, unlike nearly every other state, its taxes do not apply to the market value of most properties. When this factor is taken into account, many California communities rank better (meaning the amount is lower) than communities in what are considered low-tax states, like Texas.¹⁶

Similarly, research by Ernst & Young, the Council on State Taxation, and the State Tax Research Institute reveals that the total effective business tax rate — measured as the ratio of state and local business taxes to private-sector Gross State Product (the total value of a state's annual production of goods and services by the private sector) — is 4.4%, lower than the national average of 4.7%.¹⁷

¹⁶ https://www.lincolnst.edu/sites/default/files/pubfiles/50-state-property-tax-comparison-for-2019_full.pdf

¹⁷ <https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/fy18-state-and-local-business-tax-burden-study.pdf>

A study by the Public Policy Institute of California found that business climate indexes that focus on productivity and growth potential exhibit no relationship to actual economic growth.¹⁸ In contrast, some of the indexes that focus on taxes and costs demonstrate a clear relationship with employment growth, and a less significant relationship with wage and Gross State Product growth. In particular, they found that a few subindexes, each capturing a narrower set of policies than the overall business index they belong to, exhibit a stronger relationship with economic growth than the broader indexes do.

But factors beyond the control of policy, such as weather, population density, and industry mix, have a stronger relationship with economic growth than the measures included in the indexes, including the tax- and cost-based indexes. California's poor ranking in many business climate indexes focusing on taxes and costs is offset by advantages outside of policy control. The study argues that many concerns about the business climate in California are overstated, because factors beyond the control of policymakers matter more in determining why some states have stronger economic gains than others. They caution, however, that the policies captured in these indexes and subindexes may promote economic growth as well as respond to economic growth, and it is difficult to draw definitive conclusions about the causal relationship between policy changes and faster economic growth.

A study by the Kauffman Foundation further argues that business climate indexes are not informative regarding the actual economic performance of a state. The study argues that many academic studies have uncovered that state rankings had little correlation with economic growth-related indicators at the state level. In other words, high scores in those ranking reports do not reflect better economic performance. The study argues that comparing ranking indexes with aggregate state-level indicators is not appropriate for two reasons. First, the business climate is not an objective reality but people's subjective perceptions. Second, a business climate can be case-specific; that is, the same condition can indicate different business climates depending on types of industries and size of businesses even in the same state.

The study proposes a different approach to examining rankings and business climate by decentralizing the measurement of business climate as much as possible. The study uses a survey of small-business owners to analyze the perception of business climate at the individual level, and also conducts hierarchical models to incorporate, both among and within states, covariates controls for statewide economic performance indicators. Ultimately, the study tests how individual perceptions about business climate are linked with state rankings. The study finds that corporate, individual, and sales taxes are not significant in the perception of the business climate, but property tax is positively correlated (that is, the lower the property tax rate, the better the perception of business climate). The study hypothesizes that only property tax is significant because companies pay property taxes regardless of company size or profits, which could harm small businesses that are not profitable in their first few years of operation.

The results of the study for indexes related to taxes are counterintuitive and go against conventional economics, which assumes that anything that lowers production costs is good for companies. They note that caution needs to be exercised on this subject. If business owners are asked whether lower taxes would help them, we already know the answer will be yes. But the real issue is whether the need represents a significant obstacle to the entrepreneur's success and development. The survey results indicate that corporate and individual income tax rates are not an obstacle, at least not with regard to shaping the perception of business climate. At the same time, regulations and the complexity of the tax code were important. These results indicate that policymakers should consider creating a simpler regulatory environment for businesses, but not necessarily lower taxes.¹⁹

¹⁸ "Business Climate Rankings and the California Economy," Public Policy Institute of California, DATE, https://www.ppic.org/content/pubs/report/R_411JKR.pdf

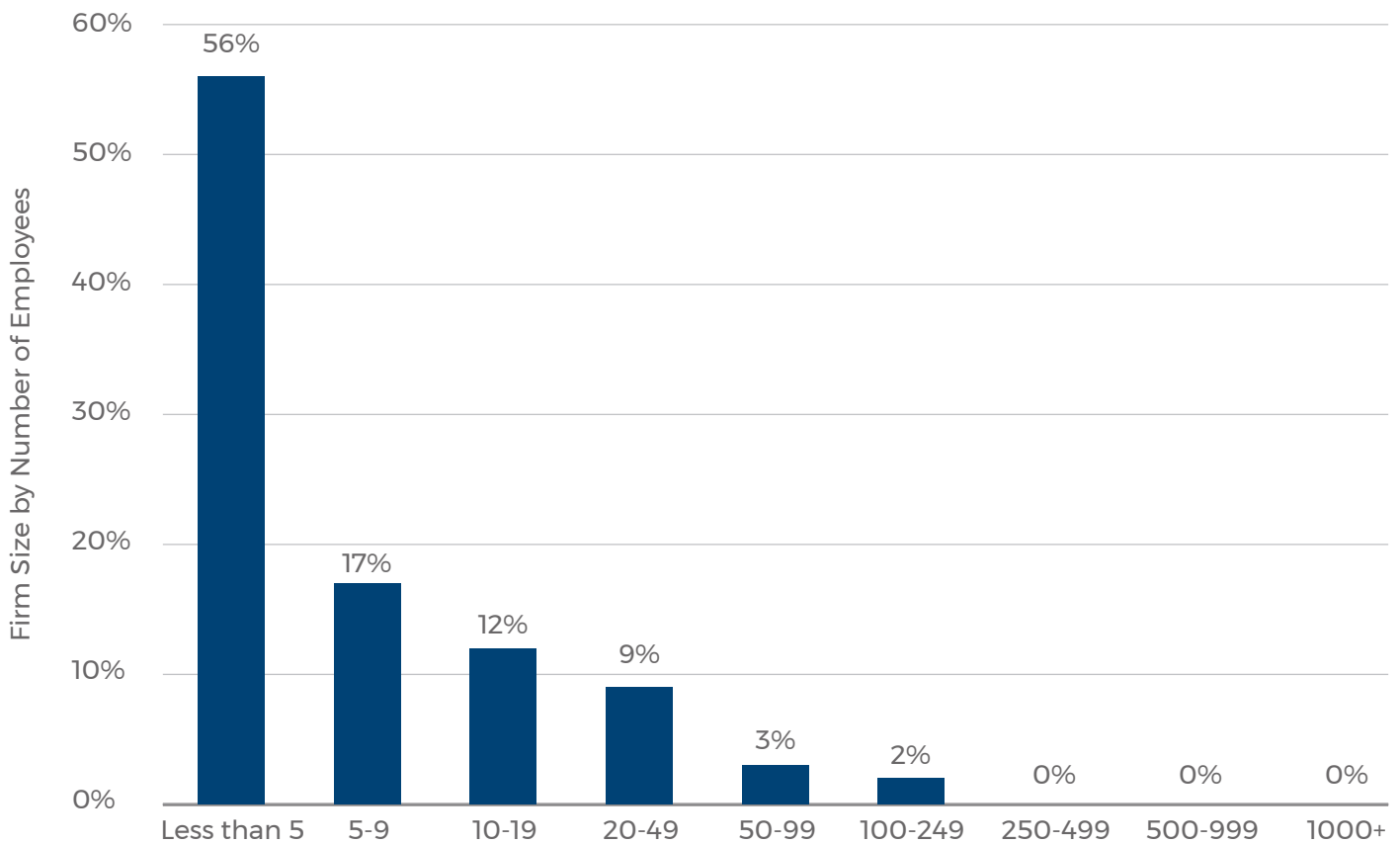
¹⁹ "How Do Business Owners Perceive the State Business Climate?" Kauffman Foundation, DATE, https://www.kauffman.org/wp-content/uploads/2019/12/how_do_business_owners_perceive_state_business_climate.pdf

SMALL BUSINESSES IN CALIFORNIA

One of the central debates surrounding Prop. 15 concerns its potential impact on small businesses. This section describes the small-business landscape in California. There is no universal definition of “small business.” For example, the U.S. Small Business Administration defines a small business in the Manufacturing sector as one with fewer than 500 employees. In California, this definition covers 99.9% of manufacturing firms.

When most observers think of small businesses, they distinguish based on size. California has more than 1 million businesses, and the overwhelming majority are much smaller than the Federal definition suggests. Fifty-six percent of establishments have fewer than five employees, and 17% have five to nine. Altogether, 85% of all California businesses have fewer than 20 employees.

Distribution of Firms by Employee Size



Source: County Business Patterns; Analysis by Beacon Economics, LLC

The following table shows the concentration of business establishments across sectors. The table breaks establishments into size categories. In the first column, all establishments, regardless of size, are divided across sectors. In columns two and three, establishments with one to 20 employees and one to 50 employees are divided across sectors. The patterns are similar across each size category. There is a slightly higher share of Finance and Insurance and Real Estate and Rental Leasing firms in the smaller establishment categories, and a slightly lower share of Accommodation and Food Services firms in the smaller establishment categories.

Distribution of Firms by Sector

	All Establishments	1-20 Employees	1-50 Employees
Agriculture, Forestry, Fishing and Hunting	0.3%	0.3%	0.2%
Mining, Quarrying, and Oil and Gas Extraction	0.1%	0.0%	0.0%
Utilities	0.1%	0.0%	0.0%
Construction	9.1%	9.6%	9.3%
Manufacturing	3.8%	3.2%	3.4%
Wholesale Trade	5.9%	5.9%	5.9%
Retail Trade	11.1%	10.9%	11.2%
Transportation and Warehousing	2.7%	2.5%	2.5%
Information	2.7%	2.5%	2.5%
Finance and Insurance	5.7%	6.1%	5.8%
Real Estate and Rental and Leasing	6.0%	6.8%	6.3%
Professional, Scientific, and Technical Services	13.1%	14.2%	13.6%
Management of Companies and Enterprises	0.5%	0.3%	0.3%
Administrative, Support, Waste Management and Remediation Services	5.2%	4.9%	4.9%
Educational Services	1.5%	1.2%	1.3%
Health Care and Social Assistance	11.8%	12.1%	12.1%
Arts, Entertainment, and Recreation	2.5%	2.5%	2.3%
Accommodation and Food Services	9.5%	7.8%	9.5%
Other Services (except Public Administration)	8.2%	9.0%	8.6%
Public Administration	0.1%	0.1%	0.1%

Source: County Business Patterns; Analysis by Beacon Economics, LLC

The following table displays the share of small-business establishments across each industry category. Establishments with one to five employees account for 58% of all establishments in the state. Those with one to 20 employees account for 89% of all establishments, 94% of Real Estate and Rental Leasing firms, 92% of Other Services companies — a category that includes hair and nail salons — and 37% of Utilities companies.

Small Firms Share of Total by Sector

	1-5 Employee Establishments Share of Total	1-20 Employee Establishments Share of Total
All Establishments	58%	89%
Agriculture, Forestry, Fishing and Hunting	63%	69%
Mining, Quarrying, and Oil and Gas Extraction	31%	47%
Utilities	32%	37%
Construction	64%	89%
Manufacturing	40%	70%
Wholesale Trade	53%	83%
Retail Trade	43%	82%
Transportation and Warehousing	57%	77%
Information	58%	78%
Finance and Insurance	60%	89%
Real Estate and Rental and Leasing	77%	94%
Professional, Scientific, and Technical Services	71%	91%
Management of Companies and Enterprises	29%	44%
Administrative, Support, Waste Management and Remediation Services	57%	79%
Educational Services	46%	69%
Health Care and Social Assistance	52%	86%
Arts, Entertainment, and Recreation	71%	81%
Accommodation and Food Services	28%	69%
Other Services (except Public Administration)	62%	92%
Public Administration	89%	89%

Source: County Business Patterns; Analysis by Beacon Economics, LLC

Establishments with one to five employees account for about 9% of all employment. Those with one to 19 employees account for 27%.

Prop. 15 could impact business costs in two primary ways. First, it would lead to higher property tax payments for commercial landowners with properties valued at greater than \$3 million, especially longtime owners. Second, increases in property taxes for landlords could be passed through to commercial renters.

But as mentioned, Prop. 15 contains protections for small businesses, including an exemption for commercial and industrial properties with a combined value at or below \$3 million; an exemption for home-based businesses; deferred reassessment until the 2025-26 lien date of properties in which small businesses account for 50% or more of the occupied spaces; and the elimination of the business tangible personal property tax on equipment and fixtures for small businesses.

Opponents of Prop. 15 say small businesses subject to triple net leases will be adversely affected by Prop. 15, because such leases are not protected by some of the initiative's provisions. A triple net lease is one in which the tenant or lessee is responsible for the ongoing expenses of the property, including real estate taxes, building insurance, and maintenance, in addition to paying the rent and utilities. The following analysis considers the impact of the law on triple net lease holders.



METHODS AND DATA

This analysis uses Real Estate Information Services (REIS) Network data from Moody's Analytics. The data set provides property level statistics covering a range of variables. Beacon Economics used these data to estimate factors determining commercial rents in California, focusing on the counties of Alameda, Contra Costa, Fresno, Los Angeles, Orange, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, San Mateo, and Santa Clara. These counties include those that form the state's core economic hubs on the coast and inland counties that have a different type of economy.

From these 12 counties, a list of 371,163 properties was generated. A number of data fields for certain properties were missing; for example, no rent value was listed for most properties. When each property with missing data was removed from the variables of interest, 12,325 properties remained. Alameda County had 8% of the properties in the sample, Contra Costa 3%, Fresno 2%, Los Angeles 27%, Orange 11%, Sacramento 9%, San Bernardino 8%, San Diego 15%, San Francisco 3%, San Joaquin 2%, San Mateo 3% and Santa Clara 9%. Moody's Analytics confirmed that the remaining properties in the data represented a random sample of the properties in Moody's data set.

To analyze these data, Beacon Economics employed an ordinary least squares hedonic regression, which measures how various factors contribute to the per-square-foot rent of units in a given commercial property. The dependent variable, therefore, is the log of per-square-foot rent for a given property. The natural logarithm of rents and other variables are used to normalize the distribution of the data.

In regression analysis, the goal is to include as many variables (controls) as possible that might account for differences in rent among buildings. As mentioned, a number of factors could affect the rent of a given commercial property. Beacon Economics' primary relationship of interest is between the year a building was sold and the rent charged. Because property taxes are determined by the date of sale, how the year of sale affects rents is important to understand. Property taxes can also be reassessed after construction or renovations. The REIS data set identifies the year a property was last renovated. For the year-of-reassessment variable, therefore, the most recent year that either a sale or renovation occurred is used. The year of sale or renovation is subtracted from 2020 to yield the number of years since a sale or renovation occurred. If the time of sale or renovation affects a property's rents, the higher the number of years since each occurred should be associated with lower per-square-foot rents. Again, Beacon Economics takes the natural logarithm of this variable.

Location also affects rent. Those with better access to freeways, customers, or specialized workers can command a premium. Indeed, companies pay a premium to locate in San Francisco and the Silicon Valley to access tech workers. For each property, the extent to which rents are determined by the property's city and submarket is controlled for. The 12 counties are further divided into 159 submarkets, which are a distinct part or neighborhood of a larger market. In commercial real estate, a market is typically a city or a metropolitan area, and a submarket is a smaller area within the market, such as a commercial district. The logic for including submarket rents is that rent of a given property is largely shaped by the prevailing area rent. Each of these location variables are included to account for the fact that rents are higher in some locations because of higher demand.

Rent is also determined by the type of activity that occurs on a given property. Beacon Economics allows for the fact that rent could be determined by whether a property is devoted to office, warehouse, retail, or research and development activities by including a dummy variable for each of these activities.

Property-specific factors, such as age, size, and vacancy rate, also influence rent. The higher a building’s vacancy rate, the lower the rent; vacancy rates are a measure of demand. Older properties command lower rents, after accounting for other factors. Larger buildings, because they are more inclined to be land-intensive, also command higher rents. This analysis includes a variable for each of these factors.

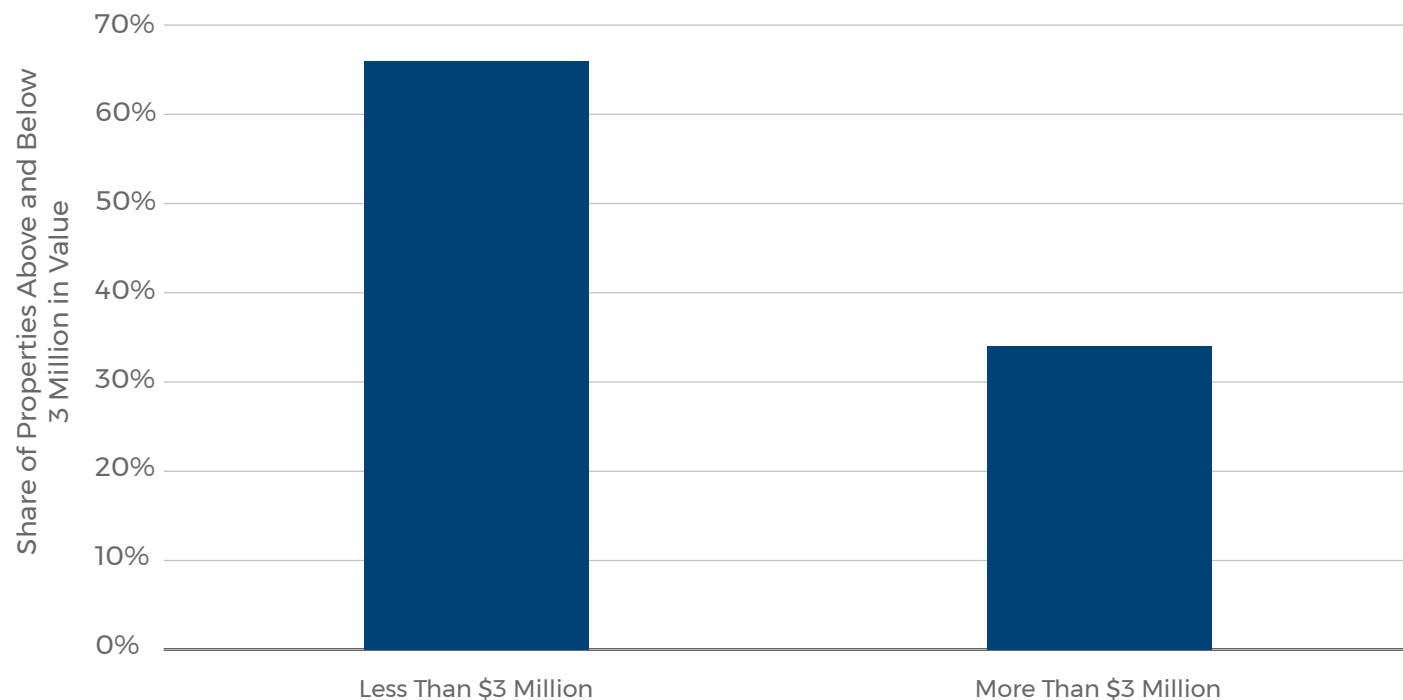
Two final predictors of rents are employed. The first is the wages paid in a given location. The idea is that locations where companies pay higher wages are “premium,” containing advanced economic activities, and that firms pay a premium to locate there. Finally, the nature of activities in a given area is controlled for. Rents are affected, for example, by whether an area has a high concentration of heavy industry rather than a lot of office space. To assess this, a variable measuring the share of firms in a location in the Professional Services sector of the economy is included. Data for each variable are drawn from the Census Bureau’s Zip Business Patterns.

THE NUMBER OF PROPERTIES SUBJECT TO PROP. 15

Recall that Prop. 15 doesn’t apply to properties of less than \$3 million in value. Using the REIS data for the 12 counties, properties for which a sale price is not identified are removed. The data are restricted to properties that were sold in 2018, 2019 and 2020 to get a sense of relatively current property valuations. This leaves a sample of 22,005 properties. In this sample of the data, the median property sold for \$1.6 million.

Furthermore, 66% of these properties sold for less than \$3 million. These figures show that most properties in California would be exempt from Prop. 15.

California Property Sales by Value 2018-2020



Source: Reis; Analysis by Beacon Economics, LLC

STATISTICAL FINDINGS

Below are the results of the regression analysis. The results from five models are displayed. The first estimates the determinants of rent for all commercial properties in the dataset. The other models divide properties across sector type: Office, Retail, Warehouse and Distribution, and Flex R&D properties.

	All Commercial Properties		Office		Retail		Warehouse and Distribution		Flex R&D	
	Coefficient	T-Statistic	Coefficient	T-Statistic	Coefficient	T-Statistic	Coefficient	T-Statistic	Coefficient	T-Statistic
Years Since Sale or Renovation	-0.0006	-1.21	-0.0018	-3.31	0.0005	0.48	0.0011	1.64	0.0011	1.64
Building Age	-0.0826	-16.58	-0.0012	-5.03	-0.0042	-6.49	-0.0034	-9.26	-0.0034	-9.26
Ratio of Property Assessed Value to Average Submarket Property Assessed Value	0.1608	12.31	0.1703	8.92	0.1265	3.82	0.0681	2.54	0.0681	2.54
Log of Size of Building (square feet)	0.0426	13.46	0.0881	18.94	0.0351	3.87	-0.0147	-2.54	-0.0147	-2.54
Vacancy Rate	-0.0061	-0.54	-0.0046	-0.26	-0.3060	-5.05	0.0159	0.94	0.0159	0.94
Log of Average Submarket Rent (per sq. ft)	0.3000	18.34	0.5298	15.84	0.1999	2.17	-0.1782	-2.27	-0.1782	-2.27
Share of Local Businesses in Professional Services	0.0118	14.5	0.0045	3.94	0.0109	3.89	0.0078	4.21	0.0078	4.21
Log of Submarket Wages	0.0875	6.47	0.0693	3.78	0.0212	0.57	0.0728	2.04	0.0728	2.04
Number of Observations	11,301		4,290		1,353		2,575		1,911	
R-squared	0.8501		0.7179		0.573		0.5037		0.6207	

Source: Needed

T-statistics with values of greater than 1.96 or less than -1.96 are statistically significant, with a 95% level of confidence, meaning the observed results are real and not an error caused by anomalies in the data.

R-squared (R²) represents the proportion of the dependent variable that's explained by an independent variable or variables in a regression model.

The results reveal that factors other than the year a property was sold or renovated are the primary drivers of rent.

- O Local rents are the biggest determinant of a given commercial property's rent per square foot. That is, rent is determined by local market conditions, specifically, the average rent per square foot in the property's submarket. This relationship is statistically significant, with a 95% level of confidence. As commercial rents in a given submarket increase 1%, the rent of a given property increases 0.3%. This shows that "hot" commercial property markets have higher rents.
- O Increased Professional and Business Services economic activity is positively associated with rent in a given building. This relationship is statistically significant, with a 95% level of confidence. As the share of jobs in Professional and Business Services increases 10%, rents increase 0.1%.
- O In higher-wage areas, rents are higher. This relationship is statistically significant, with a 95% level of confidence. As wages in a community increase 10%, rents increase 1%.
- O Building size is a determinant; as building size increases 10%, rent increases 3%. This relationship is statistically significant, with a 95% level of confidence.
- O Older buildings command lower rents. A building 10 years older than another has rents 0.8% lower, other variables constant. This relationship is statistically significant, with a 95% level of confidence.
- O The length of time since a property was sold or renovated does not have a statistically significant relationship with commercial rents. For most property types, if assessed value is lower than market value, rent is not influenced. In other words, if under Prop. 15 many properties are reassessed to current market value, this would not influence rents, based on the properties studied in this analysis.

If triple net leases were affected by property tax reassessment in some wholesale manner, this should show up in the results. That is, if rents increased for thousands of tenants each time properties were reassessed, it would be revealed in the findings.

For the most part, these findings hold across all property types except for office properties. For office properties, the length of time since a property was sold does have a positive and statistically significant impact on rents: The further back a property is sold or renovated, the lower the rent. For each year in the past that a property is sold, rents increase 0.1%. To place this figure in context, if a property that was last sold 10 years ago were revalued for the current period, this would be associated with a one-time 1% increase in rent.

To expand on the findings of this analysis, imagine identical properties side by side. Opponents of Prop. 15 contend that because rents are driven by property taxes paid by landowners, one property would command lower rents because it was bought before the other property. This analysis reveals that rents are driven by other factors.



DISCUSSION AND CONCLUSION

This paper has considered a number of ways in which small businesses in California could be affected by Prop. 15. Based on the sample of properties in this analysis, most properties would not be affected. The report includes a comprehensive statistical analysis of the factors that determine commercial rents in the state. Recall that one of the key arguments against Prop. 15 is that, if older properties are reassessed to current market values, rents will increase, leading to job losses and business displacement. The analysis in this report reveals that the year of purchase is not a key determinant of rents. In fact, in most instances, the year a property was bought has little impact on rents. Rather, rents are determined by local economic conditions, local real estate market conditions, and property-specific characteristics, such as size and age.

APPENDIX

The following tables display California's position in various business ranking indexes.

State Tax Rankings

Corporate Income Tax

State	Top Margin at Rate (%)	Brackets	State	Top Margin at Rate (%)	Brackets
Nevada	0.000	No	New York	6.500	No
Ohio	0.000	No	Tennessee	6.500	No
South Dakota	0.000	No	West Virginia	6.500	No
Texas	0.000	No	Montana	6.750	No
Washington	0.000	No	Idaho	6.925	No
Wyoming	0.000	No	Kansas	7.000	Yes
North Carolina	2.500	No	Rhode Island	7.000	No
Missouri	4.000	No	Connecticut	7.500	No
North Dakota	4.310	Yes	Oregon	7.600	Yes
Florida	4.450	No	New Hampshire	7.700	No
Colorado	4.630	No	Nebraska	7.810	Yes
Arizona	4.900	No	Wisconsin	7.900	No
Utah	4.950	No	Louisiana	8.000	Yes
Kentucky	5.000	no	Massachusetts	8.000	No
Mississippi	5.000	Yes	Maryland	8.250	No
South Carolina	5.000	No	Vermont	8.500	Yes
Indiana	5.500	No	Delaware	8.700	No
Georgia	5.750	No	California	8.840	No
New Mexico	5.900	Yes	Maine	8.930	Yes
Michigan	6.000	No	Alaska	9.400	Yes
Oklahoma	6.000	No	Illinois	9.500	No
Virginia	6.000	No	Minnesota	9.800	No
Hawaii	6.400	Yes	Pennsylvania	9.990	No
Alabama	6.500	No	New Jersey	10.500	Yes
Arkansas	6.500	Yes	Iowa	12.000	Yes

Source: Tax Foundation; Analysis by Beacon Economics, LLC

State Tax Rankings

Individual Income Tax

State	Top Margin at Rate (%)	Brackets	State	Top Margin at Rate (%)	Brackets
Alaska	0.00	No	Missouri	5.40	Yes
Florida	0.00	No	Kansas	5.70	Yes
Nevada	0.00	No	Georgia	5.75	Yes
South Dakota	0.00	No	Maryland	5.75	Yes
Texas	0.00	No	Virginia	5.75	Yes
Washington	0.00	No	Rhode Island	5.99	Yes
Wyoming	0.00	No	Louisiana	6.00	Yes
Tennessee	1.00	No	West Virginia	6.50	Yes
North Dakota	2.90	Yes	Arkansas	6.60	Yes
Pennsylvania	3.07	No	Delaware	6.60	Yes
Indiana	3.23	No	Nebraska	6.84	Yes
Michigan	4.25	No	Montana	6.90	Yes
Arizona	4.50	Yes	Idaho	6.93	Yes
Colorado	4.63	No	Connecticut	6.99	Yes
Ohio	4.80	Yes	South Carolina	7.00	Yes
New Mexico	4.90	Yes	Maine	7.15	Yes
Illinois	4.95	No	Wisconsin	7.65	Yes
Utah	4.95	No	Iowa	8.53	Yes
Alabama	5.00	Yes	Vermont	8.75	Yes
Kentucky	5.00	No	New York	8.82	Yes
Massachusetts	5.00	No	Minnesota	9.85	Yes
Mississippi	5.00	Yes	Oregon	9.90	Yes
New Hampshire	5.00	No	New Jersey	10.75	Yes
Oklahoma	5.00	Yes	Hawaii	11.00	Yes
North Carolina	5.25	No	California	13.30	Yes

Source: Tax Foundation; Analysis by Beacon Economics, LLC

State Tax Rankings

State-Level Sales Tax

State	Rate (%)	State	Rate (%)
Alaska	0.00	Idaho	6.00
Delaware	0.00	Iowa	6.00
Montana	0.00	Kentucky	6.00
New Hampshire	0.00	Maryland	6.00
Oregon	0.00	Michigan	6.00
Colorado	2.90	Pennsylvania	6.00
Alabama	4.00	South Carolina	6.00
Georgia	4.00	Vermont	6.00
Hawaii	4.00	West Virginia	6.00
New York	4.00	Utah	6.10
Wyoming	4.00	Illinois	6.25
Missouri	4.23	Massachusetts	6.25
Louisiana	4.45	Texas	6.25
Oklahoma	4.50	Connecticut	6.35
South Dakota	4.50	Arkansas	6.50
North Carolina	4.75	Kansas	6.50
North Dakota	5.00	Washington	6.50
Wisconsin	5.00	New Jersey	6.63
New Mexico	5.13	Nevada	6.85
Virginia	5.30	Minnesota	6.88
Maine	5.50	Indiana	7.00
Nebraska	5.50	Mississippi	7.00
Arizona	5.60	Rhode Island	7.00
Ohio	5.75	Tennessee	7.00
Florida	6.00	California	7.25

Source: Tax Foundation; Analysis by Beacon Economics, LLC

Tax Foundation's Business Climate Tax Index Rankings

State	Overall Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Property Tax Rank	Unemployment Insurance Tax Rank
Wyoming	1	1	1	6	39	27
South Dakota	2	1	1	35	22	44
Alaska	3	26	1	5	25	46
Florida	4	9	1	23	13	2
Montana	5	21	25	3	12	20
New Hampshire	6	43	9	1	44	45
Nevada	7	25	5	44	10	47
Oregon	8	33	38	4	18	36
Utah	9	12	10	22	5	15
Indiana	10	11	15	20	2	25
Delaware	11	50	41	2	6	3
Michigan	12	18	12	9	24	17
Texas	13	47	6	36	38	12
Missouri	14	5	24	24	7	9
North Carolina	15	3	16	21	34	10
North Dakota	16	19	20	27	3	13
Colorado	17	7	14	37	14	43
Tennessee	18	24	8	47	31	24
Washington	19	41	6	49	27	19
Arizona	20	22	17	40	8	6
Idaho	21	29	26	12	4	48
New Mexico	22	20	31	41	1	8
West Virginia	23	15	28	18	17	29
Kentucky	24	17	18	14	36	49
Virginia	25	14	35	11	32	41
Wisconsin	26	30	37	7	23	37
Oklahoma	27	8	33	39	19	1
Nebraska	28	31	21	10	41	11
Pennsylvania	29	46	19	17	21	42
South Carolina	30	4	34	31	30	26
Mississippi	31	10	27	34	37	5
Georgia	32	6	36	29	28	39
Maine	33	38	22	8	43	32
Kansas	34	35	23	38	20	14
Illinois	35	36	13	33	40	40
Massachusetts	36	39	11	13	48	50
Hawaii	37	16	47	30	11	28
Ohio	38	42	44	32	9	7
Rhode Island	39	40	29	25	45	31
Alabama	40	23	30	50	15	18
Louisiana	41	37	32	48	33	4
Iowa	42	48	42	15	35	35
Maryland	43	32	45	19	42	33
Vermont	44	45	39	16	49	16
Minnesota	45	44	46	28	26	34
Arkansas	46	34	40	46	29	23
Connecticut	47	27	43	26	50	21
California	48	28	49	45	16	22
New York	49	13	48	43	46	38
New Jersey	50	49	50	42	47	30

Source: Tax Foundation; Analysis by Beacon Economics, LLC

Forbes' Best States for Business Ranking

State	Overall Rank	Business Cost Rank	Labor Supply Rank	Regulatory Environment Rank	Economic Climate Rank	Growth Prospects Rank	Quality of Life Rank
North Carolina	1	4	9	1	13	13	16
Texas	2	3	10	21	4	1	15
Utah	3	23	2	6	8	7	9
Virginia	4	30	3	3	20	24	1
Florida	5	31	11	7	3	5	18
Georgia	6	19	15	9	7	11	23
Tennessee	7	10	27	4	11	14	29
Washington	8	15	4	29	6	8	30
Colorado	9	39	1	19	2	4	21
Idaho	10	28	19	8	10	2	24
Nebraska	11	10	18	2	28	36	19
Indiana	12	7	40	5	25	25	7
Nevada	13	5	26	14	14	6	48
South Dakota	14	1	22	13	39	20	28
Minnesota	15	40	7	16	16	27	3
South Carolina	16	21	20	17	15	12	39
Iowa	17	6	36	11	36	35	10
Arizona	18	38	12	18	12	3	35
Massachusetts	19	48	5	37	5	15	4
Oregon	20	27	6	36	9	9	38
Wisconsin	21	33	30	10	19	37	8
Missouri	22	20	37	25	26	18	17
Delaware	23	2	13	42	37	19	43
Oklahoma	24	8	38	15	31	33	31
New Hampshire	25	41	8	32	21	22	22
North Dakota	26	16	14	22	45	26	42
Pennsylvania	27	14	33	35	23	40	12
New York	28	29	34	34	18	21	14
Ohio	29	25	41	26	22	44	2
Montana	30	24	17	28	35	17	45
California	31	47	25	40	1	10	27
Wyoming	32	22	39	12	49	23	36
Arkansas	33	12	42	20	33	39	41
Maryland	34	36	16	41	27	29	26
Michigan	35	37	44	22	17	41	13
Kansas	36	35	24	24	32	42	32
Illinois	37	26	35	39	30	45	11
Kentucky	38	18	47	33	41	34	25
New Jersey	39	49	23	49	29	30	5
Alabama	40	32	43	27	38	31	44
Rhode Island	41	44	29	44	40	32	20
Mississippi	42	17	49	30	46	47	37
Connecticut	43	45	31	43	42	48	6
Maine	44	43	27	48	34	28	34
Vermont	45	46	21	45	43	38	33
Louisiana	46	9	48	47	47	46	47
Hawaii	47	50	32	38	24	49	40
New Mexico	48	34	46	46	44	15	49
West Virginia	49	13	50	50	48	50	46
Alaska	50	42	45	31	50	43	50

Source: Forbes; Analysis by Beacon Economics, LLC

Wharton Residential Land Use Regulation Index

State	Rank	Index Value	State	Rank	Index Value
Kansas	1	-1.11	Virginia	26	-0.2
Louisiana	2	-1.07	Illinois	27	-0.17
Indiana	3	-1.02	New York	28	-0.12
Missouri	4	-1.02	New Mexico	29	-0.08
Alaska	5	-1.01	Utah	30	-0.05
South Dakota	6	-1.01	Michigan	31	0.03
Iowa	7	-0.99	Oregon	32	0.09
Alabama	8	-0.94	Wisconsin	33	0.09
West Virginia	9	-0.93	Minnesota	34	0.1
Arkansas	10	-0.87	Vermont	35	0.33
Mississippi	11	-0.83	Connecticut	36	0.35
South Carolina	12	-0.75	Pennsylvania	37	0.36
Oklahoma	13	-0.7	Florida	38	0.38
Nebraska	14	-0.67	Colorado	39	0.51
Tennessee	15	-0.67	Delaware	40	0.51
Idaho	16	-0.62	Arizona	41	0.6
Kentucky	17	-0.58	California	42	0.62
North Dakota	18	-0.55	Maine	43	0.64
Nevada	19	-0.45	Washington	44	0.71
Texas	20	-0.45	Maryland	45	0.81
Wyoming	21	-0.43	New Jersey	46	0.89
Ohio	22	-0.37	New Hampshire	47	1.37
Montana	23	-0.33	Massachusetts	48	1.52
North Carolina	24	-0.33	Rhode Island	49	1.56
Georgia	25	-0.2	Hawaii	50	2.34

Source: University of Pennsylvania Wharton Business School, Samuel Zell Rober Lurie Real Estate Center

Note: A lower index value reflects a less restrictive regulatory environment. Index values have been standardized with mean 0 and standard deviation 1.

Housing Affordability

State	Median Household Income (\$)	Median Home Value (\$)	Affordability	State	Median Household Income (\$)	Median Home Value (\$)	Affordability
West Virginia	44,097	107,789	2.4	Maryland	83,242	309,182	3.7
Oklahoma	51,924	130,001	2.5	North Carolina	53,855	203,661	3.8
Iowa	59,955	153,281	2.6	New Hampshire	74,991	291,293	3.9
Kansas	58,218	151,212	2.6	Delaware	64,805	254,717	3.9
Ohio	56,111	150,835	2.7	Virginia	72,577	285,587	3.9
Arkansas	47,062	128,777	2.7	Alaska	74,346	301,660	4.1
Indiana	55,746	156,102	2.8	Wyoming	61,584	252,310	4.1
Alabama	49,861	140,030	2.8	New Jersey	81,740	336,389	4.1
Mississippi	44,717	126,788	2.8	Vermont	60,782	259,920	4.3
Kentucky	50,247	147,685	2.9	New Mexico	47,169	204,856	4.3
Nebraska	59,566	176,239	3.0	Maine	55,602	244,413	4.4
Missouri	54,478	162,980	3.0	Florida	55,462	246,107	4.4
Michigan	56,697	173,481	3.1	Arizona	59,246	270,320	4.6
Illinois	65,030	202,609	3.1	Rhode Island	64,340	301,867	4.7
Pennsylvania	60,905	195,178	3.2	New York	67,844	328,397	4.8
Wisconsin	60,773	202,523	3.3	Utah	71,414	350,841	4.9
Connecticut	76,348	255,746	3.3	Montana	55,328	279,288	5.0
Texas	60,629	207,829	3.4	Nevada	58,646	302,437	5.2
Georgia	58,756	201,713	3.4	Idaho	55,583	288,029	5.2
Louisiana	47,905	167,376	3.5	Massachusetts	79,835	423,344	5.3
Tennessee	52,375	186,747	3.6	Colorado	71,953	398,753	5.5
South Carolina	52,306	187,337	3.6	Washington	74,073	412,988	5.6
Minnesota	70,315	257,609	3.7	Oregon	63,426	364,382	5.7
South Dakota	56,274	206,437	3.7	California	75,277	556,815	7.4
North Dakota	63,837	235,722	3.7	Hawaii	80,212	638,007	8.0

Source: Zillow, U.S. Census Bureau

Note: Affordability = median home value / median household income (that is, a lower affordability number implies a more affordable state)

Education of Workforce

State	Share (%)	State	Share (%)
Massachusetts	44.5	Florida	30.4
Colorado	41.7	Texas	30.3
Maryland	40.8	Alaska	30.2
New Jersey	40.8	Wisconsin	30.0
Connecticut	39.6	Arizona	29.7
Virginia	39.3	North Dakota	29.7
Vermont	38.7	Michigan	29.6
New York	37.2	Missouri	29.5
New Hampshire	36.8	South Dakota	29.2
Minnesota	36.7	Iowa	29.0
Washington	36.7	Ohio	29.0
Illinois	35.1	South Carolina	28.3
Utah	34.9	Idaho	27.7
Rhode Island	34.4	New Mexico	27.7
California	34.2	Tennessee	27.5
Oregon	34.0	Indiana	27.1
Kansas	33.8	Wyoming	26.9
Hawaii	33.5	Oklahoma	25.6
Nebraska	32.4	Alabama	25.5
Georgia	31.9	Nevada	24.9
North Carolina	31.9	Kentucky	24.8
Pennsylvania	31.8	Louisiana	24.3
Montana	31.7	Arkansas	23.3
Maine	31.5	Mississippi	23.2
Delaware	31.3	West Virginia	21.3

Source: U.S. Census Bureau



Understanding the Impact of Proposition 15 on Small Businesses in California

September 2020



DATE: October 6, 2020

TO: Board of Directors

FROM: Heather Dyer, CEO/General Manager
Wen Huang, Chief Engineer/Deputy General Manager

SUBJECT: Consider the Agreement between California Department of Parks and Recreation, San Bernardino Regional Water Resources Authority, Valley District, and the City of San Bernardino with respect to Bryce E. Hanes Park

At the Special Meeting on August 5, 2020, the Board of Directors approved the Cooperative Agreement - Terminating the Joint Exercise of Powers Agreement, Dissolving the San Bernardino Regional Water Resources Authority, and Providing for the Long-Term Maintenance of Bryce E. Hanes Park, with the City of San Bernardino (City). Following the approval, Staff has been working cooperatively with the City and the State of California Department of Parks and Recreation (State) to finalize the arrangement to transfer the maintenance and operations responsibility of the Park to the City. To facilitate the transfer, Staff recommends that the Board of Directors authorize the CEO/General Manager to execute the attached Agreement.

Background

In 1998, the City of San Bernardino (City), San Bernardino Valley Municipal Water District (District), and the Inland Valley Development Agency entered into a Joint Exercise of Powers Agreement, creating a joint powers authority (JPA) to be known as the San Bernardino Regional Water Resources Authority (Authority). The JPA Agreement was amended and restated in 2013. The intent of the JPA Agreement, as amended, was to form an eligible entity so that City, with District's involvement, could accept and use a grant of \$5 million awarded under the Proposition 84 Statewide Park Program for the construction of a municipal park at the northwest corner of Ninth Street and "E" Street in the City of San Bernardino.

The Bryce E. Hanes Park (Park) was constructed and administered by the Authority using the Proposition 84 Statewide Park Program grant money, pursuant to Contract No. C6905064,

entered into on February 23, 2015, by and between the State of California, Department of Parks and Recreation (State) and the Authority. District has maintained its operation since 2017.

As a wholesale water agency which entered into this project as a partner in order to help our neighbor, the City, overcome constraints related to the grant award, District never intended to own and operate the Park long-term. The Amended Joint Exercise of Powers Agreement reflects that intention by contemplating City's involvement in administration, management and maintenance, and ultimate takeover, of the Park.

Since the completion of the Park, District staff has been working with City staff to discuss transferring the administration, management, and maintenance of the park from Authority/District to the City. Through recent discussions, a Cooperative Agreement (attached), drafted by District Counsel and the City Attorney's Office to outline detailed arrangements, has been subsequently approved by both District's Board of Directors and the City Council, respectively, at their meetings on August 5, 2020. Among other things, this Cooperative Agreement includes that the City agrees to take over the responsibility for operations and maintenance of the Bryce E. Hanes Park until June 30, 2041 and the District provides a one-time payment of \$2 million for financial assistance and a commitment of up to \$250k for water conservation and education elements for the Seccombe Lake Park Project, should the City successfully secure State grant funding for the Project.

Following the approval, Staff has been working cooperatively with the City and the State to finalize the arrangement to transfer the maintenance and operations responsibility of the Park to the City. The attached draft agreement, for consideration by the Board of Directors, has been developed collectively by the State, the City and Valley District counsel. Among other things, the intent of the Agreement is for the Authority to assign, transfer, convey, sell, and deliver to the City, all of Authority's rights, obligations and interest in the State Contract No. C6905064. This Agreement in its substantive format, has been approved by the City Council at their meeting on August 5, 2020 and by the Authority at the Commission Meeting on August 10, 2020, respectively.

Recommendations:

It is recommended that the Board of Directors authorize the CEO/General Manager to execute Agreement between California Department of Parks and Recreation, San Bernardino Regional Water Resources Authority, Valley District, and the City of San Bernardino subject to non-substantive edits suggested by the State Counsel and approved by House Counsel.

Attachments:

1. Cooperative Agreement between Valley District and the City of San Bernardino
2. Agreement between California Department of Parks and Recreation, San Bernardino Regional Water Resources Authority, Valley District, and the City of San Bernardino

**COOPERATIVE AGREEMENT TERMINATING THE JOINT EXERCISE OF
POWERS AGREEMENT, DISSOLVING THE SAN BERNARDINO REGIONAL
WATER RESOURCES AUTHORITY, AND PROVIDING FOR THE LONG-TERM
MAINTENANCE OF BRYCE HANES PARK**

This **COOPERATIVE AGREEMENT** (“*Cooperative Agreement*”) by and between the **CITY OF SAN BERNARDINO**, a charter city and municipal corporation (“*City*”), and the **SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**, a municipal water district and public agency (“*District*”), is made and entered into as of August 10, 2020 (“*Effective Date*”). City and District are sometimes individually referred to as “*Party*” and collectively as “*Parties*.”

RECITALS

A. City, District, and the Inland Valley Development Agency (“*IVDA*”) entered into that certain Joint Exercise of Powers Agreement, dated August 26, 1998 (“*Original JPA Agreement*”), creating a joint powers authority to be known as the San Bernardino Regional Water Resources Authority (“*Authority*”).

B. The Original JPA Agreement was amended and restated, and IVDA was removed as a member of the Authority, by that certain Amended and Restated Joint Exercise of Powers Agreement, dated April 16, 2013 (“*Restated JPA Agreement*”), and further amended by that certain First Amendment to Amended and Restated Joint Exercise of Powers Agreement, dated August 5, 2013 (“*First Amendment*” and, together with the Original JPA Agreement and the Restated JPA Agreement, “*Joint Powers Agreement*”).

C. The intent of the Joint Powers Agreement, as amended, was to form an eligible entity so that City, with District’s involvement, could accept and use a grant of \$5 million awarded under the Proposition 84 Statewide Park Program for the construction of a municipal park at the northwest corner of Ninth Street and “E” Street in the City of San Bernardino.

D. Under the Proposition 84 Statewide Park Program, City submitted an application to the State of California, Department of Parks and Recreation (“*State*”), requesting a grant of Five Million Dollars (\$5,000,000.00) to be used in connection with the construction of a municipal park at the northwest corner of Ninth Street and “E” Street in the City of San Bernardino.

E. City received a conditional approval letter dated June 20, 2013, from the State, wherein the State agreed to transfer a grant of Five Million Dollars (\$5,000,000.00) for construction of a park in the City of San Bernardino from City to the Authority, subject to certain grant conditions.

F. Bryce E. Hanes Park (“*Park*”) was constructed and administered by the Authority using the Proposition 84 Statewide Park Program grant money, pursuant to that certain Contract No. C6905064, entered into on or about February 23, 2015, by and between the State and the Authority (as amended, “*State Contract*”), and District has operated and maintained the Park since 2017.

G. The Park is located on that certain real property commonly known as 900 North E Street, City of San Bernardino, County of San Bernardino, State of California, and more particularly identified as Assessor's Parcel No. 0140-143-54 ("**Park Property**"), plus an approximately 8'-wide strip of property adjacent to the westerly edge of the Park Property located in the former right-of-way vacated per Document No. 2015-0433869 of Official Records of San Bernardino County in the City of San Bernardino, County of San Bernardino, State of California, and owned by District ("**Easement Area**").

H. The Joint Powers Agreement reflects the intention of the Parties by contemplating City's involvement in administration, management, and maintenance, and ultimate takeover of the Park.

I. Over the last few months, District and City have negotiated several proposals, subject to approval by the State, for a one-time payment of certain amounts to assist City with operations and maintenance costs, contingent upon City taking ownership and control of the Park and assuming the responsibility for the operation and maintenance of the Park in accordance with the State Contract.

J. After negotiations, District agreed to disburse a one-time payment of \$2 million for financial assistance to provide for ongoing operation and maintenance of the Park, subject to City satisfying certain conditions.

K. District has also agreed to commit up to \$250,000 towards water conservation and education elements for the Seccombe Lake Park Project ("**Seccombe Lake Project**"), should City successfully secure State grant funding for the Seccombe Lake Project.

L. Upon City's taking ownership and control of the Park and assuming the Authority's grant obligations to the State under the State Contract as a result of such ownership, the Authority will have fulfilled its purposes.

M. The Parties now desire to provide for transfer of ownership of the Park Property from the Authority to City, City's assumption of the Authority's grant obligations under the State Contract (subject to State approval), District's disbursement to City of a one-time payment for ongoing operation and maintenance of the Park Property, District's commitment to the Seccombe Lake Project should it proceed, and the ultimate dissolution of the Authority.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants hereinafter contained and for good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

TERMS OF AGREEMENT

1. Incorporation of Recitals. The Parties hereby affirm the facts set forth in the Recitals above. Said Recitals are incorporated into this Cooperative Agreement by this reference.

2. Escrow. Within two (2) business days after the Effective Date ("**Opening of Escrow**"), the Parties shall establish an escrow account for the purpose of consummating the

transactions contemplated by this Cooperative Agreement (“**Escrow**”) at First American Title Insurance Company, Attn: Kelly Simoneau, Senior Commercial Escrow Officer, 3281 East Guasti Road, Suite 440, Ontario, California 91761, (909) 510 6200, ksimoneau@firstam.com (“**Escrow Holder**”). This Cooperative Agreement shall constitute instructions to Escrow Holder. The Parties will execute additional instructions, documents, and forms provided by Escrow Holder that are reasonably necessary to close the Escrow, as directed by Escrow Holder, within three (3) days after receipt of same.

a. *Close of Escrow.* The closing of the transactions contemplated in this Cooperative Agreement (“**Closing**”) shall be held in escrow through Escrow Holder within forty-five (45) days after the Opening of Escrow (“**Closing Date**”); provided, however, the Parties may extend the Closing Date by mutual agreement in writing, which consent may be provided by the City Manager on behalf of City and by the General Manager on behalf of District. Notwithstanding anything contained herein to the contrary, in the event that the Closing has not occurred on or before the Closing Date as amended by the Parties, this Cooperative Agreement shall automatically terminate in all respects, in which case neither Party shall have any further rights or obligations under this Cooperative Agreement and each Party shall bear its own costs incurred concerning this Cooperative Agreement.

3. Authority Actions. Within ten (10) business days following the Effective Date, the Parties shall cause the Authority to hold a special meeting at which the Authority’s Commission shall consider a resolution (“**Resolution**”) for the following actions:

a. Transfer of the Park Property to City at no cost to City through a grant deed (“**Deed**”) in substantially the form attached as **Exhibit “A”** to this Cooperative Agreement;

b. Assignment to City of all of the Authority’s grant obligations with respect to the State under the State Contract, subject to the written consent of the State in compliance with Section II.M of the State Contract. Said assignment shall include approval of any necessary adjustment to the deed restriction on the Park Property necessitated by this assignment and the release of Authority from future obligations under the State Contract; and

c. A finding that all necessary preconditions to the termination of the Authority will be satisfied upon completion of the transfer and assignment described above, including the resolution of all debts, the assignment of all agreements and liabilities, and the distribution of all assets.

While it is recognized that the representatives of the Parties are free to vote as they choose when acting as Members of the Commission, affirmative action on the foregoing items shall be a condition precedent to the obligations of the Parties, including the close of escrow contemplated herein, under Sections 4 and 5 of this Cooperative Agreement.

4. District’s Commitments.

a. *District Escrow Deposits.* No later than the business day immediately preceding the Closing, District shall deliver to Escrow Holder the following:

i. The sum of Two Million Dollars (\$2,000,000) as a one-time payment for financial assistance to City to provide for ongoing operation and maintenance of the Park (“*Financial Assistance Payment*”);

ii. A duly executed and notarized Grant of Easement (“*Grant of Easement*”) granting to City, at no cost to City, an easement over the Easement Area in substantially the form attached as *Exhibit “B”* to this Cooperative Agreement;

iii. An executed closing statement reasonably acceptable to District;
and

iv. Such additional documents as shall be reasonably required by Escrow Holder to consummate the transaction contemplated by this Cooperative Agreement.

b. *Seccombe Lake Project Commitment.* Upon the Closing of Escrow as contemplated in this Cooperative Agreement, District shall provide a financial commitment of up to an additional Two Hundred Fifty Thousand Dollars (\$250,000), subject to City’s successful award of the State grant funding for the Seccombe Lake Project. The financial assistance would be provided in the form of reimbursements for activities completed by City such as water use efficient irrigation system retrofit, drought-tolerant gardens and landscaping, and water conservation educational elements completed under the proposed State grant for the Seccombe Lake Project. District’s financial commitment can be included in City’s Seccombe Lake Project grant application.

c. *District Indemnification.* Upon the Closing of Escrow as contemplated in this Cooperative Agreement, to the fullest extent permitted by law, District shall indemnify, defend, and hold harmless City and its agents, officers, officials, and employees from and against any and all claims, demands, actions, causes of action, suits, proceedings, costs, expenses, liabilities, judgments, awards, decrees, settlements, loss, damage or injury of any kind, in law or equity (collectively, “*Claims*”) that arise out of, pertain to, or are incident to District’s operation of the Park and Park Property prior to and including the Closing of Escrow.

5. City Commitments.

a. *City Escrow Deposits.* No later than the business day immediately preceding the Closing, City shall deliver to Escrow Holder the following:

i. A duly adopted Resolution of the Authority approving all of the actions described in Section 3 of this Cooperative Agreement;

ii. A duly executed and notarized Deed from the Authority, including a duly executed certificate of acceptance from City in substantially the form attached as Exhibit “A” to this Cooperative Agreement;

iii. A duly executed and notarized Grant of Easement, including a duly executed certificate of acceptance from City in substantially the form attached as Exhibit “B” to this Cooperative Agreement;

iv. A duly executed Assignment Agreement (“*Assignment Agreement*”) by and among City, the Authority, and the State assigning to and assuming by City, as successor to the Authority, all of the Authority’s grant obligations with respect to the State imposed under the State Contract and releasing the Authority from all future obligations under the State Contract, with the written approval and consent of the State in compliance with Sections II.I.6 and II.M of the State Contract;

v. An executed preliminary change of ownership report in the form prescribed by the San Bernardino County Recorder;

vi. An executed closing statement reasonably acceptable to City; and

vii. Such additional documents as shall be reasonably required by Escrow Holder to consummate the transaction contemplated by this Cooperative Agreement.

b. Upon the Closing of Escrow as contemplated in this Cooperative Agreement, City shall be responsible for, and District and the Authority shall have no further obligation with respect to, the operation and maintenance of the Park pursuant to the State Contract.

c. Upon the Closing of Escrow as contemplated in this Cooperative Agreement, to the fullest extent permitted by law, City shall indemnify, defend, and hold harmless District and its agents, officers, officials, and employees from and against any and all Claims that arise out of, pertain to, or are incident to the operation of the Park and Park Property from and after the Closing of Escrow.

6. Conditions Precedent to Closing of Escrow.

a. *Joint Conditions Precedent to Obligation of the Parties.* The Authority’s adoption of a Resolution approving all of the actions described in Section 3 shall be a concurrent condition precedent for City and District, respectively, to consummate the transactions under this Cooperative Agreement.

b. *Conditions Precedent to Obligation of City.* The obligation of City to consummate the transactions under this Cooperative Agreement shall be subject to the fulfillment on or before the Closing Date of all of the following conditions, any or all of which may be waived by City in its sole discretion:

i. District shall have delivered to Escrow Holder all of the items required to be delivered to Escrow Holder pursuant to the terms of this Cooperative Agreement, including without limitation those provided for in Section 4.a; and

ii. District shall have performed and observed in all material respects all covenants and agreements of this Cooperative Agreement to be performed and observed by District as of the Closing Date.

c. *Conditions Precedent to Obligation of District.* The obligation of District to consummate the transactions under this Cooperative Agreement shall be subject to the

fulfillment on or before the Closing Date of all of the following conditions, any or all of which may be waived by District in its sole discretion:

i. City shall have delivered to Escrow Holder all of the items required to be delivered to Escrow Holder pursuant to the terms of this Cooperative Agreement, including without limitation those provided for in Section 5.a; and

ii. City shall have performed and observed in all material respects all covenants and agreements of this Cooperative Agreement to be performed and observed by City as of the Closing Date.

7. Credits and Prorations.

a. All expenses of the Park Property shall be apportioned between District and City on the basis of a 30-day month as of 12:01 a.m. (Pacific Time) on the Closing Date as if City were vested with title to the Property during the entire day upon which Closing occurs.

b. The provisions of this Section 7 shall survive the Closing.

8. Transaction Taxes and Closing Costs.

a. District and City shall execute such returns, questionnaires, and other documents as shall be required with regard to all applicable real property transaction taxes imposed by applicable federal, state, or local law or ordinance.

b. *District Costs.* District shall pay the following costs and expenses:

i. The fees of any counsel representing District in connection with this transaction, except as otherwise provided in this Cooperative Agreement;

ii. All escrow fees which may be charged by the Escrow Holder incurred in connection with the transactions contemplated in this Cooperative Agreement;

iii. All recording fees incurred in connection with the transfer of the Park Property; and

iv. Any other closing costs, if any, not expressly provided for herein.

c. *City Costs.* City shall pay the following costs and expenses:

i. The fees of any counsel representing City in connection with this transaction, except as otherwise provided in this Cooperative Agreement;

ii. The premium for any policy of title insurance to be issued to City at Closing, provided that City has elected to purchase such coverage, and the fee for all endorsements thereto;

iii. Any documentary transfer taxes or similar taxes that become payable by reason of the transfer of the Park Property; and

d. All costs and expenses incident to this transaction and the Closing that are not specifically described above, shall be paid by the Party incurring the same.

e. The provisions of this Section 8 shall survive the Closing.

9. Termination of Joint Powers Agreement and Dissolution of the Authority. Upon the Closing of Escrow as contemplated in this Cooperative Agreement:

a. The Parties agree that the following preconditions to termination of the Authority have been fulfilled: (i) all revenue bonds and other forms of indebtedness of the Authority have been paid; (ii) the termination of the Joint Powers Agreement will not adversely affect the operation, repair, maintenance, improvement or administration of the Park Property or any other Water Resources Project, as that term is defined in the Joint Powers Agreement; and (iii) the termination of the Joint Powers Agreement is not contrary to the language, spirit, or intent of any contract or grant agreement entered into by the Authority with the United States, the State of California, or any department, administration, or agency of either government;

b. The Parties agree that no Authority assets or surplus monies remain to be distributed or transferred in accordance with Section 12(b) of the Joint Powers Agreement; and

c. The Joint Powers Agreement shall be deemed terminated by the unanimous consent of the Parties pursuant to Section 12(a) of the Joint Powers Agreement and the Authority shall be deemed dissolved. Notice of the termination shall be sent by District to the office of the Secretary of State pursuant to Government Code § 6503.5.

10. Term and Termination. Subject to termination as provided in Section 2.a, this Cooperative Agreement shall remain in effect until both Parties have fulfilled all the terms and conditions herein.

11. Miscellaneous Terms.

a. Amendment. This Cooperative Agreement may be amended at any time by the mutual consent of the Parties by an instrument in writing signed by both Parties.

b. Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Cooperative Agreement, the language of this Cooperative Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Except as expressly stated otherwise, any term referencing time, days or period for performance shall be deemed calendar days and not business days. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Cooperative Agreement.

c. Entire Agreement. This Cooperative Agreement constitutes the entire and integrated agreement with respect to the subject matter hereof and supersedes any and all prior and contemporaneous oral or written negotiations, representations or agreements.

d. Notices, Demands and Communications Between the Parties. Any notice to be given or to be served upon either Party hereto in connection with this Cooperative

Agreement must be in writing and shall be deemed to have been given and received: (i) when personally delivered; (ii) two (2) days after it is sent by Federal Express or similar overnight courier, postage prepaid and addressed to the Party for whom it is intended, at that Party's address specified below; (iii) three (3) days after it is sent by certified or registered United States mail, return receipt requested, postage prepaid and addressed to the Party for whom it is intended, at that Party's address specified below; or (iv) as of the date of electronic mail transmission addressed to the Party for whom it is intended, at that Party's electronic mail address specified below subject to written verification of receipt by the receiving party, and provided that an original of such notice is also sent to the intended addressee by means described in clauses (i), (ii), or (iii) within two (2) business days after such transmission. Either Party may change the place for the giving of notice to it at any time by written notice to the other Party as provided herein.

If to City: City of San Bernardino
Attn: City Manager
290 North D Street
San Bernardino, CA 92401
Telephone: (909) 384-5122
E-Mail: ledoux_te@sbcity.org

with a copy to: City of San Bernardino
Attn: City Attorney
290 North D Street
San Bernardino, CA 92401
Telephone: (909) 384-5355
E-Mail: attorney@sbcity.org

If to District: San Bernardino Valley Municipal Water District
Attn: CEO/General Manager
380 East Vanderbilt Way
San Bernardino, CA 92408
Telephone: (909) 387-9200
E-Mail: heatherd@sbumwd.com

with a copy to: Varner & Brandt LLP
Attn: Brendan W. Brandt
3750 University Avenue, Suite 610
Riverside, CA 92501
Telephone: (951) 274-7777
E-Mail: brendan.brandt@varnerbrandt.com

e. Counterparts. This Cooperative Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument. Signatures may be delivered electronically and shall be binding upon the Parties as if they were originals.

f. Laws and Regulations. Each Party shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of this Cooperative Agreement, and shall give all notices required by law. Each Party shall be liable for all violations of such laws and regulations in connection with this Cooperative Agreement. If either Party performs any of its obligations hereunder knowing that its actions are contrary to such laws, rules and regulations and without giving written notice to the other, the violating Party shall be solely responsible for all costs arising therefrom.

g. Approvals. Approvals required by Parties, or any officers, agents or employees thereof, shall not be unreasonably withheld and approval or disapproval shall be given within a reasonable time.

h. Mutual Cooperation; Further Actions and Instruments. Each of the Parties shall cooperate with and provide reasonable assistance to the other to the extent contemplated hereunder in the performance of all obligations under this Cooperative Agreement and the satisfaction of the conditions of this Cooperative Agreement. Each Party agrees to perform any further acts and to execute and deliver any documents which may be reasonably necessary to carry out the provisions of this Cooperative Agreement.

i. Third Party Beneficiaries. This Cooperative Agreement and the performance of the Parties obligations hereunder are for the sole and exclusive benefit of City and District. No person or entity who or which is not a signatory to this Cooperative Agreement shall be deemed to be benefited or intended to be benefited by any provision hereof, and no such person or entity shall acquire any rights or causes of action against either City or District hereunder as a result of a Party's performance or non-performance of its obligations under this Cooperative Agreement.

j. Relationship of Parties. The Parties agree and intend that City and District are independent contracting entities and do not intend by this Cooperative Agreement to create any partnership, joint venture, or similar business arrangement, relationship or association between them.

k. Governing Law. This Cooperative Agreement shall be governed by the laws of the State of California without regard to conflicts of laws principles. This Cooperative Agreement shall be deemed to have been made in the County of San Bernardino, California, regardless of the order of the signatures of the Parties affixed hereto. Any litigation or other legal proceedings which arise under or in connection with this Cooperative Agreement shall be conducted in a federal or state court located within or for San Bernardino County, California. The Parties consent to the personal jurisdiction and venue in federal or state court located within the County of San Bernardino, California, and hereby waive any defenses or objections thereto including defenses based on the doctrine of forum *non conveniens*.

l. Waiver. No delay or omission in the exercise of any right or remedy of a non-defaulting Party on any default shall impair such right or remedy or be construed as a waiver. Either Parties' consent or approval of any act by the other Party requiring its consent or approval shall not be deemed to waive or render unnecessary its consent to or approval of any subsequent act of the other Party. Any waiver by either Party of any default must be in writing

and shall not be a waiver of any other default concerning the same or any other provision of this Cooperative Agreement.

m. Rights and Remedies are Cumulative. Except with respect to rights and remedies expressly declared to be exclusive in this Cooperative Agreement, the rights and remedies of the Parties are cumulative and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

n. Legal Counsel. Each Party acknowledges that: (i) it has read this Cooperative Agreement; (ii) it has had the opportunity to have this Cooperative Agreement explained to it by legal counsel of its choice; (iii) it is aware of the content and legal effect of this Cooperative Agreement; and (iv) it is not relying on any representations made by the other Party or any of the employees, agents, representatives, or attorneys of the other Party, except as expressly set forth in this Cooperative Agreement.

o. Severability. In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Cooperative Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Cooperative Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder.

p. Binding Effect. The terms of this Cooperative Agreement shall inure to the benefit of, and shall be binding upon, each of the Parties and their respective successors and assigns.

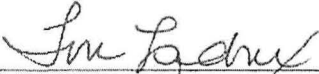
q. Authorized Representatives. The person or persons executing this Cooperative Agreement on behalf City and District warrant and represent that they have the authority to execute this Cooperative Agreement on behalf of that Party and that they have the authority to bind that Party to the performance of its obligations hereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Cooperative Agreement to be entered into as of the Effective Date set forth above.

CITY OF SAN BERNARDINO

**SAN BERNARDINO VALLEY
MUNICIPAL WATER DISTRICT**

By: 
Teri Ledoux, City Manager

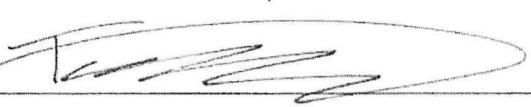
By: Heather Dyer Digitally signed by Heather Dyer Date: 2020.08.12 15:38:31 -07'00'
Heather Dyer, General Manager


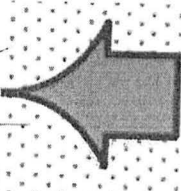
Date: 8-10-2020

Date: 8/12/20

APPROVED AS TO LEGAL FORM:

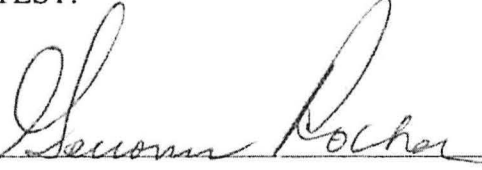
APPROVED AS TO LEGAL FORM:

By: 
Best Best & Krieger LLP, City Attorney

By:  
Brendan W. Brandt
Varner & Brandt LLP, General Counsel

ATTEST:

ATTEST:

By: 
Genoveva Rocha, Acting City Clerk

By: Cindy Saks Digitally signed by Cindy Saks Date: 2020.08.12 15:46:32 -07'00'
Clerk of the Board

EXHIBIT "A"
FORM OF GRANT DEED

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

First American Title Insurance Company
Attn: Kelly Simoneau, Senior Commercial
Escrow Officer
3281 East Guasti Road, Suite 440
Ontario, California 91761

MAIL TAX STATEMENTS TO:

City of San Bernardino
Attn: City Manager
290 North D Street
San Bernardino, California 92401

APN: 0140-143-54

SPACE ABOVE LINE FOR RECORDER'S USE
NO FEE PER GOVERNMENT CODE SECTIONS 6103, 27383 AND
REVENUE AND TAXATION CODE SECTION 11922

GRANT DEED

The undersigned Grantor(s) declare(s): Documentary Transfer Tax \$_____; City Transfer Tax \$_____

computed on the consideration or full value of property conveyed, OR

computed on the consideration or full value less value of liens and/or encumbrances remaining at time of sale,

unincorporated area; City of San Bernardino

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, **SAN BERNARDINO REGIONAL WATER RESOURCES AUTHORITY**, a California joint powers authority ("**Grantor**"), does hereby **GRANT** to **CITY OF SAN BERNARDINO**, a California charter city and municipal corporation ("**Grantee**"), the following described real property located in the County of San Bernardino, State of California:

See Exhibit "1"

SAID PROPERTY IS CONVEYED SUBJECT TO all liens, encumbrances, easements, covenants, conditions and restrictions of record, and all matters that would be disclosed or apparent by a survey and/or an inspection of the Property.

In consideration of the issuance of the Grant Funds by the STATE OF CALIFORNIA DEPARTMENT OF PARKS AND RECREATION ("**State**"), the undersigned Grantee hereby irrevocably covenants with the State that the conditions of the grant as set forth in the Grant Agreement between the Grantee and the State, the terms of which are incorporated herein by reference, shall at all times on and after the date on which this Deed Restriction is recorded constitute for all purposes covenants, conditions, and restrictions on the use and enjoyment of the Property that are hereby attached to the deed to the Property as fully effective components thereof.

1. **DURATION.** This Deed Restriction shall remain in full force and effect and shall bind Grantee and all its assigns or successors-in-interest until June 30, 2041, or upon mutual written agreement between the Grantee and the State.

2. **SEVERABILITY.** If any provision of these restrictions is held to be invalid, or for any reason becomes unenforceable, no other provision shall be affected or impaired.

IN WITNESS WHEREOF, Grantor has caused its name to be affixed hereto and this instrument to be executed by its duly authorized officer and the provisions of this Grant Deed are hereby approved and accepted by Grantee.

Dated: _____, 2020.

GRANTOR:

**SAN BERNARDINO REGIONAL WATER
RESOURCES AUTHORITY**

[Exhibit purposes only; not for execution]

By: _____

Name: _____

Its: _____

Dated: _____, 2020.

GRANTEE:

CITY OF SAN BERNARDINO

[Exhibit purposes only; not for execution]

By: _____

Teri Ledoux
City Manager

APPROVED AS TO FORM:

[Exhibit purposes only; not for execution]

By: _____

Best Best & Krieger LLP
City Attorney

ATTEST:

[Exhibit purposes only; not for execution]

By: _____

Genoveva Rocha
Acting City Clerk

EXHIBIT "1" TO GRANT DEED

LEGAL DESCRIPTION

[TO BE ADDED BY ESCROW]

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[Exhibit purposes only; not for execution]

Notary Public

(Seal)

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)

On _____ before me, _____, Notary Public, personally appeared **TERI LEDOUX**, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[Exhibit purposes only; not for execution]

Notary Public

(Seal)

PUBLIC AGENCY CERTIFICATE OF ACCEPTANCE

(Government Code Section 27281)

This is to certify that the real property conveyed by the SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT (“Grantor”), on the Grant Deed dated _____, 2020 to the CITY OF SAN BERNARDINO, a charter city and municipal corporation (“Grantee”), is hereby accepted by the undersigned officer on behalf of the Grantee, pursuant to the authority conferred by the City Council, and the Grantee consents to recordation thereof by its duly authorized officer.

Dated: _____, 2020.

GRANTEE:

CITY OF SAN BERNARDINO

[Exhibit purposes only; not for execution]

By: _____

Teri Ledoux
City Manager

EXHIBIT "B"

FORM OF GRANT OF EASEMENT

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

First American Title Insurance Company
Attn: Kelly Simoneau, Senior Commercial
Escrow Officer
3281 East Guasti Road, Suite 440
Ontario, California 91761

APNs: 0140-143-52, 0140-143-55

SPACE ABOVE LINE FOR RECORDER'S USE
NO FEE PER GOVERNMENT CODE SECTIONS 6103, 27383 AND
REVENUE AND TAXATION CODE SECTION 11922

GRANT OF EASEMENT

THIS GRANT OF EASEMENT is made as of _____, 2020, by and between **SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**, a California municipal water district and public agency ("**Grantor**"), and **CITY OF SAN BERNARDINO**, a California charter city and municipal corporation ("**Grantee**"). Grantor and Grantee are sometimes hereinafter referred to individually as "**Party**" and collectively as "**Parties.**"

RECITALS

A. Bryce E. Hanes Park ("**Park**") was constructed and administered by Grantor on behalf of the San Bernardino Regional Water Resources Authority, a California joint powers authority ("**Authority**"), using Proposition 84 Statewide Park Program grant money from the State of California, Department of Parks and Recreation ("**State**"), pursuant to that certain Contract No. C6905064, entered into on or about February 23, 2015 (as amended, "**State Contract**"), by and between the State and the Authority.

B. Contemporaneous with this Grant of Easement, City is taking ownership and control of the Park and assuming the Authority's grant obligations to the State under the State Contract as a result of such ownership.

C. Grantor desires to grant to Grantee, and Grantee desires to acquire from Grantor, an easement within a portion of Grantor's property located in the former right-of-way vacated per Document No. 2015-0433869 of Official Records of San Bernardino County in the City of San Bernardino, County of San Bernardino, State of California, as more particularly described and depicted in **Exhibit "1"** and **Exhibit "2"**, respectively, attached hereto and incorporated herein by this reference ("**Easement Area**"), to be used in connection with the City's use of adjacent property with Assessor's Parcel Number 0140-143-54.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants hereinafter contained and for good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

TERMS OF AGREEMENT

1. The Parties hereby affirm the facts set forth in the Recitals above. Said Recitals are incorporated into this Grant of Easement by this reference.

2. Grantor hereby grants to Grantee an exclusive easement over, on, and across the Easement Area in connection with the City's use of the adjacent property with Assessor's Parcel Number 0140-143-54 ("*Easement*"). This Easement shall remain in full force and effect in perpetuity. Grantor expressly reserves for itself and its successors and assigns the right to use the Easement Area or to grant other easements or licenses at the same location so long as such uses do not unreasonably interfere with the rights herein granted.

3. This Easement is subject to all liens, encumbrances, covenants, conditions, restrictions, reservations, contracts, leases and licenses, easements, and rights of way pertaining to the Easement Area, whether or not of record. The use of the word "grant" shall not imply any warranty on the part of the Grantor with respect to the Easement or the Easement Area.

4. Grantee shall comply with all applicable laws, ordinances, and regulations, including without limitation all applicable regulatory, environmental, and safety requirements, at Grantee's sole cost and expense.

5. Grantee shall not use, deposit, or permit the use or deposit of any hazardous material or toxic waste or other harmful substances in, on, or about the Easement Area.

6. This Grant of Easement is made on the express condition that Grantor is to be free from all liability by reason of injury or death to persons or injury to property from whatever cause arising out of or related to the exercise of any rights granted pursuant to this Easement or use of the Easement Area, including without limitation any liability for injury or death to the person or property of Grantee or Grantee's contractors, agents, officers, members, employees, invitees, or licensees or to any property under the control or custody of Grantee, by Grantee or Grantee's contractors, agents, officers, members, employees, invitees, or licensees. Grantee and its successors and assigns shall indemnify, defend, and hold harmless Grantor and its successors and assigns, and the directors, officers, employees, contractors, agents, and representatives of each of them, from and against any and all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies of whatever nature, including reasonable attorneys' fees (collectively, "*Claims*"), arising out of or related to the exercise of any rights granted pursuant to this Easement or use of the Easement Area by Grantee or Grantee's contractors, agents, officers, members, employees, invitees, or licensees or the general public; provided, however, Grantee's indemnification obligations shall not apply to the extent such Claims are caused solely by the willful or grossly negligent acts of Grantor.

7. This Grant of Easement contains the entire agreement between the Parties relating to the rights herein granted and the obligations herein assumed. Any oral representations or modifications concerning this Grant of Easement shall be of no force or effect except in a subsequent modification in writing, signed by the Party to be charged.

8. This Grant of Easement shall bind and inure to the benefit of the respective successors and assigns of the Parties hereto.

IN WITNESS WHEREOF, Grantor has caused its name to be affixed hereto and this instrument to be executed by its duly authorized officer and the provisions of this Grant of Easement are hereby approved and accepted by Grantee.

Dated: _____, 2020.

GRANTOR:

**SAN BERNARDINO VALLEY MUNICIPAL
WATER DISTRICT**

[Exhibit purposes only; not for execution]

By: _____

Name: _____

Its: _____

Dated: _____, 2020.

GRANTEE:

CITY OF SAN BERNARDINO

[Exhibit purposes only; not for execution]

By: _____

Teri Ledoux
City Manager

APPROVED AS TO FORM:

[Exhibit purposes only; not for execution]

By: _____

Best Best & Krieger LLP
City Attorney

ATTEST:

[Exhibit purposes only; not for execution]

By: _____

Genoveva Rocha
Acting City Clerk

**EXHIBIT "1" TO GRANT OF EASEMENT
LEGAL DESCRIPTION OF EASEMENT AREA**

[TO BE ADDED BY ESCROW]

**EXHIBIT “2” TO GRANT OF EASEMENT
DEPICTION OF EASEMENT AREA**

[TO BE ADDED BY ESCROW]

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[Exhibit purposes only; not for execution]

_____ (Seal)
Notary Public

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)

On _____ before me, _____, Notary Public, personally appeared **TERI LEDOUX**, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[Exhibit purposes only; not for execution]

Notary Public

(Seal)

PUBLIC AGENCY CERTIFICATE OF ACCEPTANCE

(Government Code Section 27281)

This is to certify that the real property conveyed by the SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT (“Grantor”), on the Grant of Easement dated _____, 2020 to the CITY OF SAN BERNARDINO, a charter city and municipal corporation (“Grantee”), is hereby accepted by the undersigned officer on behalf of the Grantee, pursuant to the authority conferred by the City Council, and the Grantee consents to recordation thereof by its duly authorized officer.

Dated: _____, 2020.

GRANTEE:

CITY OF SAN BERNARDINO

[Exhibit purposes only; not for execution]

By: _____
Teri Ledoux
City Manager

AGREEMENT BETWEEN CALIFORNIA DEPARTMENT OF PARKS AND RECREATION, THE SAN BERNARDINO REGIONAL WATER RESOURCES AUTHORITY, THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT, AND THE CITY OF SAN BERNARDINO

This Agreement (“Agreement”) by and among the CALIFORNIA DEPARTMENT OF PARKS AND RECREATION (“Parks,” or “Grantor”), SAN BERNARDINO REGIONAL WATER RESOURCES AUTHORITY, a joint powers authority (“Authority,” or “Grantee”), SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT (“District”), and the CITY OF SAN BERNARDINO, a charter city and municipal corporation (“City”), is made and entered into as of [***INSERT DATE***], 2020. Parks, Authority, District, and City may be referred to in this Agreement individually as “Party” and collectively as “the Parties.” City, District and Authority shall together be referred to herein as “Grantees.”

RECITALS

A. City, District, and the Inland Valley Development Agency (“IVDA”) entered into that certain Joint Exercise of Powers Agreement, dated August 26, 1998 (“Original JPA Agreement”), creating a joint powers authority to be known as the San Bernardino Regional Water Resources Authority (“Authority”).

B. The Original JPA Agreement was amended and restated, and IVDA was removed as a member of the Authority, by that certain Amended and Restated Joint Exercise of Powers Agreement, dated April 16, 2013 (“Restated JPA Agreement”), and further amended by that certain First Amendment to Amended and Restated Joint Exercise of Powers Agreement, dated August 5, 2013 (“First Amendment” and, together with the Original JPA Agreement and the Restated JPA Agreement, “Joint Powers Agreement”).

C. The intent of the Joint Powers Agreement, as amended, was to form an eligible entity so that City, with District’s involvement, would be qualified to apply for a grant from Parks under the Proposition 84 Statewide Park Program.

D. Authority did apply for a Proposition 84 grant, and was awarded a \$5 million grant on or about February 23, 2015, Contract Number C6905064 (“Grant Contract”), for the construction of a municipal park at the northwest corner of Ninth Street and “E” Street in the City of San Bernardino, which was named “Bryce E. Hanes Park”.

E. Bryce E. Hanes Park (“Park”) was constructed and administered by Grantee using the Proposition 84 Statewide Park Program grant money, pursuant to the Grant Contract, and District has operated and maintained the Park since 2017 pursuant to the Joint Powers Agreement. The Grant Contract is attached hereto as Exhibit “A” and its provisions are fully incorporated herein by reference.

F. The Park is located on that certain real property commonly known as 900 North E Street, City of San Bernardino, County of San Bernardino, State of California, and more particularly identified as Assessor’s Parcel No. 0140 143-54 (“Park Property”), plus an approximately 8’ wide strip of property adjacent to the westerly edge of the Park Property located in the former right-of-way vacated per Document No. 2015-0433869 of Official Records of San

Bernardino County in the City of San Bernardino, County of San Bernardino, State of California, and owned by District (“Easement Area”).

G. On August 10, 2020, City and District entered into an agreement (“Cooperative Agreement”) to provide for transfer of ownership of the Park Property from Grantee to City, District’s disbursement to City of a one-time payment for ongoing operation and maintenance of the Park Property, District’s commitment to the Seccombe Lake Project should it proceed, and the ultimate dissolution of the Authority. The Cooperative Agreement is attached hereto as Exhibit “B” and incorporated herein by reference.

H. Grantee desires to transfer sole ownership of the Park Property to the City.

I. By and through this Agreement, City intends to accept and assume sole responsibility for all of the rights, responsibilities, liabilities and obligations under the Grant Contract, as amended, responsibilities currently held by Grantee.

AGREEMENT

NOW, THEREFORE, the Parties hereto agree as follows:

1. Incorporation. The Parties agree that the above Recitals are true and correct and shall be fully incorporated into this Agreement in their entirety by this reference.

2. The District hereby agrees to relinquish all of its rights, obligations and interest in the Grant Contract.

3. The City hereby agrees to accept and assume sole responsibility for all of the rights, obligations, liabilities and interest in the Grant Contract.

4. Parks agrees to the termination of all rights, obligations and interest of the District in the Grant Contract, and agrees to accept the City as sole grantee under an amended Grant Contract, upon execution by City of an amended Grant Contract.

5. This Agreement and everything contained in it shall be binding upon and inure to the benefit of the Parties and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns,

6. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of California. Venue shall be in the County of Sacramento.

7. Further Assurances. The parties hereto agree to execute such further instruments and documents and to take all actions pursuant to the provisions hereof as may reasonably be necessary and appropriate in order to timely consummate the transactions contemplated by this Agreement.

8. Counterparts. This Agreement may be executed in one or more counterparts, each of which so executed and delivered shall be deemed to be original and all of which, together, shall constitute one and the same instrument.

9. Severability. If any term or provision or portion of any term or provision of this Agreement or the application of any such term or provision or portion of such term or provision to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision or portion of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

10. Waivers. No waiver or breach of any covenant or provision shall be deemed a waiver of any other covenant or provision, and no waiver shall be valid unless in writing and executed by the waiving Party.

11. Construction. Headings are solely for convenience of the Parties, are not a part of this Agreement and shall not be used to interpret this Agreement. The singular form shall include plural and vice versa. This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if both Parties have prepared it.

12. Incorporation of Recitals. The Recitals of fact preceding this Agreement are true and correct and are incorporated into this Agreement in their entirety by this reference.

13. Entire Agreement. This Agreement contains the entire agreement of the Parties concerning the subject matter contained in this Agreement, and supersedes any prior written or oral agreements between them concerning the subject matter of this Agreement. There are no representations, agreements, arrangements, or understandings, oral or written, between the Parties, relating to the subject matter of this Agreement that are not fully expressed in this Agreement.

14. Amendment. This Agreement may not be amended or altered except by a written instrument executed by all of the Parties.

15. Effective Date: This Agreement shall only become effective after execution by all Parties to this Agreement and the Amended Grant Contract referred to in Provision Number 4 of this Agreement.

SIGNATURE PAGE TO AGREEMENT

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement effective as of the date first written above.

CALIFORNIA DEPARTMENT OF PARKS AND RECREATION, by and through its OFFICE OF GRANTS AND LOCAL SERVICES

By: _____
Jean Lacher, Chief

APPROVED AS TO LEGAL FORM:

By: _____

Name: _____

Its: _____

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

By: _____
Heather P. Dyer
CEO/General Manager

APPROVED AS TO LEGAL FORM:

By: _____
Brendan W. Brandt
Varner & Brandt LLP
General Counsel

ATTEST:

By: _____
Heather P. Dyer
Clerk of the Board

CITY OF SAN BERNARDINO

By: _____
Robert D. Field
City Manager

APPROVED AS TO LEGAL FORM:

By: _____
Best Best & Krieger LLP
City Attorney

ATTEST:

By: _____
Genoveva Rocha
Acting City Clerk

SAN BERNARDINO REGIONAL WATER RESOURCES AUTHORITY

By: _____
Heather P. Dyer
Executive Director

ATTEST:

By: _____
Sandra Ibarra
Secretary

EXHIBIT "A"

GRANT CONTRACT NO. C6905064

MEMORANDUM

To: SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

From: VARNER & BRANDT LLP

Subject: LETTER FROM STATE ATTORNEY GENERAL AND RESPONSE

Date: SEPTEMBER 30, 2020

This memorandum provides a report regarding a letter to Varner & Brandt LLP (“house counsel”) advising of a potential improper billing by a vendor of the San Bernardino Valley Municipal Water District (“Valley District”).

In August 2020 house counsel received the attached letter from the State Attorney General notifying house counsel of a potential improper billing practice by GHD, Inc. (“GHD”), a professional services company that has contracted with Valley District. Upon receipt of the attached letter, house counsel immediately discussed with Valley District staff investigating this matter, reviewing any potential improper billing and stop payment of any outstanding invoices from GHD until the matter was investigated. House counsel then contacted the State Attorney General, Mr. Kenneth Sugarman, who is assigned to this matter. Mr. Sugarman stated directly to house counsel that he did not find any improper billing practices as it pertained to Valley District. Specifically, there was only one billing entry in question for the sum of \$1,072.00 that was originally assigned to a temporary billing number then later changed to another billing number once the project was underway. The State Attorney General found that the amount was properly billed.

After discussing this matter with the State Attorney General, we then contacted the attorney for GHD, James Melendres who self reported to the State Attorney General some improper billing practices by GHD. Mr. Melendres also confirmed what the State Attorney General had informed house counsel that there was no improper billing involving Valley District and further informed us that the project managers involved in the improper billing did not work on Valley District projects.

Finally, we have confirmed with Valley District staff that they have reviewed GHD work and invoices and have found no improper billing practices.

END OF MEMO



XAVIER BECERRA
Attorney General

State of California
DEPARTMENT OF JUSTICE

455 GOLDEN GATE AVENUE, SUITE 11000
SAN FRANCISCO, CA 94102-7004

Public: (415) 510-4400
Telephone: (415) 510-3531
Facsimile: (415) 703-5480
E-Mail: Kenneth.Sugarman@doj.ca.gov

August 7, 2020

Via E-mail

Brendan Brandt
General Counsel
San Bernadino Valley Municipal Water District
3750 University Ave
Sixth Floor
Riverside, CA 92501
E-mail: Brendan.brandt@varnerbrandt.com

RE: *Preliminary Inquiry of GHD, Inc.*

Dear Mr. Brandt:

Enclosed for your attention is a copy of a letter sent to the California Attorney General by attorneys for GHD, Inc., a professional services company that contracts with government entities.

GHD's letter pertains to potentially improper billing practices involving certain California political subdivisions. Although the letter does not identify the San Bernardino Valley Municipal Water District by name, GHD has informed us that, in the course of its investigation described in the letter, GHD discovered one or more instances in which charges initially allocated to a different client were subsequently reallocated and billed to the San Bernardino Valley Municipal Water District. GHD did not inform us that this transfer(s) was improper, but rather that it was a transaction(s) identified in the course of its investigation, but not repaid to the San Bernardino Valley Municipal Water District based on the criteria for repayments described in the letter.

This matter involves potential violations of the California False Claims Act involving the San Bernardino Valley Municipal Water District funds. (See Gov. Code, §§ 12650-12656.) We are bringing this matter to your attention as the prosecuting authority under the California False Claims Act ("FCA") for the San Bernardino Valley Municipal Water District so that you can consider any appropriate action.

We would appreciate being notified if you intend to take any action outside your agency with respect to the above. Also, if you have any questions or concerns, please contact the undersigned Deputy Attorney General.

Brendan Brandt
August 7, 2020
Page 2

Sincerely,

/s/ Kenneth J. Sugarman

KENNETH J. SUGARMAN
Deputy Attorney General

For XAVIER BECERRA
Attorney General

KJS: kjs
Enclosure

Cc: Heather Dyer (heatherd@sbumwd.com)

SF2020300574
42299848.docx



DATE: October 6, 2020
TO: Board of Directors
FROM: Heather Dyer, CEO/General Manager
SUBJECT: General Manager's Report

The next item is an update from the CEO/General Manager on the status of a number of items at the District.

I. Staff Updates

Introduction of New Staff

Ms. Joanna Gibson joined the District on September 8, 2020, as the Upper Santa Ana River Habitat Conservation Program Manager. Ms. Gibson comes to us from the California Department of Fish and Wildlife (CDFW) where she spent the past 10 years working within CDFW's environmental review and permitting, and landscape conservation planning programs. Joanna has worked on multiple projects within southwest San Bernardino and Riverside Counties involving all of CDFW's regulatory programs, and over the past two years she worked on implementation of the Western Riverside County and Coachella Valley Multiple Species Habitat Conservation Plans and finalization of a mitigation bank in Riverside County. Joanna was also CDFW's primary representative working on the Upper Santa Ana River Habitat Conservation Plan for three years between 2015 and 2018.

Joanna has an undergraduate degree in biology from Central Queensland University in Australia, and a master's degree in ecology from Purdue University. In addition to multiple field positions conducting surveys for a variety of wildlife species in Arizona, California, Indiana, Michigan, and Oregon, Joanna has worked for the New South Wales National Parks and Wildlife Service (in Australia), the Center for Reptile and Amphibian Conservation and Management (now known as the Environmental Resources Center) at Purdue University Fort Wayne, and Audubon California. Joanna is the co-editor of the technical publication Habitat Management Guidelines for Amphibians and Reptiles of the Midwestern United States.

Mr. Anthony Flordelis joined Valley District on September 14, 2020, as a Systems Analyst in the Business Information Services Department. Mr. Flordelis has over 18 years of experience in the information technology industry and comes to Valley District from the County of San

Bernardino's Arrowhead Regional Medical Center (ARMC) where he spent 15 years working in the Information Technology Department troubleshooting and resolving business system and software issues. His first 7 years at ARMC were as a Help Desk Technician and the last 8 years as a Security and Access Management Analyst. In his most recent position at ARMC, Mr. Flordelis created and managed over 5,000 accounts and administered the hospital's mobile device management program.

Update on Candidate Searches

Water Conservation Program Manager – We received over 30 applications for this position and conducted interviews (via Zoom) with five very strong candidates. The five candidates also completed written essay responses for five questions related to their understanding, vision, and level of expertise in the field of Water Conservation. The selection panel made up of Melissa Zoba, Bob Tincher, Kristeen Farlow and myself selected three candidates to conduct second interviews (via Zoom) in order to delve more deeply into their essay responses and better understand their experience, strengths and weaknesses. We hope to make an offer on this position in the next few days.

Clerk of the Board/Assistant to the General Manager – We received over 75 applications for this position with some very strong candidates. Staff is in the process of reviewing the applications in order to narrow down a first interview pool. We hope to conduct interviews in the next two weeks.

Manager of Water Resources – The announcement for this position recently closed on September 27th and we received approximately 30 applications. Staff is in the process of reviewing the candidates and considering next steps.

II. Sites Reservoir

The Sites Reservoir Project recently launched a new outreach campaign that includes ongoing blog posts and video content informally developed by different project partners each focused on a different benefit. They requested many of their partners submit short clips regarding their participation in the Project and we submitted a clip. This clip is now on our YouTube channel and linked via our website and social media pages and can be found using this link <https://www.youtube.com/watch?v=F915d5khGKE&feature=youtu.be>

Additionally, we have linked the latest Sites Project blog post from our website and will be promoting it via our social media pages. In October, staff will begin work on a professionally-made video that focuses on the value of Sites Reservoir to Valley District and Southern California residents. This video will be similar to the Upper Santa Ana River HCP video that was recently viewed at a Board workshop and will help get the message out to local residents and elected officials about the importance of this project to our long-term water supply resiliency. The video should be ready for release in December.

III. Status of Strategic Planning Process

While the Board Retreat to review the status of the Strategic Plan has been postponed due to COVID-19 precautions, staff continues to work with Water Systems Consulting, Inc. (WSC), to

refine the information and the details of the Plan. On September 16th, WSC facilitated a meeting with our retail agency constituents to discuss the strategic plan draft mission and priorities of the District. Their input will be taken into consideration as we move forward with next steps in the Strategic Planning process. The next step is for staff to make some refinements to the draft content of the Strategic Plan framework in preparation for a future Board Retreat where we will work through the District's Mission, Vision, Values, Goals, etc. along with other key components of a Strategic Plan before the actual Plan document is written.

IV. Status of District's Classification and Compensation Study

The District's first ever Classification and Compensation Study has kicked off and is being conducted smoothly. This Study is aimed to assess where the District is in terms of competitive position in the job market and assessing how employee compensation compares to comparable agencies. All employees are engaging in this process through online surveys and discussion with the consultant. We anticipate this project will be complete by the end of the year.

V. Status of the District's Audio/Visual Systems Upgrade

The long-envisioned upgrade to the Audio/Visual (AV) in the Board Room and Conference Room will begin shortly. This will include the installation new microphones and speakers, video conferencing capabilities; closed captioning capabilities, and power and USB ports at each Director's station at the dais. The anticipated timeline for this project is a kickoff date of early November 2020 with a completion date by the end of the calendar year. This project will be led in-house by our new employee Anthony Flordelis who has the expertise in this technology to oversee the project.

VI. Update on Employee Operations during the Pandemic

The District operations continue productively and effectively even in the challenging conditions of the COVID-19 pandemic. We continue limited staffing in the Administration office and require social distancing and wearing of masks, when necessary to protect ourselves and others. The Operations team continues using their best practices of sanitizing work environments and communicating via cell phone rather than in person during shift changes. This strategy has allowed us to limit contact among our operations employees and keep everyone safe from the virus, to date. Management will continue to monitor the San Bernardino County COVID guidelines as well as the restrictions from the State. Once the County and the State transition to a reduced stage, we will assess our ability to resume more regular business operations in a way that ensures the health and safety of our employees, Directors, and those we interact with. For the immediate future, we plan to continue holding our meetings via Zoom teleconference, which is working very well and for which we have received very positive feedback.

Fiscal Impact

There is no fiscal impact related to this item.

Staff Recommendation

Receive and file.



DATE: October 6, 2020
TO: Board of Directors
FROM: Staff
SUBJECT: Summary of September 3, 2020 Board of Directors Workshop – Resources

The Resources Workshop convened on September 3, 2020. Director Hayes chaired the meeting. President Harrison, Vice President Kielhold, Director Longville and Director Navarro participated in the Workshop. Heather Dyer, Matt Howard, Wen Huang, Cindy Saks, Bob Tincher and Melissa Zoba of staff participated in the workshop.

3. Summary of Previous Meeting

The meeting notes from the August 6, 2020 were reviewed with no comments.

4.1 Presentation of City of San Bernardino Consent Decree

Mr. Miguel Guerrero, General Manager of the San Bernardino Municipal Water Department (SBMWD), provided an overview of the current status and upcoming work of the San Bernardino Consent Decree. This past June, SBMWD sent a letter to the Basin Technical Advisory Committee (BTAC) to inform them of the potential approval of a Consent Decree (Decree) amendment. The Decree was approved by the District Court and entered over fifteen years ago, on March 23, 2005. The Water Department has been implementing that Decree since and may be doing so until the year 2057.

The two amendments increase the funding available to pay for:

- (1) Upgrades of the basin groundwater model, and
- (2) Closure of monitoring wells that are no longer in use or usable.

The increased funding would result from raising certain dollar limits on the use of settlement money for groundwater modeling and from clarifying the permissibility of settlement funds paying for the closure of monitoring wells that are no longer used or usable in the Newmark remedy. The model is used to evaluate the impact, if any, of any new wells constructed within the boundary of the Decree.

Action Item(s): Receive and File

4.2 Consider USGS Data Collection Program for Fiscal Year 2020-2021

Staff presented the annual USGS data collection program for Fiscal Year 2020-2021 to the Board of Directors' for their consideration. The data collection program supports the Western-San Bernardino Watermaster, Santa Ana River Watermaster and also provides foundational data for the different studies that the United States Geological Survey (USGS) has performed for the District in the past and continues to work on. The work outlined in the USGS data collection program includes multiple surface water stream gages, monitoring well measurements and precipitation measurements throughout the Districts service area. This year's program totals \$1,024,230 with the USGS contributing a total of \$159,000 leaving a remainder of \$865,230 to be paid by Valley District and its partners. The District will be reimbursed \$196,188 resulting in Valley District's net contribution being \$669,042. Staff recommended forwarding the cooperative program Joint Funding Agreement with the USGS for the fiscal year 2020-2021 data collection program for \$865,230 to the next Board of Directors' meeting for consideration.

Action Item(s): Forward this item to the full Board for consideration.

5.1 Directors' Requests for Consideration

There was one request for consideration and it was from Director Hayes. Director Hayes is requesting the District invite a presentation from Bureau of Reclamation Commissioner Brenda Burman. She recently heard the Commissioner speak at the Water Advisory Committee of Orange County on the topics of the DWR Lawsuit, the WaterSMART Grants program, and project updates. Director Hayes feels this information would be relevant to Valley District.

Action Item(s): Staff will reach out to the Commissioner's office to determine her availability for making a presentation at a future Board of Directors Workshop.

6. Future Business – None noted

7. Adjournment

Staff Recommendation

Receive and file.



DATE: October 6, 2020
TO: Board of Directors
FROM: Staff
SUBJECT: Summary of September 8, 2020 Board of Directors' Workshop - Engineering

The Board of Directors held a Workshop on September 8, 2020. Director Hayes chaired the meeting via video-conference and Directors Harrison, Kielhold, Navarro, and Longville participated in the Workshop supported by Heather Dyer, Wen Huang, Cindy Saks, Bob Tincher, Melissa Zoba, Mike Esquer, Brent Adair, and Matt Howard of staff. The following agenda items were discussed:

3.1 Summary of Previous Meeting on August 11, 2020. The summary notes of the August 11, 2020, meeting were accepted.

4.1 Consider Sponsoring the Center for Western Weather and Water Extremes (CW3E) Water Affiliates Group to Study Atmospheric Rivers.

Dr. Marty Ralph, Director of CW3E, attended the workshop and gave a presentation on the program and research followed by a question and answer period. Staff asked the Board to consider sponsoring the Center for Western Weather and Water Extremes (CW3E) Water Affiliates Group (WAG) that invests in research "...to shape strategies to advance understanding of atmospheric rivers and droughts and improve water management, mitigate flood risk, and increase water supply reliability." There are currently six water agencies sponsoring WAG, including Orange County Water District at the Platinum Level. Staff believes this research group could help inform the design of our Active Recharge Project, Enhanced Recharge Project, and the long-term management of mitigation associated with the Upper Santa Ana River Habitat Conservation Plan. In addition to

sponsoring the Water Affiliates Group, Orange County Water District is also providing funds to CW3E to develop Forecast Informed Reservoir Operations (FIRO) at Prado Dam (Prado) which may justify more water storage at Prado without sacrificing flood protection. Staff believes that developing a FIRO at Seven Oaks Dam could provide the same benefit and plans to further discussions with CW3E about this possibility.

Staff recommended that the Board consider a sponsorship of \$25,000 in FY 2020/2021 and working with CW3E on a scope of work for a FIRO at Seven Oaks Dam. Those Board members in attendance, supported the recommendation

Action Items: Since this is within the General Manager's signing authority she will execute a sponsorship agreement for CW3E in the amount of \$25,000. Staff will work with CW3E on a scope of work for a FIRO at Seven Oaks Dam and other Valley District water supply projects.

4.2 Discuss Bid Results for Construction of Waterman Hydroelectric Project

Staff presented the results of the bids for the Waterman Hydroelectric Project with the Board of Directors. Staff discussed the potential action items that will be considered by the Board at a future Board of Directors' meeting. These items included a potential formal bid protest, waiving of minor irregularities in the lowest responsible & responsive bid proposal (Borden Excavating, Inc.) and then award of the construction contract to Borden Excavating, Inc., if appropriate, based on the decisions of the first two items. Additionally, Staff recommendations included forwarding the proposed construction bid amount (\$2,252,000), construction contingency budget (\$225,200) and the special inspections budget (\$123,900) to a future Board of Directors' meeting for consideration. The Board members present directed staff to forward these items for consideration at the next Board of Directors' meeting.

Action Item(s): Forward this item to the full Board for consideration.

4.3 Consider Amendment 6 to the Yuba Accord Agreement for a Dry Year Water Supply

The Yuba Accord Dry Year Water Purchase Program (Yuba Accord) provides additional water through the State Water Project (SWP) system, above Valley District's Table A

allocation of SWP water, at a reasonable price. This year, Valley District will receive almost 5,000 acre-feet through this program.

The current water pricing, under this agreement, expires September 30, 2020. Agencies that participate in this program are being asked to approve Amendment 6 before September 30, 2020. House counsel has reviewed the draft amendment and approved it as to form.

Staff recommended the Board approve Amendment 6 in order to preserve the option for Valley District to participate in this program, as desired. Those Board members in attendance asked that this item be forwarded to the Board of Directors for consideration.

Action Item(s): Forward this item to the full Board for consideration.

4.4 Consider Participation in the Update of the 2015 Upper Santa Ana River Watershed Integrated Regional Water Management Plan and the 2015 San Bernardino Valley Regional Urban Water Management Plan

Staff presented the Board with the opportunity to combine the 2020 updates of the 2015 Upper Santa Ana River Watershed Integrated Regional Water Management Plan and the 2015 San Bernardino Valley Regional Urban Water Management Plan into one document, the Upper Santa Ana River Watershed Integrated Regional Urban Water Management Plan (IRUWMP). Staff discussed the combining the 2015 planning documents into one document would streamline the process as there are overlapping chapters in both of the 2015 plans. Staff discussed the newly updated DWR requirements and analyses that must be incorporated in the 2020 IRUWMP. Staff presented a list and map of all the participating agencies within the Valley District service area and the Integrated planning area. Staff discussed the RFP/selection process for this project, including the members of the Proposal Review Panel, an analysis of the three proposals received, and the unanimously selected consultant for this project of Water Systems Consulting, Inc. Staff presented the proposed cost breakdown between the participating agencies and Valley District. Staff presented the Board with a cost Not to Exceed \$393,100 for this project, where Valley District portion of this project is \$120,460. The Board members present directed staff to forward this item for consideration at the next Board of Directors' meeting.

Action Item(s): Forward this item to the full Board for consideration.

5. Future Business:

None discussed.

Staff Recommendation

Receive and File



DATE: October 6, 2020
TO: Board of Directors
FROM: Staff
SUBJECT: Summary of September 10, 2020 Board of Directors Workshop – Policy

The Policy Workshop convened on September 10, 2020, via Zoom teleconference. Director Longville chaired the meeting; President Harrison and Directors Hayes, Kielhold, and Navarro participated in the Workshop. Heather Dyer, Cindy Saks, Melissa Zoba, Chris Jones, Kristeen Farlow, and Matt Howard of staff, participated in the workshop.

3. Summary of Previous Meeting

The meeting notes from the August 13, 2020, Board of Directors Workshop – Policy were reviewed. Director Longville requested her comments about the Strategic Planning Retreat be added; Director Navarro requested his comments/inquiry regarding requiring Directors to take a COVID-19 test be included in the notes.

4.1 Discuss State and Federal Legislative Update

Staff provided the Board of Directors with an update on the current status of State and Federal legislation. The State just completed its legislative session and the Governor has until September 30, 2020, to either veto or sign all the bills on his desk. Bills that made it to the Governor's desk, of interest to Valley District, include AB 2569 – Water Quality Notification Response Levels; AB 2800 – Climate Change, Infrastructure Planning; and SB 1386 – Local Government Assessments, Fees, Charges. The Gualco Group noted that there are several bills we can expect to see again next year, including one similar to the Small Water Systems Authority Act (SB 414) and Resource Conservation (AB 3030).

On the federal side, staff provided an update on the Coronavirus Relief legislation; the Water Resources Development Act of 2020 (WRDA/HR7575) which includes the completion of a feasibility study to modify operations of Seven Oaks Dam; and the Great American Outdoors Act, which was signed into law on August 4, 2020. Director Longville commented on COVID and the State legislative process and rules waivers; Director Hayes inquired about the District holding back payroll taxes (as authorized in Coronavirus Relief funding)- Ms. Saks clarified that the District is not currently withholding payroll taxes; Director Kielhold asked a clarifying question about WRDA and Seven Oaks Dam; Director Navarro inquired about grant funding available to Valley District through the Great American Outdoors Act- Ms. Dyer clarified that this new law would permanently fund land and water conservation activities for Section 6 of the ESA; President Harrison responded to Director Navarro that the District received \$850,000 out of the Section 6 funding in the last round and available funding is dependent on what the federal government puts into the fund.

Action Item(s): None

4.2 Consider Partnership with the University of California at Irvine PFAS Research Project

Ms. Dyer presented the Board with an opportunity to sponsor the University of California at Irvine in a research study they are doing on PFAS in the sewersheds. The project will be co-funded by the other Santa Ana Watershed Project Authority (SAWPA) agencies in the amount of \$20,000 apiece, with the Orange County Water District funding more because they represent additional agencies involved in the project. While PFAS is not as big of an issue in the upper watershed, it is a challenge in the lower watershed where it is showing up in wells. The UCI Proposal includes a Phase 1 analysis that will begin with wastewater treatment plants. Funding this will allow the partners to understand the current situation and try to get ahead of future issues.

Director Hayes mentioned that SAWPA has done some preliminary studies on PFAS and she would like to see those studies integrated into this new UCI study; President Harrison commented that one of the downstream agencies had 59 out of 60 wells test positive for PFAS and this is going to be a hot-button item especially in future legislation; Director Kielhold is supportive of the study and Valley District financially supporting it. He stated that “education is expensive; but so is ignorance.” Director Navarro agreed with Director Kielhold’s comments; Director Longville stated that PFAS is a forever chemical and inquired

whether the contribution mapping will include historical sites. Ms. Dyer clarified that it will include historical sites like old landfills, industrial sites, and military bases.

Because this dollar amount is within Ms. Dyer's signing authority, she will proceed with the sponsorship.

Action Item(s): None

4.3 Consider Adoption of the Santa Ana Watershed Project Authority One Water One Watershed (OWOW) Plan Update 2018

Mr. Howard and Mr. Jones presented the Board with the opportunity to consider the adoption of Santa Ana Watershed Project Authority's (SAWPA) One Water One Watershed (OWOW) Plan Update 2018. SAWPA as the Regional Water Management Group for the Santa Ana Funding Area is tasked with developing an Integrated Regional Water Management Plan (IRWMP) for the entire Santa Ana River Watershed. During the development of the 2018 Plan Update, SAWPA performed a call for projects for consideration of Proposition 1 Implementation funding in which the Valley District submitted the Evans Lake Tributary Restoration and Camp Evans project which was ultimately ranked second out of 10 projects. The Evans Lake Tributary Restoration and Camp Evans project was awarded two million dollars in Proposition 1 Implementation grant funds. In order for SAWPA to submit the final list of projects to DWR for funding, DWR requires that each project sponsor including Valley District adopt the OWOW Plan Update 2018 as a requirement to receive Proposition 1 grant funding. Chris Jones presented an overview of the Evans Lake Tributary Restoration and Camp Evans project including photos, partnerships on this project, and a project site diagram that outlined the habitat conservation area, camping area, and community garden. Director Navarro stated that his previous concerns have been addressed and he is supportive of the project.

Action Item(s): Staff was provided a recommendation that this item be placed on the October 6, 2020 Board of Directors Regular meeting for adoption of the 2018 OWOW Plan Update.

6. Future Business – None noted

7. Adjournment

Staff Recommendation

Receive and file.



DATE: October 6, 2020
TO: Board of Directors
SUBJECT: List of Announcements

- A. October 6, 2020, 9:30 a.m. – Santa Ana Watershed Project Authority (SAWPA) Commission Meeting
- B. October 6, 2020, 2 p.m. – Regular Board Meeting by Teleconference
- C. October 7, 2020, 1:30 p.m. – San Bernardino Valley Conservation Trust Meeting
- D. October 8, 2020, 2 p.m. – Board Workshop – Policy – by Teleconference
- E. October 8, 13, and 14, 2020, 8:30 a.m. – 1 p.m. – SAWPA Virtual Summit: Ensuring Equitable Involvement in Regional Water Planning
- F. October 13, 2020, 2 p.m. – Board Workshop – Engineering – by Teleconference
- G. October 14, 2020, 1:30 p.m. – San Bernardino Valley Water Conservation District Board of Directors Meeting
- H. October 20, 2020, 9:30 a.m. – Santa Ana Watershed Project Authority (SAWPA) Commission Meeting
- I. October 20, 2020, 2 p.m. – Regular Board Meeting by Teleconference
- J. November 3, 2020, 9:30 a.m. – Santa Ana Watershed Project Authority (SAWPA) Commission Meeting
- K. November 3, 2020, 2 p.m. – Regular Board Meeting by Teleconference
- L. November 5, 2020, 2 p.m. – Board Workshop – Resources – by Teleconference

*NOTE – the Board of Directors’ Strategic Plan Retreat that was previously scheduled for October 21-22, 2020 has been cancelled due to COVID-19 safety precautions.