

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, CA**  
**Board of Directors Engineering Workshop**  
**Agenda**  
**June 8, 2020 at 1:30 p.m.**

IN AN EFFORT TO PREVENT THE SPREAD OF COVID-19 (CORONAVIRUS), AND  
IN ACCORDANCE WITH THE GOVERNOR'S EXECUTIVE ORDER N-29-20,  
**THERE WILL BE NO PUBLIC LOCATION FOR ATTENDING THIS  
BOARD MEETING IN PERSON.**

MEMBERS OF THE PUBLIC MAY LISTEN AND PROVIDE  
PUBLIC COMMENT TELEPHONICALLY BY  
CALLING THE FOLLOWING NUMBER: 669-900-6833  
OR JOIN BY ZOOM: <https://us02web.zoom.us/j/86596025964>  
MEETING ID #: 865 9602 5964

- 1. Call to Order, Flag Salute and Roll Call**
- 2. Public Comment:** As permitted under the Brown Act, and in order to provide an equal opportunity for members of the public to provide comment telephonically, all public comments, on items on or off the agenda, will be taken during the Public Comment portion of this meeting. Under the Brown Act, no action or discussion shall take place on any item not appearing on the agenda, except that the Board or staff may briefly respond to statements made or questions posed for the purpose of directing statements or questions to staff for follow up.
- 3. Discussion of Draft Principles of Agreement with YVWD and SBVMWD on Issues Relating to Calimesa\* (p. 2)**
- 4. Discussion of Draft of Fourth Joint Facilities Agreement with San Bernardino Valley Municipal Water District\* (p. 4)**
- 5. Presentation on Draft Infrastructure Study\* (p. 16)**
- 6. Follow Up on Current Version of Phase 2 Work Plan for the Approved Sites Participation Agreement Amendment No. 2\* (p. 19)**
- 7. Announcement:**
  - A. Water Conservation and Education Workshop, June 11, 2020 at 1:30 p.m.  
- Cancelled
  - B. Regular Board Meeting, June 15, 2020 at 1:30 p.m. – Teleconference/Zoom
  - C. Finance & Budget Workshop, June 22, 2020 at 1:30 p.m.  
– Teleconference/Zoom
- 8. 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 <http://www.sgpwa.com>. (3) Any person with a disability who requires accommodation in order to participate in this meeting should telephone the Agency (951 845-2577) at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation.



## Summary of Revised Principles of Agreement for San Geronio Pass Water Agency

### What are the benefits to SGPWA?

- 1) YVWD commits to purchase a minimum of 100 acre-feet/year of State Project water to support the Pass Agency's existing policy to prioritize water deliveries to existing drinking water treatment plants. Payment will be made annually and in advance based on Pass Agency's published rate in effect when the payment is due.
- 2) YVWD commits to purchase a minimum of 300 acre-feet/year of Nickel Water from Pass Agency. Payment will be made annually and in advance based on same cost that Pass Agency agreed to pay in the AVEK contract. Conveyance costs will be shared between YVWD and Valley District.
- 3) Groundwater storage account in the Bunker Hill basin for up to 20,000 acre-feet subject to the normal terms and conditions established by the SBBA Watermaster. Pass Agency may store water from any source (e.g. State Project water, Nickel Water, recycled water, etc.) provided it meets federal and state regulatory requirements. Pass Agency may use or exchange the water in its storage account at its discretion.
- 4) Valley District will pay the conveyance cost for any Nickel Water that Pass Agency elects to purchase and store in the Bunker Hill Groundwater Basin provided that such water remain in storage for a period of not less than 5 years after it is initially recharged to the aquifer.
- 5) Pass Agency may install flow meters on any water, wastewater or recycled water pipeline owned or controlled by YVWD that crosses the county line. These meters will be integrated with YVWD's SCADA system and the resulting data will be shared with Pass Agency.
- 6) YVWD and Valley District will refrain from advocating or engaging in any activity that seeks to realign the existing jurisdictional boundaries for the service areas of all three agencies.



## Summary of Revised Principles of Agreement for San Geronio Pass Water Agency

### What commitments must SGPWA make?

- 1) Affirm and maintain Pass Agency's existing policy to prioritize water deliveries to drinking water treatment plants for as long as this Agreement remains in effect.
- 2) Nickel water purchased by YVWD may be stored in Bunker Hill groundwater basin and used, or exchanged for use, anywhere in YVWD's service area. Nickel water purchased by YVWD is subject to the same terms and conditions specified in the AVEK contract; however, SGPWA will not impose additional constraints beyond those specified in the final 3-party agreement.
- 3) Agree to replace YVWD's monthly billing process with an annual billing process.
- 4) Coordinate with Valley District to facilitate YVWD's ability to prepare and submit a single Urban Water Management Plan that meets the requirements of, and is satisfactory to, both wholesale water agencies.
- 5) Provide Valley District a right of first refusal to purchase any amount of Nickel Water that Pass Agency is willing to make available, under the same terms and conditions specified in the AVEK contract, before offering to sell, exchange or transfer those rights to another Party outside of the Pass Agency's service area.
- 6) Pay all direct capital and O&M costs to connect and maintain any new flow meters that Pass Agency elects to install on pipelines owned or controlled by YVWD. However, Pass Agency will not be required to pay any service fees related to routine data acquisition, storage and reporting.
- 7) Acknowledge that YVWD is relying, in part, on the proceeds from capacity fees that it collects to cover some or all of the expense associated with purchasing a minimum amount of State Project water and Nickel Water under this agreement.
- 8) Initial agreement will be for 5 years, commencing on 1/1/2021 and ending on 12/31/2025. Agreement shall be automatically extended for up to three additional 5 year terms unless one of the parties provides written notice declining the extension no later than 180 days prior to the date on which the Agreement would otherwise be automatically extended.

**FOURTH JOINT FACILITIES AGREEMENT**  
**BETWEEN**  
**SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT AND**  
**SAN GORGONIO PASS WATER AGENCY**

**THIS FOURTH JOINT FACILITIES AGREEMENT** (“*Fourth Agreement*”) is made as of the Fourth Agreement Effective Date by and between the SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT, a municipal water district (“*District*”), and the SAN GORGONIO PASS WATER AGENCY, a public agency (“*Agency*”). The District and Agency may be referred to herein individually as “*Party*” and collectively as “*Parties*.”

**RECITALS**

A. **Water Supply Contract.** The Parties, and the Department of Water Resources of the State of California (“*DWR*”), in 1961 and 1962, entered into long-term water supply contracts providing that DWR will supply certain quantities of water from the State Water Resources Development System terminus at the Devil Canyon Power Plant (“*East Branch*”) to District and Agency on certain terms and conditions (collectively, “*Water Supply Contract*”).

B. **Joint Facilities Agreements.** On July 16, 1970, District and Agency executed an agreement entitled “Joint Facilities Agreement” (“*First Agreement*”) which provides for their joint participation in the construction of certain pipeline facilities. The Parties entered into an additional agreement entitled “Second Joint Facilities Agreement”, dated February 10, 1986 (“*Second Agreement*”), which provides for the participation by Agency in additional facilities already constructed by District and in future additional facilities to be constructed by District. The Second Agreement further provides that Agency shall be entitled to the use of District facilities for the transmission of State Water Project water and Agency’s capacity rights in said facilities as set forth in the First Agreement and in the Second Agreement. The Parties entered into an additional agreement entitled “Third Joint Facilities Agreement”, dated February 17, 2015 (“*Third Agreement*”), which transferred capacity rights for some local facilities, subject to later agreement confirming the purchase price and terms and conditions of such transfers. For purposes of convenience, these three agreements are referred to as the “*First, Second, and Third Agreements*” herein.

C. **East Branch Extension.** In 1995 and 1996, the Parties and DWR entered into Agreements to extend the East Branch to a point near the Agency’s northern boundary. These agreements are entitled the California Aqueduct East Branch Extension To San Gorgonio Pass Participation Agreement [Preliminary Design], dated November 27, 1995, and the California Aqueduct East Branch Extension To San Gorgonio Pass Participation Agreement [Final Design], dated August 17, 1996, as well as amendments thereto (collectively, “*Participation Agreement*”). The Participation Agreement provides for the extension of the State Water Project Facility, Edmund G. Brown California Aqueduct, and the East Branch from Devil Canyon Power

Plant through District's service area to Agency's service area near Little San Geronio Creek and South Noble Creek Spreading Grounds ("***East Branch Extension***"). In 1998, pursuant to the Participation Agreement, the Parties agreed to participate in Phase 1 of the East Branch Extension and for District and Agency to assign and lease certain facilities to DWR ("***EBX I***"). District and Agency entered into an agreement with DWR entitled Agreement to Assign Capacity Rights and Rights of Way in Existing Facilities, dated July 14, 1998, to assign capacities in existing facilities ("***Capacity Rights Agreement***"). DWR agreed to proceed with design and construction of Phase 2 facilities ("***EBX 2***") upon request of District and Agency.

D. **Capacity Rights in Local Owned Facilities.** Pursuant to the First, Second, and Third Agreements, the Parties currently own the following capacity rights in the following facilities, as quantified by cubic feet per second ("***cfs***"):

1. *Foothill Pipeline.* District - 224 cfs; Agency - 64 cfs; Total - 288 cfs.
2. *Santa Ana River Crossing ("***SARC***") Pipeline.* District - 56 cfs; Agency - 16 cfs; Total - 72 cfs.
3. *Greenspot Pump Station.* District - 54 cfs; Agency: 16 cfs; Total - 70 cfs
4. *Morton Canyon Pipeline.* District - 542 cfs; Agency - 16 cfs; Total - 70 cfs.
5. *Greenspot Pipeline I, II & III.* District - 54 cfs; Agency - 16 cfs; Total - 70 cfs.
6. *Yucaipa Pipeline.* District - 44 cfs; Agency - 16 cfs; Total - 60 cfs
7. *Tate Pump Station.* District - 42 cfs; Agency - 0 cfs; Total - 42 cfs
8. *Tate Pipeline.* District - 48 cfs; Agency - 0 cfs; Total - 48 cfs

E. **Capacity Rights.** As a result of the completion of the EBX 2 project and execution of the Third Agreement, the Parties seek to formalize and finalize the purchase and sale of certain capacity rights and the purchase price and terms and conditions thereof in certain local owned facilities ("***Local Facilities***"). The Local Facilities are detailed in Exhibit A to the Third Agreement. Recital D of this Fourth Agreement sets forth the capacity rights of each Party in the Local Facilities as a result of the Third Agreement and as of the Fourth Agreement Effective Date.

F. **Coordination and Support; EBX Joint Powers Agreement Relating to the Operation and Maintenance of the East Branch Extension.** District and Agency recognize that they each have beneficial interests in the East Branch Extension and each desires to coordinate and support the efforts of the other in meeting the retail water demands within their respective service areas. District, Agency, and DWR have recently approved an agreement to define and provide the responsibilities for the operation, maintenance, communication, and control of the entire East Branch Extension ("***EBX Joint Powers Agreement***"). This Fourth

Agreement is separate and independent of the EBX Joint Powers Agreement and does not modify or amend the EBX Joint Powers Agreement.

G. **Purchase Price for Third Agreement Capacity Rights Purchases.** As required under the Third Agreement, the Parties desire to enter into this Fourth Agreement in order to finalize the purchase price of, and set forth the terms and conditions of payment for, purchase and sale of certain capacity rights and principles related to ownership, operation, and maintenance costs of the Local Facilities as they relate to the transportation of State Water Project water through the East Branch Extension from the Devil Canyon Hydroelectric Plant in San Bernardino to the terminus of the East Branch Extension in Cherry Valley.

H. **Methodology.** The Parties have agreed to use the allocation of costs and valuation methodology in *Exhibit A* attached hereto and incorporated herein by reference. The adjusted cost of the Local Facilities was indexed using the Engineering News Record Construction Cost Index and annual depreciation was calculated using the straight-line method of depreciation and the estimated useful life of the Local Facilities. The Parties have agreed that all purchase prices in this Fourth Agreement shall be calculated as of December 2019, as shown on Exhibit A to this Fourth Agreement.

## AGREEMENT

1. **Incorporation of Recitals.** The Recitals set forth above are incorporated herein and made an operative part of this Fourth Agreement.

2. **Purchase of Capacity Rights in Local Facilities.**

a. *Foothill Pipeline Phase 1 and Portion of Phase 2 (from Devil Canyon Power Plant to station 745+59).* Pursuant to Section 2(a)(i) of the Third Agreement, Agency is deemed to have purchased from District thirty-two (32) cfs of capacity rights in the above-described reach of the Foothill Pipeline. Agency shall pay to District the purchase price of Three Million Nine Hundred Ten Thousand One Hundred Eleven Dollars and Ninety-Four Cents (\$3,910,111.94) for such capacity rights, calculated as shown on Exhibit A to this Fourth Agreement and payable as described in Section 3 of this Fourth Agreement.

b. *Foothill Pipeline Portion of Phase 2 (from station 745+59 to SARC Pipeline).* Pursuant to Section 2(b)(i) of the Third Agreement, District is deemed to have purchased from Agency sixteen (16) cfs of capacity rights in the above-described reach of the Foothill Pipeline. District shall pay to Agency the purchase price of Two Hundred Fifty-Two Thousand One Hundred Seventy-Six Dollars and Forty-Five Cents (\$252,176.45) for such capacity rights, calculated as shown on Exhibit A to this Fourth Agreement and payable as described in Section 3 of this Fourth Agreement.

c. *Tate Pump Station.* Pursuant to Section 2(h) of the Third Agreement, District is deemed to have purchased from Agency ten (10) cfs of capacity rights in the above-described pump station. District shall pay to Agency the purchase price of Ninety-Five Thousand Five Hundred Forty-Eight Dollars and Forty-Four Cents (\$95,548.44) for such capacity rights,

calculated as shown on Exhibit A to this Fourth Agreement and payable as described in Section 3 of this Fourth Agreement.

d. *Tate Pipeline.* Pursuant to Section 2(i) of the Third Agreement, District is deemed to have purchased from Agency sixteen (16) cfs capacity in the above-described pipeline. District shall pay to Agency the purchase price of Four Hundred Thirty-Two Thousand Seven Hundred Fifty-Three Dollars and Five Cents (\$432,753.05) for such capacity rights, calculated as shown on Exhibit A to this Fourth Agreement and payable as described in Section 3 of this Fourth Agreement.

3. **Terms of Purchase.** The net purchase price of all purchases set forth in Section 2 of this Fourth Agreement is Three Million One Hundred Twenty-Nine Thousand Six Hundred Thirty-Four Dollars and Zero Cents (\$3,129,634.00) ("***Net Purchase Price***"), with Agency owing this amount to District. Agency shall pay the Net Purchase Price to District within thirteen (13) months after the Fourth Agreement Effective Date. Payment may be made in one or more installments, at the discretion of Agency.

4. **Use of Available Capacity.**

Pursuant to Section 6(b) of the Third Agreement, the Parties hereby agree that the wheeling rate to be paid by the requesting Party for water wheeled through the other Party's unused capacity shall be Zero Dollars (\$0.00) per acre-foot. Except as expressly modified in this Fourth Agreement, all other provisions of Section 6 of the Third Agreement shall remain in full force and effect.

5. **Ownership.**

Title to the Local Facilities shall be vested exclusively in District, subject to the contractual rights of Agency and the rights of DWR, as described herein. The rights and obligations of the Parties to the Local Facilities as set forth herein shall run with and bind the facilities designated herein for joint use.

6. **Shutdown.**

District may temporarily discontinue or reduce the delivery of water to Agency hereunder for the purposes of necessary investigation, inspection, maintenance, repair or replacement of any facilities pertaining to this Fourth Agreement. District shall notify Agency as far in advance as feasible of any such discontinuance or reduction, except in cases of emergency for which advance notice need not be given but District shall provide Agency with notice of the situation as soon as reasonably feasible. District shall make reasonable attempts to coordinate scheduled shutdown with Agency in order to minimize interruptions to Agency's delivery of State Water Project water.

7. **General Provisions.**

a. *Fourth Agreement Effective Date.* This Fourth Agreement shall be effective on the date of full execution of this Fourth Agreement by both parties ("***Fourth Agreement Effective Date***").

b. *Compliance with Legal, Regulatory, and Permit Requirements.* The Parties shall perform their respective activities under this Fourth Agreement in a skillful and workmanlike manner, in compliance with all applicable laws, regulations, permits, and agreements, and consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Each Party shall be liable to the other Party for all violations of laws and regulations in connection with the respective activities.

c. *Term and Termination.* The term of this Fourth Agreement shall extend from the Fourth Agreement Effective Date for a term that is coterminous with the Water Supply Contract. This Fourth Agreement shall remain in effect during the term unless earlier terminated under the following procedures:

i. If either Party to this Fourth Agreement believes that the other Party has failed to perform any obligation of that Party in accordance with the terms of this Fourth Agreement (“**Default**”), the Party alleging the Default shall provide written notice (“**Default Notice**”) to the other Party, setting forth the nature of the alleged Default. Unless otherwise provided by a specific term of this Fourth Agreement, the Party claimed to be in Default shall have:

A. with respect to a Default involving the payment of money, ten (10) days after its receipt of the Default Notice to completely cure such Default; and

B. with respect to any other type of Default, thirty (30) days from the receipt of the Default Notice to completely cure such Default or, if such Default cannot reasonably be cured within such thirty (30) day period, to commence the cure of such Default within the thirty (30) day period and diligently prosecute the cure to completion thereafter.

ii. If the Party claimed to be in Default does not cure such Default within the time periods and procedures as set forth herein, the Party alleging Default may then pursue the applicable legal and equitable remedies.

d. *Indemnification.* Pursuant to Government Code section 895.4, each Party (“**Indemnitor**”) shall indemnify, defend, and hold harmless the other Party and the other Party’s directors, officers, employees, contractors, agents, and representatives of each of them (collectively, “**Indemnitees**”) from and against any and all claims, demands, losses, fines, penalties, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies of whatever nature (including reasonable attorneys’ fees) (collectively, “**Claims**”) arising out of or related to the performance of, or failure to perform, Indemnitor’s obligations under this Fourth Agreement, except to the extent that such Claims are caused by the sole negligence or willful misconduct of Indemnitees. The provisions of this Section 7.d shall survive the expiration or other termination of this Fourth Agreement.

e. *Relationship of the Parties.* Nothing contained in this Fourth Agreement shall be deemed or construed by the Parties or by any third person to create the relationship of principal and agent, or partnership or joint venture, or any association between the Parties, and none of the provisions contained in this Fourth Agreement or any act of the Parties shall be deemed to create any relationship other than as specified herein, nor shall this Fourth Agreement



be construed, except as expressly provided herein, to authorize any of the Parties to act as the agent for the other.

f. *Jurisdiction and Venue.* This Fourth Agreement shall be governed by and construed in accordance with the laws of the State of California, excluding any choice of laws provision that would apply the laws of any other jurisdiction. Any suit, action, or proceeding brought in connection with this Fourth Agreement shall be brought and maintained exclusively in the Superior Court of San Bernardino County, California.

g. *Entire Agreement.* This Fourth Agreement is intended by the Parties as a complete and exclusive statement of the terms of their agreement and it supersedes all prior agreements, written or oral, as to this subject matter. This Fourth Agreement may be modified only upon the mutual written agreement of the Parties hereto.

h. *Further Acts.* Each Party agrees to perform any further acts and to execute and deliver any documents which may be reasonably necessary to carry out the provisions of this Fourth Agreement.

i. *Notices.* All notices, requests, demands or other communications required or permitted under this Fourth Agreement shall be in writing unless provided otherwise in this Fourth Agreement and shall be deemed to have been duly given and received on: (i) the date of service if served personally on the Party to whom notice is to be given at the address(es) provided below, (ii) on the first day after mailing, if mailed by Federal Express, U.S. Express Mail, or other similar overnight courier service, postage prepaid, and addressed as provided below, or (iii) on the third day after mailing if mailed to the Party to whom notice is to be given by first class mail, registered or certified, postage prepaid, addressed as provided below. Except as provided otherwise in this Fourth Agreement, email addresses are provided for courtesy copies only, and notice may not be given by email. Either Party may change the place for the giving of notice to it by thirty (30) days prior written notice to the other Party as provided herein.

If to Agency: San Gorgonio Pass Water Agency  
Attn: General Manager  
1210 Beaumont Avenue  
Beaumont, CA 92223  
(951) 845-2577

If to District: San Bernardino Valley Municipal Water District  
Attn: General Manager  
380 East Vanderbilt Way  
San Bernardino, CA 92408  
(909) 387-9211

with a copy to: Varner & Brandt, LLP  
Attn: Brendan W. Brandt  
3750 University Avenue, Suite 610  
Riverside, CA 92501  
(951) 274-7777

j. *Representation of Authority.* Each Party represents to the other that it has the authority to enter into this Fourth Agreement and that the individual signing this Fourth Agreement on behalf of their respective Parties has the authority to execute this Fourth Agreement and to bind their respective Parties to the terms and conditions of this Fourth Agreement.

k. *Invalidity and Severability.* If any portion of this Fourth Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

l. *Counterparts.* This Fourth Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument. Signatures may be delivered electronically or by facsimile and shall be binding upon the Parties as if they were originals.

**[Signature Page Follows]**

**IN WITNESS WHEREOF**, each of the Parties has caused this Fourth Agreement to be executed by its respective duly authorized officers.

Dated: \_\_\_\_\_, 2020.

**SAN GORGONIO PASS WATER AGENCY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_, 2020.

**SAN BERNARDINO VALLEY MUNICIPAL  
WATER DISTRICT**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**FOURTH JOINT FACILITIES AGREEMENT**

**EXHIBIT A**

**CAPACITY RIGHTS PURCHASE PRICE CALCULATIONS**

**EXHIBIT A**  
**CAPACITY RIGHTS PURCHASE PRICE CALCULATIONS**

<b>Foothill Pipeline Phase 1</b>	<b>Cost Associated with Section 2a</b>
Original costs of pipeline	\$ 3,793,130.02
Adjusted cost of pipeline (Dec 1974 to Dec2019) <sup>1</sup>	\$ 24,088,257.15
Amount of Depreciation of pipeline based on adjusted costs (yrs of service x yearly depreciation) <sup>2</sup>	\$ 14,774,131.05
Final Adjusted cost of pipeline (Adjusted Cost - Depreciation)	\$ 9,314,126.10
Value of pipeline per flow rated capacity (Cost (\$)/ RFC (CFS))	\$ 32,340.72
<b>Cost of addition capacity in pipeline for SGPWA</b>	<b>\$ 1,034,902.90</b>
Year pipeline placed in operation	1974
Estimated Useful Life (Years)	75
Years in service	46
Annual Depreciation per Year (Cost/75 years)	\$ 321,176.76
Rated Flow Capacity (RFC) of pipeline	288
Additional flow capacity to be purchased by SGPWA	32

  

<b>Foothill Pipeline Phase 2 (From Foothill Pipeline Phase 1 to Station 745+59)</b>	<b>Cost Associated with Section 2a</b>
Original costs of pipeline	\$ 14,576,335.98
Adjusted cost of pipeline (Dec 1977 to Dec2019) <sup>1</sup>	\$ 68,095,650.91
Amount of Depreciation of pipeline based on adjusted costs (yrs of service x yearly depreciation) <sup>2</sup>	\$ 37,679,593.50
Final Adjusted cost of pipeline (Adjusted Cost - Depreciation)	\$ 30,416,057.40
Adjusted cost of pipeline per LF	\$ 507.72
Cost for portion of pipeline SGPWA to purchase additional capacity	\$ 25,876,881.36
Value of pipeline per flow rated capacity (Cost (\$)/ RFC (CFS))	\$ 89,850.28
<b>Cost of addition capacity in pipeline for SGPWA</b>	<b>\$ 2,875,209.04</b>
Year pipeline placed in operation	1977
Estimated Useful Life (Years)	75
Years in service	41.5
Annual Depreciation per Year (Cost/75years)	\$ 907,942.01
Rated Flow Capacity (RFC) of pipeline	288
Total lineal feet (LF) of pipeline	59907.0
LF of pipeline SGPWA to purchase 32 cfs additional capacity	50966.7
Additional flow capacity to be purchased by SGPWA	32

**EXHIBIT A**  
**CAPACITY RIGHTS PURCHASE PRICE CALCULATIONS**

<b>Foothill Pipeline Phase 2 (Station 745+59 to SARC Pipeline)</b>	<b>Cost Associated with Section 2b</b>
Original costs of pipeline	\$ 14,576,335.98
Adjusted cost of pipeline (Dec 1977 to Dec2019) <sup>1</sup>	\$ 68,095,650.91
Amount of Depreciation of pipeline based on adjusted costs (yrs of service x yearly depreciation) <sup>2</sup>	\$ 37,679,593.50
Final Adjusted cost of pipeline (Adjusted Cost - Depreciation)	\$ 30,416,057.40
Adjusted cost of pipeline per LF	\$ 507.72
Cost for portion of pipeline SGPWA to purchase additional capacity	\$ 4,539,176.04
Value of pipeline per flow rated capacity (Cost (\$)/ RFC (CFS))	\$ 15,761.03
<b>Cost of addition capacity in pipeline for SBVMWD</b>	<b>\$ 252,176.45</b>
Year pipeline placed in operation	1977
Estimated Useful Life (Years)	75
Years in service	41.5
Annual Depreciation per Year (Cost/75years)	\$ 907,942.01
Rated Flow Capacity (RFC) of pipeline	288
Total lineal feet (LF) of pipeline	59907.0
LF of pipeline SGPWA to purchase 32 cfs additional capacity	8940.3
Additional flow capacity to be purchased back from SGPWA by SBVMWD	16

  

<b>Tate Pump Station</b>	<b>Cost Associated with Section 2c</b>
Original costs of pipeline	\$ 1,464,225.00
Adjusted cost of pipeline (Dec 1991 to Dec2019) <sup>1</sup>	\$ 2,672,886.46
Amount of Depreciation of Pump Station based on adjusted costs (yrs of service x yearly depreciation) <sup>2</sup>	\$ 855,323.67
Final Adjusted cost of pipeline (Adjusted Cost - Depreciation)	\$ 1,817,562.80
Value of pipeline per flow rated capacity (Cost (\$)/ RFC (CFS))	\$ 43,275.30
<b>Cost of capacity in Tate pump station purchased from SGPWA by SBVMWD</b>	<b>\$ 432,753.05</b>
Year pipeline placed in operation	1991
Estimated Useful Life (Years)	75
Years in service	28
Annual Depreciation per Year (Cost/75years)	\$ 35,638.49
Rated Flow Capacity (RFC) of Pump Station	42
Capacity to be purchased from SGPWA by SBVMWD	10

**EXHIBIT A**  
**CAPACITY RIGHTS PURCHASE PRICE CALCULATIONS**

<b>Tate Pipeline</b>	<b>Cost Associated with Section 2d</b>
Original costs of pipeline	\$ 231,482.00
Adjusted cost of pipeline (Dec 1991 to Dec2019) <sup>1</sup>	\$ 457,412.72
Depreciation of pipeline based on adjusted costs (yrs of service x yearly depreciation) <sup>2</sup>	\$ (170,767.42)
Final Adjusted cost of pipeline (Adjusted Cost - Depreciation)	\$ 286,645.31
Value of pipeline per flow rated capacity (Cost (\$)/ RFC (CFS))	\$ 5,971.78
<b>Cost of capacity in pipeline purchased from SGPWA by SBVMWD</b>	<b>\$ 95,548.44</b>
Year pipeline placed in operation	1991
Estimated Useful Life (Years)	75
Years in service	28
Annual Depreciation per Year (Cost/75years)	\$ 6,098.84
Rated Flow Capacity (RFC) of pipeline	48
Capacity to be purchased from SGPWA by SBVMWD	16

<b>SUMMARY OF ADDITIONAL CAPACITY PURCHASE BY SGPWA AND CAPACITIES PURCHASED BACK FROM SGPWA</b>	
Price of addition capacity in Foothill Pipeline Phase 1 for SGPWA	\$ 1,034,902.90
Price of addition capacity in Foothill Pipeline Phase 2 for SGPWA	\$ 2,875,209.04
Price of capacity in Foothill Pipeline Phase 2 (Station 745+60 to SARC Pipeline) purchased back from SGPWA by SBVMWD	\$ (252,176.45)
Price of capacity in Tate Pump Station purchased back from SGPWA by SBVMWD	\$ (432,753.05)
Price of capacity in Tate Pipeline purchased back from SGPWA by SBVMWD	\$ (95,548.44)
<b>Net purchase price of new capacity to be paid by SGPWA</b>	<b>\$ 3,129,634.00</b>

Note 1: Cost Escalation increase was calculated utilizing the Engineering News Record Construction Cost Index

Note 2: Depreciation was calculated using straight line depreciation method and Estimated Useful Life.

## SUMMARY OF DRAFT 2020 INFRASTRUCTURE STUDY

JUNE 8, 2020

### PURPOSE OF STUDY

- To identify potential future infrastructure needs of the Agency in meeting future water demands
- To support proposed capacity fee by defining costs required for such infrastructure
- To support 2020 UWMP in identifying future water supplies and storage opportunities

### KEY GOALS OF STUDY

- To identify various upstream storage options available to the Agency
- To narrow the range of investment options in Sites Reservoir and the Delta Conveyance Project
- To identify major obstacles in meeting future water demands



## STUDY METHODOLOGY

- Identify existing infrastructure and its limitations, if any
- Using existing data, determine what additional conveyance and storage capacity is required to meet long-term water supply needs
- Model the SWP system and proposed infrastructure opportunities to determine their abilities to meet long-term needs and to determine how storage facilities could be operated

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## KEY FINDINGS

- Existing bottleneck in East Branch near Pearblossom could be problematic in the future—needs to be addressed
- This bottleneck reduces opportunities to bank groundwater locally
- Upstream storage opportunities are identified and costs estimated
  - Bunker Hill
  - High Desert
  - San Joaquin Valley
- Additional storage is required to take advantage of Delta Conveyance and also to mitigate EB bottleneck

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## RECOMMENDATIONS

- Identify and implement short-term and long-term transfers of SWP water (such as Ventura)
  - Could include wet-year transfers
  - Permanent transfers of Table A water unlikely
- Participate in external groundwater banking projects in order to mitigate against the high variability of Table A supplies.
- Participate in Sites Reservoir for dry year yield. Water from Sites would likely not require groundwater storage.
- Participate in Delta Conveyance Project at higher percentage than Table A ratio of 0.41%. Study assumes 1.5%.

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## NEXT STEPS

- Draft study to be reviewed by new General Manager
- Staff to provide comments and input on draft report
- P & P to finalize study and present to Board Summer 2020
- Cost data for key infrastructure to be incorporated into Capacity Fee nexus study
- Board needs to decide which groundwater bank(s) to invest in and initiate a process for investment

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## QUESTIONS AND DISCUSSION

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**Exhibit B**  
**Reservoir Committee**  
**2020 and 2021 Work Plan**

Reservoir Committee Annual Budget for FY 2020 and FY 2021 (\$000)

	Subject Area	2020	2021	Total
<b>Revenue</b>	Beginning Balance	\$6,847	\$0	\$6,847
	Participation Revenue	\$11,520	\$7,680	\$19,200
	Federal Revenue	\$0	\$4,000	\$4,000
	State Revenue	\$5,134	\$5,502	\$10,636
<b>Revenue Total</b>		<b>\$23,501</b>	<b>\$17,182</b>	<b>\$40,683</b>
<b>Expenses</b>	Permitting	(\$2,558)	(\$5,011)	(\$7,569)
	Early Mitigation	(\$243)	(\$2,257)	(\$2,500)
	Environmental Planning	(\$3,511)	(\$2,376)	(\$5,887)
	Operations Modeling	(\$3,486)	(\$536)	(\$4,022)
	Engineering	(\$4,360)	(\$2,180)	(\$6,540)
	Geotechnical	(\$1,142)	(\$2,003)	(\$3,145)
	Real Estate	(\$145)	(\$272)	(\$417)
	Communications	(\$489)	(\$579)	(\$1,068)
	Project Controls	(\$1,333)	(\$1,528)	(\$2,861)
	Funding	(\$777)	(\$590)	(\$1,367)
	Growth	(\$819)	(\$910)	(\$1,729)
	Management	(\$461)	(\$1,219)	(\$1,681)
	Support	(\$248)	(\$388)	(\$636)
<b>Expenses Total</b>		<b>(\$19,573)</b>	<b>(\$19,848)</b>	<b>(\$39,422)</b>
<b>Grand Total</b>		<b>\$3,928</b>	<b>(\$2,666)</b>	<b>\$1,261</b>

Annual expense budgets are based on the projected spend rate for the Amendment 1B and Amendment 2 work plans combined (Pg 2 and 3).

# Amendment 1B Budget by Month (\$000s)

Reservoir Committee Work Plan Summary

Subject Area	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Total
<b>Revenue</b>									
Beginning Balance*	\$6,847								\$6,847
Participation Revenue									\$0
Federal Revenue									\$0
State Revenue	\$3,300								\$3,300
<b>Revenue Sum</b>	<b>\$10,147</b>								<b>\$10,147</b>
<b>Expenses</b>									
Environmental Planning	(\$269)	(\$245)	(\$269)	(\$269)	(\$245)	(\$257)	\$0	\$0	(\$1,555)
Operations Modeling	(\$519)	(\$472)	(\$355)	(\$220)	(\$116)	(\$85)	(\$55)	(\$53)	(\$1,876)
Engineering	\$0	(\$151)	(\$237)	(\$239)	(\$247)	(\$272)	(\$248)	(\$205)	(\$1,600)
Geotechnical	\$0	\$0	(\$27)	(\$118)	(\$107)	(\$118)	(\$118)	(\$113)	(\$601)
Real Estate	(\$7)	(\$6)	(\$7)	(\$7)	(\$6)	(\$7)	(\$7)	(\$7)	(\$55)
Communications	(\$38)	(\$35)	(\$38)	(\$38)	(\$35)	(\$38)	(\$38)	(\$36)	(\$297)
Project Controls	(\$255)	(\$77)	(\$85)	(\$85)	(\$77)	(\$85)	(\$85)	(\$81)	(\$828)
Funding	(\$74)	(\$109)	(\$120)	(\$121)	(\$104)	(\$61)	(\$37)	(\$35)	(\$661)
Growth	(\$93)	(\$84)	(\$93)	(\$93)	(\$84)	(\$93)	(\$93)	(\$88)	(\$719)
Management	\$0	\$0	\$0	(\$1)	(\$23)	(\$25)	(\$9)	\$0	(\$58)
Support	(\$15)	(\$14)	(\$15)	(\$15)	(\$14)	(\$15)	(\$15)	(\$15)	(\$120)
<b>Expenses Sum</b>	<b>(\$1,271)</b>	<b>(\$1,194)</b>	<b>(\$1,247)</b>	<b>(\$1,206)</b>	<b>(\$1,059)</b>	<b>(\$1,056)</b>	<b>(\$705)</b>	<b>(\$633)</b>	<b>(\$8,370)</b>

\*Adjusted from value published in work plan based on 2019 close-out

## Amendment 2 Budget by Month (\$000s)

Reservoir Committee Work Plan Summary

Subject Area	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Oct 21	Sep 21	Nov 21	Dec 21	Total
<b>Revenue</b>																	
Participation Revenue			\$11,520					\$7,680									\$19,200
Federal Revenue							\$2,000				\$2,000						\$4,000
State Revenue			\$1,834			\$1,834						\$1,834			\$1,834		\$7,336
<b>Revenue Total</b>			\$13,354			\$3,834	\$2,000	\$7,680			\$2,000	\$3,668			\$3,668		\$30,598
<b>Expenses</b>																	
Permitting	(\$253)	(\$577)	(\$1,023)	(\$705)	(\$525)	(\$525)	(\$584)	(\$471)	(\$419)	(\$448)	(\$295)	(\$309)	(\$295)	(\$295)	(\$613)	(\$232)	(\$7,569)
Early Mitigation	\$0	\$0	(\$113)	(\$131)	(\$119)	(\$119)	(\$136)	(\$131)	(\$119)	(\$235)	(\$231)	(\$242)	(\$231)	(\$231)	(\$220)	(\$242)	(\$2,500)
Environmental Planning	(\$488)	(\$512)	(\$442)	(\$513)	(\$474)	(\$474)	(\$218)	(\$71)	(\$65)	(\$71)	(\$61)	(\$62)	(\$216)	(\$42)	(\$343)	(\$279)	(\$4,332)
Operations Modeling	(\$621)	(\$680)	(\$232)	(\$78)	(\$71)	(\$71)	(\$81)	(\$72)	(\$43)	(\$48)	(\$46)	(\$48)	(\$11)	(\$46)	\$0	\$0	(\$2,146)
Engineering	(\$1,134)	(\$768)	(\$398)	(\$461)	(\$108)	(\$185)	(\$355)	(\$292)	(\$221)	(\$190)	(\$161)	(\$186)	(\$155)	(\$155)	(\$147)	(\$25)	(\$4,941)
Geotechnical	(\$52)	(\$54)	(\$61)	(\$374)	(\$346)	(\$461)	(\$513)	(\$134)	(\$124)	(\$172)	(\$42)	(\$44)	(\$42)	(\$42)	(\$40)	(\$42)	(\$2,544)
Real Estate	(\$23)	(\$24)	(\$20)	(\$24)	(\$21)	(\$21)	(\$25)	(\$24)	(\$21)	(\$24)	(\$23)	(\$24)	(\$23)	(\$23)	(\$21)	(\$24)	(\$362)
Communications	(\$48)	(\$50)	(\$43)	(\$50)	(\$46)	(\$46)	(\$52)	(\$50)	(\$46)	(\$50)	(\$48)	(\$50)	(\$48)	(\$48)	(\$46)	(\$50)	(\$771)
Project Controls	(\$126)	(\$132)	(\$114)	(\$132)	(\$120)	(\$120)	(\$138)	(\$132)	(\$120)	(\$132)	(\$126)	(\$132)	(\$126)	(\$126)	(\$120)	(\$132)	(\$2,033)
Funding	(\$29)	(\$30)	(\$26)	(\$30)	(\$64)	(\$66)	(\$76)	(\$73)	(\$66)	(\$71)	(\$29)	(\$30)	(\$29)	(\$29)	(\$28)	(\$30)	(\$706)
Growth	(\$25)	(\$26)	(\$23)	(\$26)	\$0	\$0	(\$38)	(\$36)	(\$33)	(\$36)	(\$35)	(\$154)	(\$146)	(\$146)	(\$139)	(\$148)	(\$1,010)
Management	(\$101)	(\$106)	(\$91)	(\$106)	(\$96)	(\$96)	(\$110)	(\$106)	(\$96)	(\$106)	(\$101)	(\$106)	(\$101)	(\$101)	(\$96)	(\$106)	(\$1,623)
Support	(\$32)	(\$34)	(\$29)	(\$34)	(\$31)	(\$31)	(\$35)	(\$34)	(\$31)	(\$34)	(\$32)	(\$34)	(\$32)	(\$32)	(\$31)	(\$34)	(\$516)
<b>Expenses Total</b>	(\$2,481)	(\$2,499)	(\$2,363)	(\$2,655)	(\$2,020)	(\$2,210)	(\$2,862)	(\$1,657)	(\$1,400)	(\$1,619)	(\$1,220)	(\$1,172)	(\$1,182)	(\$1,174)	(\$1,341)	(\$1,175)	(\$31,052)