

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, CA**  
**Board of Directors Meeting**  
**Agenda**  
**May 16, 2016 at 7:00 p.m.**

**1. Call to Order, Flag Salute and Roll Call**

**2. Adoption and Adjustment of Agenda**

**3. Public Comment**

Members of the public may address the Board at this time concerning items relating to any matter within the Agency's jurisdiction. To comment on specific agenda items, please complete a speaker's request form and hand it to the board secretary.

**4. Consent Calendar:**

If any board member requests that an item be removed from the Consent Calendar, it will be removed so that it may be acted upon separately.

- A. Approval of the Minutes of the Regular Board Meeting, May 2, 2016\* (Page 2)
- B. Approval of the Minutes of the Engineering Workshop, May 9, 2016\* (Page 6)

**5. Reports (Discussion and Possible Action)**

- A. General Manager's Report
  - 1. Operations Report
  - 2. Report on ACWA Conference
  - 3. General Agency Updates\* (Page 8)
- B. General Counsel Report
- C. Directors' Reports
- D. Legislative Update – Legislative effort regarding Agency Board size and update on State legislative matters including drought and State Water Resources Control Board.

**6. New Business (Discussion and Possible Action)**

- A. Further Discussion of Sites Reservoir and Possible Proposal to Participate\* (Page 11)
- B. Consideration of Special District Member and Alternate Special District Member of the Local Agency Formation Commission (LAFCO) – Eastern Riverside County\* (Page 34)
- C. Consideration of Conduct of Future Special District Selection Committee Elections\* (Page 37)

**7. Topics for Future Agendas**

**8. Announcements**

- A. Finance and Budget Workshop, May 23, 2016 at 4:00 pm
- B. San Gorgonio Pass Regional Water Alliance, May 25, 2016
  - 1. Business Meeting at 5:00 pm – Banning City Hall Conference Room
  - 2. Presentation at 6:00 pm – Banning City Council Chambers
- C. Office closed in observance of Memorial Day, May 30, 2016

**9. Adjournment**

**\*Information included in Agenda Packet**

(1) Materials related to an item on this Agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the Agency's office at 1210 Beaumont Avenue, Beaumont during normal business hours. (2) Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Agency's office, located at 1210 Beaumont Avenue, Beaumont, California 92223, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Web site, accessible at: [www.sgpwa.com](http://www.sgpwa.com) (3) Any person with a disability who requires accommodation in order to participate in this meeting should telephone the Agency (951 845-2577) at least 48 hours prior to the meeting in order to make a request for a disability-related accommodation.

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, California 92223**  
**Minutes of the**  
**Board of Directors Meeting**  
**May 2, 2016**

**Directors Present:** John Jeter, President  
Bill Dickson, Vice President  
Mary Ann Melleby, Treasurer  
Blair Ball, Director  
David Fenn, Director

**Directors Absent:** Ron Duncan, Director  
Leonard Stephenson, Director

**Staff Present:** Jeff Ferré, General Counsel  
Cheryle Rasmussen, Executive Assistant

**Staff Absent:** Jeff Davis, General Manager

1. **Call to Order, Flag Salute and Roll Call:** The meeting of the San Gorgonio Pass Water Agency Board of Directors was called to order by Board President John Jeter at 7:00 p.m., May 2, 2016 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. Director Dickson led the Pledge of Allegiance to the flag. A quorum was present.
2. **Adoption and Adjustment of the Agenda:** *President Jeter asked if there were any adjustments to the agenda. There being none the agenda was adopted as published.*
3. **Public Comment:** *President Jeter asked if there were any members of the public that wished to make a public comment on items that are within the jurisdiction of the Agency. There were no members of the public that wished to speak at this time.*
4. **Consent Calendar:** *President Jeter asked for an approval of the Consent Calendar.*
  - A. Approval of the Minutes of the Regular Board Meeting, April 18, 2016
  - B. Approval of the Minutes of the Finance and Budget Workshop, April 25, 2016
  - C. Approval of the Finance and Budget Workshop Report, April 25, 2016
  - D. Approval of the recommendations made at the Board Finance and Budget Workshop, as set forth in the Finance and Budget Workshop Report, April 25, 2016

Director Dickson made a motion, seconded by Director Melleby, to approve the Consent Calendar as published. Motion passed 5-0, with Directors Duncan and Stephenson absent.

**5. Reports:**

**A. General Manager's Report:**

**(1) Report on Water Supply:** A copy of the Notice to State Water Project Contractors for the updated 2016 State Water Project Allocation was included in the

agenda packet. General Manager Davis was unable to attend today's meeting, as he is attending the ACWA Conference in Monterey, CA. President Jeter noted that the State Water Project Allocation increased from 45 percent to 60 percent.

**B. General Counsel Report:** General Counsel Jeff Ferré provided a brief reported on the status of SB 1378 (An act to amend Section 3 and 5 of the San Gorgonio Pass Water Agency Law (Chapter 1435 of the Statutes of 1961), relating to the San Gorgonio Pass Water Agency), stating that there will be a hearing on May 4th in the Senate Government and Finance Committee; further updates will be forthcoming as information becomes available.

**C. Directors Reports:** 1) **Director Melleby** reported on the following meetings that she attended: Beaumont Chamber Governmental/Legislative Affairs Committee meeting held on April 22nd. A presentation from David Madsen, Senior Public Information Specialist South Coast Air Quality Management District, was provided. She also reported on the Inland Solar Challenge that was held on April 23<sup>rd</sup>, stating that she and Director Duncan were judges for the Public Service Announcement portion of the event. She announced that a special meeting for the San Gorgonio Pass Regional Water Alliance that will take place on May 5<sup>th</sup> at 4:00 p.m. 2) **Director Ball** stated that he and Director Fenn attended a joint meeting at the BCVWD on the topic of a proposed imported water allocation plan. Quite a bit of discussion took place in order to refine the proposed water allocation plan. Another meeting has been scheduled for May 26<sup>th</sup> at 6:00 p.m. 3) **Director Fenn:** Director Fenn also reported on the joint meeting, noting that the general attendance was on the slim side.

## 6. New Business: (Discussion and Possible Action)

**A. Update on Whitewater Flume – Presenters: Julie Hutchinson (President - BHMWD) and/or Deborah Franklin):** A staff report was included in the agenda packet. President Jeter introduced Julie Hutchinson (President-BHMWC). Ms. Hutchinson provided a detail PowerPoint presentation on the current status and historical findings related to the Whitewater Flume. After concluding her presentation she answered questions from the Board. Deborah Franklin (Councilwoman – City of Banning) reported on the San Gorgonio Regional Water Alliance meeting that took place on April 27<sup>th</sup>, whereas the topic of long-term reliable and sustainable water supply was discussed.

**B. Consideration of Investing Funds Currently Held as Cash:** A staff report was included in the agenda packet. President Jeter referred this item to Director Melleby. Director Melleby stated that during the April 25<sup>th</sup> Finance and Budget workshop, the Board voted to recommend moving \$2 million from the Bank of Hemet to an investment that earns higher returns. Director Melleby made a motioned, seconded by Director Dickson, that the Board authorizes withdrawing \$2 million from the Bank of Hemet and investing it in certificates of deposit through Time Value Investments, with a term of no more than two years. Motion carried 5-0, with Directors Duncan and Stephenson absent.

**7. Topics for Future Agendas:** 1) **Director Ball** requested Ms. Franklin's meeting notes from the April 27<sup>th</sup> meeting to be added to today's meeting minutes. Ms. Franklin stated that she would provide the Agency with a copy of the meeting notes at a future date.

**8. Announcements**

- A. Engineering Workshop, May 9, 2016 at 4:00 p.m.
- B. Allocation Workshop, May 10, 2016 at 4:00 p.m.
- C. Regular Board Meeting, May 16, 2016 at 7:00 p.m.
- D. Finance and Budget Workshop, May 23, 2016 at 4:00 p.m.

***General Counsel Ferre stated that he did not anticipate that there would be any action taken during closed session that is reportable under the Brown Act.***

**9. Closed Session (One Item) Time: 7:51 p.m.**

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – Significant exposure to litigation pursuant to paragraph (2) and initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9 (one potential case)

The meeting reconvened to open session at Time: 8:08 pm

*President Jeter asked General Counsel Ferre if there is anything to report. General Counsel Ferre stated that there was no action taken during closed session that is reportable under the Brown Act. President Jeter adjourned the meeting.*

**10. Adjournment Time: 8:08 pm**

Jeffrey W. Davis, Secretary of the Board

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**San Gorgonio Regional Water Alliance**  
**Meeting Notes 4/27/2016**

**What does a long term reliable and sustainable water supply look like?**

No or reduced overdrafting (of the Beaumont Basin)  
Sufficient recharged water for future generations  
Affordable but note cost is rising (educate customers on cost and value)  
Become regional partners with parity  
New reality – culture shift  
Coordination & fairness of building density current & future customers  
Incorporate new technology  
A diversified water supply

**How do we get there, what needs to be done?**

- **Diversity of supply – purchase of all affordable Table A water**
  1. Conservation ( new technology on plumbing locations)
    - A. Educate the public
  2. **Recycle** - i.e. gray water, dual plumbing, pkg. septic tanks in new developments
  3. Agency Partnerships
    - A. True communication between agencies
  4. Protect current sources - flume
    - A. Capture leakage to other areas
    - B. Utilize all sources and resources
  5. Maintain/build infrastructure
    - A. Capture storm water (reservoirs, basins)

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, CA 92223**  
**Minutes of the**  
**Board of Directors Engineering Workshop**  
**May 9, 2016**

**Directors Present:** John Jeter, President  
Blair Ball, Director (arrived 4:01)  
Bill Dickson, Vice President  
Ron Duncan, Director  
David Fenn, Director  
Mary Ann Melleby, Director  
Leonard Stephenson, Director

**Staff Present:** Jeff Davis, General Manager  
Jeff Ferre, General Counsel

1. **Call to Order, Flag Salute and Roll Call.** The Engineering workshop of the San Gorgonio Pass Water Agency Board of Directors was called to order by President John Jeter at 4:00 p.m., May 9, 2016 in the Agency Board room at 1210 Beaumont Avenue, Beaumont, California. Director Dickson led the Pledge of Allegiance to the flag. A quorum was present.
2. **Public Comment.** No member of the public wished to speak at this time.
3. **Further Discussion of Bunker Hill Conjunctive Use Project.** General Manager Davis passed out principles of an MOU and a spread sheet summarizing suggested participation levels of various water districts. He then reviewed the history of the project and indicated that a Memorandum of Understanding will soon be available for entities wishing to participate in the project. Signing this MOU would commit the entity to financial participation. In the meantime, the principles of this MOU were presented, along with a spread sheet showing proposed participation. The Agency was shown as owner of 500 AF of off peak capacity and 500 AF of peak capacity, for total of 1000 AF of capacity. The capital cost to the Agency of this participation would be approximately \$40,000 per year, in addition to O&M costs. General Manager Davis listed some of the advantages of participating in a conjunctive use project in a basin outside the Agency's service area. There were no serious objections from any Board members regarding Agency participation. General Manager Davis indicated that he would bring the MOU to the Board for consideration when it is complete.
4. **Review and Discussion of Engineering Budget for 2016-2017.** General Manager Davis passed out a copy of the proposed Engineering budget

for next fiscal year and reviewed each line item with the Board. He noted that next year he expects the Agency to transition from design of infrastructure to studies related to the procurement of additional water supplies. He pointed out that next year's proposed budget is less than this year's engineering budget. There were no major comments from Board members on the proposed Engineering budget.

**5. Announcements:**

- A. State Water Project Table A Water Allocation Workshop, May 10, 2016 at 4:00 pm.
- B. Regular Board Meeting, May 16, 2016 at 7:00 p.m.
- C. Finance and Budget Workshop, May 23, 2016 at 4:00 pm.

**6. Adjournment:** Chairman Dickson adjourned the meeting at 5:09 p.m.

*DRAFT - SUBJECT TO BOARD APPROVAL*

Jeffrey W. Davis, Secretary to the Board



# Fact Sheet

## Staff Proposal for Extended Emergency Regulation for Urban Water Conservation

### Summary

A staff statewide water conservation proposal was released for public comment today that would amend the Feb. 2 emergency water conservation regulations, due to improved water supply conditions around most of the state.

Significant proposed changes include replacing the state developed standards with locally developed conservation standards based upon each agency's specific circumstances. The proposed regulation would require individual urban water suppliers to self-certify the level of available water supplies they have assuming three additional dry years, and the level of conservation necessary to assure adequate supply over that time.

This self-certification would include information provided by regional water distribution agencies (wholesale suppliers) about how regional supplies would fare during three additional dry years. Both urban water suppliers and wholesale suppliers would be required to report the underlying basis for their assertions, and urban water suppliers would be required to continue reporting their conservation levels.

Per the proposal, urban water suppliers will be required to reduce potable water use in a percentage equal to their projected shortfall in the event of three more dry years. In other words, if an individual water district projects it would, under the specified assumptions, have a 10 percent shortfall after the next three years at the current rate of use, their mandatory conservation standard would be 10 percent.

The staff recommendation keeps in place the monthly reporting requirements and specific prohibitions against certain water uses. Those prohibitions include watering down a sidewalk with a hose instead of using a broom or a brush, or overwatering a landscape to where water is running off the lawn, over a sidewalk and into the gutter. As directed by Governor Brown's Executive Order B-37-16, these requirements and prohibitions will also become permanent. Prohibitions against home owners associations taking action against homeowners during a declared drought remain as well.

The proposed regulatory package and technical fact sheet are the result of review of many meetings, written and oral comments from a public workshop on April 20 to receive input on conservation needs through the summer and fall, and lessons learned since the Water Board first adopted drought emergency water conservation regulations. The workshop was conducted to solicit ideas for adjustments to the current emergency regulations given changes in water supply, storage, and snowpack as compared to last



CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

STATE WATER RESOURCES CONTROL BOARD

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year's historic statewide deficiencies. This staff proposal will be considered by the Board for comment and adoption on May 18. **The new conservation standards would take effect for June 2016 and remain in effect until the end of January 2017.**

### **Improved Water Supply and Conditions; and Conservation – Reason for Change**

Winter 2016 saw improved hydrologic conditions in parts of California. More rain and snow fell in Northern California as compared to Central and Southern California; yet, due to California's water storage and conveyance systems, concerns over supply reliability have eased compared to last year throughout urban California. Consequently, the unprecedented mandatory state-driven conservation standards in place over the last ten months can transition to conservation standards based on supply reliability considerations at the local level. However, conservation standards are still needed in case this winter was a short reprieve in a longer drought.

Over the last several months the Board has been monitoring state hydrology, water supply conditions, including local supply reliability, and the conservation levels achieved by the State's 411 urban water suppliers. Hydrologic conditions in parts of California – particularly northern California – have markedly improved relative to 2014 and 2015. Many reservoirs are above historic averages for late spring, and water allocations are up in most cases for the State Water Project.

In addition, the water production reports submitted to the State Water Board have shown that the majority of urban water suppliers have successfully responded to mandatory conservation expectations over the last 20 months. Public awareness of drought conditions and the public's extraordinary response this past ten months should lead to continuing conservation.

Should severe drought conditions return, the Board stands ready to return to stronger conservation mandates if the approach proposed here does not prove successful.

Proposed changes to the drought emergency water conservation regulation would allow suppliers to define an individualized conservation standard on their specific water supply and demand conditions. Each water supplier would be required to evaluate its supply portfolio and self-certify the accuracy of its information while also providing the underlying information and assumptions; the State Water Board would assign each supplier a mandatory conservation standard equal to the percentage deficiency the supplier identifies in its supply under specified assumptions. Additionally, certain statewide requirements on small suppliers and businesses would be lifted.

### **Governor and Board Actions Achieved Historic Conservation Statewide**

In his April 1, 2015 Executive Order, Governor Brown mandated a 25 percent water use reduction by users of urban water supplies across California.

In May 2015, the State Water Board adopted an emergency regulation requiring a cumulative 25 percent reduction in overall potable urban water use over the following 9 months. The May 2015 Emergency Regulation uses a sliding scale for setting conservation standards, so that communities that have already reduced their residential gallons per capita per day (R-GPCD) through past conservation had lower mandates than those that had not made such gains since the last major drought. Conservation tiers for urban water suppliers were set between eight percent and 36 percent, based on residential per capita water use for the months of July - September 2014.

During this time, statewide water conservation was unprecedented. In the last 10 months alone, the state realized nearly a 24 percent savings in water use as compared to same period 2013, resulting in some 1.30 million acre-feet of water conserved throughout California, enough to supply 6.5 million people with water for an entire year.

On Feb. 2, 2016, based on Governor Brown's November 2015 Executive Order, the State Water Board approved an updated and extended emergency regulation that continued mandatory reductions through October.

The February 2016 Emergency Regulation responded to calls for continuing the conservation structure that has spurred savings, while providing greater consideration of some localized factors that influence water needs around the state: climate differences, population growth and significant investments in new local, drought-resilient water supplies such as potable wastewater reuse and desalination. Under the extended regulation, many water suppliers have somewhat lower water conservation standards, although statewide water conservation is expected to continue at high levels.

On May 9, Governor Brown issued a new Executive Order directing actions aimed at using water wisely, reducing water waste, and improving water use efficiency. The Executive Order, in part, directs the State Water Board to extend the emergency regulations for urban water conservation through the end of January 2017. These revised regulations are set for consideration May 18.

*(This fact sheet was last updated May 9, 2016)*

## MEMORANDUM

**TO:** Board of Directors  
**FROM:** General Manager  
**RE:** Possible Participation in Sites Reservoir  
**DATE:** May 16, 2016

**Summary:**

Staff will not be asking the Board to make any decisions at this Board meeting. Rather, staff will review with the Board documents, also included in the agenda package, recently adopted by the Sites Reservoir JPA that define the “on-boarding” process of acquiring additional financial partners in the endeavor.

The Board, as well as any other water agency in the state who wishes to, will have until July 1 to complete and submit a “Proposal to Participate” form. That provides for two additional board meetings beyond tonight’s meeting to discuss this issue (as well as one Engineering workshop, if necessary).

Staff is reviewing the documents and will review them with the Board at the meeting. There will still be additional information that staff will not have by the time of the Board meeting but that can be shared with the Board over the next month.

**Recommendation:**

Staff has no recommendation regarding Sites Reservoir at this time. This item is for information and discussion only.

Topic: **Sites Reservoir Project**

**2016 May 01**

Subject: **Proposal Attachment 3**

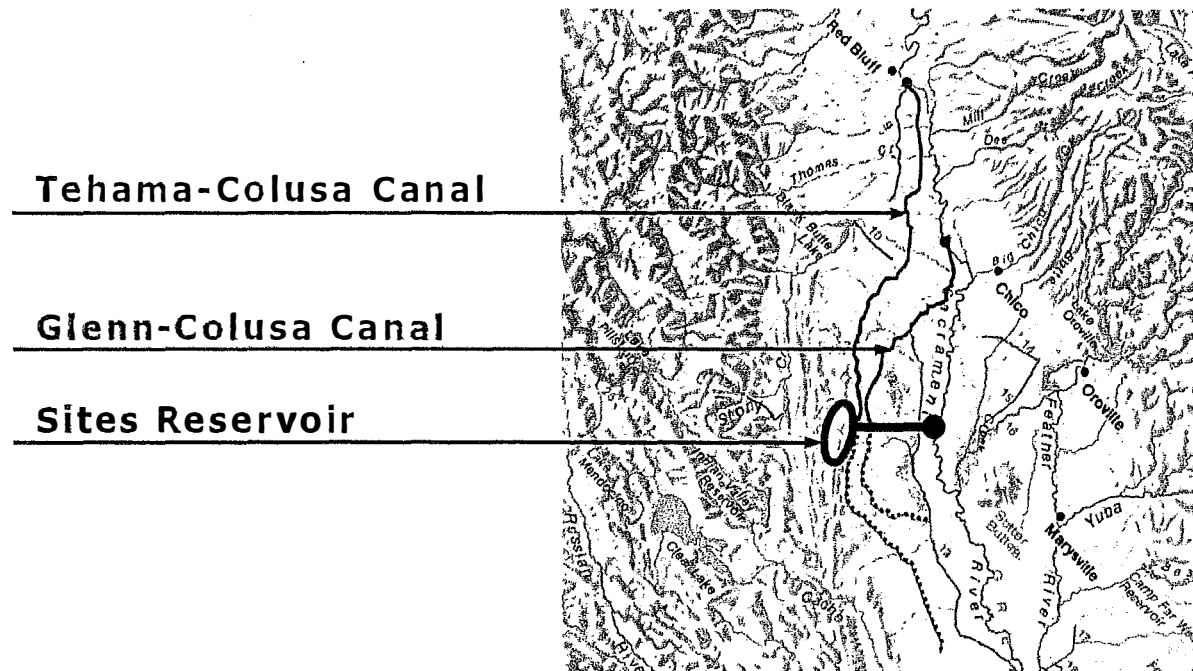
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## Overview

**Purpose:** To provide an overview of the Sites Reservoir Project (Project) as an aid to prospective members to consider participating in the development of Project, by summarizing concepts included current studies and governance documents.

**1. Project Facilities:** The Sites Project Authority and Phase 1 Reservoir Project Agreement Committee are jointly developing a locally preferred alternative that physically resembles the DWR Alternative C, but with improvements intended to reduce local land use impacts, but the primary difference is with the operations, which is discussed in Section 2. Please note: Due to the Water Commission's application schedule, the technical studies are being developed in parallel with the on-boarding process. The following summary is based on the prior studies (refer to Section 6) and work in progress to prepare the feasibility study for inclusion into the application.

Figure 1.1: Existing points of diversion and use of existing conveyance



Status: Issued for Board's consideration  
Purpose: Summarize key aspects of the Project for the on-boarding process  
Caveat 1: Subject to change  
Caveat 2:

Version: A  
Date: 2016 May 01  
Ref/File #: 12.210-00.12  
Page: 1 of 18

Figure 1.2: Facilities Map

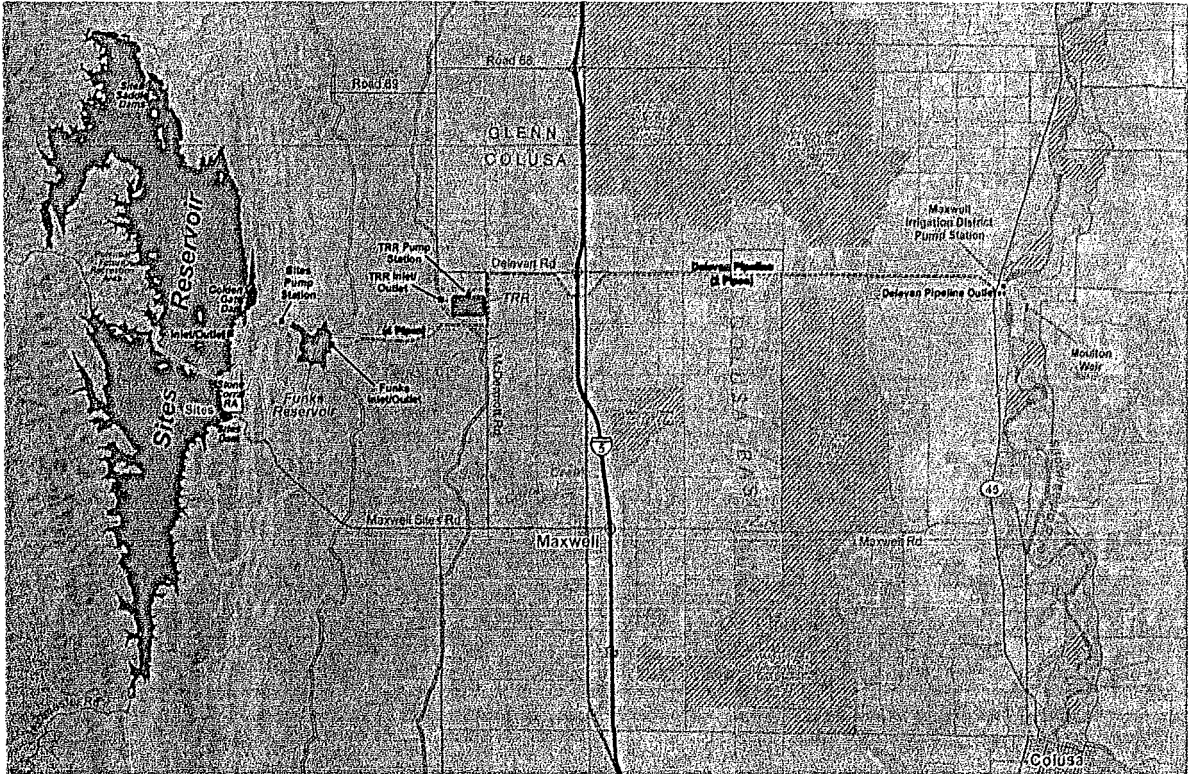
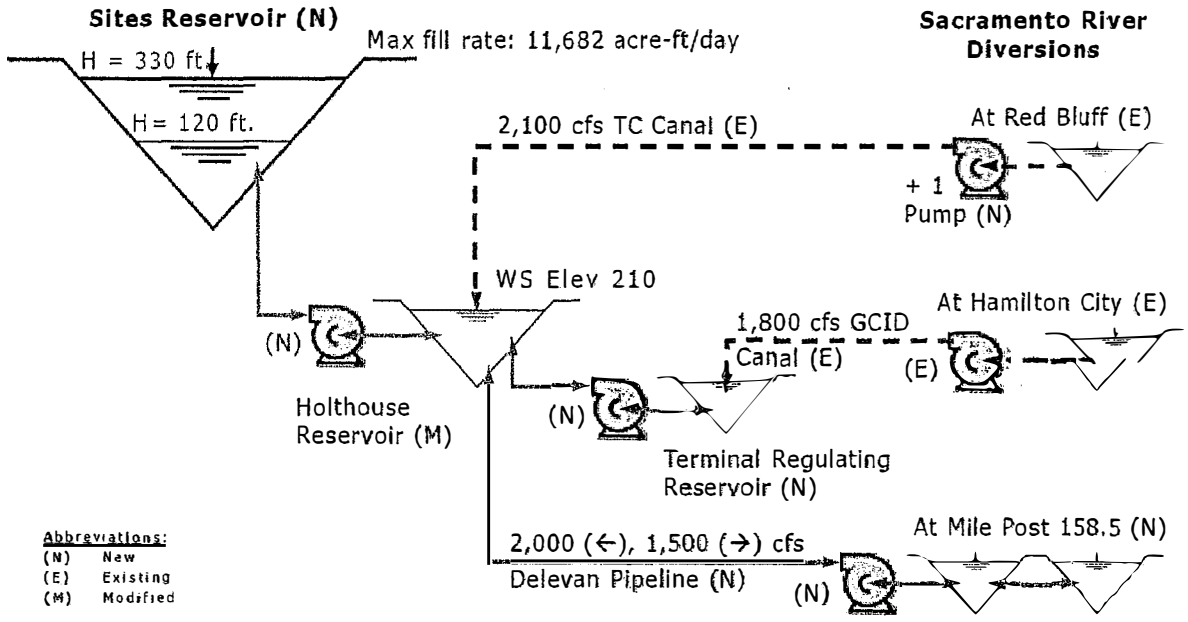


Figure 1.3: Schematic. Primary renewable energy occurs between Sites reservoir & Holhouse regulating reservoir.



**Abbreviations:**  
 (N) New  
 (E) Existing  
 (M) Modified

| Plant Mode            | Pumping Mode |            |       |           |        | Generation Mode |      |           |
|-----------------------|--------------|------------|-------|-----------|--------|-----------------|------|-----------|
|                       | TC Canal     | GCID Canal | TRR   | Sac River | Sites  | Sites           | TRR  | Sac River |
| Planned Capacity, MW  | 6            | 3.39       | 19.68 | 65.65     | 181.35 | 123             | 9.8  | 10.8      |
| Planned Capacity, cfs | 2250         | 3000       | 1890  | 2000      | 5900   | 5100            | 1500 | 1500      |

Figure 1.4: Proposed Dams (Main dams are over 300 ft. tall)

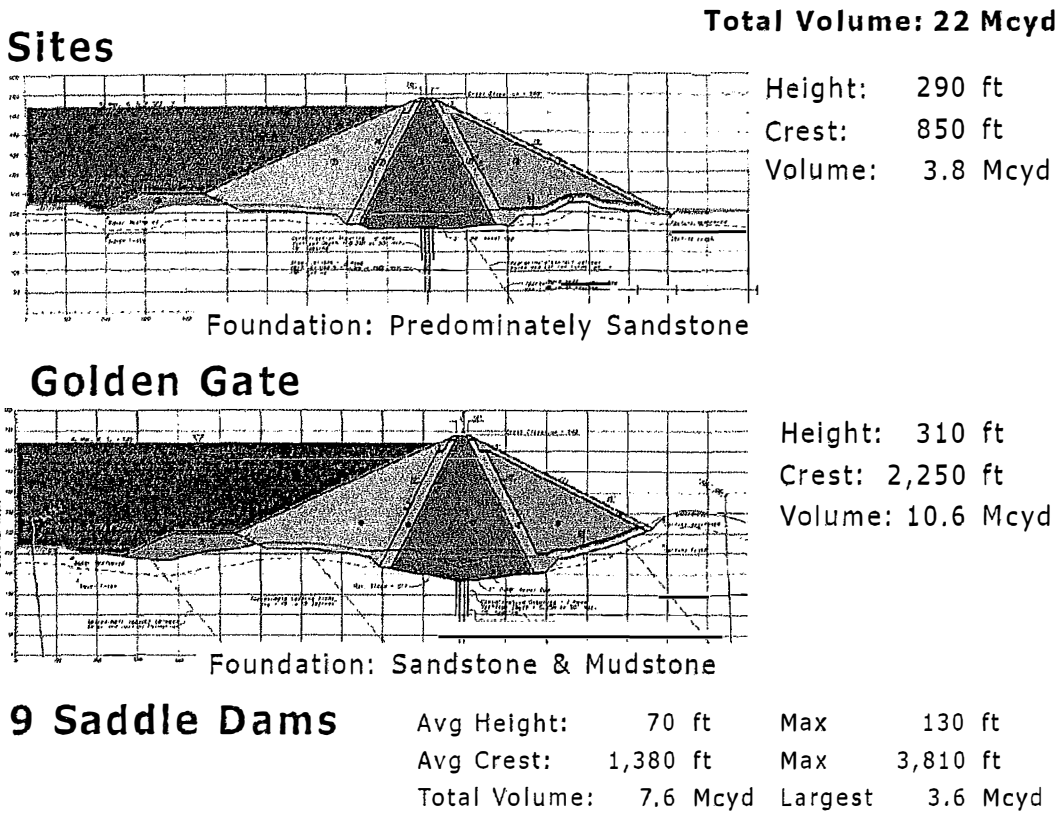
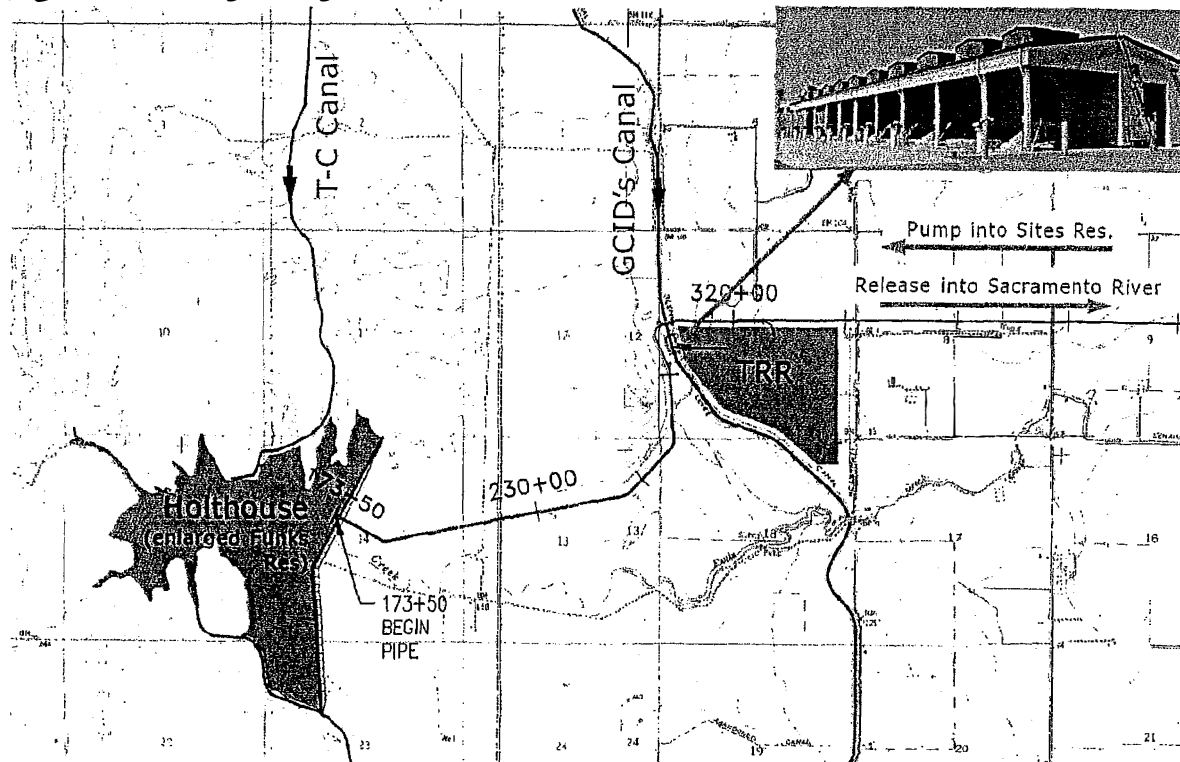


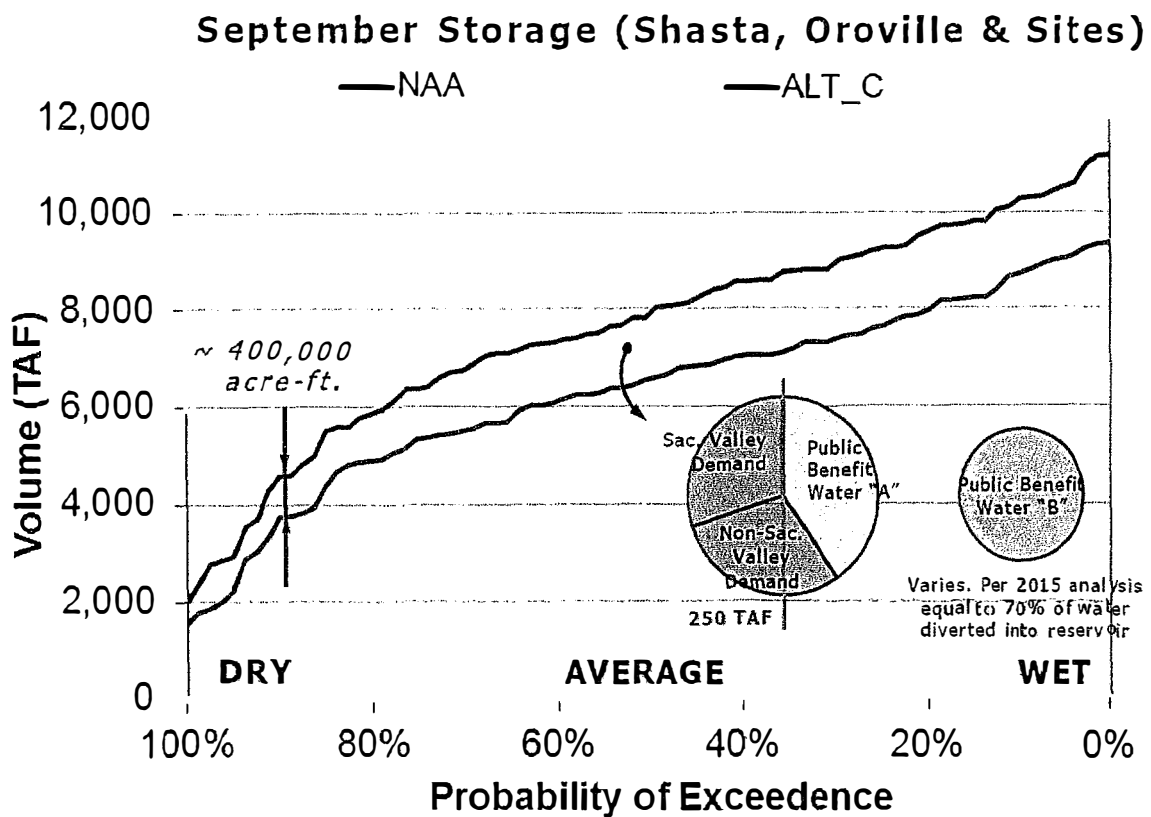
Figure 1.5: Regulating Forebays





**2. Project Operations:** The operational assumptions used in the prior studies are currently being revisited to develop the locally preferred alternative. At a minimum, the operations will include approximately 130,000 acre-ft. of water to meet northern Sacramento Valley demand. Additional concepts include the ability for Sites Reservoir to provide flows to repulse salinity, which is a Proposition 1, Chapter 8-eligible public benefit, ability to reduce operational demands of Folsom Reservoir during dry and critical years to maintain higher storage volumes, and how different strategies could be used by the resource agencies to achieve different ecosystem and/or water quality improvements (i.e. help to demonstrate the value of the Project and the flexible operations to respond to different sets of future conditions), which is a Proposition 1, Chapter 8-eligible public benefit. The results of these operational studies will form the basis for the application to the Water Commission. Please note: Due to the Water Commission's application schedule, the operational studies are being developed in parallel with this on-boarding process.

Figure 2.1a: Integrated Operations in the Sacramento Valley





Topic: **Sites Reservoir Project**

**2016 May 01**

Subject: **On-boarding**

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## **Proposal to Participate**

**Introduction:** The members of the Sites Project Authority include both water agencies and the counties where the project is located, some of whom are also members of the Phase 1 Reservoir Project Agreement Committee. We are seeking additional entities to participate in the development of the Sites Reservoir Project in compliance with the requirements of Proposition 1, chapter 8 (i.e. water code §79750 et seq.). Our mission is "to be a proponent and facilitator to design and potentially acquire, construct, manage, govern, and operate Sites Reservoir and related facilities; to increase and develop water supplies; to improve the operation of the state's water system; and to provide a net improvement in ecosystem and water quality conditions in the Sacramento River system and the Delta".

Proposition 1, chapter 8 builds upon the State's policy to achieve the coequal goals for management of the Delta (water code §85020) by offering to cost-share in water storage projects that will "advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Delta" (water code §79755 (a)(5)(B)) by providing up to fifty percent of a project's development cost in exchange for eligible public benefits that are used in a manner that produces a return on investment for the State. The eligible benefits are limited to: (1) Ecosystem improvements, (2) Water quality improvements in the Delta, (3) Flood control benefits, Emergency response (e.g. flows for dilution and salinity repulsion), and (5) Recreation (water code §79753(a)) with the condition that "[f]unds shall not be expended pursuant to this chapter for the costs of environmental mitigation measures or compliance obligations *except for those associated with providing the public benefits*" (water code §79753(b)).

The Sites Reservoir Project is uniquely configured and located to be able to (1) divert surplus flows for storage and then reuse later in time for both consumptive and eligible public benefits and (2) through water operational exchanges, make releases from the proposed Sites Reservoir that will enable Shasta, Oroville, Folsom, and Trinity to maintain higher end-of-year storage levels, especially during dry and critical water year types that can be used for eligible public benefits, such as increasing the volume of cold water pool in each of the respective reservoirs. Furthermore, current operational modeling indicates the reservoir will, on a long-term annual basis, refill on a three- to five-year frequency, which enables the Project to produce 500,000 acre-ft. on a long-term annualized basis, which doesn't include the benefits that can be accrued in the above-listed reservoirs.

We invite you to consider participation in the development of the Sites Reservoir Project by reviewing this package of documents and providing a response.

Status: Issued for Board's consideration  
Purpose: Document process and schedule from April 25 Workshop  
Caveat 1 Subject to change  
Caveat 2

Version: B  
Date: 2016 May 02  
Ref/File #: 12.210-00.12  
Page: 1 of B

## Administrative:

- Due Date: Must be post marked on or before **4:00 PM, July 1, 2016**.  
If emailed, must be received by 4:00 PM, July 1, 2016.
- Mail Address: Attention: Board Clerk, Sites Reservoir Project, On-boarding RFP  
  
547 Market Street, Ste. 102 -  
Colusa, CA 95932
- Email Address: [BoardClerk@countyofcolusa.org](mailto:BoardClerk@countyofcolusa.org)
- Contact:  
  
Technical: Jim Watson  
(530) 410-8250  
[jwatson@sitesjpa.net](mailto:jwatson@sitesjpa.net)  
  
Administrative: Ann Nordyke  
(530) 458-0509  
[BoardClerk@countyofcolusa.org](mailto:BoardClerk@countyofcolusa.org)

If contacting via email, please include in the subject line: Sites On-boarding

**Relevant Documents:** The following documents are either posted on the Authority's website: [www.sitesjpa.net](http://www.sitesjpa.net) or are available online using the link provided. Upon request copies can be obtained via email by contacting Ann Nordyke.

1. **Sites Project Authority's Agreement:** *Modified Third Amendment and Restated Sites Project Authority Joint Exercise of Powers Agreement*. This document has been executed and became effective March 23, 2016. At this time, the Authority does not contemplate the need to make any revisions to this document associated with the on-boarding process.

This document is **Attachment 4.1** to the Proposal to participate.

2. **Sites Project Authority's Bylaws:** *Bylaws of the Sites Project Authority for Phase 1 of the Sites Reservoir Project*. This document has been executed and became effective, Dec 21, 2015. At this time, the Authority does not contemplate the need to make any revisions to this documents associated with the on-boarding process.

This document is **Attachment 4.2** to the Proposal to participate.

3. **Phase 1 Reservoir Project Agreement:** *Sites Project Authority's Phase 1, Reservoir Project Agreement*. This document represents the 'commercial' terms (whereas Exhibit B represents the 'technical' terms). Version 1 was approved on April 11, 2016 to be executed with the current Members listed (refer to Figure 4.1b). Also included in this document are Exhibits A1: participation amounts and

percentages, Exhibit A2: Example of weighted voting, and Exhibit C: Notifications.

The intent is to execute Version 2 with the expanded membership. The draft for applicant's consideration is Version 1b, which incorporates proposed changes to on-board additional members and it creates the different classes of water to be offered for applicant's consideration. Once finalized, Version 1b will require the Authority's and Phase 1 Reservoir Project Agreement Committee's to jointly approval and when executed by the new Members, will become Version 2.

This document is **Attachment 5.1** to the Proposal to participate.

- 4 ***Exhibit B: Phase 1 Reservoir Project Agreement Requirements:*** This document is an Exhibit to the Project Agreement and represents the 'technical' terms (whereas the Phase 1 Reservoir Project Agreement represents the 'commercial' terms. Version 1 was approved on April 11, 2016 for use. If needed, it will be revised and issued for execution after the evaluation process has been completed and any exceptions have been addressed.

This document is **Attachment 5.2** to the Proposal to participate.

The following documents provide supplemental information about the Sites Reservoir Project related to the technical and environmental aspects.

- 5 ***Concept Paper,*** submitted to CA Water Commission on March 31, 2016. It is available on the Commission's website:  
[https://cwc.ca.gov/Documents/2016/WSIP/SitesJPA\\_SitesReservoir.pdf](https://cwc.ca.gov/Documents/2016/WSIP/SitesJPA_SitesReservoir.pdf)
- 6 **Additional Engineering/technical and environmental studies** that form the foundation for advancing the Project can be downloaded from the following websites:  
DWR: <http://www.water.ca.gov/storage/northdelta/index.cfm>,  
USBR: <http://www.usbr.gov/mp/nodos/>
- 7 **Attachment 1: Phase 1 Proposal to Participate form:** This document is required to be filled out, signed, and returned with applicant's proposal.
- 8 **Attachment 2: On-Boarding Process:** Describes the process the Authority intends to use to on-board additional members.
- 9 **Attachment 3: Overview Documents:** Summarizes some of the key concepts in the governance documents.
- 10 **Attachment 6:** Frequently Asked Questions (*optional*)

Precedence of Documents:

1. Items listed #1 through #6: Should a conflict exist between these documents the requirements of the first document shall govern. Should a conflict exist

between either of these documents and this document, the documents listed in this section shall govern.

2. Items #7: Should an apparent conflict exist between Attachment #1 and this document, this document shall govern.
3. Item #7 through #10: Should an apparent conflict exist between either of these documents and this document, the requirements of this document or the applicable governance document shall govern.

### **Proposal Requirements & Selection Process:**

The on-boarding process with schedule is described in Attachment 2. The following will be used to evaluate all proposals to participate that have been received by the call date.

- a. Signed Proposal to Participate Form: After the call date, this document will be used in combination with all other documents included in applicant's proposal to:
  1. Confirm each applicant's self-certification of eligibility appears to be consistent with the Project's governance documents.

Please note: Should the Water Commission take exception to a Member's eligibility status, that in turn affects the Water Commission's ability to enter into the funding agreement with the Authority, the Authority and Phase 1 Reservoir Project Agreement Committee will jointly evaluate the Member's compliance with being in good standing (refer to Bylaws). If deemed appropriate by the Authority and Phase 1 Reservoir Project Agreement Committee, best efforts will be used to work with the applicant to identify an alternative membership type or other remedy.

2. Willingness to execute the Phase 1 Reservoir Project Agreement and if applicable to become an Authority Member, the Sites Project Authority Joint Exercise of Powers Agreement, and
3. For each of the following classes of water, the maximum amount being offered for allocation of Phase 1 costs are (refer to Exhibit 1A to the Phase 1 Reservoir Project Agreement) is:
  - **Class 1: 120,000 acre-ft.** The current estimate of the amount of water produced on a long-term average is 500,000 acre-ft./year of which 50% is proposed to not be used for Proposition 1, Chapter 8-eligible public benefits. Of the 250,000 acre-ft., 130,000 acre-ft. is assigned to current Members to the Phase 1 Reservoir Project Agreement Committee.
  - **Class 2: 170,000 acre-ft.** This represents the difference between the 250,000 acre-ft. that could be used for Proposition 1, Chapter 8-eligible public benefits minus approximately 80,000 acre-ft., which is the reduced amount of long-term annualized water produced should a decision be made to advance the smaller, 1.3 MAF, reservoir.

NOTE: The order-of-magnitude estimate of long-term annualized water produced by the Project assuming the State's cost share is \$1.5 Bn would result in approximately 80,000 acre-ft. of currently Class 2 water to, in Phase 2, becoming Class 1 water.

- **Class 4: \$130,000.** per member electing to participate. A Member can elect to participate solely in Class 4.

Water Code §79757(a)(2) states "The commission makes a finding that the project is feasible, and will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Delta." The implication is that the public benefit water will improve conditions in the Delta which should improve the reliability of the CVP and SWP to export water south of the Delta.

NOTE: These above amounts are based on CALSIM modeling results completed prior to Dec 31, 2015 and reflect the expected long-term annualized average, which is based on year 2030 water demands, current regulatory compliance requirements (e.g. USFWS's and NMFS's respective biological opinions and the State Water Resources Control Board's D-1641). As the project advances these results will be updated. Additionally, these results do not include any potential changes in quantity resulting from either (a) decisions by the CA Water Commission, legislature, or other regulatory agencies, (b) the selection or application of any future climate change scenario, and/or (c) other factors beyond the control of the Authority and Phase 1 Reservoir Project Agreement Committee.

4. Evaluate how much water associated in each class to assign to each prospective member in accordance with the following ground rules:
  - a. Proposals received from within the northern Sacramento Valley, which represent the 'second round' attempt to solicit participation within this geographic area, will be evaluated first.
  - b. Proposals received from an extended Sacramento Valley (e.g. American River, Counties north & east of Glenn & Colusa, North Bay Aqueduct, north Delta) will be evaluated second.
  - c. Proposals received from the Central Valley region and/or other areas of the state that have contracts to obtain water from either the CVP or SWP will be evaluated third. This distinction is due to the increased benefits that can be achieved through integrating the operations of the Sites Reservoir with the CVP and SWP.

Furthermore, for those entities that will rely upon the existing CVP (Jones) and SWP (Banks) in-Delta pumping plants, the initial goal is to maximize the amount of water being allocated within each Class of water and then to balance these member's participation for Class 1 water and Class 2 water, respectively. The initial evaluation will attempt to balance the total requests from the CVP and SWP to be the same for all classes of water. However, should contractors of one project request more water and there is

water available in either Class 1 or Class 2, those Project contractors will be given the additional amount of water up to the total amount available for Class 1 and Class 2 water, respectively.

- d. Proposals received from entities that do not have contracts to obtain water from either the CVP or SWP will be evaluated forth.

Example: For Class 1 water, the sum of all requests received totals 170,000 acre-ft., yet only 120,000 acre-ft. is currently being made available for use in allocating the Phase 1 costs. The evaluation committee will then allocate the acre-ft. based on the above ground rules and prepare a counter-offer for each applicant's consideration.

For those south of Delta entities requesting to participate in Class 1 water, assuming the sum of CVP (or SWP) contractors requests equal 100,000 acre-ft., the sum of SWP (or CVP) contractors requests equal 60,000 acre-ft. and all sum of all other entities equals 10,000 acre-ft., the total available to south of Delta would be 110,000 acre-ft. The likely counter-offer would be to offer 55,000 acre-ft. available to each group of CVP and SWP contractors and then offer the remaining balance as Class 2 water, which in this example would be CVP (or SWP) contractors being offered 45,000 acre-ft. and SWP (or CVP) contractors being offered 5,000 acre-ft.

- b. Proposed Exceptions to the Phase 1 Governance Documents: Applicant shall include with their signed Proposal to Participate Form, any proposed changes to the applicable governance documents.
  1. Eligible applicant's electing to participate solely in the Authority:
    - *Modified Third Amendment and Restated Sites Project Authority Joint Exercise of Powers Agreement*, (Attachment 4.1).
    - *Bylaws of the Sites Project Authority for Phase 1 of the Sites Reservoir Project*, (Attachment 4.2).
  2. Eligible applicant's electing to participate solely in the Phase 1 Reservoir Project Agreement Committee:
    - *Sites Project Authority's Phase 1 Reservoir Project Agreement*, (Attachment 5.1).
    - *Exhibit B: Phase 1 Reservoir Project Agreement Requirements*, (Attachment 5.2).
  3. Eligible applicant's electing to participate in both the Authority and Phase 1 Reservoir Project Agreement Committee shall provide any proposed changes to all of the above listed documents.
- c. Applicant's Timeline: The *On-Boarding Process* (Attachment 2) provides a timeline for the Authority and Phase 1 Reservoir Project Agreement Committee to provide a response (or if applicable a counter-proposal) to an applicant's proposal. Based

on the applicant's proposal, the applicant should identify an approximate duration that would be needed to review the Authority's and Phase 1 Reservoir Project Agreement Committee's joint response or, if applicable, to respond to the Authority's and Phase 1 Reservoir Project Agreement Committee's joint counter-proposal. This duration should reflect the applicant's internal approval processes commensurate for their proposed level of participation in the Sites Reservoir Project. This duration will be used by the Authority and Phase 1 Reservoir Project Agreement Committee to jointly develop an applicant-specific on-boarding plan.

- d. Representation: Applicant shall identify with their signed Proposal to Participate Form their proposed representatives to the project.
  - 1. Authority: If requesting membership in the Authority, the name of a Director and an alternate.
  - 2. Phase 1 Reservoir Project Agreement Committee: A Director and an alternate.
  - 3. Managers' Work Group: A representative who will participate in the monthly advisory meetings and can work within the applicant's organization to make other personnel available to participate in ad-hoc work teams that may be created from time to time to address specific issues.
- e. Alternatives for Authority's Consideration: Given the size and complexity of the Sites Reservoir Project, the Authority and Phase 1 Reservoir Project Agreement Committee recognize there are many options for participation that may extend beyond those identified in this on-boarding process. Applicants are encouraged to provide alternative concepts for the authority's and Phase 1 Reservoir Project Agreement Committee's joint consideration. However, the Authority and Phase 1 Reservoir Project Agreement Committee jointly reserves the right to accept or reject any such alternative concepts.

The Evaluation Committee will make a determination of eligibility, develop an initial allocation water within each of the classes of water available, finalize the participation percentages and weighted voting. These results will be brought to the Authority and Phase 1 Reservoir Project Agreement Committee for joint approval before notifying each applicant of their status. Those applicants whose proposal to participate have been accepted by Authority and Phase 1 Reservoir Project Agreement Committee will advance to the development of the applicant-specific on-boarding plan. Should an applicant's proposal not be accepted, the applicant may request to present their position before a joint meeting of the Authority and Phase 1 Reservoir Project Agreement Committee, who jointly have the final decision-making authority.

Each applicant-specific on-boarding plan will include:

- 1. The timeline to either (a) resolve any exceptions taken or (b) incorporate alternative concepts.
- 2. The date the Authority and Phase 1 Reservoir Agreement Committee expect to approve a revised Phase 1 Reservoir Project Agreement (i.e. version 2), which will then be provided to the successful applicant for their consideration and potential execution.

3. The development of a payment schedule for the applicant's initial payment (refer to Attachment 3, Section 5e).
4. An 'off-ramp' date provision that should both parties be unable to come to agreement, the proposal will no longer be considered to be responsive or valid.

**Limitations:**

1. Evaluation and Selection: The Authority and Phase 1 Reservoir Project Agreement Committee, together shall approve (or not) an applicant's proposal and request to become a Member as well as to determine the amount of water to be made available for each class of water to each applicant requesting to become a Member.
2. Allocation of Phase 1 Costs: While membership in Project is intended to be for the duration of the Project's development and eventual repayment of any financed works, participation to advance the Project will be revisited by all Members at the end of each Phase (refer to Bylaws, § 3.5 & Schedule) to 're-balance' the participation based on each member's independent assessment of the subsequent phase's requirements and expected funding commitments in exchange for potential benefits (refer to Bylaws, § 3.10). For this, Phase 1 of the Project, participation to advance the design and construction of proposed infrastructure works is limited to the funding of work needed to (a) prepare documents that comply with the requirements of Proposition 1, Chapter 8 known as the Water Supply Investment Program (WSIP) to potentially receive a cost-share from the State in exchange for providing eligible public benefits to the Department of Fish and Wildlife (DFW), State Water Resources Control Board (SWRCB), and the Department of Water Resources (DWR), respectively and (b) to develop the work plan and secure funding necessary to advance the Project through Phase 2, of which the primary activities are to complete the environmental review in accordance with NEPA/CEQA, ESA/CESA, and to obtain certifications in accordance with the Clean Water Act, among others.
3. Hydropower: As presently configured, the Project has the capability to provide renewable energy benefits, which are not Proposition 1-eligible. Phase 1 will include studies to determine the ability to include both conventional hydropower and pumped-storage in a manner that would not delay the earliest completion of Project facilities to the level needed to begin to start providing water benefits.
4. A Member's Cost to Connect: The project currently does not include new 'local' distribution infrastructure that would allow water to be conveyed to service areas or lands that are (1) not already hydraulically connected to the proposed project features or (2) where water service is not already provided by the CVP and/or SWP. Such improvements would be the sole responsibility of the applicant seeking to participate in the Project, unless otherwise approved by the Authority and Phase 1 Reservoir Project Agreement Committee.



Topic: **Sites Reservoir Project**

**2016 May 02**

Subject: **Proposal Attachment 2**

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## **Proposed On-Boarding Process:**

**Purpose:** Use a request for proposals (RFP) process to expand membership in Phase 1 of the Sites Reservoir Project in a manner that is consistent with the current governance documents. Expanded membership is needed to prepare the application for the CA Water Commission's pending funding decision, which then requires the Authority enter into a funding agreement with the Water Commission and contracts with respective resource agencies for public benefits in exchange for state's cost-share in the Project.

Expanding membership will occur in parallel tracks:

1. **Local:** Identify additional northern Sacramento Valley entities that, by agreement to become a member, could receive benefits should the Sites Reservoir Project become permitted and operational. These entities can participate in either the Sites Project Authority and/or Reservoir Project Agreement Committee.
2. **Regional and Statewide:** Identify additional entities that, by agreement to become members, could receive benefits should the Sites Reservoir Project become permitted and operational. These entities can only participate in the Reservoir Project Agreement Committee and/or advisory capacities. Since the Project proposes to operate in an integrated manner with both the Central Valley Project and State Water Project, the primary beneficiaries are (1) either those entities that have existing water contracts with either the Bureau of Reclamation &/or Department of Water Resources or (2) are hydraulically connected to the Sacramento River where water released from Sites Reservoir or through exchanges, with the CVP and/or SWP could allow water to become available.

### **NOTES:**

- a. **Cost Allocation:** For Phase 1, the quantity 'assigned' to a member for any class of water, is being used solely to apportion the study costs associated with completing the Phase 1 scope of work. These costs are subject to the budgetary approval processes by both the Authority and the Reservoir Project Agreement Committee.
- b. **Outreach:** To communicate the Phase 1 RFP process, the Authority will use best efforts to notify water agencies, the public and other potential entities using existing public communications channels and media.
- c. **Additional Proposals to Participate:** During each subsequent phase of the Project, an equivalent on-boarding process will occur in conjunction with the rebalancing

Status: Issued for Board's consideration

Purpose: Document process and schedule is based on April 25 Workshop results

Caveat 1 Subject to change

Caveat 2

Version: A

Date: 2016 May 02

Ref/File #: 12.210-00.12

Page: 1 of 5

process. This provides an additional opportunity for entities to request membership with the understanding that (1) the Prospectus Model, which uses the time value of money, will be used, in part, to determine the cost to become a member and (2) additional factors such as the current membership combined with the amount of water expected to be produced on a long-term average is needed to create an opportunity for water to become available to potential new members.

- d. Limitation: At this time, participation in non-water benefits, such as hydropower and regional economics, are not being considered as part of this process.

| <b>Process Steps:</b>  | <b>Target Date (dur)</b>           |
|--|------------------------------------|
| 1. Board's Approval  | May 9 (B)                          |
| a. On-boarding process (this document)   |                                    |
| b. Revised Reservoir Project Agreement (version 1b <i>as draft for inclusion in Proposal to Participate</i> )                                      |                                    |
| c. Overview document to the Proposal to Participate  |                                    |
| • For participation in Class 1 & 2 water, the Phase 1 not-to-exceed cost/acre-ft.  |                                    |
| • For participation in Class 4 water, the lump-sum cost  |                                    |
| • Cost due upon executing Reservoir Project Agreement (See Step 10). Use assumptions to estimate the sunk cost on a \$/acre-ft. through September. |                                    |
| d. Proposal to Participate form (includes (1) confirmation of eligibility per Proposition 1, Chapter 8 and (2) proposed membership type)           |                                    |
| e. Phase 1 schedule and work plan (see Step 10)  |                                    |
| f. Finalize representation on the Evaluation Committee   |                                    |
| g. Identify Managers to participate in the on-boarding facilitation process (optional)   |                                    |
| 2. Finalize Proposal to Participate (on-boarding package) in accordance with Board's direction   |                                    |
| a. Authority &/or Reservoir Project Agreement to incorporate Board's direction.  |                                    |
| b. Proposal to Participate (with attachments)  |                                    |
| c. Frequently Asked Questions (optional)   |                                    |
| <b>3. Issue RFP</b>  | <b>May 20</b> (no later than date) |
| a. Post documents on web site  |                                    |
| b. Publish notification (statewide)  |                                    |
| c. Schedule briefings and/or workshops   |                                    |

**Process Steps:**

**Target  
Date (dur)**

- |           |   |  |                |
|-----------|---|--|----------------|
| 4.        | On-boarding Facilitation & support<br>Northern Sac Valley   | Region & Statewide   | (6 weeks)      |
|           | a. Mail 'round 2' letters   | a. Support individual agency's<br>(or JPA's) requests to meet. |                |
|           | b. Develop template letter to<br>include w/ response  |  |                |
|           | c. Address private pumper<br>inquiries  |  |                |
|           | d. Conduct 1 public workshop  |  |                |
| <b>5.</b> | <b>Proposal Call Date</b>   |  | <b>July 01</b> |
|           | Proposals should include:   |  |                |
|           | a. Signed Proposal to Participate form<br>(includes (1) confirmation of eligibility per Proposition 1,<br>Chapter 8 and (2) proposed membership type)   |  |                |
|           | b. Proposed exceptions to the Phase 1 Reservoir Project<br>Agreement using redline strikethrough format   |  |                |
|           | c. Proposed Schedule: Based on approval of an updated Phase 1<br>Reservoir Project Agreement (see Step 13), the estimated<br>duration to (1) complete final reviews and execute a final<br>Phase 1 Reservoir Project Agreement and (2) provide initial<br>funding, which is based on the equivalent funding that has<br>been provided by the current members. |  |                |
|           | d. Proposed representation: Name of Director, Alternate, and<br>Manager.  |  |                |
|           | e. If applicable, proposed alternatives or concepts such as:  |  |                |
|           | • Type or membership,   |  |                |
|           | • In kind services,   |  |                |
|           | • Expertise/resources (internal or external) to be made<br>available to support the project.  |  |                |
| 6.        | Committee evaluates Proposals (initial screening)   |  | July 11        |
| 7.        | Brief Board & Reservoir Project Agreement Committee   |  | July 11 (B)    |
|           | a. Provide direction as required  |  |                |
|           | b. Confirm 'to go' schedule.  |  |                |

**Process Steps:**

**Target Date (dur)**

- |     |   |   |
|-----|---|---|
| 8.  | Committee evaluates Proposals (in the following order) <ul style="list-style-type: none"><li>a. Evaluate northern Sacramento Valley proposals</li><li>b. Evaluate extended Sacramento Valley proposals (e.g. American River, Counties north &amp; east of Glenn &amp; Colusa, North Bay Aqueduct, north Delta)</li><li>c. Evaluate region and statewide proposals. The initial goal is to maximize the amount of participation and to then balance south of Delta participation for at least Class 1 water and ideally Class 2 water.</li><li>d. Update participation percentages &amp; voting for all classes of water. Prepare recommendation to Board.</li></ul> | July 18 (or 25)                               |
| 9.  | Managers' input <ul style="list-style-type: none"><li>a. Resolve action items from Committee review (July 18) &amp;/or Board direction (July 11)</li><li>b. For each prospective member, develop a draft on-boarding plan and assign 1 management point of contact (aka liaison).</li></ul>   | July 28                                       |
| 10. | Evaluation Committee presents its recommendation to Board <ul style="list-style-type: none"><li>• Revisions to Phase 1 schedule and/or work plan should be defined before starting the next step.</li><li>• Updated cost due upon executing Reservoir Project Agreement. Use proposals plus current actual cost to estimate the sunk cost on a \$/acre-ft. through September.</li></ul>   | Aug 08 (B)                                    |
| 11. | Liaison provides responses to each applicant regarding their proposal (acceptance, counter-proposal, decline)   |   |
| 12. | Committee (or Liaison) prepares counter-proposal and negotiates with prospective members  |   |
| 13. | Concurrent Approvals  | Sep 12 (B)                                    |
|     | Authority Board   | Phase 1 Reservoir Project Agreement Committee |
|     | a. Membership   | a. Membership                                 |
|     | b. Reservoir Project Agreement (version 2)  | b. Reservoir Project Agreement (version 2)    |
| 14. | Finalize on-boarding plan for each prospective member   | TBD   |

**Process Steps:**

**Target  
Date (dur)**

15. Reservoir Project Agreement Committee Election of Officers

TBD

**Footnotes:**

(B) Date coincides with a regularly scheduled Authority Board meeting date.

Topic: **Sites Reservoir Project**

**2016 May 02**

Subject: **Proposal Attachment 1**

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## Proposal to Participate Form

(Insert entity's name) elects to participate in Phase 1 of the Sites Reservoir Project in the following manner:

- By checking this box, (insert entity's name), certifies that it is:
1. an eligible entity as defined in Proposition 1<sup>1</sup> to be a member of a joint powers authority per CA Water Code § 79759 and will contribute financially to implement the Sites Reservoir Project, which is the CALFED project known as the North of Delta Offstream Storage (NODOS) Project;
  2. electing to participate in the Sites Reservoir Project phase 1 in one of the categories listed below, and
  3. agreeing to be a member in good standing and comply with the terms and conditions of the Sites Project Agreement, Bylaws and applicable Project Agreements, both now and as they may amended, respectively.

Project Membership Type & Location: (refer to bylaws)

Sites Project Authority:

Authority

Ex Officio (DWR)

Advisory:

Associate

Participants in Project Agreements:

Type I (Standing)

Type II (Affiliate)

Type III (Represented)

Non-Member Participating Party

Principle Location:

Within the Sacramento Hydrologic Region (Type A)

Outside the Sacramento Hydrologic Region (Type B)

<sup>1</sup> Proposition 1, specifically CA Water Code §79759 provides the membership requirements applicable to joint power authorities created to implement CALFED storage projects. These requirements can be viewed at <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=wat&group=79001-80000&file=79750-79760>. To be eligible, a mutual water company also needs to meet the requirements of §79712, which can be viewed at: <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=wat&group=79001-80000&file=79703-79716.5>

Participation:

- Authority Member: Management and Administration of the Sites Project Authority plus the Regional Benefits/economics cost centers. The associated costs will be allocated on a pro-rata basis according to the total number of voting members to the Sites Project Authority (i.e. 1/10 share for fiscal year 2016).

In-kind Services (optional<sup>2</sup>):

Proposed Director:

Title:

Proposed Alternate:

Title:

- Reservoir Project Agreement Committee Member: Advancing the development and construction of the Sites Reservoir, which is comprised of the Water Infrastructure & Supply, Operations, and Renewable Power cost centers. These costs will be allocated based on the number of acre-ft. of your Agency's commitment divided by the total acre-ft. of all contributing Agencies water commitment.

Participation:

- . **acre-ft. of Class 1** water at a not-to-exceed cost of **60 \$/acre-ft.** for phase 1 activities. This represents water that would not be made available for use as Proposition 1, Chapter 8-eligible public benefits. Currently, less than 120,000 acre-ft. is available.

The current estimate of the amount of water produced on a long-term average is 500,000 acre-ft./year of which 50% is proposed to *not* be used for Proposition 1, Chapter 8-eligible public benefits. The voting weight is equal to 1/n Members times 50 plus the Members participation in all classes of water/total participation times a maximum of 50 when there is no Class 2 water and a maximum of 35 when Class 2 water is included (i.e. the total of all voting equals 100).

- . **acre-ft. of Class 2** water at a not-to-exceed cost of **30 \$/acre-ft.** for phase 1 activities. This represents additional water that at the end of Phase 1 could become available to Members. It is dependent upon (a) the CA Water

<sup>2</sup> In-kind services require prior Board approval. For Phase 1, in-kind services cannot be used to offset the cash contribution, but can be counted towards the total project costs eligible to receive grant funds.

Commission's election to participate at less than 50% of the Projects' cost, (b) estimated value of public benefit water, and (c) updated operational studies. Currently, a maximum of 170,000 acre-ft. of water is available. Since the Member has already elected to participate in Class 1 water, the incremental increase in voting weight is equal to the Members participation in Class 2 water/total participation times 15 (i.e. the total of all voting equals 100).

**in Class 4 water:** This represents additional Phase 1 studies to quantifying the benefits and values that are primarily associated with providing different types and quantities of water associated with Proposition 1, Chapter 8-eligible public benefits, some of which may have multiple uses, including consumptive uses after having been used for public benefits. Currently, public benefit water can be created through exchanges with the CVP and/or SWP to increase carryover storage in respective reservoirs. This carryover water can be put to beneficial uses – both consumptive and Proposition 1, Chapter 8-eligible public benefits. Participation solely in Class 4 water does not include any participation in water that could be produced by direct diversion into the Reservoir (i.e. Class 1 or Class 2 water).

The current per member estimate of study cost is **\$130,000**, which includes a fractional voting weight of 0.80 out of a total weighted voting of 100.

Other Benefit (specify):

In-kind Services (Optional):

Proposed Director:

Title:

Proposed Alternate:

Title: \_\_\_\_\_

Management Rep:

Title:

- Advisory:** Provide input and advice to the Board on project-related matters. For Phase 1, participation requires an annual dues in the amount of \$ 5,000.

Proposed Director:

Title:



Signature Block:

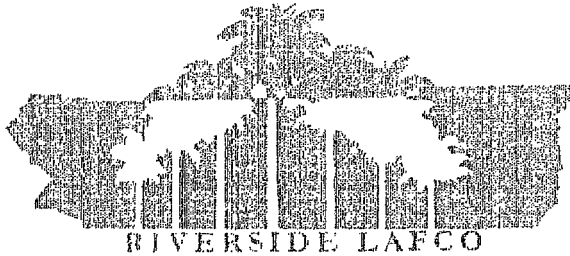
Entity: By signing this form, the entity's authorized representative is:

1. Certifying they are eligible to participate in the Sites Reservoir Project
2. Acknowledges their level of participation and this form is only valid for the Project's Phase 1,
3. Not committing any funds at this time, but is committing to use best efforts to enter into agreement with the Authority and Reservoir Project Agreement Committee to become a Member.

Insert Agency's Name

Representative's Name

Date



Sent Via Certified Mail   
Sent Via Email

**BALLOT INSTRUCTIONS FOR SPECIAL DISTRICT MEMBER AND  
ALTERNATE SPECIAL DISTRICT MEMBER OF THE LOCAL AGENCY  
FORMATION COMMISSION**

To Special District Selection Committee Members:

As previously announced, a physical meeting of the Special District Selection Committee (SDSC) is not feasible at this time and the selection proceedings are being conducted by mail/email. A nomination period was opened March 29, 2016 and closed April 29, 2016. Specifically, the two positions are Regular Special District Member and Alternate Special District Member.

A total of three nominations were received for the position of Regular Member - Eastern Area. Although nominees must have come from the eastern area of the County, all members of the SDSC may cast ballots for this position regardless of geography. Additionally, all SDSC members may vote for the Alternate Special District Member. Enclosed you will find your ballot. Please make no more than one selection for each position. Only the presiding officer or another board member authorized by your board of directors to vote may cast the ballot. Board members designated by their district board to vote in place of the presiding officer must provide that authorization (in the form of a resolution or minute order) to LAFCO no later than the time the ballot is cast. District managers or other staff members may not vote.

This ballot also includes a question regarding how future elections will be conducted. Traditionally, the manner by which the SDSC elections were conducted required the winning candidate to receive a majority of votes cast. If no candidate received a majority of votes cast on the first ballot, a second ballot runoff election was required. Until recently, the statute had been silent on this issue.

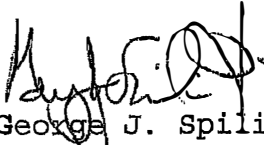
Effective January 1, 2015, Gov. Code Sec. 56332 (f) was amended to state that the candidate receiving the most votes will be elected, unless another procedure has been adopted by the selection committee. The selection committee is being asked to decide whether future elections will be decided by a plurality or majority of votes cast. If a majority vote is selected an automatic runoff procedure will be utilized.

On each segment of the ballot, the presiding officer or designated voting member must print his or her name on the ballot as well as sign and date the certification indicating he or she is authorized to vote for the district. A quorum, consisting of ballots from a majority of the SDSC members, is required to conduct a valid election. For this election, the candidate receiving the highest number of votes cast for each position will be elected.

Once you have completed your ballot, you must deliver it to the LAFCO office at 3850 Vine St., Suite 240, Riverside, CA 92507 prior to 5:00 p.m. Friday, June 10, 2016. It is very important that all voting members transmit their completed ballot to LAFCO by the date specified in order to achieve a quorum. We suggest that ballots be returned by certified mail. We must receive a ballot with an original signature. Photocopies and faxes will not be accepted. However, if you have previously authorized us to deliver your ballot materials via email, you may return a scanned copy of the signed ballot by email to [evaldez@lafco.org](mailto:evaldez@lafco.org).

If you have any questions, please contact our office.

Sincerely,



George J. Spiliotis  
Executive Officer  
May 10, 2016

**BALLOT**

Regular Special District Member of the Local Agency Formation Commission – Eastern Riverside County  
(Term running through May 4, 2020)

Name of District:

- Please vote for one:
- Margit Chiriaco Rusche (Chiriaco Summit Water District)
  - Kristin Bloomer (Desert Water Agency)
  - Nancy Wright (Mission Springs Water District)

Certification of voting member:

I, \_\_\_\_\_ hereby certify that I am (check one):  
Print Name Here

- the presiding officer of the above named district.
- a member of the board of the above named district authorized by the board to vote in place of the presiding officer. [Authorization  previously transmitted  attached]

Signature

Date

Ballot must be received by LAFCO by 5:00 p.m. Friday, June 10, 2016 at 3850 Vine Street, Suite 240, Riverside, CA 92507.

**BALLOT**

Alternate Special District Member of the Local Agency Formation Commission  
(Term running through May 4, 2020)

Name of District:

- Please vote for one:
- Gail Paparian (Banning Library District)
  - Heather Garcia (Chiriaco Summit Water District)
  - Dan Hughes (Beaumont-Cherry Valley Recreation & Park District)
  - Robert Stockton (Western Municipal Water District)

Certification of voting member:

I, \_\_\_\_\_ hereby certify that I am (check one):  
Print Name Here

- the presiding officer of the above named district.
- a member of the board of the above named district authorized by the board to vote in place of the presiding officer. [Authorization  previously transmitted  attached]

Signature

Date

Ballot must be received by LAFCO by 5:00 p.m. Friday, June 10, 2016 at 3850 Vine Street, Suite 240, Riverside, CA 92507.

**BALLOT**  
Conduct of Future Special District Selection Committee Elections

Future elections conducted by the Executive Officer of the Riverside Local Agency Formation Commission or designee on behalf of the Special District Selection Committee shall be decided in the following manner:

- The candidate receiving the highest number of votes among nominees shall be elected. In the event of a tie, the winner shall be decided by a coin toss.
- The candidate receiving a majority of votes cast shall be elected. If more than two candidates have been nominated, the Executive Officer shall conduct the election using instant runoff voting, also known as ranked choice voting.

*Ballot must be received by LAFCO by 5:00 p.m. Friday, June 10, 2016 at 3850 Vine Street, Suite 240, Riverside, CA 92507.*