

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA
Board of Directors Meeting
Agenda
January 17, 2017 at 7:00 p.m.

Teleconference Location: 3900 So. Las Vegas Blvd, Las Vegas, NV, Room 6098

- 1. Call to Order, Flag Salute, Moment of Silence**
- 2. Statement Regarding Teleconferencing**
 - This meeting is also being held at a Teleconference Location which has been identified on the agenda.
- 3. Roll Call**
- 4. Adoption and Adjustment of Agenda**
- 5. Public Comment**

Members of the public may address the Board at this time concerning items
- 6. 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, January 3, 2017* (Page 3)
 - B. Approval of the Minutes of the Engineering Workshop, January 9, 2017* (Page 6)
- 7. Reports (Discussion and Possible Action)**
 - A. General Manager's Report
 1. Operations Report
 2. Report on Water Supply Conditions* (Page 8)
 3. General Agency Updates
 - B. General Counsel Report
 - C. Directors' Reports
- 8. New Business**
 - A. Presentation of Resolutions Honoring Former Directors John Jeter, Bill Dickson, and Mary Ann Melleby
 - B. Consideration and Possible Action to approve entering into the Sites Project Authority's Amended and Restated Phase 1 Reservoir Project Agreement* Page (14)
 - C. Interviews of Candidates and Possible Appointment of Director to Fill the Board Vacancy – Division 3* (Page 56)
 - D. Consideration and Possible Action to adopt Resolution 2017-01 regarding a Policy for Election of Board Officers* (Page 64)
 - E. Consideration and Possible Action to Form, and Appoint Members to, Board Committees
- 9. Topics for Future Agendas**

10. Announcements

- A. Finance and Budget Workshop, January 23, 2017 at 4:00 p.m.
- B. San Geronio Pass Regional Water Alliance, January 25, 2017
 - 1. Regular Meeting at 5:00 p.m. – Banning City Hall Conference Room
- C. Regular Board Meeting, February 6, 2017 at 7:00 p.m.

11. Closed Session (1 Item)

- A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to Government Code Section 54956.8
Property: Nickel Farms, LLC, Bakersfield, CA – Water Rights
Agency Negotiator: Jeff Davis, General Manager
Negotiating Party: Dwayne Chisum, General Manager – AVEK
Under negotiation: price and terms of payment

12. 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 (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 modification or accommodation.

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223

Minutes of the
Board of Directors Meeting
January 3, 2017

Directors Present: David Fenn, President
Ron Duncan, Vice President
Lenny Stephenson, Treasurer
Blair Ball, Director
David Castaldo, Director
Michael Thompson, Director

Staff Present: Jeff Davis, General Manager
Thomas Todd, Finance Manager
Cheryle Rasmussen, Executive Assistant
Jeff Ferre, General Counsel

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 David Fenn at 7:00 p.m., January 3, 2017 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. Director Castaldo led the Pledge of Allegiance to the flag. A quorum was present.
2. **Adoption and Adjustment of Agenda:** *President Fenn asked if there were any adjustments to the agenda.* There being none the agenda was adopted as published.
3. **Public Comment:** *President Fenn 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 comment at this time.
4. **Consent Calendar:**
 - A. Approval of the Minutes of the Regular Board Meeting, December 19, 2016

Director Duncan made a motion, seconded by Director Stephenson, to adopt the consent calendar as presented. Motion passed 6-0.

5. Reports:

A. General Manager's Report:

(1) Operations Report: **(a) SWP Water Deliveries:** The Agency delivered a total of 1420 acre-feet to the Noble Creek Connection, for the month of December. **(b)** Approximately 10,799 acre-feet was delivered in a nine month period, as well as approximately 700 AF to YVWD. **(c)** SWP Table A water allocation was increased from 20% to 45% on December 21st. **(d)** Lake Oroville is at 91% of normal for January 3; San Luis Reservoir is at 90% of normal.

(2) General Agency Updates: **(a) Cal WaterFix:** Following 10 years of study and hundreds of public meetings, state and federal officials released the final EIR/EIS for the Cal WaterFix on December 22, 2016. The next step is the issuance of the Notice of Determination (NOD) and the Record of Decision (ROD) marking the official end of the CEQA and NEPA process. **(b) Board Vacancy Applications:** The Agency posted the Division 3 Notice of Vacancy at Beaumont City Hall, Banning City Hall and here at

the Agency. An ad was published by the Record Gazette on December 23rd and December 30th. The ad stated that letters of interest must be personally delivered or mailed to the Agency offices so that they are received at the Agency office no later than 4:30 p.m., on January 9, 2017.

B. General Counsel Report: (a) General Counsel Jeff Ferré deferred from reporting due to the length of the agenda.

C. Directors Reports: (1) **Director Duncan** shared with the Board that local news reported that the local area will receive light precipitation this Thursday through Saturday and moderate precipitation Sunday and Monday.

6. New Business: (Discussion and Possible Action)

A. Consideration and Possible Action to Adopt Resolution No. 2017-01 regarding Rotation of Board Officers: A copy of the staff report and a copy of the proposed Resolution No. 2017-01 were included in the agenda packet. Legal Counsel Jeff Ferre stated that the Board directed staff to develop a potential policy for rotation of Board officers. Resolution 2017-01 would establish a rotational basis for electing Board officers. If the Board desires to implement a rotation, then adoption of the Resolution should be considered prior to the election of Board officers. President Fenn requested comments from the Board. After discussion the Board directed legal counsel to return with a different proposed structure that would call for the election of officers on a yearly basis with a two year term limit.

B. Election of Board Officers: Director Ball made a motion, seconded by Director Thompson, to re-elect the same officers that were voted on at the December 5th Board meeting. Motion passed 6-0.

C. Update on Whitewater Flume: A staff report was included in the agenda packet. General Manager Davis and Roy McDonald, a consultant to Agency for the Whitewater Flume project, presented a PowerPoint to update the Board on the current situation, history on the project, and to provide a number of alternative actions that the Board could choose to take going forward. They answered questions from Board members.

D. Consideration and Possible Action to Nominate ACWA Region 9 Board Member: General Manager Davis stated that the purpose of this proposed Board action is to determine if the Board wishes to nominate someone from the Agency to fill a vacancy with ACWA's Region 9 Board that was created after Director Melleby retired. After discussion it was determined that no members of the Board wished to volunteer as an ACWA Region 9 Board member.

E. Consideration and Possible Action to Adopt an Invocation Policy: General Counsel Ferre stated that the Board directed legal counsel to develop a potential Invocation Policy and to provide an explanation of the current legal parameters. General Counsel Ferre reported on what the courts have ruled on an invocation for board and council meetings. After discussion, Director Castaldo made a motion, seconded by Director Stephenson, instructing staff that Board Agenda Item 1 language is reworded as follows: Call to Order, Flag Salute, Roll Call and Moment of Silence. Motion passed 6-0.

F. Consideration and Possible Action to approve an Agreement with San Bernardino Valley Municipal Water District (SBVMWD) and California Department of Water Resources (DWR) to Correctly Assign Table A Water Amounts for Yucaipa Valley Water District (YVWD): A staff report and a copy of DWR's Contract Information Form were included in the agenda packet. General Manager Davis informed the Board that the purpose of this proposed Board action is to clarify for DWR how much of the water delivered to YVWD is from the SBVMWD and how much is from the Agency. Currently DWR does not keep track of this information. In order for DWR to keep track an agreement is required. Upon approval of the agreement a Notice of Exemption document will be filed. Director Duncan made a motion, seconded by Director Stephenson, to authorize staff to complete the proposed agreement between the Agency, Valley District, and DWR; and to authorize the General Manager to sign the agreement; and to comply with the California Environmental Quality Act. Motion passed 6-0.

7. Topics for Future Agendas: None.

8. Announcements

- A. Engineering Workshop, January 9, 2017 at 4:00 p.m.
 - Review and Discussion of Resolution 2014-02, Establishing a Policy for Meeting Future Water Demands
- B. Office closed **Monday**, January 16, 2017 in observance of Martin Luther King, Jr. Day
- C. Regular Board Meeting, **Tuesday**, January 17, 2017 at 7:00 p.m.

9. Adjournment

Time: 9:30 p.m.

Draft - Subject to Board Approval

Jeffrey W. Davis, Secretary of the Board

01/03/17

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA 92223
Minutes of the
Board of Directors Engineering Workshop
December 12, 2016

Directors Present: David Fenn, President
Blair Ball, Director
David Castaldo, Director
Ron Duncan, Director
Leonard Stephenson, Director
Mike Thompson, Director

Staff Present: Jeff Davis, General Manager
Jeff Ferre, General Counsel
Cheryle Rasmussen, Executive Assistant

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 David Fenn at 4:00 p.m., January 9, 2017 in the Agency Board room at 1210 Beaumont Avenue, Beaumont, California. Director Ball 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. **Review of Draft Water Conditions Report.** A copy of the draft report for 2015 was included in the agenda package. General Manager Davis explained that this is an annual report prepared by the Agency, providing and explaining water resources data from the region. He reviewed the key points in the report, including a large reduction in groundwater production in 2015. He answered questions from the Board. He noted that the final report will be brought to the Board for acceptance in the near future.
4. **Review of Sites Reservoir Project Agreement.** A copy of the agreement was included in the Agenda package. General Manager Davis reviewed the agreement with the Board, noting that formal participation in the Sites Reservoir project is contingent on the Agency approving and signing the agreement. General Counsel Ferre noted that there were no legal red flags to be concerned about, and that the agreement was fairly standard. General Manager Davis answered questions from the Board. He noted that this will be brought to the Board for consideration and approval at next week's Board meeting.
5. **Discussion of Resolution 2014-02, Policy for Meeting Future Water Demands.** A copy of the resolution was included in the agenda package. The Board discussed the resolution, its meaning, and philosophical issues related to

the Agency's role in the region. Director Ball pointed out that he feels that the resolution should be rescinded because others are mis-interpreting it, and that the Board already has the authority to procure additional water supplies, even without the resolution. Director Stephenson indicated that he feels that the resolution is acceptable as is, as it does not commit the Agency to taking any particular action. Other directors expressed their thoughts on the resolution. President Fenn directed Staff to bring this issue to the Board for consideration and possible action at the February 6 Board meeting.

6. Announcements:

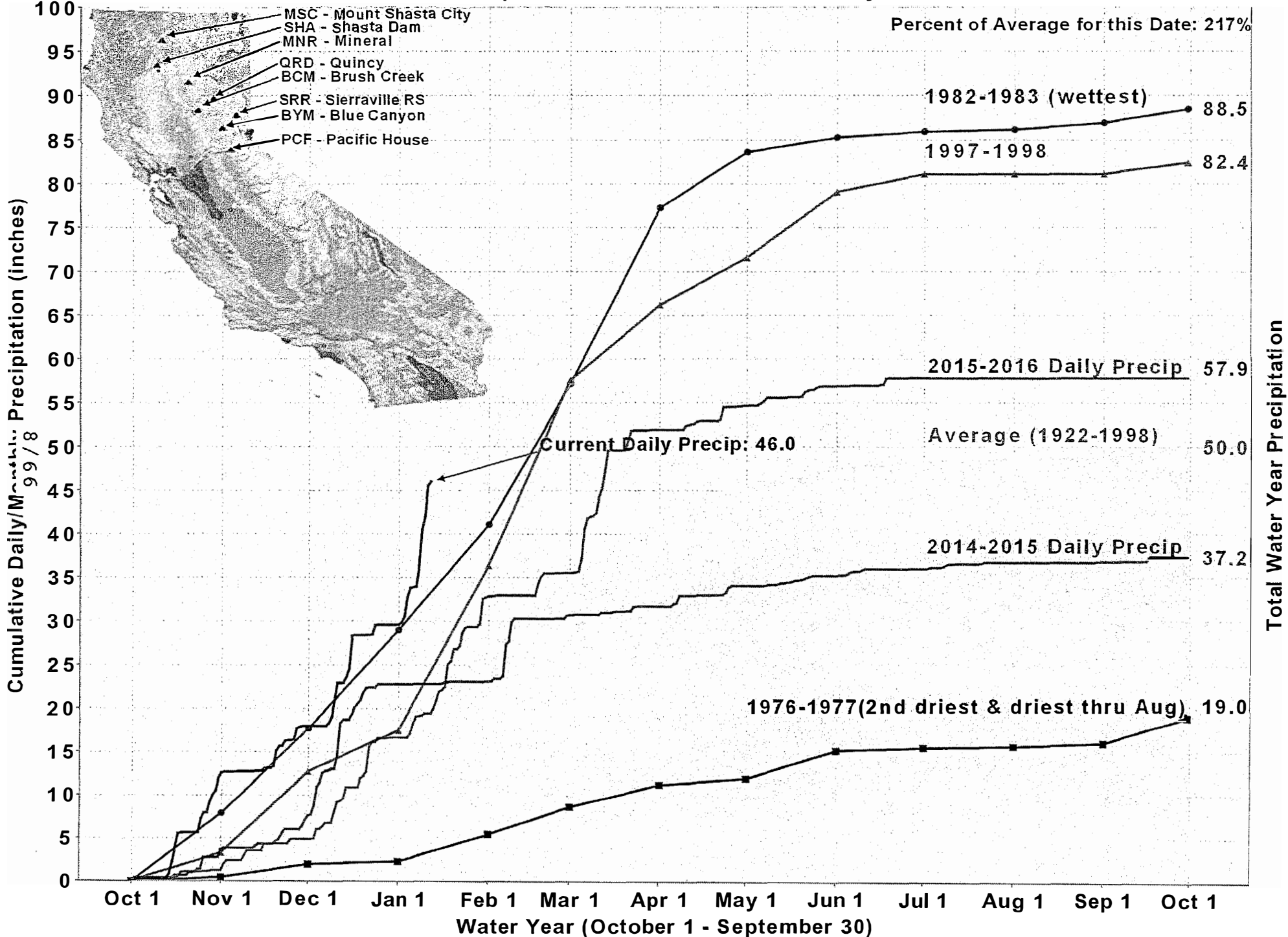
- A. Office closed January 16, 2017 in observance of Martin Luther King, Jr. Day
- B. Regular Board Meeting, **Tuesday**, January 17, 2017 at 7:00 pm.
- C. Finance and Budget Workshop, January 23, 2017 at 4:00 pm.

7. Adjournment: President Fenn adjourned the meeting at 5:43 pm.

DRAFT - SUBJECT TO BOARD APPROVAL

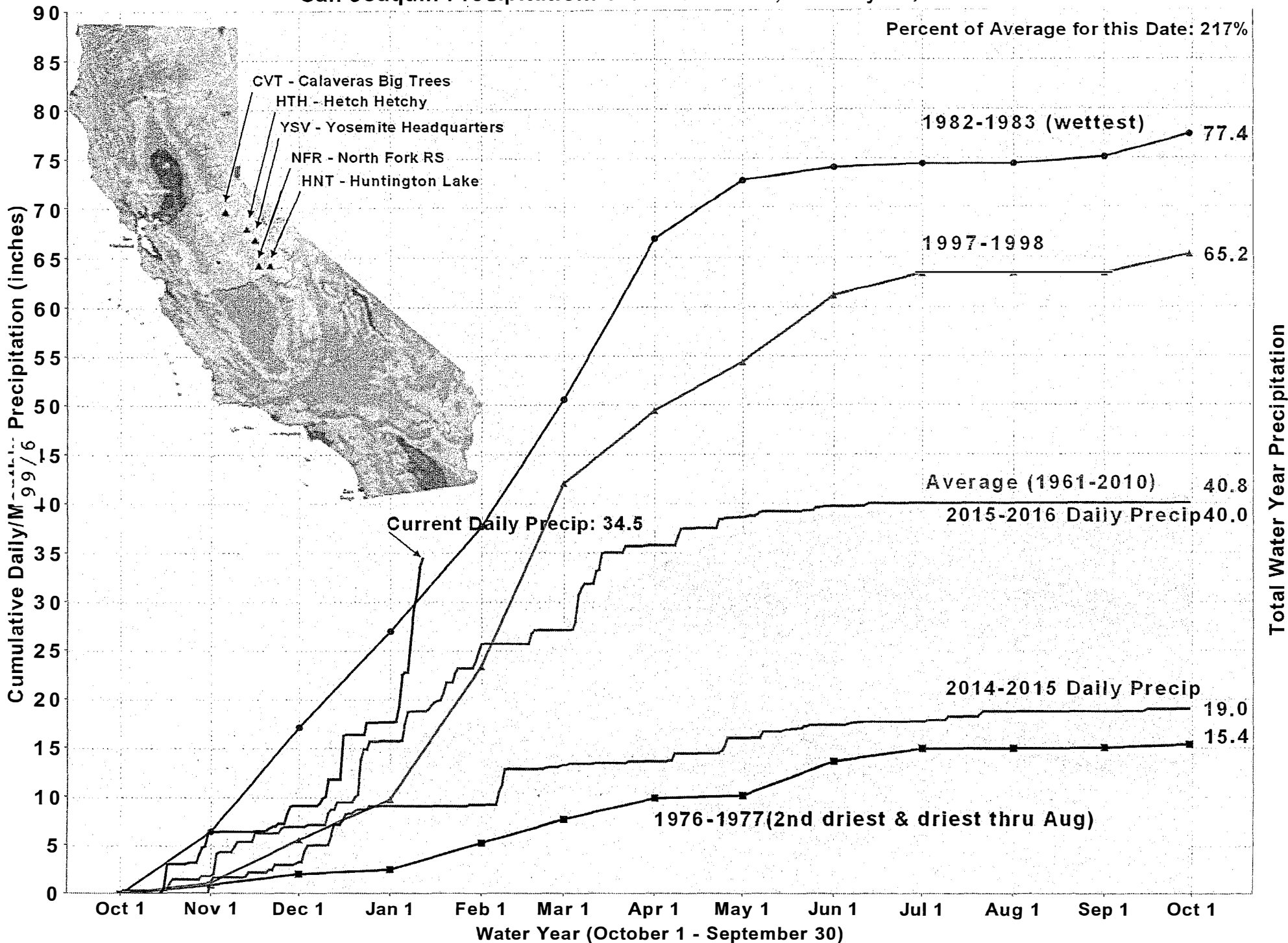
Jeffrey W. Davis, Secretary to the Board

North Sierra Precipitation: 8-Station Index, January 12, 2017



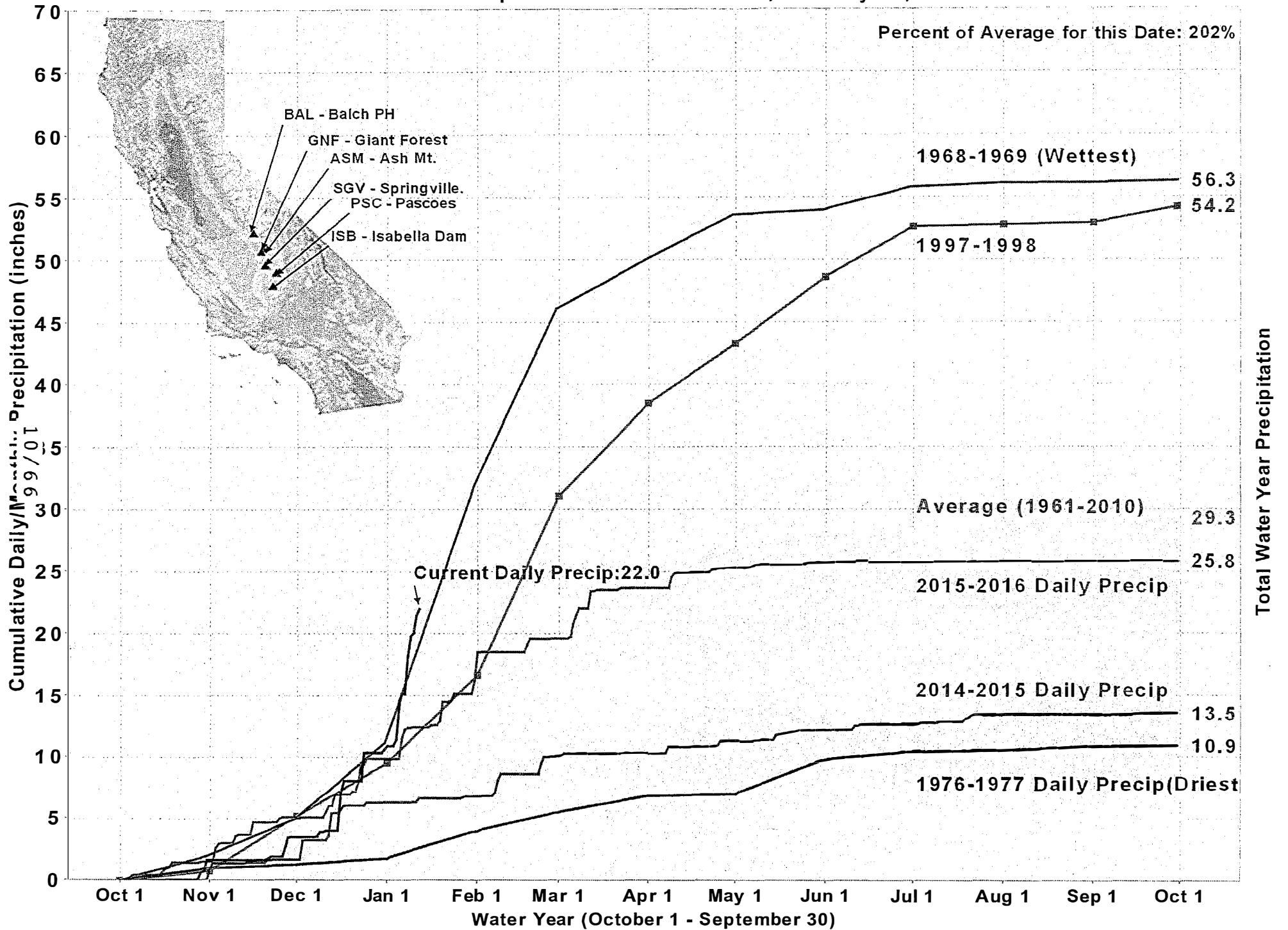
San Joaquin Precipitation: 5-Station Index, January 12, 2017

Percent of Average for this Date: 217%

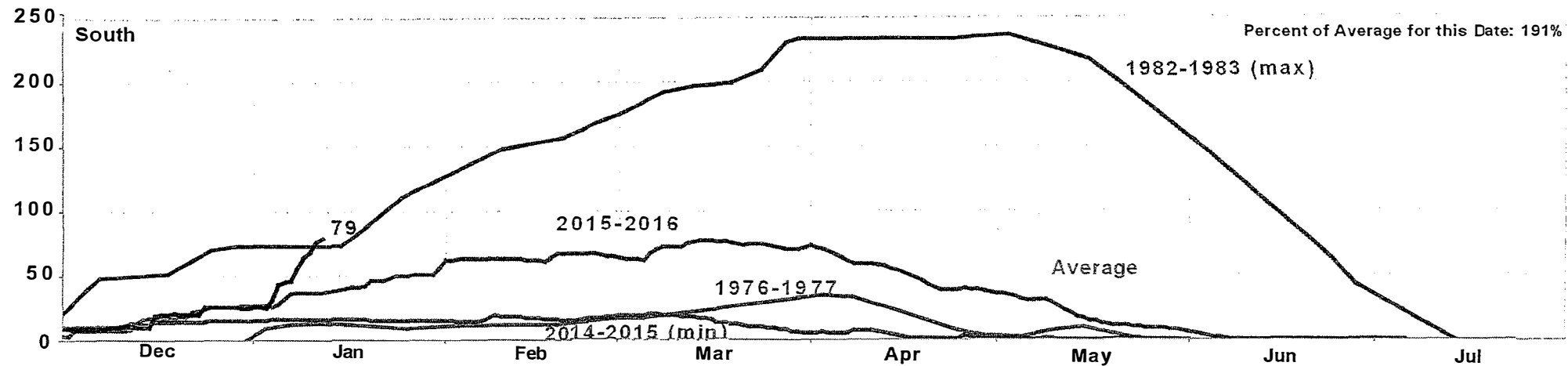
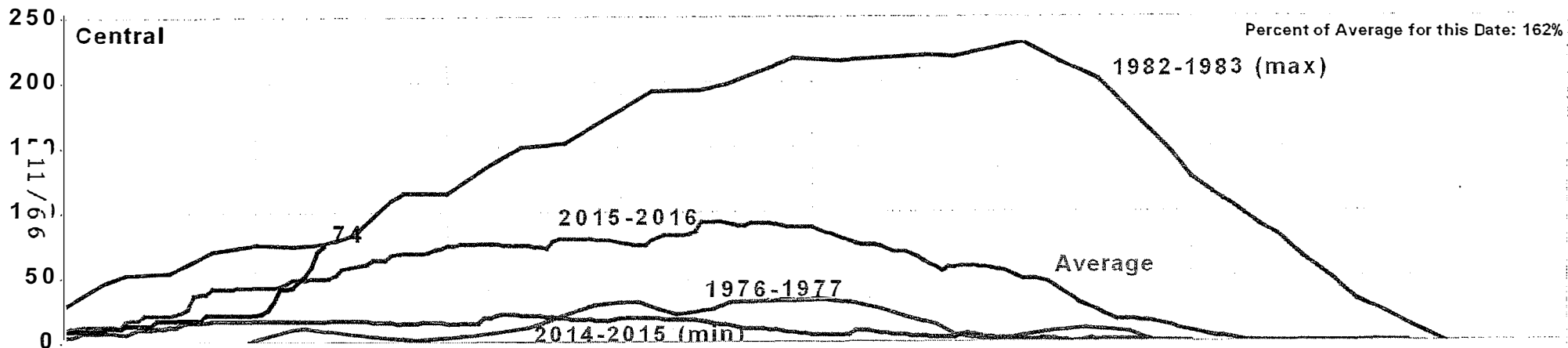
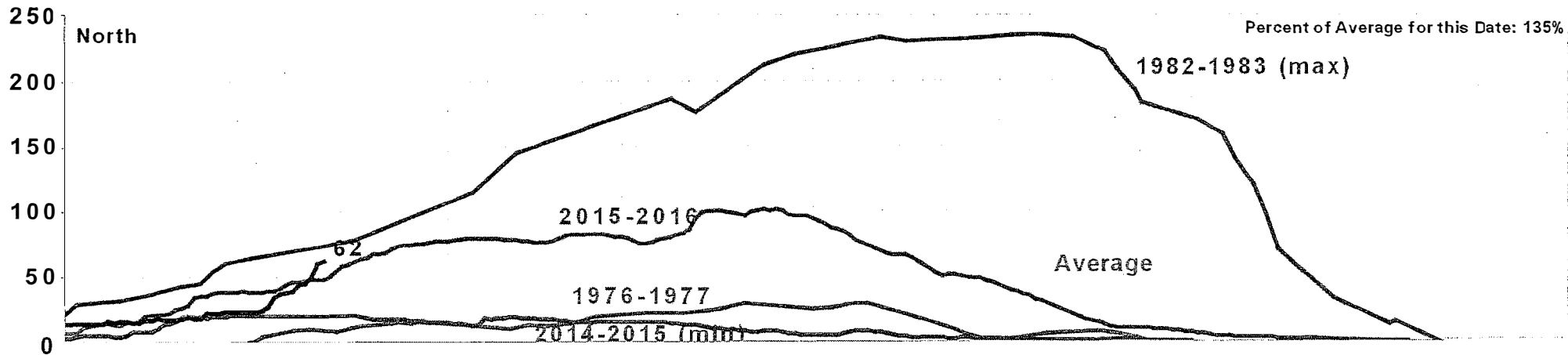


Tulare Basin Precipitation: 6-Station Index, January 12, 2017

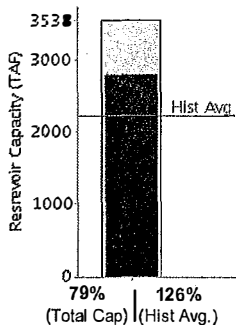
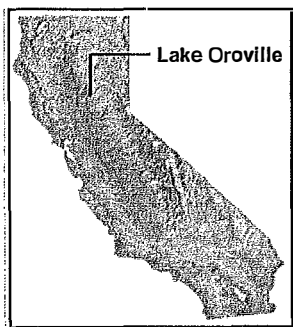
Percent of Average for this Date: 202%



California Snow Water Content, January 12, 2017, Percent of April 1 Average



OROVILLE - STORAGE CONDITIONS AS OF JANUARY 12, 2017



- Data as of Midnight: January 12, 2017
- Current Storage: 2,799,374 AF
 - 79% of Total Capacity
 - 126% of Historical Avg. For This Date
 - (Total Capacity: 3,537,577 AF)
 - (Avg. Storage for Jan 12: 2,229,400 AF)

Change Date: 12-Jan-2017

[Refresh Data](#)

Major Reservoir Current Conditions Graphs

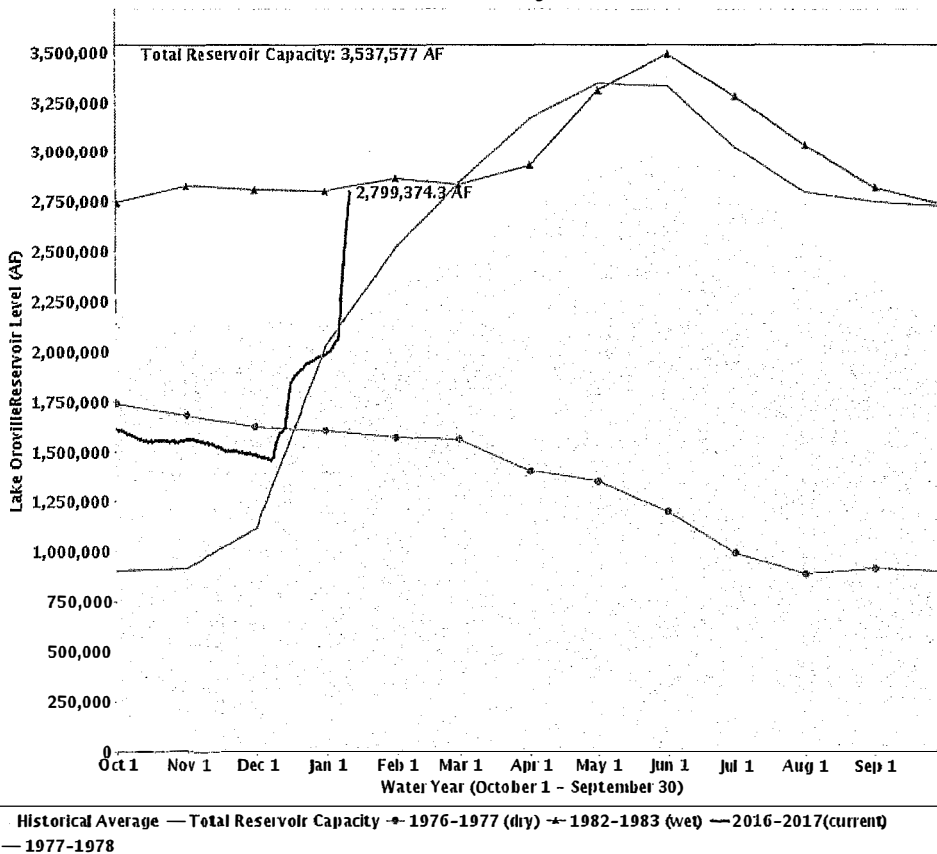
[Printable Version of Current Data](#)

Oroville Storage Level Graph: Choose water years to plot:

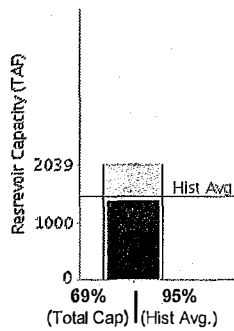
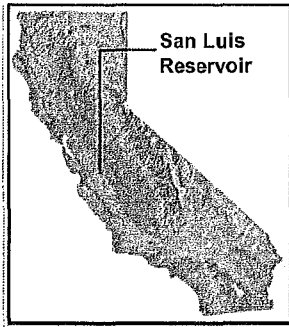
- 1976-1977 (dry)
 - 1977-1978
 - 1982-1983 (wet)
 - 1988-1989
 - 1989-1990
- (ctrl+click for multiple selections)

[Draw chart](#)
(chart legend appears at bottom)

Lake Oroville Storage Levels



SAN LUIS - STORAGE CONDITIONS AS OF JANUARY 12, 2017



Data as of Midnight, January 12, 2017

- Current Storage: 1,401,047 AF
- 69% of Total Capacity
- 95% of Historical Avg. For This Date
- (Total Capacity: 2,041,000 AF)
- (Avg. Storage for Jan 12: 1,473,050 AF)

Change Date:

[Refresh Data](#)

Major Reservoir Current Conditions Graphs

[Printable Version of Current Data](#)

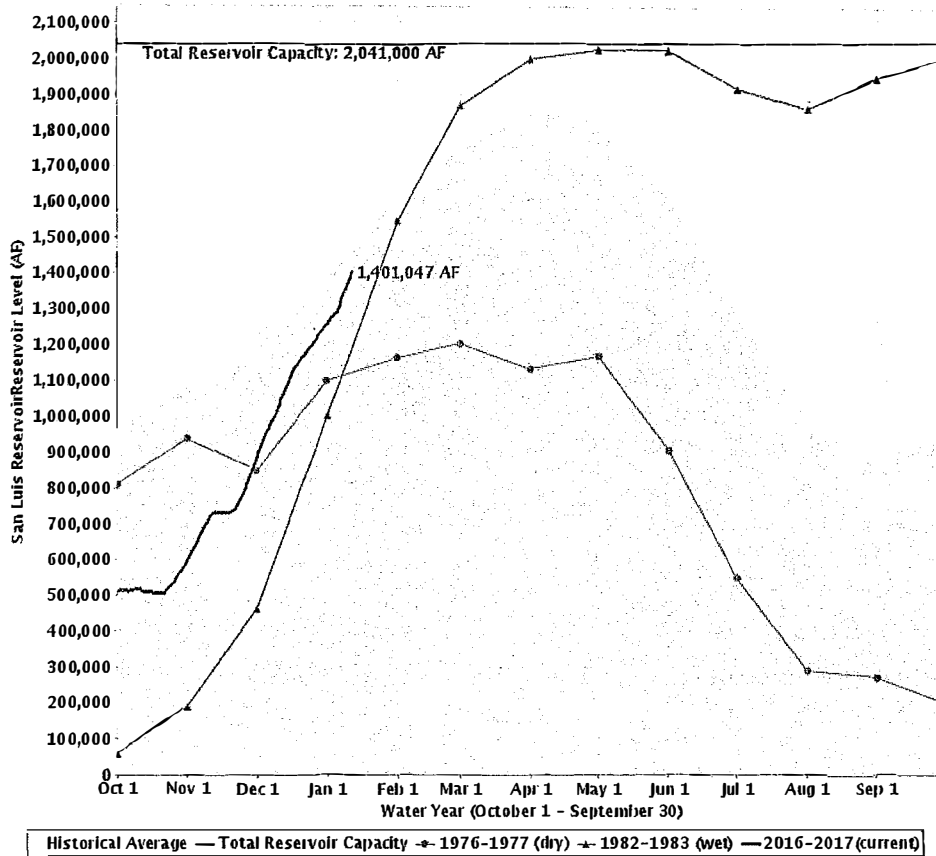
San Luis Storage Level Graph: Choose water years to plot:

- 1976-1977 (dry)
- 1977-1978
- 1982-1983 (wet)
- 1988-1989
- 1989-1990

[Draw chart](#)
(chart legend appears at bottom)

(ctrl+click for multiple selections)

San Luis Reservoir Storage Levels



MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Participation in Sites Reservoir

DATE: January 17, 2017

Summary:

The Board voted a few months ago to participate in Phase 1 of the Sites Reservoir Project. Staff has reviewed the project with the Board on a number of occasions. The purpose of this proposed Board action is to determine if the Board is willing to commit to financially participating in Phase 1 by signing the Sites Reservoir Project Agreement.

Background:

Sites Reservoir is a proposed offstream reservoir in the Sacramento Valley approximately 60 miles north of Sacramento. The site has been studied for nearly 50 years as a potential surface water storage reservoir site. Recently, a group of Sacramento Valley water districts formed a Joint Power Authority whose goal is to plan, design, construct, own, and operate the reservoir. Phase 1 of the project is to obtain funding from Proposition 1 that is set aside for storage projects.

Detailed Report:

The Sites Reservoir project, as described by Staff a few months ago, would produce both storage and yield (new water) for its participants. The project, as planned, would be most effective in dry years, though it would still offer yield in average and wet years. If the project obtains Proposition 1 funding, it would lower the overall cost of construction and also provide for public benefits in addition to water supply benefits.

The reservoir is expected to produce at least 250,000 acre-feet of annual yield for water supply, plus a similar amount for public benefit.

This amount could be greater if State participation through Proposition 1 funding is reduced, thus reducing the public benefits and increasing the water available for supply. Thus the division of “Class 1” and “Class 2” water.

The Agency voted to participate by purchasing 14,000 acre-feet, of which 4,000 acre-feet would be funded by the Beaumont Cherry Valley Water District. Of this, the Sites JPA has offered the Agency 7966 acre-feet of Class 1 water and 6034 acre-feet of Class 2 water. It is possible that the Agency could realize a maximum of only 7966 acre-feet of yield from the project, if the State participates at the 50% level.

The proposed Agreement spells out the terms of participation, including participation as a member of the Reservoir Project Committee, voting rights, the right to withdraw, and the requirement to fund Phase 1. Staff reviewed the Agreement with the Board at the January 9 Engineering workshop.

Fiscal Impact:

The Agency has budgeted \$300,000 for this project for the current fiscal year. The most likely scenario is that we will spend less than this, based on current and planned expenditures of the Reservoir Project Committee. This is based on 10,000 acre-feet at \$30 per acre-foot.

Phase 1 costs for the project will primarily be spent on consultants who are developing the Proposition 1 grant proposal package, a CEQA/NEPA document, and a preliminary design for the project. It is anticipated that, should the project receive Proposition 1 funding, some portion of the cost of Phase 1 will be returned to participants.

There is a risk to the Agency in participating. The project, though it has strong political support in many areas of the state, is not guaranteed to be constructed. Thus, any costs paid by the Agency are at risk. They should be considered an investment that may pay off (in the construction of the project) or may not pay off (if the project is not constructed).

Relationship to Strategic Plan:

Participation in the Project is part of the Agency's regional water supply plan, which is included in the Agency's strategic plan.

Recommendation:

Staff recommends that the Board approve the Agreement and authorize Staff to sign it and pay all Phase I costs as invoiced.

11/21/16 Draft

**SITES PROJECT AUTHORITY'S
AMENDED AND RESTATED
PHASE 1 RESERVOIR PROJECT AGREEMENT**

THIS AMENDED AND RESTATED PHASE 1 RESERVOIR PROJECT AGREEMENT (the "**Project Agreement**") is made effective as of November 21, 2016, by and among (a) the Sites Project Authority (the "**Authority**") and (b) certain Members and/or Non-Member Participating Parties, listed on the attached **Exhibit A1** (collectively the "**Project Agreement Members**"), and is made with reference to the following facts:

RECITALS

A. Various public agencies in the Sacramento River Watershed, including certain Project Agreement Members, entered into the Modified Third Amended and Restated Sites Project Authority Joint Exercise of Powers Agreement, dated December 21, 2015 (the "**Joint Powers Agreement**"), pursuant to which they formed the Authority to develop the Sites Reservoir Project, which is contained in the CalFed Bay-Delta program Programmatic Record of Decision, August 28, 2000. The Joint Powers Agreement provides a mechanism for "Project Agreements" (as defined in the Joint Powers Agreement) to undertake specific work activities for the development of the Sites Reservoir Project. On December 21, 2015, the Authority's Board of Directors ("Board") also adopted Bylaws for Phase 1 of the Sites Reservoir Project ("**Bylaws**"), which were amended on December 21, 2015, and which also address Project Agreements and their management through Reservoir Project Committees.

B. On April 11, 2016, certain Authority Members of the Authority entered into the PHASE 1 RESERVOIR PROJECT AGREEMENT. Thereafter, the Authority undertook a process to allow for additional Members and Non-Members Participating Parties to become part of the Phase 1 Reservoir Project Agreement, and in certain instances, consistent with the Bylaws, to become Authority Members. The deadline for such additional participation in the Project was August 1, 2016. This AMENDED AND RESTATED PHASE 1 RESERVOIR PROJECT AGREEMENT, provides for the addition of certain Project Agreement Members who have asked to be a party to this Project Agreement and their addition to the PHASE 1 RESERVOIR PROJECT AGREEMENT has been approved pursuant to Section 9 of the original PHASE 1 RESERVOIR PROJECT AGREEMENT by the then Project Agreement Members and the affirmative vote of at least 75% of the total number of Directors of the Authority.

C. The Project Agreement Members wish to undertake the Project described on the attached **Exhibit B** (the "**Phase 1 Reservoir Project Agreement Requirements**") in the name of the Authority and in accordance with the Authority's stated Mission as set forth in the fourth Recital of the Joint Powers Agreement. The Project Agreement Members are entering into this Agreement to satisfy the requirements of Article VI of the Joint Powers Agreement. **Exhibit B** defines the Project (herein called the "Project"), including principles to aid in decision-making, the scope of work, budget targets, Phase 1 milestone schedule, approved consultant scopes of work and estimated fees, and related items necessary to complete Phase 1.

D. All members of the Authority have also been given the opportunity to enter into this Project Agreement. The form of this Project Agreement was determined to be consistent with the Joint Powers Agreement and the Bylaws and approved by the Authority's Board of Directors on November 21, 2016.

E. The Authority and the Project Agreement Members acknowledge that one of the Authority's goals, in addition to providing environmental benefits, is to develop and make both a water supply and storage capacity available to water purveyors and landowners within the Sacramento River watershed, and in other areas of California, who are willing to purchase either or both a water supply and storage capacity from the Sites Reservoir Project, and that the Project Agreement Members should have a preference to the water supply or storage capacity.

AGREEMENT

THEREFORE, in consideration of the facts recited above and of the covenants, terms and conditions set forth herein, the parties agree as follows:

Section 1 Purpose:

The purpose of this Project Agreement is to permit the Project Agreement Members to undertake the Project in the name of the Authority consistent with the Joint Powers Agreement. The activities undertaken to carry out the purposes of this Project Agreement shall be those, and only those, authorized by the Reservoir Project Committee (the "**Committee**", defined in Section 2 of this Project Agreement) in accordance with this Project Agreement, the Joint Powers Agreement and its Bylaws. Without limiting in any way the scope of the activities that may be undertaken under this Project Agreement, such activities shall include funding Authority actions and obligations undertaken to carry out the directions of the Committee. Notwithstanding any other

provision of this Project Agreement, no activity undertaken pursuant to this Project Agreement shall conflict with the terms of the Joint Powers Agreement or the Bylaws, nor shall this Project Agreement be construed in any way as creating an entity that is separate and apart from the Authority.

Section 2 Reservoir Project Committee:

(a) Committee Membership. The business of the Project Agreement Members under this Project Agreement shall be conducted by a Committee consisting of one member appointed by each Project Agreement Member. Appointment of each member of the Committee shall be by action of the governing body of the Project Agreement Member appointing such member, and shall be effective upon the appointment date as communicated in writing to the Authority. Project Agreement Members may also appoint one or more alternate Committee members, which alternate(s) shall assume the duties of the Committee member in case of absence or unavailability of such member. Project Agreement Members may also appoint an alternate Committee member from a different Project Agreement Member for convenience in attending Committee meetings, who may cast votes for such Project Committee Members, provided that no person shall represent more than five other Project Committee Members and more than 20% of the weighted vote as provided in Subsection 2(g) at any given meeting. In order to serve as an alternate Committee member, a written evidence of such designation shall be filed with the Committee Secretary. Each member and alternate member shall serve on the Committee from the date of appointment by the governing body of the Project Agreement Member he/she represents and at the pleasure of such governing body.

(b) Officers. The Committee shall select from among its members a Chairperson, who shall annually act as presiding officer, and a Vice Chairperson, to serve in the absence of the Chairperson. There also shall be selected a Secretary, who may, but need not be, a member of the Committee and a Treasurer. All elected officers shall be elected and remain in office at the pleasure of the Committee, upon the affirmative vote of at least a majority of the total weighted vote as provided at Subsection 2(g);

(c) Treasurer. The Authority Treasurer shall serve as the Committee's Treasurer and shall act as the Committee's liaison to the Authority's General Manager and Authority Board on financial matters affecting the Committee. The Treasurer shall prepare and provide regular financial reports to the Committee as determined by the Committee.

(d) General Manager. The Authority's General Manager shall (1)

serve as the Project Director responsible for advancing the Sites Reservoir Project, (2) be a non-voting member of the Committee, (3) ensure coordination of outreach and engagement activities between the Authority and Committee, , and (4) convene, on an as needed basis, legal representatives from the Project Agreement Members and Authority Members to advise the General Manager on legal matters that will be reported to the Committee and Authority on a timely basis.

(e) Meetings. The Chairperson of the Committee or a majority of a quorum of the members of the Committee are authorized to call meetings of the Committee as necessary and appropriate to conduct its business under this Project Agreement. All such meetings shall be open to the public and subject to the requirements set forth in the Ralph M. Brown Act (Government Code Sections 54950 et seq.).

(f) Quorum. A majority of the Reservoir Project Committee members based on the weighted vote provided in Subsection 2(g) shall constitute a quorum of the Committee.

(g) Voting. Notwithstanding any provisions of the Bylaws that might be construed otherwise, for purposes of this Project Agreement, the voting rights of each Project Agreement Member shall be determined as follows:

(i) an equal number of voting shares for each Project Agreement Member participating in Class 1 and/or Class 2 as defined at **Exhibit A1**, that being for each Project Agreement Member, 1 divided by the total number of Project Agreement Members, multiplied by 50%; plus

(ii) an additional number of voting shares for each Project Agreement Member participating in Class 1 and/or Class 2, equal to its respective participating percentage described at Section 4 and defined at **Exhibit A1**, multiplied by 50%, using the version of Exhibit A in effect at the time the Committee votes.

The resulting weighted total of all voting shares shall equal 100. An Example of this weighted voting incorporating the formulas for determining participating percentages is attached at **Exhibit A2**.

(h) Decision-making Thresholds. In accordance with Section 5.7 of the Bylaws, for purposes of this Project Agreement, approval by the Committee for material and non-material changes shall be as follows: for actions other than Material Change Items, action of the Committee shall be taken upon the

affirmative vote of at least a majority of the total weighted vote as provided in Subsection 2(g); for Material Change Items, action shall be taken upon the affirmative vote of at least 75% of the total weighted vote as provided at Subsection 2(g).

(i) Delegation of Authority/Powers and Limitations Thereon. Subject to the direction of the governing bodies of the Project Agreement Members, the Committee shall undertake all actions necessary for carrying out this Project Agreement, including but not limited to setting policy for the Project Agreement Members acting under this Project Agreement with respect to the Project; recommending actions to be undertaken in the name of the Authority under this Project Agreement; determining the basis for calculation of the participation percentages for each fiscal year, and the timing required for payments of obligations hereunder; authorizing expenditure of funds collected under this Project Agreement within the parameters of the approved work plan and budget; and such other actions as shall be reasonably necessary or convenient to carry out the purposes of this Project Agreement. This Section 2(i) is subject to any and all limitations set forth in the Joint Powers Agreement and Bylaws, including but not limited to, any action that constitutes a material change as defined at Section 12.3 of the Bylaws requiring the approval of both the Committee and the Authority Board, and actions specified in Section 10 of the Bylaws which remain exclusively with the Authority Board.

Section 3 Funding:

(a) Budget. The Committee shall, in cooperation with the Authority's Board, provide and approve both a fiscal year operating budget and reestablish the Phase 1 budget target, annually or more frequently as needed. On September 21, 2015, the Board approved both a fiscal year 2015 operating budget and Phase 1 budget target. Then, on November 11, 2015 the Board approved the fiscal year 2016 operating budget and reaffirmed the Phase 1 budget target for planned work by both the Authority and being delegated to the Committee under the original PHASE 1 RESERVOIR PROJECT AGREEMENT. An amended Phase 1 Work Plan, including annuals budgets, dated November 14, 2016, is attached at **Exhibit B**, along with the budget approval process and requirements. The Project Agreement Members shall contribute their respective pro-rata share of the budgeted sums in accordance with Section 4 of this Project Agreement.

(b) Fiscal Responsibilities. **Exhibit B** specifies the Authority's requirements regarding the fiscal responsibilities of the Committee.

(c) Allocation of Obligations. Should the Project Agreement Members acting collectively under this Project Agreement enter into any contract or other voluntary obligation, such contract or obligation shall be in the name of the Authority; provided, that all financial obligations thereunder shall be satisfied solely with funds provided under this Project Agreement and in accordance with Section 6.

(d) Allocation of Project Agreement Expenses. The Project Agreement Members agree that all Agreement expenses incurred by them and/or by the Authority under this Project Agreement are the costs of the Project Agreement Members and not of the Authority or the Members of the Authority that do not execute this Project Agreement, and shall be paid by the Project Agreement Members; provided, however, that this Section shall not preclude the Project Agreement Members from accepting voluntary contributions and/or Authority Board's pre-approval of in-kind services from other Authority Members, or Project Agreement Members, and applying such contributions to the purposes hereof. The Project Agreement Members further agree to pay that share of any Authority costs reasonably determined by the Authority's Board to have been incurred by the Authority to administer this Project Agreement. Before the Authority's costs of administering this Project Agreement become payable, the Authority will provide its calculation of such costs to the Committee, which will have the right to audit those costs and provide comments on the calculation to the Authority Board. The Authority Board shall consider the Committee's comments, if any, including the results of any such audit, in a public meeting before the Authority Board approves a final invoice for such costs.

Section 4 Participation Percentages:

Each Project Agreement Member shall pay that share of costs for activities undertaken pursuant to this Project Agreement, whether undertaken in the name of the Authority or otherwise, equal to such Project Agreement Member participation percentage as established in this Section 4. The initial participation percentages of the Project Agreement Member are set forth at the attached **Exhibit A1**. These initial participation percentages are for the purpose of establishing the Reservoir Project Agreement Members respective responsibilities for start-up costs and other amounts contained in the approved Fiscal year budget and Phase 1 budget target, which is defined as the "Reservoir Total" on **Exhibit B**. The participation percentages of each Project Agreement Member will be modified by the Committee from time to time as the result of the admission of a new Project Agreement Member to this Project Agreement or the withdrawal of a Project Agreement Member, and **Exhibit A1** shall be amended to reflect all such changes. Such amended **Exhibit A1** shall, upon approval by the Committee,

be attached hereto and upon attachment, shall supersede all prior versions of **Exhibit A1** without the requirement of further amendment of this Project Agreement.

Section 5. Future Development of the Sites Reservoir Project:

(a) The Project Agreement Members acknowledge that the Sites Reservoir Project is still in the conceptual stage and there are no assurances that the Reservoir will be constructed or that any water supplies will be developed as a result of this Project Agreement. Exhibit B includes a partial list of some of the risks and uncertainties that underlie the lack of assurances. The Project Agreement Members therefore recognize that they are not acquiring any interest in the Sites Reservoir Project other than their interest in the specific materials that will be produced by the Project defined on Exhibit B, and that they are not acquiring under this Project Agreement any interest in any future water supply or access to any other services from the Sites Reservoir Project except as provided hereunder.

(b) Without limiting the foregoing, any Project Agreement Member that elects to continue participating in the development, financing, and construction of the Sites Reservoir Project to the time when the Authority offers contracts for a water supply or other services, will be afforded a first right, commensurate with that Member's participation and financial contribution to the Sites Reservoir Project, to contract for a share of any water supply that is developed, and for storage capacity that may be available from the Sites Reservoir Project. In any successor Phase agreements, Project Agreement Members who are parties to this Project Agreement that submitted a proposal to participate before August 1, 2016, shall be granted rights to such share of water supply and storage capacity prior to those becoming parties after that date. The Authority and the Project Agreement Members will cooperate on the drafting of provisions in the water supply contract that will allow a Project Agreement Member or other eligible entity that commits to purchase a Sites Reservoir Project water supply to transfer water that the entity may not need from time to time on terms and conditions acceptable to the entity.

Section 6 Indemnity and Contribution:

(a) Each Project Agreement Member, including Authority Members acting in their capacity as Project Agreement Members and notwithstanding Section 5.9 of the Agreement, shall indemnify, defend and hold the Authority and other Project Agreement Members harmless from and against any liability, cause of action or damage (a "**Cost**") arising out of the performance of this Project

Agreement in excess of the amount of such Cost multiplied by each Project Agreement Member's participation percentage (defined in Section 4). Notwithstanding the foregoing, to the extent any such liability is caused by the negligent or intentional act or omission of a Project Agreement Member, such Project Agreement Member shall bear such liability.

(b) The Project Agreement Members shall indemnify, defend and hold the Authority and the members of the Authority that do not execute this Project Agreement harmless from and against any liabilities, costs or expenses of any kind arising as a result of the activities described in or undertaken pursuant to this Project Agreement. All assets, rights, benefits, debts, liabilities and obligations attributable to activities undertaken under this Project Agreement shall be assets, rights, benefits, debts, liabilities and obligations solely of the Project Agreement Members in accordance with the terms hereof, and shall not be the assets, rights, benefits, debts, liabilities and obligations of the Authority or of those members of the Authority that have not executed this Project Agreement. Members of the Authority not electing to participate in the Project Agreement shall have no rights, benefits, debts, liabilities or obligations attributable to the Project Agreement.

Section 7 Term:

This Project Agreement shall take effect on the date it is executed by at least two members of the Authority and shall remain in full force and effect until this Project Agreement is amended, rescinded or terminated by the Reservoir Project Committee, or completion of Phase 1 as defined at **Exhibit B**. Notwithstanding the foregoing, upon the expiration of the Joint Powers Agreement, this Project Agreement shall terminate and all uncommitted funds contributed by each Project Agreement Member shall be returned in proportion to the contributions made by each.

Section 8 Withdrawal From Further Participation:

To withdraw from this Project Agreement, a Project Agreement Member shall give the Authority and other Project Agreement Members written notice of such withdrawal not less than 30 days prior to the withdrawal date. As of the withdrawal date, all rights of participation in this Project Agreement shall cease for the withdrawing Project Agreement Member. The financial obligation as prescribed in the Bylaws' Section 5.10 in effect on the withdrawal date, shall consist of the withdrawing Member's share of the following costs: (a) payment of its share of all non-contract costs incurred prior to the date of the written notice of withdrawal, and (b) those contract costs associated with funds approved

in either contract amendments or task orders that were approved prior to the date of the written notice of withdrawal for which the contractor's work extends beyond the withdrawal date. However, a withdrawing member shall have no liability for any change order or extensions of any contractor's work that the remaining Members agree to after the withdrawing Member provides written notice of withdrawal. Withdrawal from this Project Agreement shall not to be considered a Material Change and shall not be subject to the Dispute Resolution process provided for in Section 12.3.5 of the Bylaws.

Section 9 Admission of New Project Agreement Members:

Additional Members of the Authority and Non-Member Participating Parties may become Project Agreement Members upon the affirmative vote of at least 75% of the total weighted vote as provided at Subsection 2(g) of the then-current Project Agreement Members and the affirmative vote of at least 75% of the total number of Directors of the Authority, and upon such conditions as are fixed by such Project Agreement Members.

Section 10 Amendments:

This Project Agreement may be amended only by a writing executed by at least 75% of the total weighted vote as provided in Subsection 2(g) of the then-current Reservoir Project Committee members.

Section 11 Assignment; Binding on Successors:

Except as otherwise provided in this Project Agreement, the rights and duties of the Project Agreement Members may not be assigned or delegated without the written consent of the other Project Agreement Members and the Authority. Any attempt to assign or delegate such rights or duties in contravention of this Project Agreement shall be null and void. Project Agreement Members may assign and delegate their rights and duties under this Project Agreement to other Project Agreement Members, and they may assign, sell, trade, or exchange all or a fraction of the potential benefits (e.g. acre-feet of water supply., megawatt-hours of power) they expect to receive through their participation in this Project Agreement consistent with the Re-balancing process and provisions set forth in Section 14.3.2 of the Bylaws. Any approved assignment or delegation shall be consistent with the terms of any contracts, resolutions, indemnities and other obligations of the Authority then in effect. This Project Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Authority and the Project Agreement Members.

Section 12 Counterparts:

This Project Agreement may be executed by the Authority and the Project Agreement Members in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Facsimile and electronic signatures shall be binding for all purposes.

Section 13 Severability:

If one or more clauses, sentences, paragraphs or provisions of this Project Agreement shall be held to be unlawful, invalid or unenforceable, the remainder of the Project Agreement shall not be affected thereby.

Section 14 Notices:

Notices authorized or required to be given under this Project Agreement shall be in writing and shall be deemed to have been given when mailed, postage prepaid, or delivered during working hours, to the addresses set forth **Exhibit C ("Notifications")**, or to such other address as a Project Agreement Member may provide to the Authority and other Project Agreement Members from time to time.

IN WITNESS WHEREOF, the Authority and Project Agreement Members hereto, pursuant to resolutions duly and regularly adopted by their respective governing bodies, have caused their names to be affixed by their proper and respective officers on the date shown below:

Dated: _____ SITES PROJECT AUTHORITY BOARD
REPRESENTATIVE

By: _____

Dated: _____

(Authority & Project Agreement Member)

By: _____

EXHIBIT A1:
PHASE 1 RESERVOIR PROJECT AGREEMENT -
PARTICIPATION AMOUNTS AND PERCENTAGES

| <u>Revision</u> | <u>Effective Date</u> | <u>Status or Authorizing Action</u> |
|-----------------|-----------------------|---|
| 2 | 2016 Nov 21 | Approved by Authority to expand participation based on the this Exhibit A1. |

| Reservoir Project Agreement Participant | Class 1 (acre-ft.) | Class 2 (acre-ft.) | Participation Percentage ¹ | Participant's Actual Weighted Vote ² |
|---|--------------------|--------------------|---------------------------------------|---|
| American Canyon, City of | 2,000.0 | | 0.58% | 0.64% |
| Antelope Valley-East Kern WA | 1,138.0 | 862.0 | 0.58% | 0.55% |
| Castaic Lake WA | 2,844.9 | 2,155.1 | 1.46% | 1.38% |
| Coachella Valley WD | 15,078.0 | 11,422.0 | 7.74% | 7.30% |
| Colusa County | 10,000.0 | | 2.92% | 3.20% |
| Colusa County WD | 32,111.0 | | 9.38% | 10.28% |
| Carter MWC | | 1,000.0 | 0.29% | 0.22% |
| Desert WA | 3,698.4 | 2,801.6 | 1.90% | 1.79% |
| Garden Highway MWC | | 4,000.0 | 1.17% | 0.87% |
| Glenn-Colusa ID | 20,000.0 | | 5.84% | 6.40% |
| Orland-Artois WD | 20,000.0 | | 5.84% | 6.40% |
| Pacific Resources MWC | | 10,000.0 | 2.92% | 2.16% |
| Reclamation District 108 | 20,000.0 | | 5.84% | 6.40% |
| Reclamation District 2035 | 10,000.0 | 5,000.0 | 4.38% | 4.28% |
| San Bernardino Municipal WD | 17,069.4 | 12,930.6 | 8.76% | 8.26% |
| San Geronio Pass WA | 7,965.7 | 6,034.3 | 4.09% | 3.85% |
| Santa Clara Valley WD | 13,655.5 | 10,344.5 | 7.01% | 6.61% |
| TC6: 4M WD | 500.0 | | 0.15% | 0.16% |

1 Percentage is based on the total amount of Class 1 + Class 2 water.

2 Percentage is based on the different participation factors applied to Class 1 and Class 2 water, respectively.

EXHIBIT A1:

| Reservoir Project Agreement Participant | Class 1 (acre-ft.) | Class 2 (acre-ft.) | Participation Percentage ¹ | Participant's Actual Weighted Vote ² |
|---|--------------------|--------------------|---------------------------------------|---|
| TC6: Cortina WD | 300.0 | | 0.09% | 0.10% |
| TC6: Davis WD | 2,000.0 | | 0.58% | 0.64% |
| TC6: Dunnigan WD | 5,000.0 | | 1.46% | 1.60% |
| TC6: LaGrande WD | 1,000.0 | | 0.29% | 0.32% |
| TC6: Proberta WD | 3,000.0 | | 0.88% | 0.96% |
| Western Canal Water District | 3,500.0 | | 1.02% | 1.12% |
| Westlands WD | 11,379.6 | 8,620.4 | 5.84% | 5.51% |
| Westside WD | 25,000.0 | | 7.30% | 8.00% |
| Wheeler Ridge-Maricopa WSD | 11,379.6 | 8,620.4 | 5.84% | 5.51% |
| Zone 7 WA | 11,379.6 | 8,620.4 | 5.84% | 5.51% |
| Total | 250,000. | 92,411 | 100% | 100% |
| Maximum Available³ | 250,000. | 170,000 | | |

³ Amount is based on (a) operating assumptions from prior DWR studies for their Alternative C (i.e. the large reservoir with 3 Sacramento River points of diversion and operated to maximize SWP benefits while not adversely affecting current CVP operations). The Authority's recommended assumptions (e.g. include a 130,000 acre-ft. of water demand in the west side of the Sacramento Valley) will produce new results which, when combined with the decision related to the application for Prop 1 Chapter 8 (i.e. State can fund up to 50% of Project's development costs) will likely affect the Maximum Available.

EXHIBIT A1:

Method Used to Define Participation Percentages:

Participation Factors: (Refer to Figures 1 and 2)

The Participating Percentages reflect the decision-making contribution of each Project Agreement Member and Non-Member Participating Party via the use of weighting factors, the sum of which totals 100%, exactly.

- A. Each Project Agreement Member and Non-Member Participating Party has a membership weighting factor equal to 50%.
- B. The remaining 50% is allocated between the Class 1 and Class 2 water benefits, which are described as follows:

Class 1: 50% of the expected annualized yield that would be allocated to the Project Agreement Members represents Class 1 water benefits ("Class 1"). Class 1 water represents the amount of water that would not be made available for Proposition 1, Chapter 8-eligible public benefits assuming the CA Water Commission elects to participate in the Project up to the maximum amount allowed by Proposition 1, Chapter 8, which is 50% of the total Project's development costs.

Class 2: Depending upon decisions by the CA Water Commission (and/or jointly by the Authority and Reservoir Project Agreement Committee) and potentially the federal government, some of the remaining 50% could become available for non-Proposition 1, Chapter 8 uses. For Phase 1, the maximum amount of this additional water, which is referred to as "Class 2" water benefit, is approximately 35% of the total. The remaining 15% is currently not available for potential non-Proposition 1, Chapter 8 uses and it represents the differential amount of long-term annualized water produced should Sites Reservoir be downsized from 1.8 MAF to 1.3 MAF.

Weighting Factors: The combined total of all weighting factors totals 50, exactly. The Class 1 water benefit is the most certain relative to the Class 2 water benefit. To participate in Class 2 water benefits, the Member also needs to be participating in Class 1 water benefits. The weighing factors, totaling 50%, are allocated as follows:

Class 1: 40%, applied to the amount of Class 1 water Members are using as their Phase 1 level of participation.

Class 2: 10% applied to the amount of Class 2 water Project Agreement Members and Non-Member Participating Parties are using as their Phase 1 level of participation.

EXHIBIT A1:

Figure 1: Illustration of the two types of water produced from the Project with its operations integrated with the CVP and SWP.

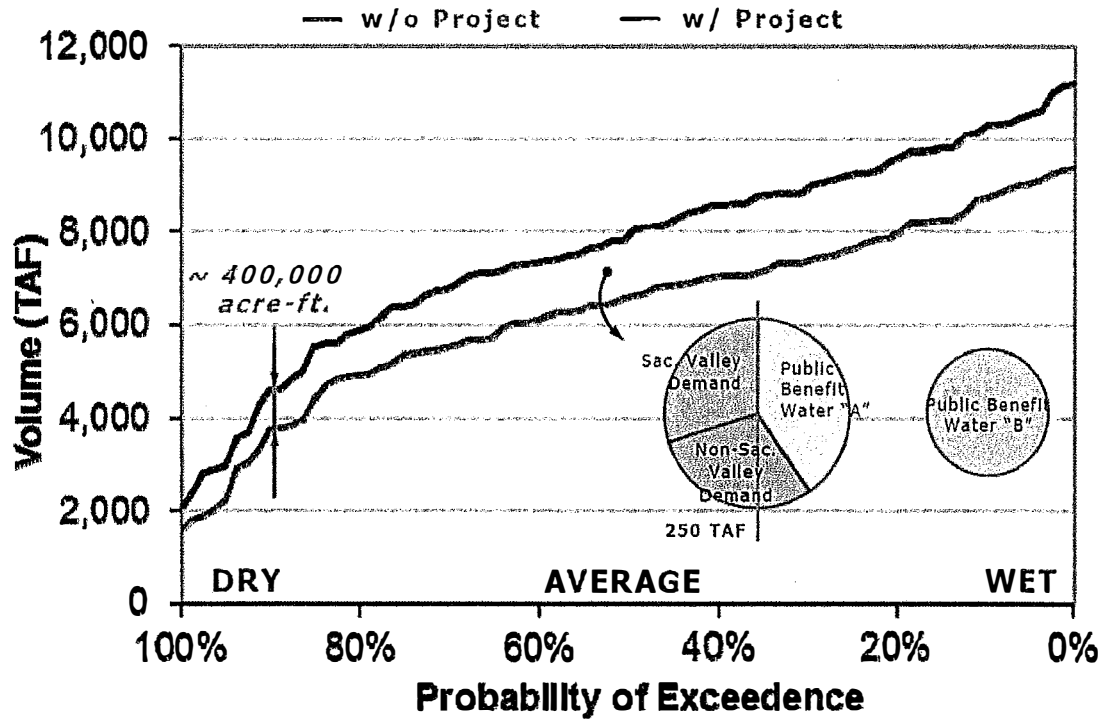
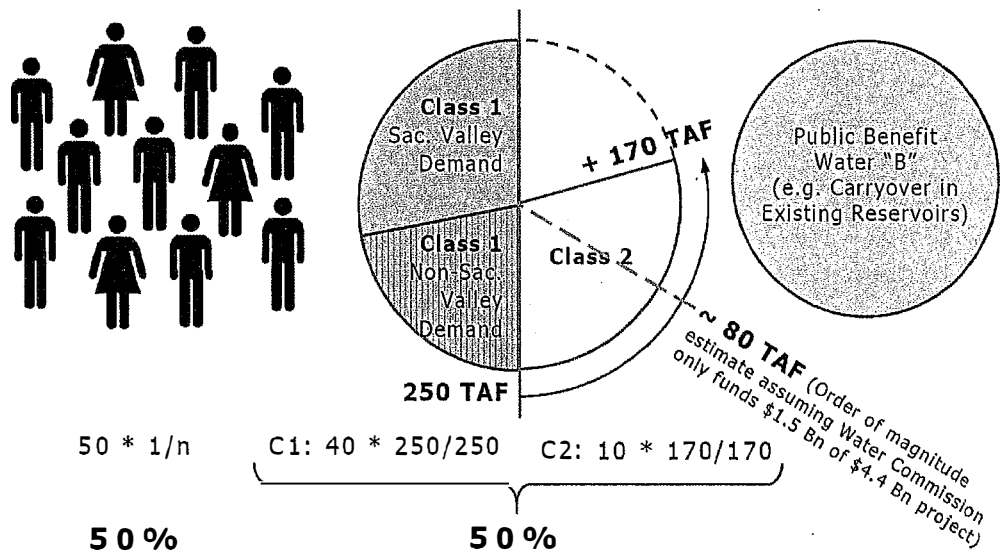


Figure 2: Weighted voting based on Classes of water produced

When all votes are cast, total = 100%



Assumptions: 28 Project Agreement Members participating in a combination of both Class 1 and/or Class 2 water benefits, such that 100% of the Class 1 water has been allocated (i.e. 250,000 acre-ft) and for Class 2 water benefits, only 92,411 acre-ft. out of 170,000 acre-ft. available has been allocated.

Member A: Participation consists solely of "X" =3,000 acre-ft./year of Class 1 water.

Member B: Participation consists solely of "X" = 20,000 acre-ft./year of Class 1 water.

Member C: Participation consists of "X" =10,000 acre-ft./year of Class 1 and "Y" =6,000 acre-ft./year of Class 2 water benefits.

Member D: Participation consists of "Y" = 2,000 acre-ft./year of Class 2 water benefits.

The **Class 1** weighting factor (WF₁) is **40** & the **Class 2** weighting factor (WF₂) is **10**.

[NOTE: The following table is a complete revision, so redline-strikethrough formatting has not been applied]

| Formula | Member: | A | B | C | D |
|------------------------------|---------|------|------|------|------|
| $1/28 * 50$ | | 1.79 | 1.79 | 1.79 | 1.79 |
| Class 1 = $(X/250,000)*WF_1$ | | 0.48 | 3.20 | 1.60 | 0.0 |
| Class 2 = $(Y/92,411)* WF_2$ | | | | 0.65 | 0.21 |
| Weight of Member's Vote | | 2.27 | 4.99 | 4.03 | 2.00 |

Total needed for approval:

- Simple Majority = 50
- Material Change = 75

EXHIBIT B: PHASE 1

RESERVOIR PROJECT AGREEMENT

REQUIREMENTS

General Requirements:

The Sites Project Authority (the "**Authority**") intends to implement the Sites Reservoir Project in accordance with the Agreement and Bylaws, which, in part, include the creation of one or more Project Agreement Committees (a "**Committee**") to perform project-specific activities. These documents also include the Authority's Mission with project-specific powers and/or authorities set forth in the Bylaws, Section 10.

As stated in the Phase 1 Reservoir Project Agreement, the Reservoir Committee is comprised of certain Members and/or Non-Member Participating Parties, listed on the attached Exhibit A1 (collectively the "Project Agreement Members").

Restatement of Mission: "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".

The Authority's Bylaws augment its Mission statement through the establishment of its vision statement and values the Authority expects all Project Agreement Members to subscribe to in pursuing the Project Goals.

Primary Project Goal: Maximize both water supply and water supply reliability for (1) the Project Agreement Members and (2) the public benefits – specifically ecosystem and water quality – as defined in Proposition 1, Chapter 8 (2014) in a manner that:

- a. Is both technically and environmentally permissible (e.g. DSOD, FERC, CEQA/NEPA, CESA/ESA, Clean Water Act);
- b. Is economically and financially viable; having a high return on investment for both the Members and public benefits when measured on both an up-front capital cost (i.e. today) and on a long-term life cycle analysis (i.e. a future set of conditions);
- c. Is in accordance with existing (and likely new) water rights and area of origin statutes while acknowledging the leadership value provided by the Authority on behalf of the Sacramento Valley to develop the Project;

- d. Continues to pursue a strategy to minimize existing land uses, and post-construction maximizes the amount of land that can be returned or sold for non-Project uses;
- e. Can be integrated into the operations of the CVP and SWP while allowing (1) the Project Agreement Members and Non-Member Participating Parties and (2) both the California Water Commission (the "**CWC**") and public agencies contracting for the public benefits (i.e. DFW, DWR, and SWRCB) to have sufficient control to ensure the investment goals are achieved;
- f. Can adapt its operations in response to an uncertain future; affecting both water supply reliability for agricultural and urban uses as well as for the ecosystem in the Sacramento Valley watershed and in the Delta for the benefit of native species;
- g. Can provide flexible hydroelectric power generation that supports the integration of renewable energy sources being developed in response to the State's renewable energy and greenhouse gas reduction goals;
- h. Prudently manages risk by allocating risk to the entity in the best position to effectively manage the risk;
- i. If deemed economically viable without causing a delay to completion of the Project, can contribute to the State meeting its renewable energy goals; and
- j. Includes as a contingency plan or last ditch effort, the ability to pursue the Project solely by the Authority and Project Agreement Members should the Authority determine that the Project is still economically and financially viable, yet contracts for public benefits and/or public funding are not viable or in the best interest of the Authority or Project Agreement Members.

Secondary Project Goals include:

- a. Providing incremental flood damage reduction opportunities;
- b. Developing additional recreation opportunities;

To accomplish this goal, the Authority believes that those working at all levels of this Project should conduct themselves in accordance with the Authority's values, which are restated as follows:

- a. Transact all business in an open and honest manner;
- b. Communicate effectively;
- c. Build trust and confidence – both internally and externally;
- d. Be a respectful community partner;

- e. Make decisions that are fiscally prudent with a focus on creating value, in part, by evaluating the potential impact to the target cost/acre-ft.; and
- f. Utilize best-in-class processes and procedures - especially in the development of project controls and in both the management of risk and ensuring appropriate levels of quality.

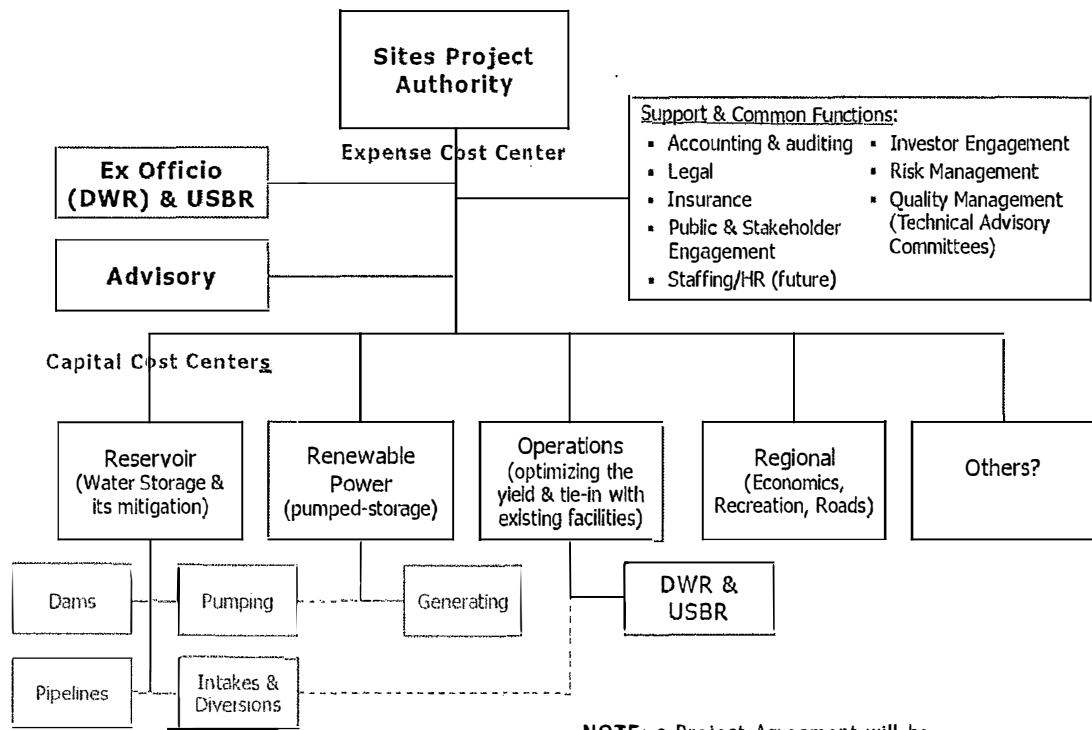
Finally, the Authority anticipates that with the development of any subsequent Phase-level Project Agreements the delegations and responsibilities to the Committee will be revisited to reflect the decision-making requirements needed to further advance the Sites Reservoir Project.

Specific Requirements:

1. Governance:

- 1.1. The Project has been organized to comply with the requirements of Proposition 1, Chapter 8, with the cost centers consolidated such that the Reservoir Project Agreement includes the Storage, Power and Operations cost centers and the Authority also includes the Regional cost center.

Figure 1: Project-level Organization

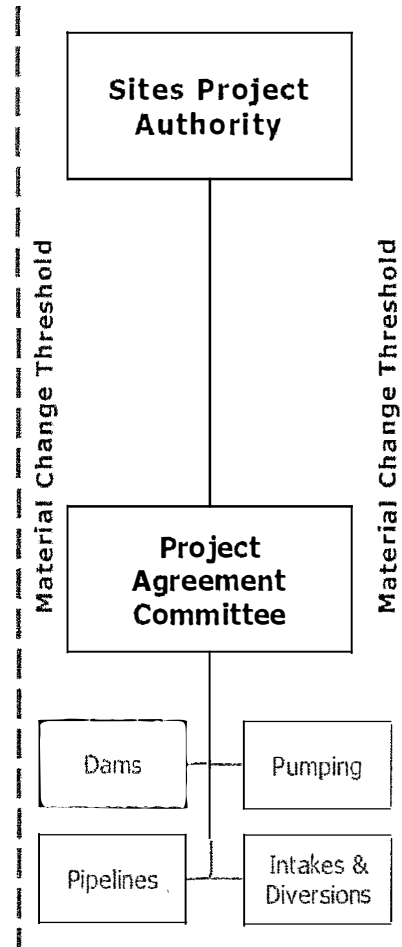


2015 November

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**Figure 2: Phase 1
Organization Chart**

- 1.2. For Phase 1 only those authorities specified in this Exhibit B are hereby delegated to the Project Agreement Members. Additional delegations (or rescissions) require execution of an amendment to this Exhibit.
- 1.3. Material Change Thresholds: Unless otherwise specified below, the thresholds established in the Bylaws, Section 12 apply.
- 1.4. Each Project Agreement Member shall ensure that its representative to the Committee has been delegated the responsibility by its governing board to make policy-level decisions.
- 1.5. The Committee can form its own subcommittees including ad-hoc committees with the resulting recommendations and/or work products reported up through the Committee and then to the Authority.



2. Communications Management:

2.1. Communications, both internal and external, should be viewed as a joint responsibility involving all Project Agreement Members. Furthermore, the Authority encourages the dissemination of accurate project data and information to anyone expressing an interest in the Project, regardless of their opinion towards the Project.

2.2. External Communications: The Authority retains the lead responsibility for developing the overall strategy, messaging, brand development and related functions with the Project Agreement Committee providing input and support.

2.2.1. Elected Officials, Public Agencies & Utilities: The Authority shall decide how best to engage external interests, including elected officials, interested federal, state and local entities, the public, and non-governmental organizations. The Authority has the final determination regarding representation from the Project, which may include any Project Agreement Member. Should an activity, such as a meeting, occur where the Project is not on the agenda, yet the Project becomes a discussion topic, the Project Agreement Member in attendance shall, in a timely manner, provide a summary of the Project-related discussions to the Authority.

2.2.2. New Members: The Authority has the sole responsibility to negotiate Project participation requirements and will use the templates developed and used to contract with prior Members as the basis for negotiating. However, members of the Committee are encouraged to identify prospective members and to work with the Authority to expand membership. A Project Agreement Member who has communications with a prospective member shall, in a timely manner, provide a summary of the communication to the Authority.

2.2.3. Landowners: For property owners or tenants whose property may be within the lands identified for construction and/or long term Project operations, a Project Agreement Member contacted shall, in a timely manner, provide a summary of the Project-related contact to the Authority.

2.2.4. All Other: Requests for information regarding the Project will come from across the spectrum. A Project Agreement Member contacted or providing project data and information should use its judgement regarding notifying either the Committee and/or Authority.

2.2.5. Nothing in this Section 2 shall constrain a public agency Member's authority to communicate with its customers and landowners on matters concerning the Project or this Agreement.

3. Personnel (Staffing) Management:

3.1. Only the Authority is authorized to hire personnel. If it believes there is a need, the Project Agreement Committee may recommend the hiring of additional staff to the Authority Board. The recommendation will be in writing with justification of the need and a proposal for funding the additional position. The Authority Board will consider the Committee's recommendation at its next regular meeting or at a special meeting called for the purpose of considering the recommendation.

3.2. Project Agreement Members can, with Authority's approval, provide in-kind services, especially in areas where specialized expertise is needed. Where such assignments are approved, the personnel shall be considered to serve as project staff reporting directly to the General Manager. Any work products developed under such an assignment are deemed to be the intellectual property of the Authority and shall not be distributed without the General Manager's or the Authority's delegated representative's consent.

4. Procurement (Contracting) Management:

4.1. Only the Authority is authorized to enter into contracts or agreements. If it believes there is a need, the Project Agreement Committee may recommend the procurement of additional services or equipment to the Authority Board. The recommendation will be in writing with justification of the need and a proposal for funding the additional services or equipment. The Authority Board will consider the Project Agreement Committee's recommendation at its next regular meeting or at a special meeting called for the purpose of considering the recommendation.

4.2. Direction to consultants and contractors shall be provided through the Authority's General Manager, unless the General Manager has delegated such responsibility to staff or in writing to a management representative from either a Project Agreement Member.

4.3. The Phase 1 work plan anticipates that at least the following services will need to be obtained: Financial advisor, Public Engagement (aka outreach), CEQA legal expertise, water rights expertise, project controls, document management.

- 4.4. For Proposition 1, Chapter 8, agreements are also required with the CWC for funding and with state agencies (i.e., DFW, DWR, SWRCB) for public benefits. The work plan is predicated on the prerequisite work being performed under the management of the Project Agreement Committee for the Authority's use in negotiating and potential execution of such agreements. For these processes, the Authority intends to convene an ad-hoc committee - for each such agreement that is comprised of both Authority and Project Agreement Committee Members.
- 4.5. Should the Project Agreement Committee or Authority decide to pursue other agreements either under Proposition 1, or another state or federally-sponsored program, the Authority intends to convene an ad-hoc committee for each agreement that is comprised of both Authority and Project Agreement Committee Members.
- 4.6. Task Orders and Invoices: For work managed by the Project Agreement Committee, the Project Agreement Committee shall approve each task order and associated invoices for work performed before the Authority will approve any Payment of Claims.
- 4.7. Change Orders: Proposed change orders that are within the material change thresholds only require Project Agreement Committee approval. However, the Authority retains the authority to execute any contract amendments. Proposed change orders that are deemed to exceed the material change thresholds require approval of both the Project Agreement Committee and the Authority before the Authority can proceed with executing such change orders. For either situation, the Authority or the Project Agreement Committee may invoke the dispute resolution process.

5. Scope Management:

- 5.1. Phase 1 Work Plan: The scope of work for the Project Agreement is summarized in Attachment 1 to this Exhibit B. The Authority approved the phase-level plan on 2015 September 21, which occurred well in advance of the CWC having defined both the application and selection requirements. On _____, with the Project Agreement Committee's concurrence, the Authority approved an amended Phase 1 Work Plan, which is summarized in an amended Exhibit B. Most of the effort is to (1) advance the studies needed to submit an application to the CWC for potential State of California cost-share in exchange for providing qualifying public benefits and (2) negotiate the funding agreement and contracts for public the benefits. The 3 primary activities include:

Operations: Planning level studies related to the operation of the reservoir and ancillary facilities to provide both direct and indirect water supply and water supply reliability for both water users and Proposition 1, Chapter 8-defined public benefits. These results will (a) be included in updated environmental document, (b) aid in bringing in additional Members and/or Non-Member Participating Parties, and (c) aid in negotiating contracts for the Proposition 1, Chapter 8-defined public benefits. The scope and cost-certainty of the elements in the work plan are highly dependent upon the CWC's process, which is being developed as regulations.

Storage: Planning level studies related to the design and construction of the reservoir and ancillary facilities. Activities include incorporation of changes to minimize land use impacts, update the environmental analysis associated with the changes, advance grid interconnection studies and key facility siting studies for inclusion into the environmental document, preparation of a publicly available draft environmental document meeting CWC requirements, and preparation of a feasibility study also meeting the CWC's requirements. The scope and cost-certainty of the elements in the work plan are fairly well known with the exception of USBR's congressional mandate to produce a Feasibility Report.

Power: The potential inclusion of pumped-storage to provide renewable energy and to integrate with other renewable energy sources such as solar and wind to aid the State in achieving the renewable energy goals. The scope and cost-certainty of the elements in the work plan are highly dependent upon the future electricity market conditions and process to obtain hydropower licenses.

5.2. Consultant Scopes of Work: The Authority has executed professional services contracts to support the preparation of an application to the CWC by advancing details related to the Project's scope and feasibility, ability to provide Proposition 1, Chapter 8-defined public benefits, and advance the environmental document. The respective documents are referred to as:

- Ch2m: Proposition 1 EIR/EIS and Feasibility Study Assistance to Support Sites Project Authority (SPA) Application to California Water Commission Scope of Work, which was executed on Nov 2, 2015.
- AECOM: Scope of Work and Fee Estimate, Sites Reservoir Feasibility Report, which was executed on Nov 2, 2015.
- LWA: Scope of Work and Fee Estimate to prepare a Project Funding Policy and preparation of the Cost Development Model, which was executed on Oct 16, 2016.

5.3. Project Development Plans: The development of Project-level management plans is currently not included in the approved Phase 1 work plan. The timing to prepare these plans is dependent upon the priorities of the Project Agreement Committee Members. It is anticipated that the budget and priority to prepare these plans will, in part, be dependent upon the addition of new members. At any time, the Project Agreement Committee or the Authority can decide to amend both the annual operating and Phase-level budget to seek approval to proceed. The development of the following plans shall be a joint effort between the Authority and the Committee:

5.3.1. Project Management & Integration Plan: The initial plan should be the development of a project-level work breakdown structure and to document processes being developed to manage the Project to identify areas for improvement.

5.3.2. Communications Management Plan: Elements of this plan should include, but are not limited to, how best to conduct outreach to Members, stakeholders and the public, compile the various communications, especially those related to advancing the Project (e.g. obtain permits and negotiate with landowners).

5.3.3. Staffing Management Plan: The initial plan should focus on how to account for and encourage the use of in-kind services provided by Project Agreement Members.

- 5.3.4. Procurement Management Plan: The initial plan should focus on (a) construction packaging and delivery methods to aid in developing the Prospectus Model and (b) contracts to provide public benefits.
 - 5.3.5. Scope Management Plan: The initial plan should develop a process to manage potential changes in scope.
 - 5.3.6. Schedule Management Plan: The initial plan should document processes being developed to manage the Project to identify areas for improvement.
 - 5.3.7. Cost Management Plan: The initial plan should document processes being developed to manage the Project to identify areas for improvement.
 - 5.3.8. Quality Management Plan: Absent a plan, the fundamental requirement is to ensure that services are being provided and work products provided meet the applicable standard of care for the industry or function (e.g. engineering, planning).
 - 5.3.9. Risk Management Plan: The initial plan should focus on the more-strategic risks and to develop actions to mitigate the risk. Subsequent versions need to include the development of a risk register with assignment of risk to the applicable stakeholders.
 - 5.3.10. Document Management Plan: The initial plan should focus on retention and retrieval of documents and processes to respond to requests for information as required by statute.
6. Schedule Management: An executive, project-level schedule plan that outlines the major tasks to be completed in each phase is included as Attachment 2 to this Exhibit B.
7. Cost Management:
- 7.1. The cost management requirements defined in Bylaw Section 14 shall also apply to the Project Agreement Committee.
 - 7.2. Work Plan and Budget delegation to the Committee: **Table 1** defines the portion of the Phase 1 work plan that is associated with the work the Project Agreement Committee will manage going forward and will work with the Authority to maintain an updated Phase 1 budget target. The budget is based on the estimated time that costs would become committed (e.g.

by approval of consultant task orders). This budget is being converted into an incurred cash flow to manage the work to maintain a positive monthly cash flow projection. For this Project, any funds unspent at the end of the fiscal year are added to the subsequent fiscal year's approved budget. At the end of Phase 1, any unspent funds will either be redistributed to the Project Agreement Members in accordance with their participation percentage and/or applied towards the work plan for the next Phase with the Member's approval.

Table 1: Phase 1 Budget Transfer to the Committee:

| Cost Center | FY 2015 | FY 2016 | FY 2017 | FY 2018 | Total |
|---------------------|-------------------|---------------------|---------------------|--------------------|----------------------|
| Status: | Adjusted | Forecast | Forecast | Forecast | Forecast |
| Operations | \$ - | \$ 241,520 | \$ 326,300 | \$ 44,280 | \$ 612,100 |
| Power | \$ 906 | \$ - | \$ 595,133 | \$ 390,140 | \$ 986,179 |
| Water | \$ 116,475 | \$ 2,664,686 | \$ 8,139,969 | \$ 2,603,441 | \$ 13,524,571 |
| Budget Total | \$ 117,381 | \$ 2,906,206 | \$ 9,061,402 | \$3,037,861 | \$ 15,122,850 |

7.3. Budget Approval Process: As the Project Agreement Committee's work plan is adjusted, the Project Agreement Committee will forecast both an estimated cost at the end of each fiscal year and at the end of Phase 1. The work plan shall be maintained to serve as the basis for preparing a fiscal year's operating budget and revised Phase 1 budget target. The Project Agreement Committee and Authority shall cooperate on the development of each fiscal year budget to ensure the scope and effort of shared activities (e.g. engagement) align and to ensure adequate reserves are maintained and resource plans are in place to ensure adequate staffing levels can be committed to perform the work. At least 2 months prior to the end of each fiscal year, the Project Agreement Committee shall adopt a fiscal year operating budget and revised Phase 1 budget target and present them to the Authority. The Authority shall incorporate them along with budgets developed by other Project Agreement Committees (as appropriate) to approve at the project-level (1) a fiscal year operating budget and (2) a Phase 1 budget target. Should this process result in changes in the total funding amount listed in Table 1 above or Attachment 1 of Exhibit B, Attachment 1 of Exhibit B will be amended by written acknowledgement of each of the Project Agreement Members, which will supersede the amounts shown in Table 1 and Attachment 1 of Exhibit B to calculate each Member's funding contribution, which is based on both the Participant's Percentage and Actual Weighted Vote (refer to Agreement, Exhibit A1).

7.4. Budget or Funding Transfers:

- 7.4.1. Transfers or reprioritizations within approved work plan and budget: Either Project Agreement Committee or Authority may unilaterally move work and/or budget amounts between line-items, add, or subtract budget amounts relative to its approved fiscal year budget, provided that the changes do not create a material change or do not require the other party (Authority or Project Agreement Committee) to have to revise its respective work plan and budget. When changes require both parties to adjust their work plans and/or budgets, no changes can be implemented until it has been approved by both the Project Agreement Committee and Authority.
- 7.4.2. Transfers or reprioritizations between Project Agreement Committees and/or Authority: Transfers between the Project Agreement Committee's and Authority's budgets are permitted so long as the associated funding obligations are also adjusted to reflect the transfer of funds from one party to other party, which shall require the approval of both parties before any changes can be implemented.
- 7.5. Reporting: The Project Agreement Committee and Authority shall endeavor to maintain a transparent approach to managing costs through the services of a shared Treasurer and project accountant. Both parties agree to provide timely cost data to the Treasurer and to work diligently to resolve any discrepancies in an expeditious manner. The Treasurer shall provide timely reporting to both the Authority and Project Agreement Committee.
- 7.6. Auditing: The Authority shall ensure that the Project costs are audited annually and the results are shared with the Project Agreement Committee.
- 7.7. Accounts Receivable and Payable: The Project Agreement Committee and Authority agree to utilize a common software platform and processes (e.g. common fiscal year) to ensure timely collection and payment. Should the Authority's auditor determine that corrections are required to comply with the Agreement, bylaws and/or Generally Accepted Accounting Principles, both parties shall work diligently to correct the deficiency to the auditor's satisfaction.

8. Reserved for Quality Management: (Future amendment)

9. Risk Management:

9.1. Key Risks affecting Phase 1 include and are not limited to the following:

9.1.1. Project Development: Prior to passage of Proposition 1, the Sites Reservoir Project was being advanced by DWR in coordination with USBR with the inherent project development risks essentially being 'backstopped' financially by the creditworthiness of the State and the United States. To be eligible for cost-share under Proposition 1, Chapter 8, the project applicant has to be local and is required to secure participation, primarily from other public water agencies and potentially private investment. While it is possible for the State to provide non-public benefit funding (i.e. participate on behalf of the State Water Contractors) and for the United States to provide funding (i.e. participate on behalf of the CVP contractors or implementation of portions of CVPIA), to date, neither agency has expressed interest in participating in the Project other than support the Project's operations for both water supply and public benefits.

9.1.2. CEQA Lead Agency: Currently, DWR has this role. The Authority has met with DWR regarding the transfer of this responsibility, which the Authority believes is needed for the Authority to be the applicant for any Proposition 1, Chapter 8 process.

9.1.3. Water Rights: On 1977 September 30, the SWRCB accepted DWR's water rights application for 3,164,000 acre-ft. from a combination of sources: Stone Corral Creek, Funks Creek, two locations on the Sacramento River, and Willow Creek. To finance construction of this Project, the water rights will be needed as the principal asset. It is expected that DWR will assign this water right to the Authority, which in turn would assign it to the entity that will secure the financing.

9.1.4. Many Potential Sources for Schedule Delay: There are a number of Project activities that are not within the Authority's control and therefore could become sources of delay, especially given the complexity of the Project and complexity of some of the statutory requirements. The primary activities focus on:

- Demonstrating CEQA/NEPA & CESA/ESA compliance, which will

require successful completion of the NEPA process by USBR, acceptance of the CEQA process by responsible and trustee agencies, issuance of incidental take authorizations from federal resource agencies, issuance of other permits by CDFW, USACE, SWRCB, RWQCBs and other permits.

- Land and right-of-way acquisition, and
- CWC’s Selection & Evaluation Process, which is of most concern for Phase 1. Preparation of an application for Proposition 1, Chapter 8 funding has to occur in a parallel ‘track’ with the CWC’s process to develop ‘regulations. Once the regulations are adopted, there is a three-month period for applicants to submit the mandatory pre-application. Then, based on CA Water Commission staff’s assessment, the applicant has up to six-months to submit a full application. This schedule has already slipped and is prone to additional slippage. Additional sources of delay could occur should the approved regulations be legally challenged. In addition to the uncertainty of the scope of work needed to prepare the application, the cost of delay is the biggest risk.
- Issuance of a water right permit by the SWRCB.

9.1.5. Contracting for Public Benefits: State funding under Proposition 1, Chapter 8 contains a provision that the applicant contract with DFW, DWR, and SWRCB for the public benefits. This is a new process and given the uncertainty in annual hydrology and a potential future with climate change, contract guarantees become challenging. In addition, these same agencies will be required to issue permits before the start of any construction.

9.1.6. USBR Feasibility Report: Congress authorized USBR to study the feasibility of the CalFed Storage Projects, including Sites Reservoir, and provide its findings by 2016 Nov 30. Prior to submitting a final report, USBR’s typical process includes (1) public review and (2) a finding related to the Project being in the public interest. A finding of support is needed before any congressional appropriations could occur.

| <u>Revision</u> | <u>Effective Date</u> | <u>Status or Authorizing Action</u> |
|-----------------|-----------------------|--|
| 2 | 2016 Nov 21 | Approved by Authority & Reservoir Committee for use. |

Working Draft: 11/14/2016

Expense (-) Expense
 Category (Multiple Items)
 Function (All)
 Name (All)

Values

| Grouping | Cost Center | File Number | WIP | Description | Sum of Total | | | | Sum of Phase 1 Total |
|-----------|-------------|-------------------------|----------|---|--------------|--------------|-------------|--------------|----------------------|
| | | | | | 2015 | 2016 | 2017 | 2018 | |
| Reservoir | Operations | 13 | Existing | Water Rights Legal Counsel | \$ - | \$ - | \$ (80,000) | \$ (15,000) | \$ (95,000) |
| | | 25 | Existing | Feasibility Report, TO #2 (X % of Task 9) | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | 25 | Existing | TO#1-Env & Ops NTP#1 (Task #3: WSIP CalSim Support) | \$ - | \$ (162,000) | \$ - | \$ - | \$ (162,000) |
| | | 25.1 | Existing | TO#1-Env & Ops NTP#2 (Task #5.2) | \$ - | \$ (55,000) | \$ - | \$ - | \$ (55,000) |
| | | | Existing | USBR+ TO#1-Env & Ops NTP#2 (Task #6.2) DWR | \$ - | \$ (10,000) | \$ (45,000) | \$ - | \$ (55,000) |
| | | 30 | NEW | H2O Manager, Services | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | | | H2O Manager, Expenses | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | 42 | NEW | Water Rights Strategy Development | \$ - | \$ (9,520) | \$ (47,600) | \$ - | \$ (57,120) |
| | | | | Water Rights Technical Assessment | \$ - | \$ (5,000) | \$ (33,000) | \$ - | \$ (38,000) |
| | | | | Water Rights Supporting Documentation | \$ - | \$ - | \$ (40,000) | \$ - | \$ (40,000) |
| | | | | Water Rights Strategy for Colusa Basin Drain (Divert Flood Flows & Release for Yolo Bypass) | \$ - | \$ - | \$ (80,700) | \$ - | \$ (80,700) |
| | | | | Water Rights Next Steps | \$ - | \$ - | \$ - | \$ (29,280) | \$ (29,280) |
| | | | | Water Rights for Colusa Basin Drain Technical Assessment (Phase 2) | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | | | Colusa Basin Drain Feasibility Study (Phase 2) | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | Operations Total | | | | | \$ - | \$ (241,520) | \$ (326,300) |
| Power | | 13 | Existing | Legal Services, Holland (Federal/Power) | \$ (906) | \$ - | \$ - | \$ - | \$ (906) |
| | | | NEW | Legal Services, Hydropower | \$ - | \$ - | \$ (40,000) | \$ - | \$ (40,000) |
| | | 14 | NEW | FERC Permit & License Strategy | \$ - | \$ - | \$ (30,000) | \$ - | \$ (30,000) |
| | | 30 | Existing | Understanding of Regulatory Changes | \$ - | \$ - | \$ (10,000) | \$ - | \$ (10,000) |
| | | | | Market Research/Interest Estimate Potential | \$ - | \$ - | \$ (10,000) | \$ - | \$ (10,000) |

| Grouping | Cost Center | File Number | WIP | Description | Values | | | | | | |
|--------------------------------------|--|---|--|---|-------------------|-------------------|---------------------------|---------------------|----------------------|--------------|-------------|
| | | | | | Sum of Total 2015 | Sum of Total 2016 | Sum of Total 2017 | Sum of Total 2018 | Sum of Phase 1 Total | | |
| Reservoir | Power | 30 | Existing | Owner-Controlled Contingency: Hydropower | \$ - | \$ - | \$ (132,000) | \$ (63,380) | \$ (195,380) | | |
| | | | NEW | Prepare Power Developer Solicitation (Defer to Phase 2) | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| | | | | Prepare & File Permit Applications (FERC) (blank) | \$ - | \$ - | \$ (60,000) | \$ - | \$ (60,000) | | |
| | | | | Initial Grid Interconnection Study (Holthouse) - WAPA | \$ - | \$ - | \$ (50,000) | \$ (50,000) | \$ (100,000) | | |
| | | | | Initial Grid Interconnection Study (Holthouse) - PG&E | \$ - | \$ - | \$ (50,000) | \$ (50,000) | \$ (100,000) | | |
| | | | | Initial Grid Interconnection Study (Delevann) - WAPA | \$ - | \$ - | \$ (50,000) | \$ (50,000) | \$ (100,000) | | |
| | | | | Initial Grid Interconnection Study (Delevann) - PG&E | \$ - | \$ - | \$ (50,000) | \$ (50,000) | \$ (100,000) | | |
| | | | | PWR Manager, Services | \$ - | \$ - | \$ (103,133) | \$ (123,760) | \$ (226,893) | | |
| | | | | PWR Manager, Expenses | \$ - | \$ - | \$ (10,000) | \$ (3,000) | \$ (13,000) | | |
| | | | | Power Total | \$ (906) | \$ - | \$ (595,133) | \$ (390,140) | \$ (986,179) | | |
| | | | | Water | 10 | Existing | General Manager, Expenses | \$ (7,796) | \$ (31,380) | \$ (35,840) | \$ (15,360) |
| | | | General Manager, Services | | | \$ (108,679) | \$ (308,948) | \$ (311,683) | \$ (155,842) | \$ (885,153) | |
| | | | Owner-Controlled Contingency: Non-Ch2m or AECOM Work | | | \$ - | \$ - | \$ (165,000) | \$ (30,000) | \$ (195,000) | |
| NEW | Administrative Support to GM (part-time) | \$ - | \$ (6,076) | | | \$ (9,600) | \$ (4,800) | \$ (20,476) | | | |
| | Administrative Support to GM (Full-time) | \$ - | \$ - | | | \$ (40,960) | \$ (30,720) | \$ (71,680) | | | |
| | Ops Manager, Services | \$ - | \$ - | | | \$ (185,640) | \$ (123,760) | \$ (309,400) | | | |
| | Ops Manager, Expenses | \$ - | \$ - | | | \$ (21,600) | \$ (10,800) | \$ (32,400) | | | |
| Ops Project Administrator | \$ - | \$ - | \$ (271,320) | | | \$ (180,880) | \$ (452,200) | | | | |
| Ops Mgr Support Staff | \$ - | \$ - | \$ (124,950) | | | \$ (142,800) | \$ (267,750) | | | | |
| PMO Support Services (AECOM Task 15) | \$ - | \$ - | \$ (164,368) | | | \$ (82,184) | \$ (246,552) | | | | |
| 10.4 | Existing | Update Terrestrial & Plant Studies for BA | \$ - | \$ - | \$ (75,000) | \$ - | \$ (75,000) | | | | |
| | | Advance EIR/S Beyond Pre-Admin Draft | \$ - | \$ - | \$ (160,000) | \$ - | \$ (160,000) | | | | |

| Grouping | Cost Center | File Number | WIP | Description | Values | | | | |
|-----------|-------------|-------------|----------|---|-------------------|-------------------|-------------------|-------------------|----------------------|
| | | | | | Sum of Total 2015 | Sum of Total 2016 | Sum of Total 2017 | Sum of Total 2018 | Sum of Phase 1 Total |
| Reservoir | Water | 10.4 | Existing | Operations (Annualized Yield) Support During CWC Negotiations | \$ - | \$ - | \$ (100,000) | \$ - | \$ (100,000) |
| | | | | Land & ROW (Temporary Access) MOVED TO PHASE 2 | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | 10.6 | Mod | Project Scheduler | \$ - | \$ - | \$ (117,810) | \$ (80,325) | \$ (198,135) |
| | | 10.7 | Existing | Bond Counsel | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | | | Cost Development Model (Grant Management & Administration Services) | \$ - | \$ (30,000) | \$ (120,000) | \$ (60,000) | \$ (210,000) |
| | | | | Financial Advisory Services (Bond Strategy Development) | \$ - | \$ - | \$ (71,400) | \$ (35,700) | \$ (107,100) |
| | | | Mod | Cost Accountant & Bookkeeper (Formerly Controls Manager) | \$ - | \$ - | \$ (101,745) | \$ (74,970) | \$ (176,715) |
| | | 10.8 | NEW | Quality Program Manager (w/ Support staff) | \$ - | \$ - | \$ (81,317) | \$ (35,700) | \$ (117,017) |
| | | | | Technical Advisory Committee | \$ - | \$ - | \$ (40,000) | \$ - | \$ (40,000) |
| | | 10.9 | Existing | Insurance (Commercial & General L & Professional L) | \$ - | \$ (7,500) | \$ (7,500) | \$ - | \$ (15,000) |
| | | | NEW | Risk Program Manager (w/ Support staff) | \$ - | \$ - | \$ (83,300) | \$ (221,380) | \$ (304,680) |
| | | 11 | Existing | Document Controls Manager | \$ - | \$ - | \$ (160,650) | \$ (64,260) | \$ (224,910) |
| | | 13 | Existing | CEQA Legal Counsel | \$ - | \$ (34,810) | \$ (140,000) | \$ - | \$ (174,810) |
| | | | | NEPA Legal Counsel | \$ - | \$ (8,278) | \$ (50,000) | \$ - | \$ (58,278) |
| | | | | Administrative Record - Assessment | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | | | Administrative Record Support/Compile | \$ - | \$ - | \$ (100,000) | \$ - | \$ (100,000) |
| | | 20 | NEW | EPP Manager, Services | \$ - | \$ (76,160) | \$ (456,960) | \$ (228,480) | \$ (761,600) |
| | | | | EPP Manager, Expenses | \$ - | \$ (12,000) | \$ (72,000) | \$ (36,000) | \$ (120,000) |
| | | | | EPP Manager (Staff Support) | \$ - | \$ (4,760) | \$ (28,560) | \$ - | \$ (33,320) |
| | | 22 | Existing | Prepare Prop 1, Chapter 8 Solicitation | \$ - | \$ - | \$ (50,000) | \$ - | \$ (50,000) |
| | | | | Retain Former DWR PM for EIR/S (Retired Annuitant) | \$ - | \$ - | \$ (30,000) | \$ - | \$ (30,000) |
| | | | NEW | Independent Review EIR/S (in-lieu of Members' Staff) | \$ - | \$ - | \$ (200,000) | \$ - | \$ (200,000) |
| | | 24 | Existing | Update Aquatic Studies for BA | \$ - | \$ - | \$ (25,000) | \$ - | \$ (25,000) |
| | | | | Update Cultural Resource & Tribal Studies | \$ - | \$ - | \$ (10,000) | \$ - | \$ (10,000) |

| Grouping | Cost Center | File Number | WIP | Description | Values | | | | |
|-----------|-------------|-------------|----------|---|-------------------|-------------------|-------------------|-------------------|----------------------|
| | | | | | Sum of Total 2015 | Sum of Total 2016 | Sum of Total 2017 | Sum of Total 2018 | Sum of Phase 1 Total |
| Reservoir | Water | 24 | Existing | Develop Mitigation Plan & Locations for inclusion into EIR/S | \$ - | \$ - | \$ (30,000) | \$ - | \$ (30,000) |
| | | 25 | Existing | Incorporate Grid Interconnection into | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | | | Owner-Controlled Contingency: Env & Ops | \$ - | \$ - | \$ (294,000) | \$ (60,000) | \$ (354,000) |
| | | | NEW | Public Engagement & Outreach During Public Review of EIR/S | \$ - | \$ - | \$ (60,000) | \$ - | \$ (60,000) |
| | | | | Owner-Controlled Contingency: Ops & CalSim | \$ - | \$ - | \$ (100,000) | \$ (150,000) | \$ (250,000) |
| | | 25 | Existing | TO#1-Env & Ops (Task #1: WSIP Feasibility Study Support) | \$ - | \$ (288,455) | \$ - | \$ - | \$ (288,455) |
| | | | NEW | TO#3-Subtask 1.5.1 – WSIP Operations Assumptions Refinement | \$ - | \$ (70,000) | \$ (65,000) | \$ - | \$ (135,000) |
| | | | | TO#3-Subtask 1.5.2 – WSIP Analytical Framework | \$ - | \$ (60,000) | \$ (95,000) | \$ - | \$ (155,000) |
| | | | | TO#3-Subtask 1.5.3 – WSIP Modeling of Alternative D | \$ - | \$ (75,000) | \$ (150,000) | \$ - | \$ (225,000) |
| | | | | TO#3-Subtask 1.5.4 – WSIP Application Metrics Development | \$ - | \$ - | \$ (70,000) | \$ - | \$ (70,000) |
| | | | | TO#3-Subtask 1.5.5 – WSIP Technical Documentation | \$ - | \$ - | \$ (120,000) | \$ - | \$ (120,000) |
| | | | | TO#3-Subtask 1.5.6 – WSIP Meetings, Coordination and Support | \$ - | \$ (30,000) | \$ (50,000) | \$ - | \$ (80,000) |
| | | | | TO#3-Subtask 1.5.7 - CWC Response and Technical Support | \$ - | \$ - | \$ (35,000) | \$ - | \$ (35,000) |
| | | | | TO#3-Subtask 1.5.8 - Sites Reservoir Sensitivity Scenarios | \$ - | \$ - | \$ (140,000) | \$ - | \$ (140,000) |
| | | 25 | NEW | TO#2-Task 1.6 - USBR Review Federal Feasibility Study | \$ - | \$ - | \$ (40,000) | \$ - | \$ (40,000) |
| | | 25 | Existing | TO#1-Env & Ops (Task #2: Confirm Analysis Approach/Base Case Assumptions) | \$ - | \$ (50,541) | \$ (22,917) | \$ - | \$ (73,458) |
| | | | | TO#1-Env & Ops (Task #4: Permit Risk Evaluation) | \$ - | \$ (5,000) | \$ - | \$ - | \$ (5,000) |
| | | 25.1 | Existing | TO#1-Env & Ops (Task #5.1) USBR+ | \$ - | \$ (20,000) | \$ - | \$ - | \$ (20,000) |

| Grouping | Cost Center | File Number | WIP | Description | Values | | | | |
|-----------|-------------|-------------|----------|---|-------------------|-------------------|-------------------|-------------------|----------------------|
| | | | | | Sum of Total 2015 | Sum of Total 2016 | Sum of Total 2017 | Sum of Total 2018 | Sum of Phase 1 Total |
| Reservoir | Water | 25.1 | Existing | TO#1-Env & Ops (Task #6.1) DWR | \$ - | \$ (5,000) | \$ (15,000) | \$ - | \$ (20,000) |
| | | 25.1 | NEW | TO#2-Task 6.3 - CEQA Lead Agency Coordination Support (including AB52 Compliance) | \$ - | \$ (50,000) | \$ (270,000) | \$ - | \$ (320,000) |
| | | | | TO#2-Task 6.4 - CEQA Lead Agency Coordination Support (including AB52 Compliance) | \$ - | \$ - | \$ (120,000) | \$ (130,000) | \$ (250,000) |
| | | 25.1 | Mod | TO#1-Env & Ops TO #2 (Task #7) 1st Draft | \$ - | \$ (256,000) | \$ - | \$ - | \$ (256,000) |
| | | | | TO#2-Subtask 7.5.1 Public Draft Revisions to Introductory/Project Desc Chapters | \$ - | \$ (60,000) | \$ (89,000) | \$ - | \$ (149,000) |
| | | | | TO#2-Subtask 7.5.2 - Public Draft Impact Analysis and Required Revisions to Resource Chapters | \$ - | \$ (167,000) | \$ (400,000) | \$ - | \$ (567,000) |
| | | | NEW | TO#2-Subtask 7.5.3 CALSIM (2015 version) Modeling of NODOS Alternatives A, B, and C | \$ - | \$ - | \$ (150,000) | \$ - | \$ (150,000) |
| | | | | TO#2-Subtask 7.5.4 - Public Draft Revisions to Appendices | \$ - | \$ (25,000) | \$ (125,000) | \$ - | \$ (150,000) |
| | | | | TO#2-Subtask 7.5.5 - Public Draft Revisions Based on Reclamation Comments on Preliminary EIR/EIS | \$ - | \$ (10,000) | \$ (40,000) | \$ - | \$ (50,000) |
| | | | | TO#2-Subtask 7.5.6 - Public Draft Reclamation/Federal Agency Coordination to Produce Public Draft | \$ - | \$ (15,000) | \$ (60,000) | \$ - | \$ (75,000) |
| | | 25.1 | Existing | TO#1-Env & Ops NTP#2 (Task #8: Calsim for EIR/S) | \$ - | \$ (162,000) | \$ - | \$ - | \$ (162,000) |
| | | 25.1 | Existing | TO#1-Env & Ops NTP#3 (Task #9) 2nd Draft | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | | Mod | TO#2-Subtask 9.1.1 - Revision of Administrative Public Draft EIR/EIS | \$ - | \$ - | \$ (172,000) | \$ - | \$ (172,000) |
| | | | | TO#2-Subtask 9.1.2 - Preparation of Public Draft EIR/EIS | \$ - | \$ - | \$ (138,000) | \$ - | \$ (138,000) |

| Grouping | Cost Center | File Number | WIP | Description | Values | | | | |
|-----------|-------------|-------------|----------|---|-------------------|-------------------|-------------------|-------------------|----------------------|
| | | | | | Sum of Total 2015 | Sum of Total 2016 | Sum of Total 2017 | Sum of Total 2018 | Sum of Phase 1 Total |
| Reservoir | Water | 25.1 | Mod | TO#2-Subtask 9.1.3 - Rehabilitation Act Section 508 Compliance | \$ - | \$ - | \$ (40,000) | \$ - | \$ (40,000) |
| | | 25.1 | Existing | TO#1-Env & Ops NTP#3 (Task #10) Final Draft | \$ - | \$ - | \$ (49,456) | \$ - | \$ (49,456) |
| | | 25.1 | Existing | TO#1-Env & Ops NTP#3 (Task #11) Public Meeting Assistance | \$ - | \$ - | \$ (50,000) | \$ - | \$ (50,000) |
| | | 25.1 | NEW | TO#2-Task 12 - Review of Public Comments/Proposed Response Approach | \$ - | \$ - | \$ (100,000) | \$ (50,000) | \$ (150,000) |
| | | 25.1 | NEW | TO#2-Task 13 - Permits and Environmental Compliance Plan | \$ - | \$ - | \$ (230,000) | \$ (70,000) | \$ (300,000) |
| | | 30 | Existing | Optimize Design of the Proposed Project | \$ - | \$ - | \$ - | \$ (20,535) | \$ (20,535) |
| | | | | ACWA Storage Integration Work Group Technical Study Participation | \$ - | \$ (30,000) | \$ - | \$ - | \$ (30,000) |
| | | | NEW | EPC Manager, Services | \$ - | \$ - | \$ - | \$ (285,600) | \$ (285,600) |
| | | | | EPC Manager, Expenses | \$ - | \$ - | \$ - | \$ (18,000) | \$ (18,000) |
| | | 32 | Existing | Engineering Support During CWC Negotiations | \$ - | \$ (6,000) | \$ (50,000) | \$ - | \$ (56,000) |
| | | | | Owner-Controlled Contingency: Engineering | \$ - | \$ - | \$ (231,479) | \$ (68,449) | \$ (299,927) |
| | | | NEW | Owner-Controlled Contingency: WSIP | \$ - | \$ - | \$ (60,000) | \$ (40,000) | \$ (100,000) |
| | | 32 | Existing | WSIP Feasibility Report TO #1 (Task 1, 2, 3) | \$ - | \$ (17,750) | \$ - | \$ - | \$ (17,750) |
| | | 32 | Existing | WSIP Feasibility Report, TO #2 (Task 4, 5 & 9) | \$ - | \$ (260,484) | \$ - | \$ - | \$ (260,484) |
| | | | | WSIP Feasibility Report, TO #2 (Task 10) Grid Interconnection Studies | \$ - | \$ (35,000) | \$ - | \$ - | \$ (35,000) |
| | | 32 | Existing | WSIP Feasibility Report TO #3 (Task 6) | \$ - | \$ (150,000) | \$ (228,570) | \$ - | \$ (378,570) |
| | | | | WSIP Feasibility Report TO #3 (Task 7) | \$ - | \$ (30,000) | \$ (151,183) | \$ - | \$ (181,183) |
| | | | | WSIP Feasibility Report TO #3 (Task 8) | \$ - | \$ (170,000) | \$ (140,950) | \$ - | \$ (310,950) |
| | | | NEW | Task 14: EIR/S Support (geotechnical) | \$ - | \$ (10,000) | \$ (46,676) | \$ - | \$ (56,676) |
| | | | | Task 8.1 WSIP Feasibility Rpt: Economics | \$ - | \$ - | \$ (38,536) | \$ - | \$ (38,536) |
| | | | | Task 8.2 WSIP Ecosystem Priorities & Relative Values | \$ - | \$ - | \$ (102,939) | \$ - | \$ (102,939) |

| Grouping | Cost Center | File Number | WIP | Description | Values | | | | |
|------------------------|-------------|-------------|----------|--|---------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | | | | | Sum of Total 2015 | Sum of Total 2016 | Sum of Total 2017 | Sum of Total 2018 | Sum of Phase 1 Total |
| Reservoir | Water | 32 | NEW | Task 8.3 Water Quality Priorities & Relative Values | \$ - | \$ - | \$ (49,147) | \$ - | \$ (49,147) |
| | | | | Task 8.4 WSIP RFI Comment Response | \$ - | \$ - | \$ (85,000) | \$ (96,897) | \$ (181,897) |
| | | | | Task 8.5 WSIP: CWC Coordination | \$ - | \$ (7,000) | \$ (22,914) | \$ - | \$ (29,914) |
| | | 32 | Existing | Feasibility Report, TO #4 (Task 11 & 12) | \$ - | \$ (61,539) | \$ - | \$ - | \$ (61,539) |
| | | | | Feasibility Report, TO #4 (Task 13) Colusa Basin Drain Study | \$ - | \$ (18,005) | \$ - | \$ - | \$ (18,005) |
| | | 42 | Existing | Assess GIS datasets for use in preparing draft EIR/S | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | | | Update GIS for use in draft EIR/S | \$ - | \$ - | \$ - | \$ - | \$ - |
| Water Total | | | | | \$ (116,475) | \$ (2,664,686) | \$ (8,139,969) | \$ (2,603,441) | \$ (13,524,571) |
| Reservoir Total | | | | | \$ (117,381) | \$ (2,906,206) | \$ (9,061,402) | \$ (3,037,861) | \$ (15,122,850) |
| Grand Total | | | | | \$ (117,381) | \$ (2,906,206) | \$ (9,061,402) | \$ (3,037,861) | \$ (15,122,850) |

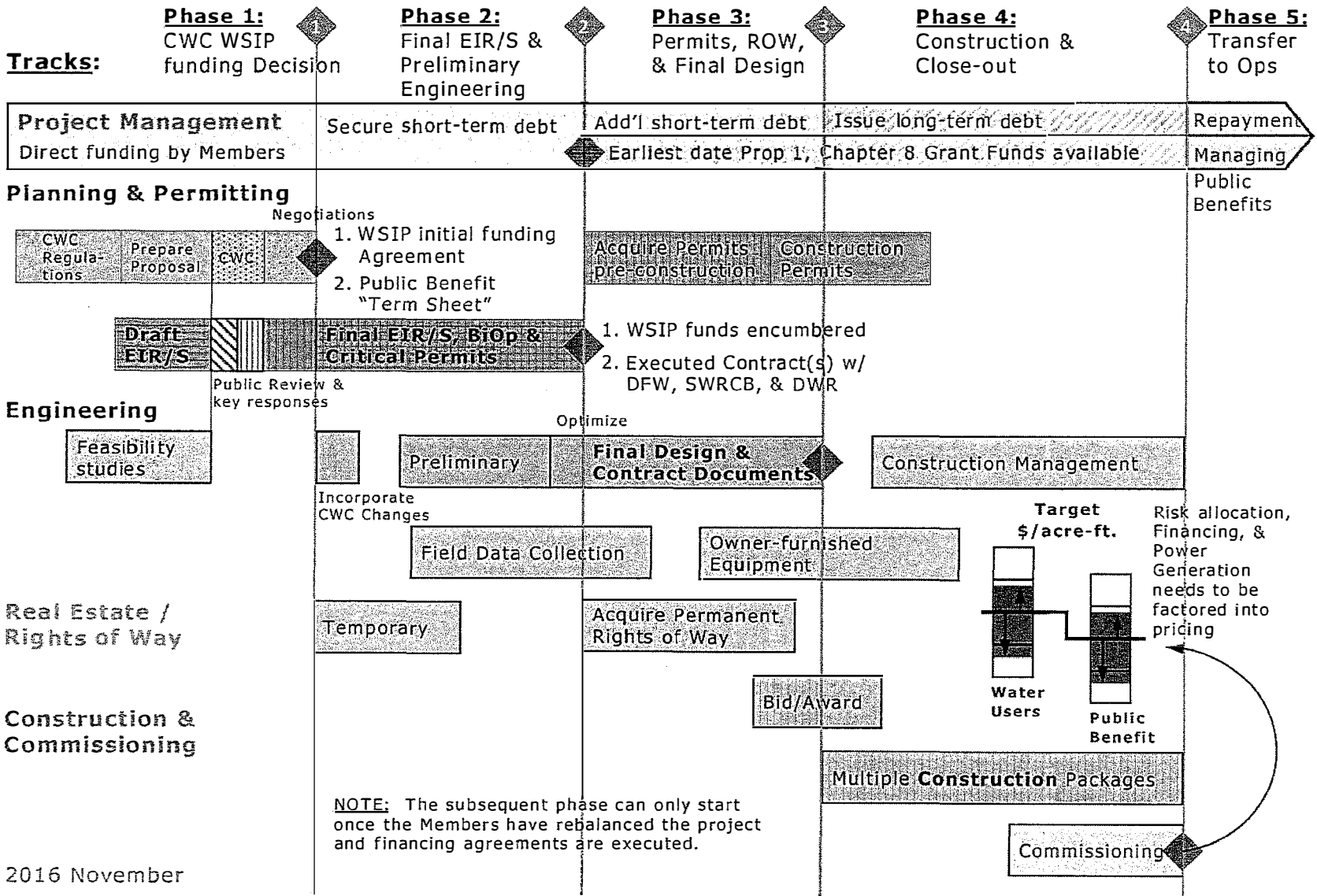


EXHIBIT C:
NOTIFICATIONS

Project Agreement Member Addresses in accordance with Section 14 of the Agreement:

Effective Date: Nov 21, 2016.

4M Water District
P.O. Box 338
Maxwell, CA 95955

Davis Water District
P.O. Box 83
Arbuckle, CA 95912

City of American Canyon
4381 Broadway, Suite 201
American Canyon, CA 94503

Desert Water Agency
1200 South Gene Autry Trail
Palm Springs, CA 92264

Antelope Valley-East Kern WA
6500 West Avenue N
Palmdale, CA 93551

Dunnigan Water District
P.O. Box 84
Dunnigan, CA 95937

Carter MWC
4245 River Road
Colusa, CA 95932

Glenn-Colusa Irrigation District
P.O. Box 150
Willows, CA 95988

Castaic Lake Water Agency
27234 Bouquet Canyon Road
Santa Clarita, CA 91350

Garden Highway MWC
12755 Garden Highway
Yuba City, CA 95991

Colusa County
547 Market St., Suite 102
Colusa, CA 95932

LaGrande Water District
P.O. Box 370
Williams, CA 95987

Colusa County Water District
P.O. Box 337
Arbuckle, CA 95912

Orland-Artois Water District
P.O. Box 218
Orland, CA 95963

Cortina Water District
P.O. Box 489,
Williams, CA 95987

Pacific Resources MWC
4831 Calloway Drive, Ste. 102
Bakersfield, CA 93312

Coachella Valley Water District
P.O. Box 1058
Coachella, CA 92236

Proberta Water District
P.O. Box 134
Proberta, CA 96078

Reclamation District 108
P.O. Box 50
Grimes, CA 95950

Reclamation District 2035
45332 County Road 25
Woodland, CA 95776

San Bernardino Valley Municipal
Water District
380 East Vanderbilt Way
San Bernardino, CA 92408-3593

San Geronio Pass Water Agency
1210 Beaumont Ave,
Beaumont, CA 92223

Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3686

Western Canal Water District
PO Box 190
Richvale, CA 95974

Westside Water District
5005 State Hwy 20
Williams, CA 95987

Westlands Water District
P.O. Box 6056
Fresno, CA 93703-6056

Wheeler Ridge-Maricopa Water
Storage District
12109 Highway 166
Bakersfield, CA 93313

Zone 7 Water Agency
100 North Canyons Parkway
Livermore, CA 94551



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Memorandum

To: President and Members of the Board of Directors
San Gorgonio Pass Water Agency

From: Jeff Ferre
Best Best & Krieger LLP

Date: January 17, 2017

Re: Recommendation: That the Board conduct interviews and then select an individual to fill the Board vacancy in Division 3.

Filling the Board Vacancy

Section 12 of the Agency Act provides that any vacancy in the Board of Directors shall be filled by a majority of the remaining directors, the person so chosen shall be qualified to fill such vacancy and shall hold office for the remainder of the unexpired term. A majority of the remaining 6 directors would be 4 directors voting in favor of a candidate for the vacancy.

Director Jeter resigned from the Board, effective December 7, 2016. The Board is required to make an appointment within 60 days of notification of, or the effective date of, the vacancy, whichever is later. Therefore, the vacancy needs to be filled on or before February 6, 2017. A Notice of Vacancy was posted at least 15 days prior to the date of this meeting which included a deadline for individuals to submit Letters of Interest.

List of Candidates

Letters of Interest were submitted by the deadline by the following individuals who are listed below in alphabetical order. Extra copies of the Letters of Interest will be available at the Board meeting.

- (a) Stephen Lehtonen of Banning
- (b) Samuel Patalano of Beaumont
- (c) Eric Shaw of Banning

Interview Process

It is recommended that the candidates be interviewed in alphabetical order as listed above.



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Opening Statements - Prior to the beginning of questions, each candidate should be given the opportunity to make a brief opening statement. Candidates should be requested to keep comments to the customary time for public comments.

Questions should be framed in neutral form so as not to advocate the position on an issue of the Director who is asking the question. Each Director should be given an opportunity to ask their own questions. As a general rule, the Board as a whole should not spend a significantly greater period of time on any one candidate or ask certain candidates a significantly greater, or lesser, amount of questions than the other candidates.

Closing Statements – After the Board is done asking questions, each candidate should be given the opportunity to make a brief closing statement. Candidates should be requested to keep comments to the customary time for public comments.

Discussion By The Board

Following the interviews, the Board should hold a discussion among themselves to get an idea as to what their impressions are and how they are leaning. If the Board feels they are ready to take a vote after having a discussion, then the President should open the floor to nominations OR simply start going down the list of names and calling for a vote on each one.

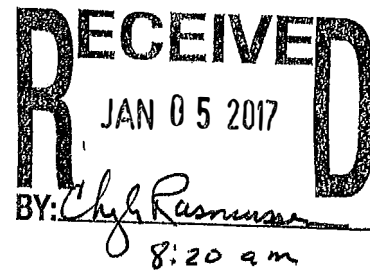
Voting And Taking Office

The first candidate to get at least 4 votes is the winner. The Board must conduct as many of these votes as necessary until one candidate gets 4 votes. No written ballots are allowed. The vote must be verbal so that the public knows how each Director has voted. Right after the Board appoints someone, that person should immediately take the oath of office, walk up to the Board table/dais, and begin serving as a member of the Board.

The appointee's term of office will expire at the same time as Director Jeter's term would have expired. The election for Division 3 will take place in November of 2018.

January 5, 2017

Board of Directors
San Geronio Pass Water Agency
1210 Beaumont Avenue
Beaumont, CA 92223



Attn: Jeff Davis

Dear President Jeter and Members of the Board:

Please accept this letter as notification of my interest in serving as the Director for Division 3 of the San Geronio Pass Water Agency.

My primary residence is located at 5633 Riviera Avenue in Banning, CA, in Sun Lakes. I retired from active employment in 2015.

I have been involved in water conservation and water efficiency since 2006. I was the Founder and CEO of GreenPlumbers USA, an innovative outreach designed to educate plumbers and homeowners on water efficiency, and to assist water agencies in their outreach efforts. GreenPlumbers USA partnered with water agencies across the US and Canada in training more than 9,000 plumbers, presenting programs designed to save water. One program, conducted with Denver Water, saved more than 50% of water in high-utilization households.

The agencies we contracted with included Seattle Public Utilities; Portland Water Bureau; Sacramento; San Francisco PUC; Marin County Water; Sonoma County Water; West Basin Water District; Tarrant Water (Dallas); Cochise County, Arizona; Cobb County, Georgia; City of Atlanta, and many other cities, districts, and colleges/schools.

Throughout our efforts we partnered with WaterSense, The Alliance for Water Efficiency, and WaterSmart Innovations.

My specific interest in the San Geronio Pass Water Agency is that – after a career of state, national, and international focus – I would very much like to be involved in water efficiency efforts on the local level, where progress can be measured and sustained.

My full resume is available upon request, but I have listed herein the basics of my activities:

- CEO of Plumbing, Heating, Cooling Contractors of California, California Mechanical Contractors Association, and several Labor/management cooperation committees

- Registered California lobbyist for 20+ years, with extensive regulatory experience (California Energy Commission, Contractors State License Board, Office of Statewide Health Planning & Development, California Insurance Department, Public Utilities Commission)
- President/CEO, Onni, Inc., Court-appointed Settlement Fund Administrator
- Founder/CEO, GreenPlumbers USA and GreenPlumbers Training & Accreditation
- Senior Vice President, Environmental Education, International Association of Plumbing & Mechanical Officials (IAPMO).

I very much appreciate the opportunity to be considered for this position, and look forward to further communication. I have included two references within this letter, and would be pleased to provide additional at your request.

Best,



Stephen Lehtonen
5633 Riviera Avenue
Banning, CA 92220
951-267-3405

References:

Mary Ann Dickinson, Executive Director
Alliance for Water Efficiency (AWE)
33 North LaSalle, Suite 2275
Chicago, IL 60602
(773)-360-5100

Ron L. Davis, Legislative Advocate
770 L Street, Suite 950
Sacramento, CA 95814
(916)-802-3891
Alameda County Water District
Eastern Municipal Water District
(Formerly, Ron was advocate for The Association
Of California Water Agencies)

Application to Vacancy
Board of Directors
San Gorgonio Pass Agency

RECEIVED
JAN 09 2017
BY: *[Signature]*
3:05 pm

Mr. Samuel J. Patalano
38594 Florence Street
Beaumont, CA 92223
909-225-4165

Dear Sirs:

I would like to be considered for the appointment of Director of Division 3 on the San Gorgonio Pass Agency Board of Directors. I have lived in Division 3 on Florence Street for over 27 years and have greatly enjoyed living and raising my family in the Pass Area. As I will detail below, I have always been an active member of our growing community, and believe it is essential to raise your voice and give of yourself whenever the opportunity presents itself to better your community.

When I first arrived in Beaumont I was a new father with a young family. My wife and I are career teachers and we have served youth for the past 30 years in a variety of ways. We moved into town and enthusiastically joined the Presbyterian Church and enrolled our growing children in the local school.

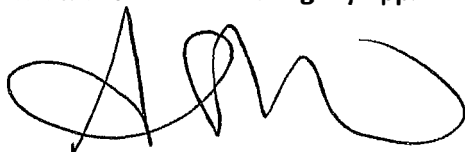
Since those first days much has happened. As soon as my first son was old enough, he began playing baseball at Noble Creek and I volunteered to coach. From that day forward I spent almost every weekend and at least two nights a week for the next ten years either at Noble Creek or the Sports Park coaching, refereeing, or volunteering in some capacity for the youth programs. Greatest memories ever!

Shortly after my kids were all in high school I was invited to apply to serve as a Beaumont City Planning Commissioner. I was interviewed by the city council and was granted a seat on the Planning Commission where I served for five years. This was during some of the fastest growing that Beaumont has ever gone through, including the approval of the PGA Project and the Commercial Center including the Wal-Mart on First Street. I learned a great deal about how city government works thanks to that experience.

Now that my kids are all out of the house I feel it is time again to serve and the Pass Water Agency is. I believe a perfect fit for me. I have taught High School Advanced Placement Environmental Science for five years and General Environmental Science for ten. I hold degrees in Biology, a Masters in Environmental Education, and a Masters in Administrative Services. Through 30 years of experience in education at all levels K-Adult as both an administrator and teacher, I have successfully faced leadership challenges of all kinds and I am very proud of the work that I have done and the number of lives that I have touched.

I am certain that my professional, educational, and community background make me a perfect fit to serve the Pass Area regarding our future water concerns. Water issues are a subject that I have spent a great deal of time studying and teaching, and I am very familiar with California's current water concerns. I will be confident and clear when dealing with State and local government and their agencies, and I will do my very best to help move The Pass Area into a bright and secure future as our water needs grow and change.

Thank You for considering my application.



Eric Joseph Shaw
651 Brooklawn Drive
Banning, CA 92220
951-312-9775

RECEIVED
DEC 19 2016
BY: *Chasmesia*
1:25 PM

December 7, 2016

San Gorgonio Pass Water Agency
1210 Beaumont Ave.
Beaumont, CA 92223

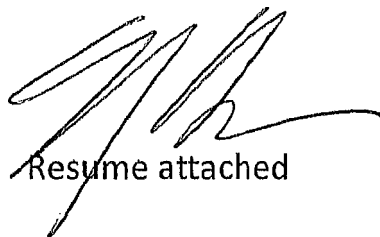
Re: Board vacancy

Members of the Board,

I am a Registered Civil Engineer and very interested in serving the community by becoming a Board member of the San Gorgonio Pass Water Agency. I have lived in and been involved in various residential, commercial and municipal infrastructure projects throughout the Inland Empire for 27 years. The last eight years of which, I have lived in Banning. I am the current Chairman of the City of Banning Planning Commission and presently employed as a part-time engineering consultant to the City of Beaumont Public Works Department.

I have over 50 years of experience in both the public and private sectors as Project Engineer, Project Manager, Construction Manager or Vice President. Projects have included highways, water, sewer and drainage projects in addition to several large significant residential and recreational developments. I believe my design, construction and administrative experience qualifies for consideration to serve on the Board of the San Gorgonio Pass Water Agency.

Very Truly Yours,



Resume attached

E. JOSEPH SHAW P.E.

651 Brooklawn Drive
Banning, CA 92220

951-312-9775
rce1025@aol.com

EDUCATION B.S. Architectural Engineering California State Polytechnic University
San Luis Obispo, CA

REGISTRATION Registered Civil Engineer, California Life Member ASCE
Member APWA

EXPERIENCE

Skilled in the administration and management and of engineering projects. Familiar with design and construction of transportation facilities, public works, industrial, commercial and residential development. Extensive experience in contract administration, proposals, project scheduling, claims avoidance, quality assurance, reporting, budgeting and bid preparation for both public works and private enterprise. Working knowledge of related fields including, environmental mitigation, drainage, soils, architecture, structures, surveying and land planning. Ability to effectively coordinate with owners, clients, consultants, contractors and public agencies in regards to implementation of engineering projects.

Interwest Consulting Group **City of Beaumont, CA**
ENGINEERING CONSULTANT **2016**
Came out of retirement to provide engineering assistance to City of Beaumont Public Works Department. Provide support to City Engineer and limited staff in all areas of municipal engineering including, wastewater collection, roadways, plan checking, project development and consultant coordination.

City of San Bernardino **San Bernardino, CA**
CONSTRUCTION – SURVEY MANAGER **2012**
Supervision and coordination of City Inspectors for both private and municipal projects. Projects included water and sewer, asphalt paving, drainage, signals, striping, off-site school improvements and dry utilities. Assisted with constructability review, bid preparation, coordinated field activities with other City departments.

Wolfe Engineering and Design, Inc. **Tustin, CA**
VA Consulting, Inc. **Irvine, CA**
CONSULTANT CONSTRUCTION INSPECTOR **2011 - 2012**
Inspection for municipal public works including concrete curbs, sidewalks, driveways and ramps; asphalt paving, striping and grading, NPDES and traffic control. Projects were located in Redlands, Yorba Linda and Corona.

Harris & Associates **Rancho Cucamonga, CA**
SR. CONSTRUCTION MANAGER **2008 - 2011**
Represented Harris with clients, owners, designers and contractors; coordinate and oversee activities of construction managers and field inspectors; administration of consultant agreements; proposal preparation; coordinate and manage sub-consultants. Projects included oversight of Coachella Valley I-10 Interchange projects, CVAG; \$38M La Sierra / SR-91 Interchange, City of Riverside; On-call contracts with Caltrans Districts 7 and 8; and \$12M Sunnymead Blvd. Beautification Project, Moreno Valley.

E. JOSEPH SHAW P.E

**Adams Streater Civil Engineers, Inc.
DIRECTOR, INLAND EMPIRE DIVISION**

**Riverside, CA
2004 - 2008**

Responsible for management of Riverside engineering office including project management, design oversight, proposal preparation, contract administration, recruitment, project scheduling and personnel administration. Adams Streater provided subdivision engineering for various land development projects located throughout Riverside and San Bernardino counties. Clients included Horton, Griffin Homes, Meridian, and K Hovanian.

**The Keith Companies (Stantec)
VICE PRESIDENT, ENGINEERING SERVICES**

**Moreno Valley, CA
2000 - 2004**

Responsible for administration of Engineering Department of Inland Division. Duties included supervision and design oversight of a 20-man engineering team involved in residential and industrial development projects. Tasks included proposal preparation, contract administration, personnel administration, recruitment and interdepartmental coordination. Principal-in-Charge of several large development projects including Summerwind, a 2500 acre master planned community, Calimesa; the 900 lot Villages of Avalon, Perris; the 600-acre Roripaugh Ranch, Temecula; 800 lot Cimarron Ridge; 600 lot Murrieta Oaks and the Redlands Commerce Center.

**Fluor Daniel, Inc.
PROGRAM MANAGER**

**San Bernardino, CA
1994 - 2000**

Responsible charge of Program Management for Measure I Freeway projects for San Bernardino Associated Governments (**SANBAG**). Responsible for administration, coordination and direction of 20 member staff overseeing the design and construction of the \$1.6 billion freeway program in San Bernardino County. Coordinated with multiple jurisdictional agencies including Caltrans, SB County and involved cities. Project scope included contract management, construction management, consultant selection, environmental mitigation, coordination of right-of-way acquisition, utility relocation, historical relocation and development and monitoring of project budgets, costs and schedules. Significant projects included the \$900M Route 210 Foothill Freeway, \$200M Route 71 Chino Hills Freeway and the \$100M widening of the I-10 Freeway.

OTHER ENGINEERING EXPERIENCE

1963 - 1994

Employed in other positions including Project Engineer, Project Manager, Vice President and Construction Manager for a number of firms. Projects included a wide variety of design and construction experiences including freeways, water resources, pipelines, petrochemical, structural, recreational and land development projects. Significant projects included Stockdale Villages, Bakersfield; Fox Valley Villages, Illinois; Eagle Mountain Landfill, Riverside Co; 35,000 acre ALTA mapping project, Trona, CA; 8MG underground reservoir, Loma Linda; Corona Hills Plaza, Corona; Sepulveda Basin Wildlife Refuge; Walt Disney World, Florida; Hamilton Beach Cove, Catalina Island; and the California Aqueduct Angeles Tunnel.

OTHER ACTIVITIES AND INTERESTS

Chairman – City of Banning Planning Commission
Former City of Redlands Traffic Commissioner
Boy Scouts of America
AYSO Soccer coach
Barbershop Chorus member

MEMORANDUM

TO: Board of Directors

FROM: General Counsel

RE: Consideration and possible action to adopt Resolution No. 2017 - 01 establishing a policy for election of Board officers

DATE: January 17, 2017

Recommendation:

Adopt proposed Resolution No. 2017 - 01 which would establish a new schedule for election of Board officers and whereby different Directors would have the opportunity to serve in officer positions.

Background:

The Board directed legal counsel develop a potential policy for rotation of Board officers. Following a discussion of potential policies at the January 3, 2017 Board meeting, the Board directed legal counsel to return with a different proposed structure that would call for the election of officers on a yearly basis.

In addition, the Board is interested in considering a policy whereby no Director would serve in the same officer position for more than two consecutive years and whereby a Director could seek election to the same Board officer position, in which he or she previously served, only after one year has expired since that Director's previous term in that same officer position.

Board's Discretion:

Even if the Board adopts the Resolution, at any time prior to, or during, any particular election of officers, the Board may determine, by motion/Minute Order, to waive or otherwise suspend the process under the Resolution. In that event, that particular election could take place on any other basis as determined by a majority of the Board.

RESOLUTION NO. 2017-01

A RESOLUTION OF THE SAN GORGONIO PASS WATER AGENCY ESTABLISHING A POLICY FOR ELECTION OF BOARD OFFICERS

WHEREAS, the San Gorgonio Pass Water Agency (“Agency”) is a state water contractor formed under special act legislation set forth in the Water Code Uncodified Acts, Act 1100 (“Act”); and

WHEREAS, Section 11 of the Act provides that at its first meeting in the month of January of each even-numbered year, the Board of Directors shall choose one of its members President and another of its members Vice President. Section 14 of the Act provides that the Board shall appoint a Secretary and Treasurer, among other positions. The Board has traditionally appointed the General Manager as the Secretary; and

WHEREAS, on January 17, 2006, the Board adopted Resolution 2006-01 which provides that the President and Vice President shall be chosen at the first meeting in January of each odd-numbered year. Said resolution was adopted due to the change in Board elections to even-numbered years and the Board’s desire to then coordinate the time for choosing Board officers in January of each odd-numbered year following the election in the preceding year; and

WHEREAS, the Board desires to adopt a policy for election of Board officers on a yearly basis and whereby different Directors will have the opportunity to serve in Board officer positions.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY AS FOLLOWS:

1. Incorporation Of Recitals The Recitals set forth above are incorporated herein and made an operative part of this Resolution.

2. Yearly Election Of Board Officers At the first meeting in the month of January of each year, the Board shall choose one of its members as President, another member as Vice President, and also elect a Secretary and a Treasurer who may be members of the Board.

3. Limit Of Terms For Serving In Officer Positions No Director shall serve in the same Board officer position for more than two consecutive years. This limit will not apply in the case where a non-Board member is serving, or may serve, as an officer at the Board’s discretion. A Director may seek election to the same Board officer position, in which he or she previously served, only after one year has expired since that Director’s previous term in that same Board officer position.

4. Discretion Of The Board At any time prior to, or during, any particular election of officers pursuant to this Resolution, the Board may determine, by motion/Minute Order, to waive or otherwise suspend the process under this Resolution. In that event, that particular election shall take place on any other basis as determined by a majority of the Board. Any such motion/Minute Order may also address what impact, if any, the suspension of the process under this Resolution will have on the process for future elections of Board officers.

5. Controlling Effect The intent of this Resolution is to implement procedures for the election of Board officers in addition to, and in conjunction with, the Act and any and all other Board policies. In the event of any conflict between the provisions of this Resolution and any other Board policy, the provisions of this Resolution shall be controlling. As of the effective date of this Resolution 2017-01, Resolution 2006-01 shall be deemed to be superseded, and shall be of no further force or effect.

6. Effective Date - The President of the Board shall sign this Resolution and the Secretary of the Board shall attest thereto, and this Resolution shall be in full force and effect immediately upon adoption.

7. Severability - If any section, subsection, clause or phrase in this Resolution is for any reason held invalid, the validity of the remainder of this Resolution shall not be affected thereby. The Board hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof be held invalid.

ADOPTED AND APPROVED this 17th day of January, 2017.

President, Board of Directors
San Geronio Pass Water Agency

ATTEST:

Secretary, Board of Directors