

# ***San Geronio Pass Water Agency***

**DATE:** March 28, 2022

**TO:** Board of Directors

**FROM:** Lance Eckhart, General Manager

**BY:** Lance Eckhart, General Manager

**SUBJECT: CONSIDERATION OF CONTINUED PARTICIPATION IN THE DELTA CONVEYANCE PROJECT & DETERMINING CALIFORNIA ENVIRONMENTAL QUALITY ACT EXEMPTION**

## **RECOMMENDATION**

The Board authorize the General Manager to execute a letter confirming the Agency's commitment to the Delta Conveyance Project. The letter will be consistent with the Funding Agreement and commits the Agency to contribute an additional \$4.22 million in funding to the Department of Water Resources for environmental and planning costs associated with the Delta Conveyance Project.

## **PREVIOUS CONSIDERATION**

- Board of Directors – May 21, 2018: Board supported and approved funding towards planning activities associated with the California WaterFix.
- Board of Directors – July 15, 2019: Board approved the transfer of funding for California WaterFix to the Delta Conveyance Project.
- Board of Directors – November 16, 2020: Board approved continued participation in the Delta Conveyance Project above minimum participation levels.

## **SUMMARY**

The Agency has a long-term water supply contract with the State of California Department of Water Resources ("DWR") for the delivery of State Water Project ("SWP") water. In January 2020, DWR released a Notice of Preparation of an Environmental Impact Report ("EIR") pursuant to California Environmental Quality Act ("CEQA") for a proposed single tunnel project with 6,000 cfs of capacity referred to as the Delta Conveyance Project ("DCP"). DWR is currently engaged in conducting environmental, review, planning and design of the DCP.

On November 16, 2020, the Agency Board of Directors approved Resolution No. 2020-08, which authorized the Agency to inform DWR that the Agency desires to participate in the proposed

DCP at a 2.0% participation level. Resolution No. 2020-08 further authorized the Agency to execute a funding agreement with DWR to pay for the Agency's share of environmental review, planning, and design costs associated with the DCP. The Agency chose to provide 2 years of funding, in the amount of \$2.4 million.

DWR and the Delta Conveyance Design and Construction Authority (DCA) have used the initial funding to make substantial progress on the environmental planning and permitting, which is on schedule and on budget.

At this time, DWR is requesting each PWA who has indicated they intend to participate in the DCP to provide their share of the remaining two years of funding for environmental review, planning, and design costs of the proposed project through 2024.

This item is being brought before the Board for action to approve continued participation in the DCP. The Agency's participation level represents 2.0% of the project total; the Agency's share of two more years of DCP environmental and planning costs is \$ 4.2 million.

## **DISCUSSION**

### **Background on the Proposed Delta Conveyance Project**

On July 21, 2017, DWR approved the project known as the California WaterFix Project (WaterFix), which was a dual conveyance project that involved three new diversion points and two tunnels moving water from the Sacramento River north of the Delta under the Delta to SWP and Central Valley Project water pumping facilities in the South Delta. In addition, in order to assist DWR with the design and construction of WaterFix and potential financing, the Agency, and certain SWP contractors, entered into a Joint Powers Agreement in 2018, forming the DCA and the Delta Conveyance Finance Authority. At the time, the project had approvals under California Environmental Quality Act (CEQA), Endangered Species Act (ESA), and California Endangered Species Act (CESA).

In January 2019, Governor Newsom announced that he did not support WaterFix as configured but that he did support a one tunnel conveyance project. Consistent with this, in May 2019 DWR rescinded its approvals of the WaterFix project and began planning for a single tunnel option. Shortly thereafter, DWR began public negotiations with the PWAs to agree upon a framework, referred to as an Agreement in Principle (AIP), for the amendment of SWP water supply contracts to allocate costs and benefits in the event that a potential single tunnel facility was ultimately approved. In January 2020, DWR released a Notice of Preparation of an Environmental Impact Report (EIR) pursuant to CEQA for a proposed single tunnel project with 6,000 cfs of capacity referred to as the DCP. DWR is currently conducting environmental review and is relying on the DCA for engineering work related to defining the DCP's footprint.

After many public negotiations that have taken more than a year, DWR and PWAs developed an AIP that contains provisions for the allocation of costs and benefits for a potential DCP. The draft AIP allows PWAs an option to: 1) execute a contract amendment to participate the Delta Conveyance Project at no less than each PWA's Table A percentage or more, or 2) opt out of the Delta Conveyance Project costs and benefits entirely. Eighteen PWAs have indicated that they

intend to participate in the DCP and have executed funding agreements with DWR to contribute to the environmental review, planning and design of the project. Upon completing the environmental process and only if a project is ultimately approved, the AIP will be converted into contract amendment language and PWAs will consider an amendment to their contracts consistent with the AIP.

The existing SWP Delta water conveyance facilities, which include Clifton Court Forebay and Banks Pumping Plant in the south Delta, enable DWR to divert water and lift it into the California Aqueduct for south-of-Delta PWAs. As described in DWR's Notice of Preparation, the proposed DCP would construct and operate new conveyance facilities in the Delta that would add to and be operated as part of the existing SWP infrastructure. Specifically, new points of diversion with intake facilities would be located in the north Delta along the Sacramento River between Freeport and the confluence with Sutter Slough, and would include a single tunnel to convey water from the new intakes to either the existing Banks Pumping Plant in the south Delta or to Bethany Reservoir on the California Aqueduct. The new facilities would provide an alternate location to divert Delta water within DWR's water rights and would be operated in coordination with the existing south of Delta pumping facilities, resulting in "dual conveyance" because there would be two complimentary methods to divert and convey water. Dual conveyance does not mean DWR is seeking to expand their water rights, rather it refers to operating both the new points of diversion and the existing points of diversion in a manner that allows DWR flexibility to meet water quality standards.

The new north of Delta proposed project facilities would be sized to convey up to 6,000 cfs of water from the Sacramento River to the SWP facilities in the south Delta, and would include: two intakes of 3,000 cfs each, one underground tunnel (three alignments are being considered), a pumping plant, conveyance facilities, and other ancillary facilities that are dependent on the alignment as shown in Figure 1. DWR is considering other alternatives as part of the environmental review process, with capacities ranging from 3,000 to 7,500 cfs and participation with and without the Central Valley Project.

The DCP's overarching objective is to protect the SWP's ability to continue to deliver water south of the Delta. Additional objectives articulated in the Notice of Preparation are to make the SWP more resilient to the impacts of climate change and extreme weather events; minimize the potential public health and safety impacts from reduced quantity and quality of water caused by earthquakes; and provide SWP operational flexibility to improve aquatic conditions and better manage risks of additional future regulatory constraints on project operations.



Figure 1: DCP proposed facilities and alignments currently being evaluated in the EIR

#### Status of Proposed Project and Schedule

DWR's preliminary schedule (Figure 2) has a final EIR being completed in 2023 and other environmental review, permitting and regulatory processes being completed in 2024. Once the Delta Conveyance Project receives all necessary approvals and permits and has complied with all legal requirements, including but not limited to obtaining a change in point of diversion to DWR's existing water rights permit, construction could begin. At present, DWR is in the process of completing the draft EIR that is considering a reasonable range of project alternatives that avoid

or substantially reduce potentially significant impacts. DWR expects to release the draft EIR for public review in mid-2022. Concurrently, U. S. Army Corps of Engineers (USACE) is conducting federal environmental review and preparing an Environmental Impact Statement (EIS) under the National Environmental Policy Act (NEPA). In June 2020, DWR submitted a Section 404 permit application identifying a 6,000 cfs project pursuant to Section 404 of the Clean Water Act and Section 10 of the Rivers and Harbors Act (Section 404 permit application) to the USACE to request authorization for the proposed Delta Conveyance Project activities in waters of the United States. In November 2021, DWR amended the Section 404 permit application to identify the Bethany Alternative as the proposed project because it has the least impacts to wetlands and waters. This does not represent a decision by DWR to move forward with the project or selection of an Alternative. DWR will still evaluate the tunnel alignment options originally proposed and a reasonable range of potentially feasible alternatives, in addition to the proposed project and a no project alternative, at the same level of detail.

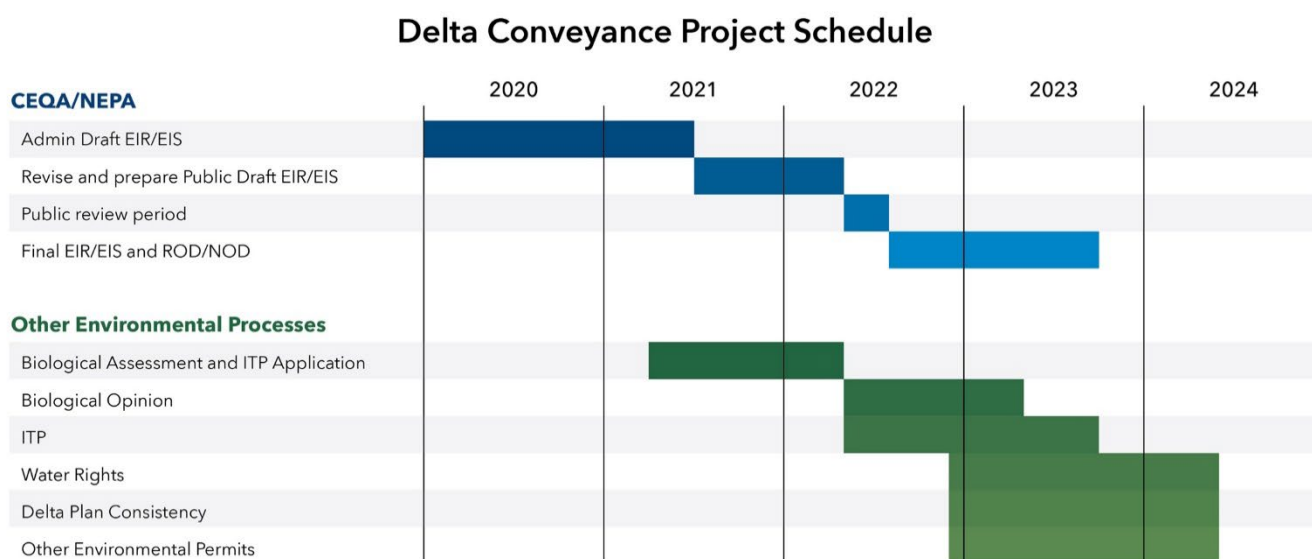


Figure 2: DCP environmental planning schedule

### Status of Public Engagement

During 2020 and 2021, DWR conducted robust public outreach in multiple forums to keep the public informed about DCP and receive public input into planning and design of the DCP. In 2022, DWR is expected to continue public engagement on the DCP activities including the Draft EIR, development of Community Benefits Program, and tribal and other environmental justice community outreach. Key public outreach activities included:

- Conducted four Informational Webinars to help the public learn more about the assumptions and methodology to be used in conducting impact analyses as part of the EIR. The topics included: 1) Operations of the State Water Project and Delta Conveyance, 2) Fisheries, 3) Climate Change, and 4) Environmental Justice. Meeting materials, including the presentations and videos, are available on the [project website](#).

- Initiated development of a Community Benefits Program. This included informal community member interviews and community workshops. The topics of the workshops included: 1) overview of community benefits, 2) project ideas, and 3) economic development, jobs and integrated infrastructure. There were also two workshops specifically for tribal members.
- Conducted an Environmental Justice survey at the end of 2020. Processed the results of the survey and produced a detailed findings report. The underlying data have also been made publicly available.
- Ongoing tribal outreach, both through the formal AB52 process and informal meetings, including a Tribe-led Tribal Engagement Committee and a DWR-led annual Tribal Informational Meeting.
- Ongoing development of a broad range of informational resources, including videos, FAQs, fact sheets and participated in numerous briefings and tabling events.

### DCA Update

As indicated above, DWR is relying on the DCA for engineering work related to defining the DCP's footprint. Since 2020, the DCA completed the conceptual engineering designs under DWR's leadership for all the Alternatives considered in CEQA analysis. DCA staff continue to work with the DWR's CEQA team to refine conceptual designs to minimize environmental impacts. The DCA also organized a Stakeholder Engagement Committee (SEC), with members representing various local Delta interests to receive input on the conceptual engineering for DCP. With conceptual engineering completed and DWR getting close to public release of the draft EIR, the SEC was sunset in January 2022. In total, 19 SEC meetings were conducted, with the final meeting in December 2021, where future outreach efforts were discussed. The results of SEC feedback included adjustments to facilities locations, elimination of some features, reduced noise impacts, proposed road improvements to address traffic concerns, and the reduction of the project footprint in several areas. DCA also collected and reviewed existing historical geotechnical data and completed several new subsurface borings and geotechnical tests.

### Preliminary Benefits of the Proposed DCP Project

As part of the EIR process, DWR is considering and currently evaluating the preliminary operations criteria, which were discussed during the DCP technical webinars. Preliminary operations criteria for the proposed north Delta diversion intakes<sup>1</sup> is similar to California WaterFix. The final criteria may change as DWR completes the regulatory processes that may impact project operations. The primary objective of the DCP, as stated in the Notice of Preparation, is to restore and protect the ability to deliver SWP supplies to the south-of-Delta PWAs. The DCP is also expected to improve SWP resiliency under multiple future risks that can be low frequency-high impact (e.g., seismic risks in the Delta) or sustained impacts (e.g., climate change and sea level rise or Delta regulations).

The preliminary benefits information provided below is the same information presented in 2020, based on a preliminary SWP water supply analysis conducted by the SWC for the DCP under a range of existing and future scenarios to help assess the DCP's ability to maintain or improve SWP

<sup>1</sup> Slides 46-54 in <https://water.ca.gov/-/media/DWR-Website/Web-Pages/Programs/Delta-Conveyance/Public-Information/DCPWebinarFisheries8321Final.pdf>



reliability and resiliency. It is not possible to know the exact future conditions under which the DCP would operate but the conditions are likely a combination of many of the known and unknown risks. The selected range of future scenarios are intended to represent potential SWP operating conditions under future regulatory, climate change, sea level rise, and seismic risks. Each selected future scenario was simulated with and without the DCP. For this analysis the modeling assumed a 6,000 cfs diversion capacity and north Delta diversion operations criteria consistent with permitting from California WaterFix<sup>2</sup>. The specific Proposed Project, including operational criteria, that DWR will ultimately select may be different. DWR's CalSim II model, representing the SWP facilities, regulations and operations, was used to develop coarse estimates of potential water supply changes with the DCP. As the Proposed Project is further defined and permitted, the estimated water supply benefits with the DCP will be refined. SWC assumptions of the DCP operations criteria are similar to the preliminary operations criteria discussed by DWR. DWR's water supply analysis for the Proposed Project will be available as part of the draft EIR expected to be released in mid-2022.

Figure 3 shows preliminary modeled average annual SWP exports under existing and future scenarios and the corresponding increment resulting with the DCP. All the future scenarios modeled indicate potentially lower SWP exports than the existing scenarios. DCP shows potential to alleviate reductions to SWP reliability under many plausible future risk scenarios. The Current Trends<sup>3</sup> future scenario, which provides a reasonable representation of conditions expected at the start of the DCP operations, indicates approximately 300,000 acre-feet reduction in average annual SWP exports without DCP, compared to existing scenarios. DCP, under the same circumstances, potentially provides about 500,000 acre-feet increment on average, with the greatest increase in the wetter years, and, on average, about 60% of the increased SWP deliveries are Table A and 40% are Article 21. Furthermore, preliminary modeling results shown in Figure 3 also indicate that on average, the DCP is estimated to result in about 100,000 acre-feet to 1,000,000 acre-feet per year of increased SWP exports under potential greater Delta regulations scenarios in the future, about 700,000 acre-feet per year under seismic risks and long-term south Delta export disruption due to long-term Delta island flooding, and about 900,000 acre-feet per year under extreme sea level rise in the future, when compared to the respective scenarios without the DCP.

Preliminary water supply estimates also indicate that the DCP would maintain existing water supply reliability under a broad range of future conditions that may occur while the DCP is operational<sup>4</sup>. Without the DCP, SWP exports are estimated to be reduced by about 300,000 acre-feet to 1,000,000 acre-feet on average per year under various future scenarios modeled due to regulatory changes, sea level rise in the Delta, and seismic risk, when compared to the existing conditions. When the DCP was included, estimated annual SWP exports in the future scenarios were similar

<sup>2</sup> This included operations required by the federal Biological Opinions, CESA Incidental Take Permit specifically for the proposed north Delta diversion intakes under California WaterFix.

<sup>3</sup> Current Trends scenario assumes operating to the current regulatory requirements including 2019 federal biological opinions for CVP and SWP and 2020 incidental take permit for SWP, existing Delta levee configuration, and projected climate change and sea level rise around 2040.

<sup>4</sup> Extreme Sea Level Rise scenario assumes projected sea level rise value of 140 cm at around 2065. The future scenarios selected for this analysis are not intended to fully encompass all the future conditions during the life of the Delta Conveyance Project.

to the existing export values under most scenarios as shown in Figure 4, demonstrating the improved resilience of the SWP with the DCP.

In addition to the water supply benefits estimated above, the DCP is expected to provide additional benefits including improved flow patterns in the south Delta for fisheries, operational flexibility to capture peak storm flows, water quality improvements for SWP deliveries, conveyance capacity for water transfers and potential carriage water savings. Figure 5 shows an example of the proposed DCP North Delta Intake operations using historical daily Sacramento River flow at Freeport during December through June period of water year 2016. The figure shows Sacramento River flow measured at Freeport (solid blue line), potential allowable diversions at the proposed North Delta Intakes (red solid line) and potential Sacramento River flow downstream of the proposed North Delta Intakes (dashed blue line).

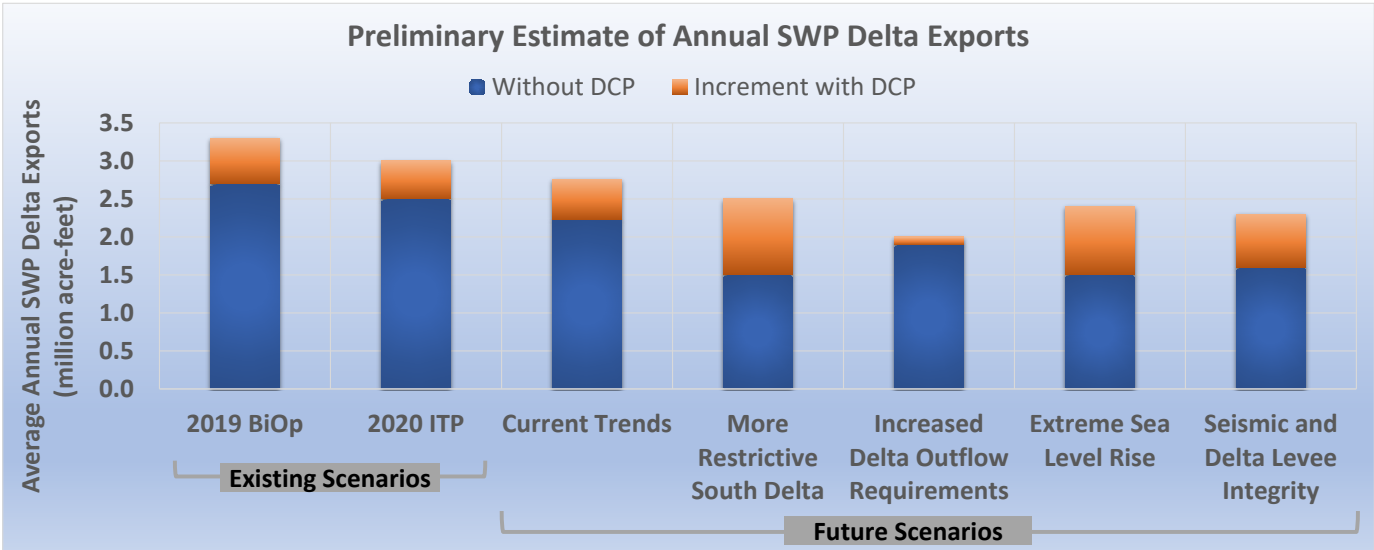


Figure 3: Preliminary modeled average annual SWP exports under existing and future scenarios and corresponding increment resulting with the DCP

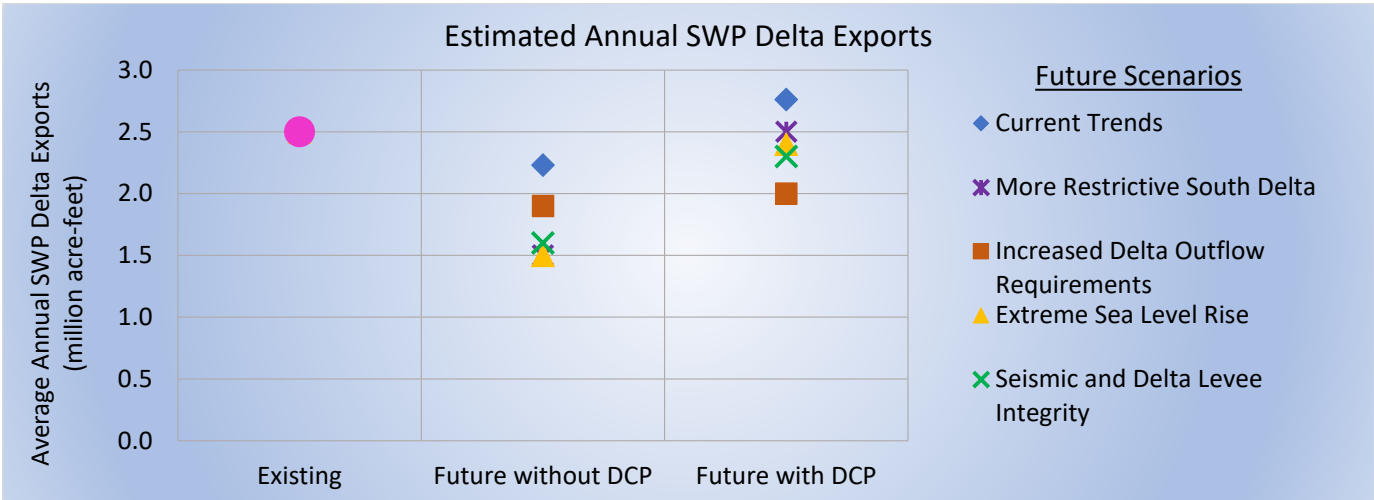




Figure 4: Preliminary modeled average annual SWP exports under the future scenarios with and without the DCP compared to the existing scenario

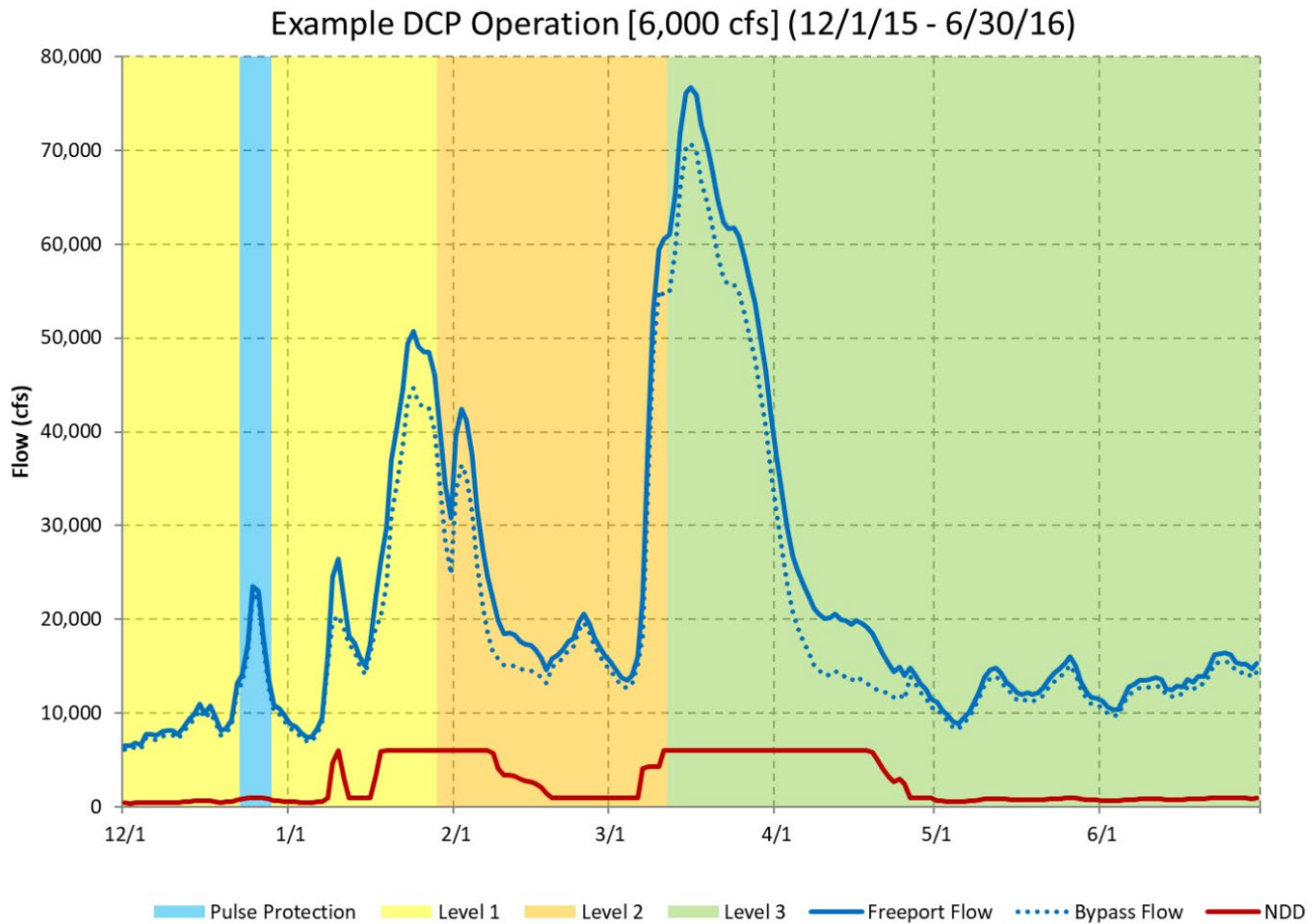


Figure 5: Illustration of the proposed DCP North Delta Diversion (NDD) operations using historical Sacramento River inflow at Freeport during December through June period of Water Year 2016. (source: page 55 from <https://water.ca.gov/-/media/DWR-Website/Web-Pages/Programs/Delta-Conveyance/Public-Information/DCPWebinarFisheries8321Final.pdf>)

### Preliminary Cost Information of the Project

In consideration of the Agency and certain PWA's advancing planning funds for the proposed project, the DCA, following industry standards, developed preliminary cost information based on information available for the proposed Delta Conveyance Project in 2020. There has been substantial work by the DCA on planning and design refinements since 2020. However, it is not possible to develop a more refined cost information until additional geotechnical investigations are complete, which is expected to occur in the next few years. While this cost information was developed for the Central Alignment, the DCA expects the cost information for the Bethany Alignment to be similar. It is important to emphasize that the DCA is still very early in the planning process and the cost information is only a snapshot based on the project information available today. This snapshot does not represent the final conceptual design, the final mitigation costs, or

all cost items such as community benefits, DWR planning costs, or financing costs. The snapshot includes an estimate for construction costs, soft costs, and environmental mitigation costs in undiscounted 2020 dollars. This means the cost information excludes future inflation. In other words, it assumes that the project would all be built in 2020.

The proposed project features included in the cost information are as follows:

- Two intakes at 3,000 cfs each, for a total capacity of 6,000 cfs
- 42 miles of tunnels and associated shafts
- Southern Complex Facilities:
  - Pump Station
  - Forebay
  - Connections to existing CA Aqueduct

The DCA cost information includes a 38% composite contingency for unforeseeable elements of cost within the construction cost estimate. The DCA has provided their best estimate for unknown items where their professional experience indicates that there will likely be additional risk. The DCA identified contingency levels for each feature of the proposed project listed above to reflect the uncertainty at the time the cost information was developed. The DCA's contingency reflects the DCA's assessment of the proposed projects design status, identified risks, and professional judgment of unforeseeable elements of cost. As the engineering work advances and the unknown elements of the proposed project are revealed or resolved, contingency levels will decrease, and the identified project elements will be included in the construction estimates.

It was the DCA's opinion, based on the information available to the DCA in early 2020 and the estimated contingency levels, that there was a 50% probability that the proposed DCP is estimated to total \$15.9 billion in 2020 dollars. AECOM reviewed the DCA estimate and found that based on industry standards the cost range may be reduced between \$2.28 to \$4.37 billion. AECOM's assessment did not perform a bottom-up estimate of the project but reviewed the cost estimate in light of industry standards, in particular contingencies. The AECOM work found that the DCA estimate assumed conservative design, included in design elements risk mitigation, and additionally added a 38% contingency. This resulted in roughly a 44% contingency for the DCA estimate. The AECOM work serves as a useful guidepost for identifying a possible range of costs but should not be considered as a cost estimate for the DCP. As planning proceeds, more information will become available to inform potential construction and associated costs, and cost information will be updated and refined.

#### Requested Action on Funding Agreement

As indicated above, on November 16, 2020, the Agency informed DWR that it intends to participate in the proposed DCP at a 2.0% participation level and executed a Funding Agreement with DWR to pay for the Agency's share of environmental review, planning, and design costs associated with the DCP for the first two years (Year 1 & 2), out of four years of requested funding, in the amount of \$ 2.4 million dollars. At that time, DWR had provided contractors with the option of providing funding for the first two years or for the four years. The Agency chose to provide funding for two years. The total amount requested by DWR for the four years at that time was and continues to be \$340.7 million.

DWR is now requesting each participating PWA to provide the remaining two years of funding to support continued environmental review, planning, and design of the proposed project through 2024. Based on the Agency's participation level, the Agency's contribution for Year 3 & 4 is \$4,219,090 or ~\$4.2 million. Again, these funds would support the environmental review, planning, and design work necessary to inform environmental planning, and participating PWAs would be reimbursed or receive a credit for the advanced funds upon the first sale of revenue bonds to pay for the DCP. If the DCP does not proceed, the advanced funds would not be recovered.

### CEQA Determination

The recommended actions do not qualify as a "project" subject to CEQA because the actions constitute (1) continuing administrative or maintenance activities, such as general policy and procedure making; (2) government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment; and (3) organizational or administrative activities of a public agency that will not result in direct or indirect physical changes in the environment. (State CEQA Guidelines, § 15060(c)(3).) The recommended actions do not constitute an approval by the Agency of the DCP nor do the actions authorize or approve construction of the DCP. The recommended actions do not authorize or commit the Agency or DWR to expenditure of the funding on any site-specific project. In addition, the recommended actions do not authorize or approve any actions by the DCA or DWR that may cause direct or reasonably foreseeable indirect environmental impacts. As such, the actions recommended herein are not a "project" requiring environmental review under the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guideline § 15378, subdivisions (a) and (b)(2), (b)(4) and (b)(5).

Further, and even were the actions to be considered a CEQA "project," these actions would be statutorily exempt from environmental review pursuant to CEQA Guideline § 15262 because the actions merely call for the funding and completion of feasibility and planning studies, including the completion of CEQA review itself. In addition, the actions are exempt under the "common sense" exemption in CEQA Guidelines § 15061, subd. (b)(3) because it can be seen with certainty that there is no possibility that the actions may have a significant effect on the environment. Finally, none of the exceptions to the use of the "common sense" exemption as identified in CEQA Guidelines § 15300.2 exist here.

### **FINANCIAL CONSIDERATIONS**

The Debt Service Fund reserve balance, at the end of the fiscal year, has increased \$16.9 million between 2018 and 2021. Costs associated with DCP participation have been anticipated and the Agency is well-positioned to cover costs associated with this Agreement.

Conveyance around or across the Delta was always considered a critical improvement to the SWP. Ownership of conveyance across the Delta will be an important future asset for the Agency and help preserve the Agency's 60+ year investment in the SWP. It should be noted that the DCP is designed to be a "wet year" project that will better optimize exports from the Sacramento River. The Agency is also an investor in the Sites Reservoir Project. Sites is considered to be a "dry year" project. Investments in the DCP will help with the efficient transport of water across the Delta

and may provide material benefit (financial and supply) as Sites water is imported, transferred, exchanged or sold.

## **RECOMMENDATION**

To confirm the previous Board action to maintain the Agency's position in the DCP, Staff recommends the following actions:

1. Approve Resolution 2022-08
  - a. Authorize providing additional funding to the Department of Water Resources for the Agency's share of the environmental and planning costs associated with the proposed Delta Conveyance Project and;
  - b. Determine that the actions are exempt from CEQA.
2. Authorize the General Manager to execute a letter consistent with the Funding Agreement committing the Agency to contribute an additional \$4.22 million in funding to the Department of Water Resources for environmental and planning costs associated with the Delta Conveyance Project.

## **ATTACHMENTS:**

- Delta Conveyance Project Update
- Funding Agreement with DWR
- Resolution 2022-08
- Staff Report to the Board, 11-16-2020



# Delta Conveyance Project Update

## San Geronio Pass Water Agency

**Graham Bradner, DCA Executive Director**

**Carrie Buckman, DWR Environmental Manager**

*March 28, 2022*

[WWW.WATER.CA.GOV/DELTA CONVEYANCE](http://WWW.WATER.CA.GOV/DELTA CONVEYANCE) | [DCDCA.ORG](http://DCDCA.ORG)

# Agenda

- 1. Introductions**
- 2. DCP Introduction**
- 3. Engineering Update**
- 4. Planning Update**
- 5. Planning Schedule and Budget**



# New Normal Reinforces Need to Modernize Delta Conveyance



- Less snow and more rain expected over shorter and less predictable durations
- Frequent drought and flood cycles expected
- Our goal: capture water when it is available to potentially store for later use and drought
- Adding points of diversion—creating flexibility—promotes a more resilient and flexible State Water Project in the face of unstable future conditions





# Time to Modernize Now - Risks are Mounting

## Purpose

- Modernize the aging SWP infrastructure in the Delta to restore and protect the reliability of SWP water deliveries in a cost-effective manner, consistent with the State's Water Resilience Portfolio.

## Objectives

- **Address** sea level rise and climate change
- **Minimize** water supply disruption due to seismic risk
- **Protect** water supply reliability
- **Provide** operational flexibility to improve aquatic conditions



# DCP Roles and Responsibilities

## Department of Water Resources (DWR)

- Leads environmental review and planning efforts, including CEQA and coordination with USACE
- Leads public outreach, public participation and stakeholder engagement activities
- Ensures transparency
- Responsible for managing planning budget and schedule
- Reports on progress to State Legislature and others
- Directs and oversees work of DCA

## Delta Conveyance Design and Construction Authority (DCA)

Under oversight of DWR:

- Conducts engineering and design work to inform the environmental review and planning process
- Identifies potential engineering and design strategies to avoid and/or minimize impacts
- Assists in conducting public outreach, public participation and stakeholder engagement activities
- Board of Directors comprised of PWA representatives

## Public Water Agencies (PWA)

- Provide technical expertise to DWR and DCA
- Collaborate on and contribute to public participation and public outreach
- Ensure that planning and project development meet the financial, policy, technical, and long-term planning needs of their retailers, member agencies and ratepayers



GRAHAM BRADNER, DCA EXECUTIVE DIRECTOR

# DCA Engineering Update



# Delta Conveyance – Engineering Summary

## Three Alignments

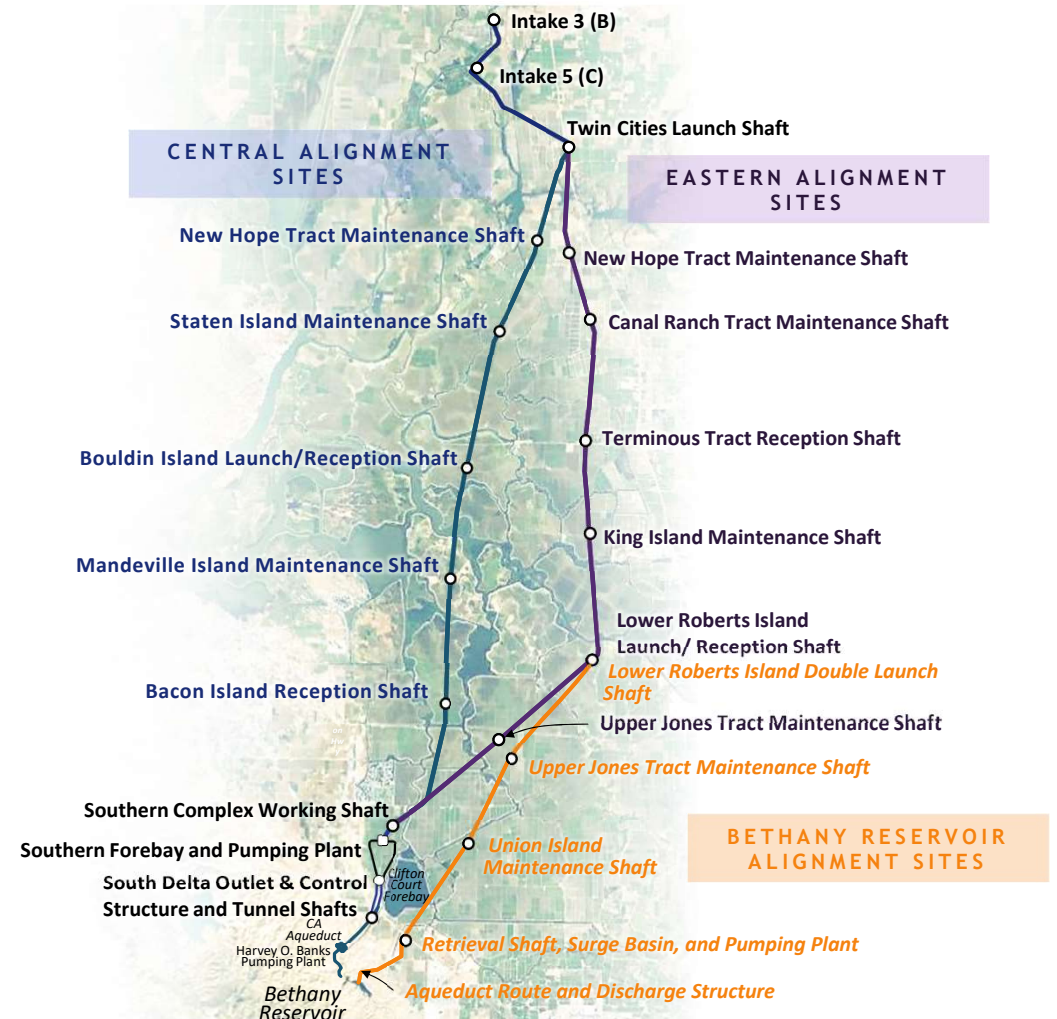
- Central
- Eastern
- Bethany

## Two Engineering Project Reports

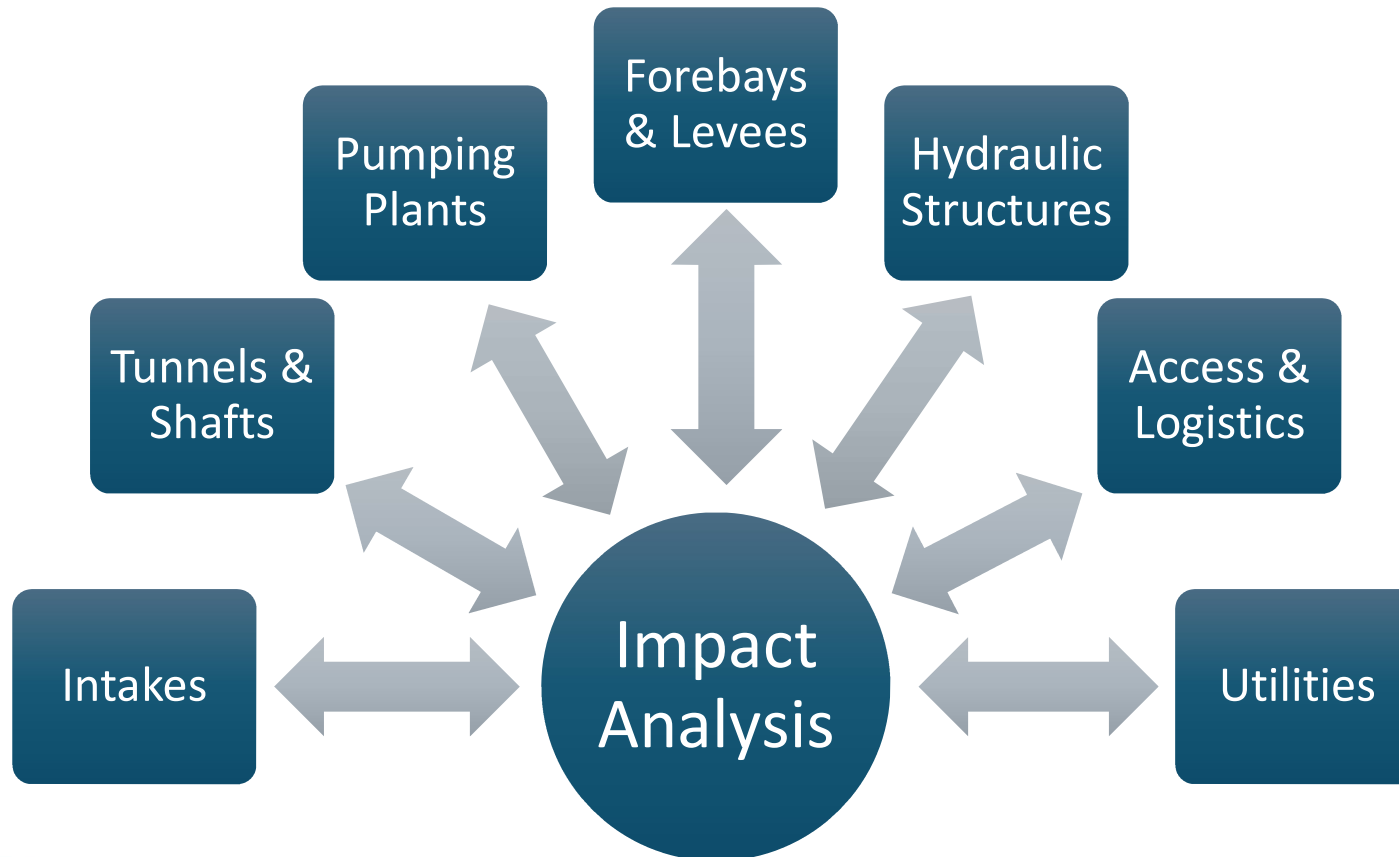
- Central/Eastern Corridors
- Bethany Reservoir Alternative

## Four Capacity Options

- 3,000 cfs
- 4,500 cfs
- 6,000 cfs – Proposed Project
- 7,500 cfs



# Engineering Input for Impact Analysis



## Key Considerations

Facility Siting

Geotechnical  
Conditions

Roads/Bridges/Rail

Systemwide Soil  
Balance

Reusable Tunnel Mat'l  
Management (RTM)

Flood Risk Reduction

On-site Concrete Batch  
Plants

Power and Water

SCADA/Comms



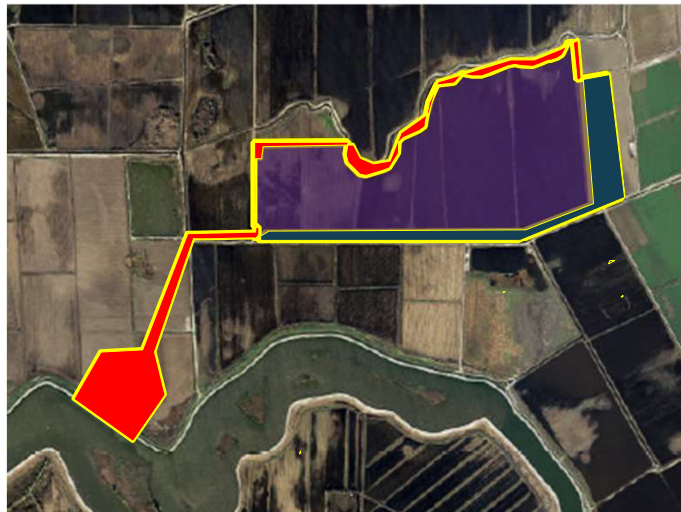
# Valuable Stakeholder Input

## Examples of Included Adjustments:

- Reduced site footprints throughout and maximized reclamation of impacted agricultural land
- Shifted facilities away from natural areas including Stone Lakes and Woodbridge Reserves
- Eliminated most barging and associated affects to recreational boating
- Added rail, expanded roads, or eliminated structures to maintain acceptable levels of service
- Reduced borrow and import requirements to reduce traffic loads
- Focus on “eco-friendly” tunnel conditions
- Reduced pile driving impacts at intakes by 80% through cofferdam re-design

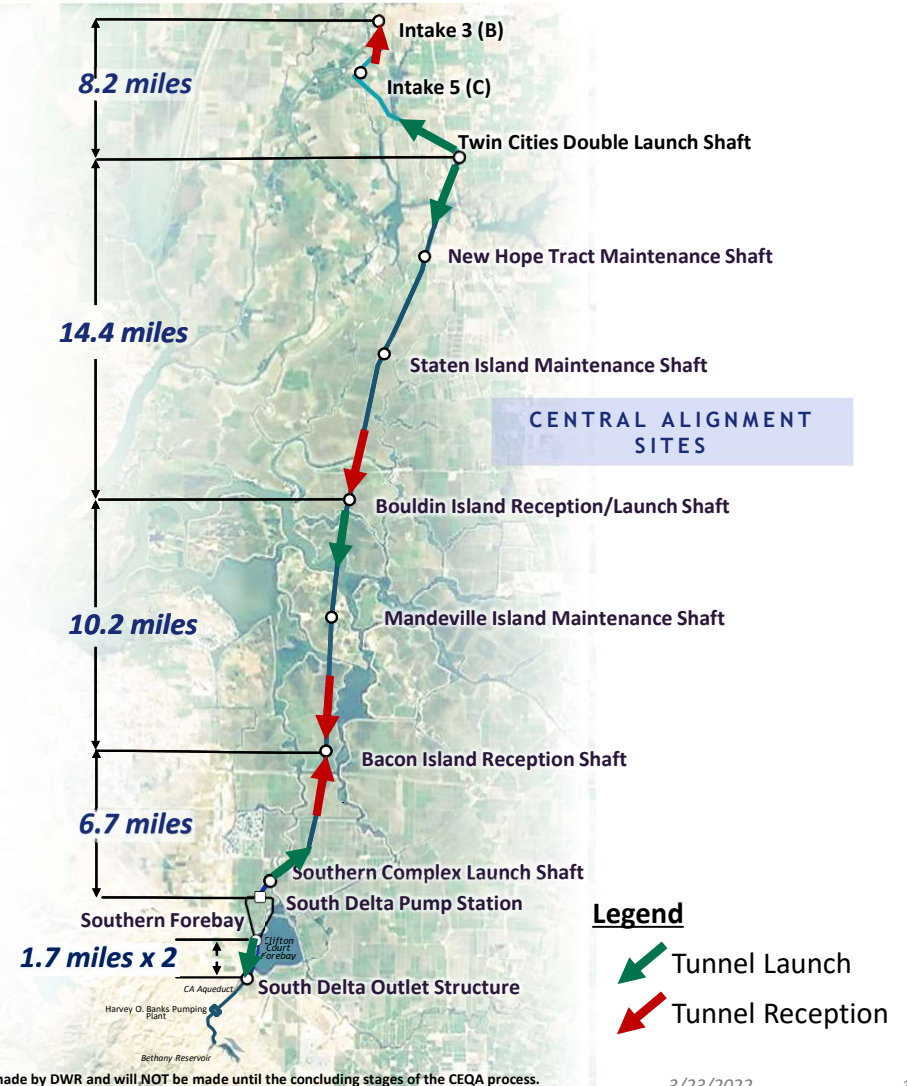
*Moved shaft one mile from Woodbridge Reserve Boundary to Canal Ranch Maintenance Shaft Site*

*Eliminated the Barge Landing at Bouldin Island Launch Shaft Site*



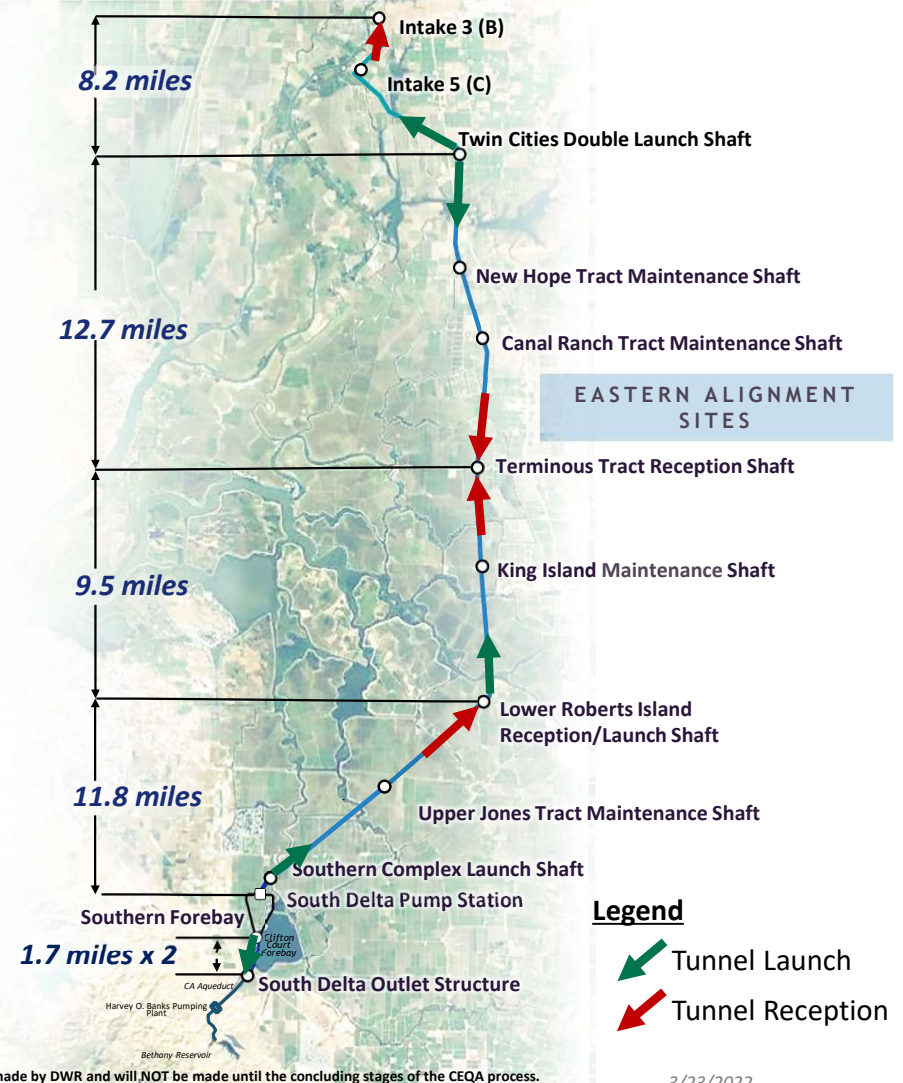
# Central Alignment

- Number of Intakes for all alternatives will vary depending on capacity; examples show 6,000 cfs configuration.
- 42.9 miles of tunnel (shortest of the 3 alignments).
- Consists of 3 Launch Shafts (1 double + 2 singles), 3 Maintenance Shafts, and 3 Reception Shafts (One Intake would become a reception shaft).
- Connects to the CA Aqueduct upstream of Harvey O. Banks Pumping Plant – connecting tunnels require added set of Launch and Reception Shafts from Southern Forebay.
- Connection to Central Valley Project for 7,500 cfs option requires additional tunnel to discharge into C.W. Bill Jones Pumping Plant approach canal.



# Eastern Alignment

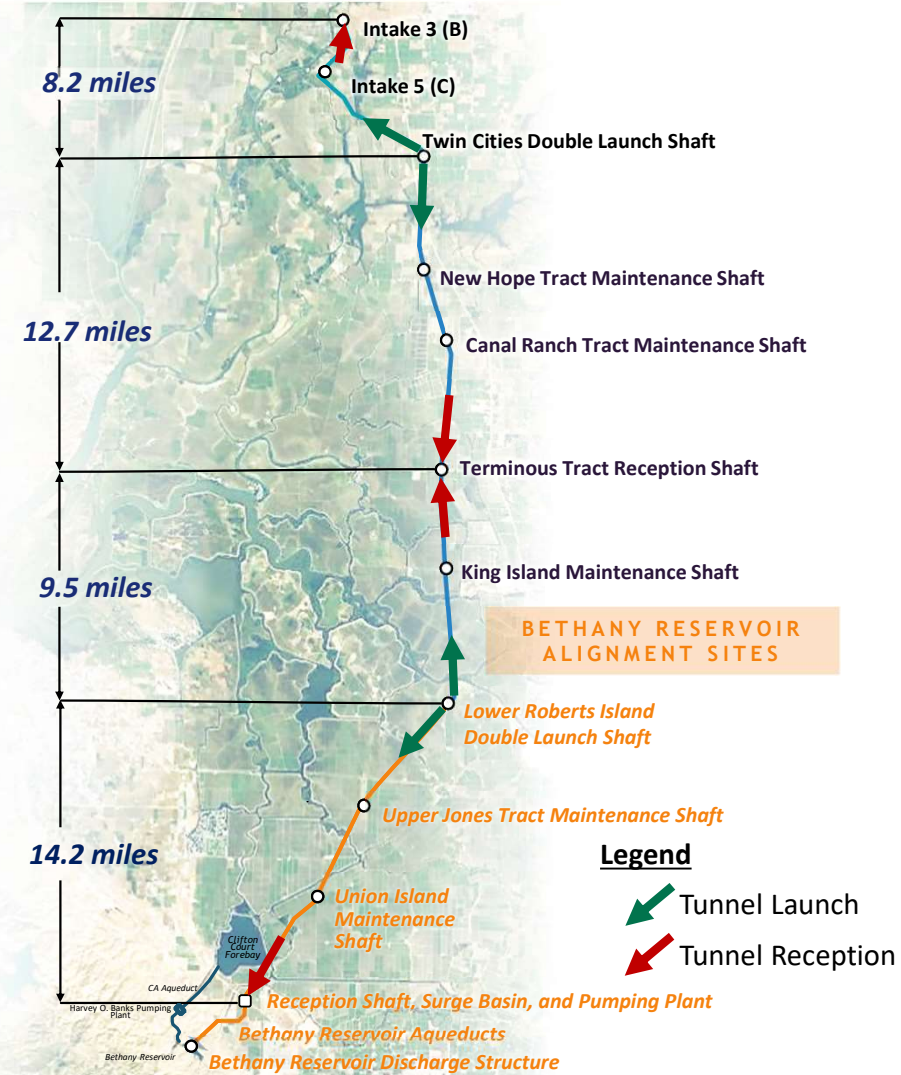
- Uses the same alignment as Central for the Northern Facilities and Southern Facilities for connection to CA Aqueduct and potentially to federal system.
- Alignment follows a route closer to eastern margin of the Delta; closer to I-5, higher ground elevations, better shallow ground conditions in some areas.
- 45.6 miles of tunnel (longest of the 3 alignments).
- Consists of 3 Launch Shafts (1 double + 2 singles), 4 Maintenance Shafts, and 3 Reception Shafts.





# Bethany Reservoir Alignment

- Uses the same Northern Facilities as Central/Eastern and follows Eastern Alignment to Lower Robert Island.
- Delivers water directly to Bethany Reservoir through new pumping plant and discharge structure.
- 44.6 miles of tunnel.
- Consists of 2 Launch Shafts (2 doubles), 5 Maintenance Shafts, and 3 Reception Shafts (including shaft at Surge Basin).
- Requires 3 miles of 4 x 15 ft aqueduct pipelines.



## Estimated Project Cost

- **The Delta Conveyance Project is currently estimated to cost \$15.9B**
- **Includes construction, management, oversight, mitigation, planning, soft costs, and contingencies**
- **Cost will be refined if/when a preferred alternative is selected – refinements based on geotechnical conditions, advancement of engineering, environmental review**

CARRIE BUCKMAN, DWR ENVIRONMENTAL MANAGER

# DWR Planning Update









# Dual Conveyance Operations

- Preliminary operations discussed during technical webinars
- Proposed North Delta Diversion (NDD) intakes would operate in conjunction with the existing south Delta intakes (Dual Conveyance)
- Potential flexibility in using either south or north Delta intakes with proposed NDD
- Current assumptions:
  - Use NDD to augment excess flow diversions on top of permitted diversions at south Delta intakes – winter/spring
  - Use NDD to manage salinity and realize potential carriage water savings – summer/fall
  - Maximizes benefits while minimizing impacts

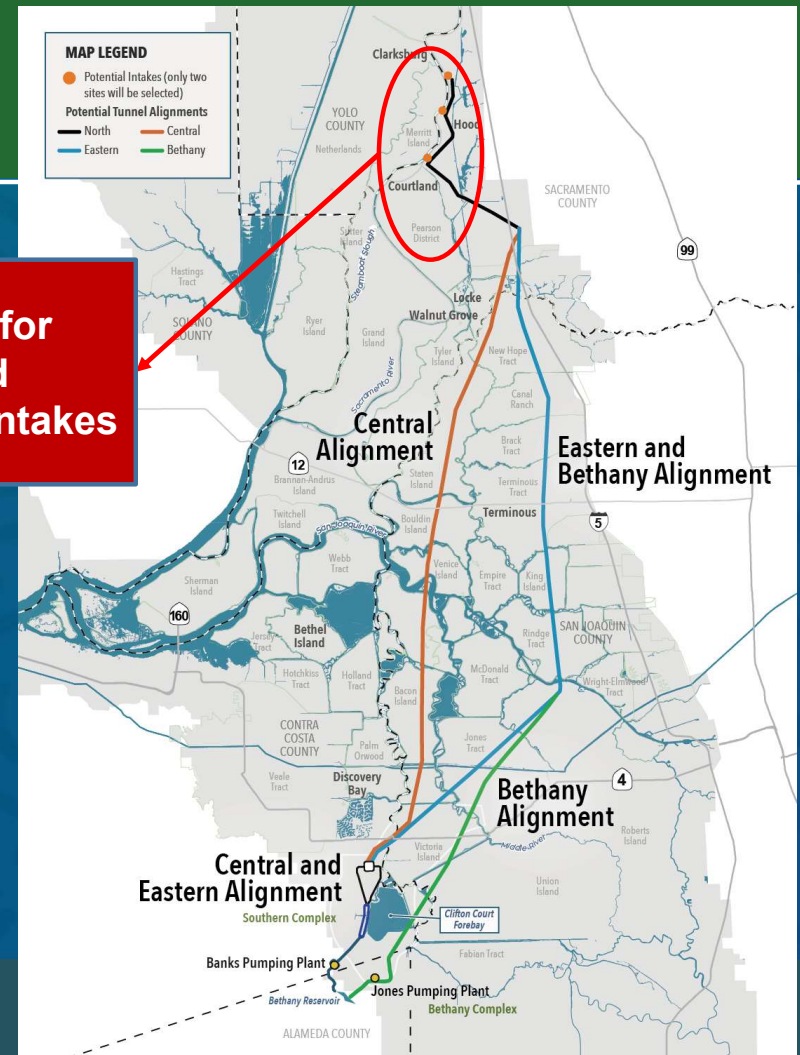


# Operational Criteria for New Intakes

## Existing Delta Operations (Use 2020 ITP Criteria)

- Delta Outflow Requirements
- D-1641 E/I Ratio computation (Account for ND diversion as part of export)
- OMR
- Export limits

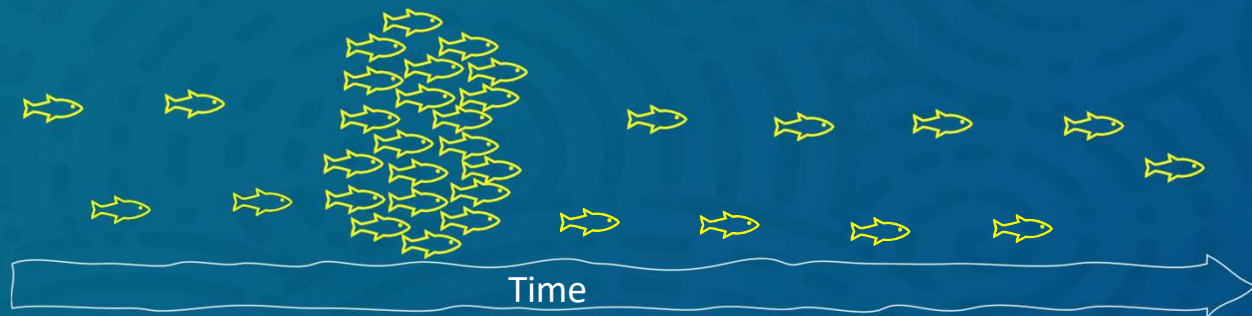
**New Criteria for  
the proposed  
North Delta Intakes**



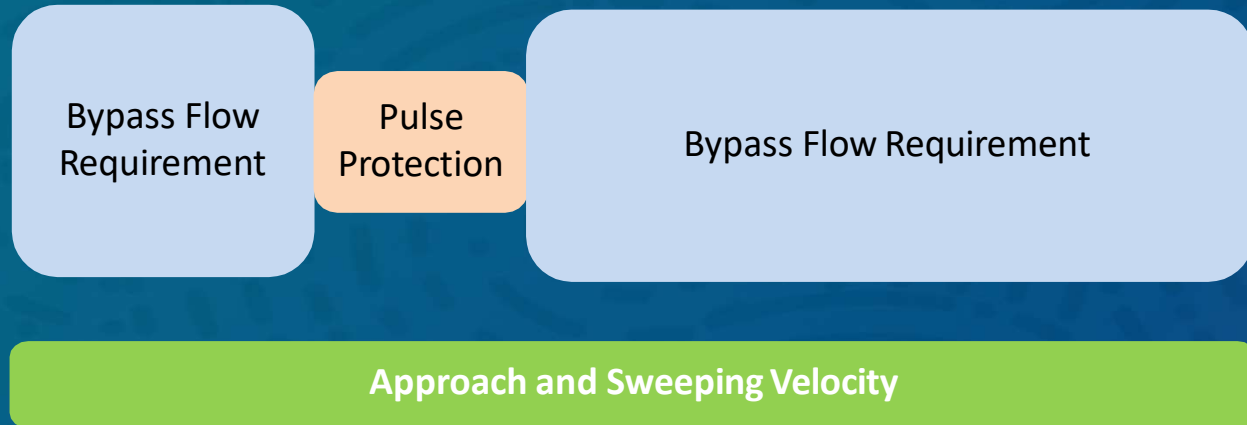


# NDD Operations Criteria Concepts

Concept of Fish Migration in the Intake Reach



Layering of Protections for NDD Operations





## Moving Forward—Strongest Case Yet

- Extensive engineering, design and community input
- Significant reduction in noise, traffic, overhead power lines, boating and waterway effects, land disturbance, and overall project footprint.
- Community Benefits: providing local communities means to achieve local benefit
- Sea Level Rise: New climate normal makes case for protecting SWP now—in non-emergency conditions





# Public Outreach and Community Engagement

- Community Benefits Program: outreach to develop a program that represents a defined set of commitments, created in coordination with the local community, to create tangible economic and social benefit to the residents, businesses, and organizations facing project impacts
- Draft EIR Public Outreach: efforts to provide information, help engage people in the process, and provide official notification of available materials
- Tribal Consultation: ongoing in accordance with AB 52 and Tribal Engagement Policy
- Environmental Justice: outreach to Environmental Justice communities





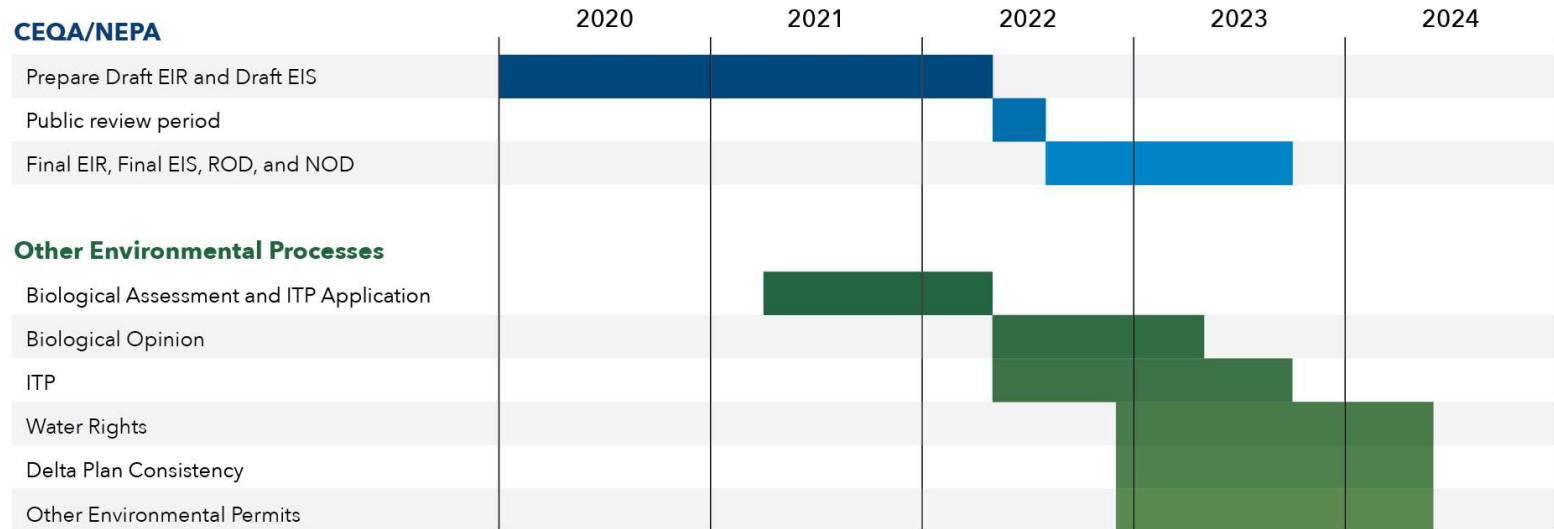
# Planning Schedule and Budget



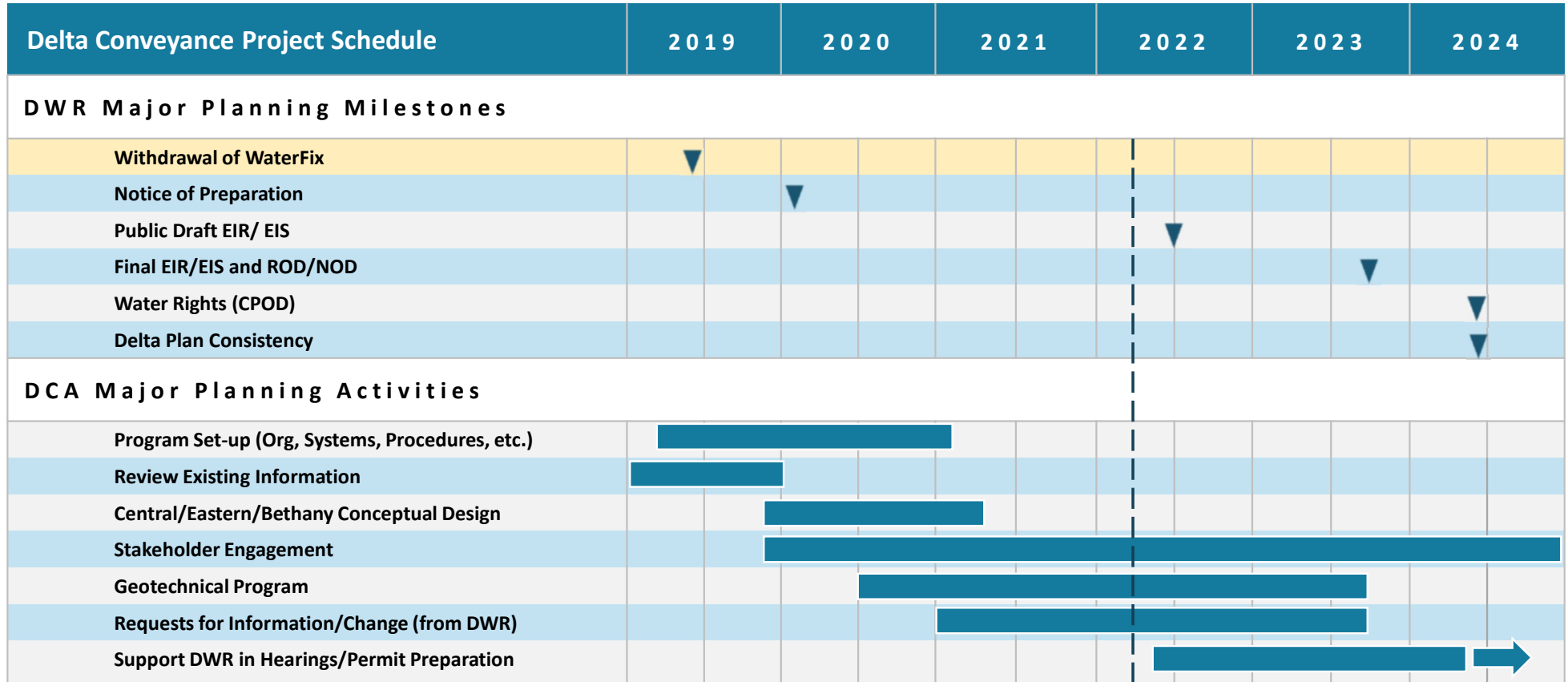


# Current Project Schedule

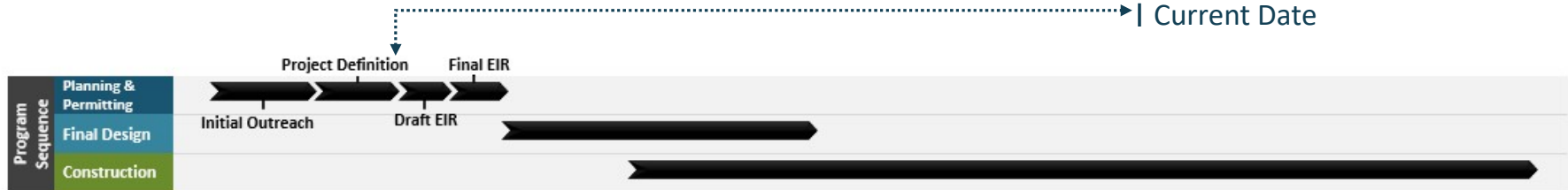
## Delta Conveyance Project Schedule



## PLANNING SCHEDULE



| Current Date





# Planning is on Schedule and on Budget

- Budget established to complete planning work for 2021-2024; reviewed previously for 2021 funding approval
- Budget and schedule are on track for 2021-present
- 2021-2024 planned budget remains unchanged from previous discussions



# Thank You!



**State of California  
California Natural Resources Agency  
DEPARTMENT OF WATER RESOURCES**

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**AGREEMENT FOR  
THE ADVANCE OR CONTRIBUTION OF MONEY TO  
THE DEPARTMENT OF WATER RESOURCES  
BY  
THE SAN GORGONIO PASS WATER AGENCY**

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**FOR PRELIMINARY PLANNING AND DESIGN COSTS RELATED TO A  
POTENTIAL DELTA CONVEYANCE PROJECT**

**THIS AGREEMENT** is made, pursuant to the provisions of all applicable laws of the State of California, between the State of California, acting by and through its Department of Water Resources (“Department” or “DWR”), and the San Gorgonio Pass Water Agency (“Contractor”), each herein referred to individually as a “Party” and collectively as the “Parties”.

**Recitals**

**WHEREAS**, DWR and the Contractor listed on the signature page hereto have entered into and subsequently amended a long-term water supply contract, herein referred to as a “Water Supply Contract,” providing that DWR will supply certain quantities of water to the Contractor, providing that Contractor shall make certain payments to DWR, and setting forth the terms and conditions of such supply and such payments; and

**WHEREAS**, the Bay Delta Conservation Plan (“BDCP”) process was initiated in 2005-2006 and the Delta Habitat Conservation and Conveyance Program (“DHCCP”) was initiated in 2008; and

**WHEREAS**, the Bay Delta Conservation Plan (“BDCP”) and (“DHCCP”) resulted in development of a project known as the California WaterFix (“WaterFix”); and

**WHEREAS**, on July 21, 2017, DWR approved the California WaterFix project; and

**WHEREAS**, certain Contractors have entered into that certain Joint Powers Agreement dated May 14, 2018 forming the Delta Conveyance Design and Construction Authority (“DCA”); and

**WHEREAS**, DWR and DCA have entered into that certain Joint Powers Agreement (“JEPA”), dated May 22, 2018, as amended and restated, and as the same has or may be further amended, wherein the DCA will provide preliminary design, planning and other preconstruction activities to



assist the environmental planning process for a potential Delta conveyance project under the supervision of DWR (the “Work” as defined in the JEPA); and

**WHEREAS**, Contractor previously entered into a funding agreement with DWR dated August 24, 2018 to provide a share of preconstruction planning activity costs for California WaterFix (“2018 Gap Funding Agreement”); and

**WHEREAS**, on May 2, 2019, DWR rescinded its approval of the California WaterFix project and subsequently notified Contractor by letter on May 24, 2019 that DWR would not expend funds contributed under the 2018 Gap Funding Agreement to pay invoices for DCA costs incurred after May 2, 2019, absent further Contractor authorization (see Exhibit A); and

**WHEREAS**, Contractor in 2019 provided further authorization to DWR to expend the funds contributed pursuant to the 2018 Gap Funding Agreement for the Work in accordance with the JEPA, as the same may be amended from time to time; and

**WHEREAS**, Contract desires to provide additional funding consistent with this Agreement; and

**WHEREAS**, a copy of the resolution or other Board authorization of the Board of Directors of Contractor authorizing its General Manager to execute this Agreement is attached hereto as Exhibit B; and

**WHEREAS**, a State Agency may advance or contribute funds to DWR for SWP purposes pursuant to Water Code section 11135 and (ii) DWR may accept such advanced or contributed funds and thereafter use such funds in accordance with the terms of this Agreement pursuant to Water Code section 11141; and

**WHEREAS**, Contractor agreed to advance or contribute to DWR \$154,943 pursuant to the 2018 Gap Funding Agreement;

**WHEREAS**, in 2019 Contractor entered into a funding agreement with DWR wherein Contractor reauthorized DWR to use remaining 2018 Contributed Funds for purposes consistent with that agreement; and

**WHEREAS**, DWR and Contractor desire to enter into this funding Agreement to provide additional funding to be spent consistent with this Agreement.

## **AGREEMENT**

**NOW, THEREFORE**, it is mutually agreed by the Parties as follows:

1. When used in this Agreement, terms defined in the Water Supply Contract (as defined herein) shall be defined by reference to the Water Supply Contractor. In addition, the following definitions shall apply:

- a. **“Calendar Year”** means the period January 1 through December 31.
- b. **“Contributed Funds”** means money contributed or advanced to DWR by Contractor pursuant to this Agreement. The total initial amount Contractor agrees to provide is \$6,660,135 and is comprised of the following annual amounts to be paid to DWR in the manner described in Section 5 of this Agreement which are \$1,235,591 for 2020, \$1,205,454 for 2021, \$2,009,090 for 2023 and \$2,210,000 for 2024.
- c. **“2018 Contributed Funds”** means money contributed by Contractor pursuant to the 2018 Gap Funding Agreement.
- d.
- e. **“2019 Funding Agreement”** means the agreement that authorized DWR to use remaining 2018 Contributed Funds for planning of a Delta conveyance project.
- f. **“Contribution Payment(s)”** means the payments of Contributed Funds that Contractor agrees to provide to DWR pursuant this Agreement
- g. **“Contractor”** means a State Agency that is a party to a Water Supply Contract with DWR.
- h. **“Department”** or **“DWR”** means the California Department of Water Resources.
- i. **“Effective Date”** has the meaning ascribed to it in section 11 hereof.
- j. **“JEPA”** means the Joint Exercise of Powers Agreement between DWR and the DCA dated May 22, 2018, as amended and restated and as may be further amended from time to time.
- k. **“Pay-Go Charge”** means the charge included on Contractor’s Statements of Charges for the purpose of collecting Contributed Funds that Contractor agrees to advance or contribute to DWR pursuant to this Agreement.
- l. **“Party”** or **“Parties”** means DWR, the undersigned Contractor, or all signatories to this Agreement.
- m. **“State Agency”** has the meaning ascribed to it by Water Code section 11102.
- n. **“SWP”** or **“State Water Project”** means the State Water Project operated by DWR. The SWP generally includes the State Water Facilities, as defined in California Water Code section 12934(d), and certain facilities authorized by the Central Valley Project Act at section 11100 *et. seq.*
- o. **“Water Supply Contract”** means the long-term water supply contract, as amended and as may be amended in the future, between Contractor and DWR.

p. “**Work**” has the meaning ascribed to it in the Recitals to this Agreement.

2. Effect of Agreement. Effect of Agreement. DWR and Contractor agree that nothing in this Agreement supersedes previous funding agreements or the obligations under those funding agreements unless specifically addressed in this Agreement.
3. Purposes of Agreement. This Agreement documents Contractors agreement to provide Contributed Funds to DWR for the purposes set forth in Section 4, the manner of providing those funds as set forth in Section 5, and the means by which future contributions may be made.
4. Use of Funds. DWR shall use any remaining 2018 Contributed Funds, Contributed Funds and any future Contributed Funds collected from Contractor pursuant to section 5 hereof, for the payment of DCA invoices submitted to DWR on or after the Effective Date for the Work done or costs incurred by DCA, or for Delta conveyance project planning work done by DWR through the Delta Conveyance Office (“DCO”) and any other purpose consistent with the JEPA, as the same has been, and may be, amended from time to time.
5. Charge Procedure: Contractor shall pay its Pay-Go Charge on the date(s) and in the amount(s) set forth on the revised Statement of Charges for 2021, and subsequent Statements of Charges issued to Contractor by DWR. The annual amounts will be paid in twelve monthly installments. Contractor may agree, without amending this Agreement, to advance additional funds after the Effective Date, which shall be considered Contributed Funds, by delivery to DWR of a letter in substantially the form attached hereto as Exhibit C, which letter shall specify the amount to be advanced or contributed, whether the payments will be in the form of one or more lump sums or in 12 equal installments, and together with such other information the Parties deem necessary or desirable to effectuate the advance or contribution. A copy of the resolution, or other Board authorization, of Contractor’s Board of Directors approving the subject contribution shall be enclosed with the letter. Upon receipt of a contribution letter DWR shall indicate its agreement by returning a counter signed copy of the letter to Contractor. The agreed upon advance or contribution shall thereafter be included in Contractor’s Statement of Charges or a revised Statement of Charges, as appropriate. The charge shall be designated by reference to the year in which the charge is to begin, followed, if there be more than one such subsequent advance or contribution in a year by a dash and an integer followed by the words Pay-Go Charge.
6. Limitation. With respect to the Work and the DCA, nothing in this Agreement imposes any duty or obligation either expressly or by implication on DWR other than the duty to use Contributed Funds to pay the undisputed portion of DCA invoices submitted to DWR during the term of this Agreement in accordance with the terms of this Agreement and the JEPA if, as and when Contributed Funds have been received by DWR under this Agreement

and other similar agreements or arrangements with other Contractors for purposes substantially the same as those described herein and is available for the payment thereof.

7. Reporting. DWR, through its DCO and in coordination with its State Water Project Analysis Office (SWPAO), shall annually prepare a report summarizing the advances or contributions received, and expenditures made pursuant to, this Agreement. The first such report shall be completed not later than March 31, 2021 and thereafter not later than March 31 of each subsequent year. Contractor may request in writing a summary of the advances, contributions, and expenditures at any time during the term of this Agreement and DWR shall provide such within thirty (30) days of such written request.
8. Status of Project. Contractor recognizes that the funds contributed pursuant to this Agreement are for the planning activities in support of DWR's environmental review and permitting process, including but not limited to the Work, for a potential Delta conveyance project. The advance or contribution of Contributed Funds is not contingent on, or in exchange for, DWR's agreement to exercise its discretion in future to approve a Delta conveyance project.
9. Unspent Funds. Upon termination of this Agreement, it is the intent of the Parties that any unspent Contributed Funds remaining after payment of all costs for which the funds were contributed will be returned to Contractor as a credit on Contractor's Statement of Charges in proportion to its percentage share of advances or contributions made by all Contractors that entered into Agreements similar to this Agreement.
10. Reimbursement of Contributed Funds. If a Delta conveyance project is approved by DWR and is implemented it is the intent of the Parties hereto that the Contributed Funds spent in accordance with this Agreement, the 2018 Gap Funding Agreement, and the 2019 Funding Agreement be reimbursed or credited to Contractor according to the relative amount each such Contractor paid pursuant to this Agreement, the 2019 Funding Agreement and the 2018 Gap Funding Agreement, upon the issuance and sale of revenue bonds by either the Department or a Joint Powers Authority established, whichever occurs earlier, for the purpose of, among other things, funding a future Delta conveyance facility. The Department shall be under no obligation to issue and sell bonds for the purpose(s) described in the foregoing sentence or to undertake any reimbursement or credit as so described, unless a determination is first made by DWR in its sole discretion that such issuance and sale of revenue bonds, such reimbursement, or such credit as applicable is consistent with applicable law, applicable judicial rulings, and applicable contractual obligations of DWR, and the Parties have negotiated and executed such further agreements as may be necessary to accomplish such credit or reimbursement on terms acceptable to DWR.
11. Effective Date and Term. This Agreement shall become effective on the date the last Party hereto signs the Agreement as set forth on the signature page(s) hereto ("Effective Date") and shall continue in effect until terminated in writing by the Parties. The Parties obligations under Section 10 shall survive termination of this Agreement.

12. Invoices, Notices or Other Communications. All invoices, notices, or other communications required under this Agreement will be in writing, and will be deemed to have been duly given upon the date of service, if: (i) served personally on the Party to whom notice is to be given; (ii) sent by electronic mail, and the Party to whom notice is to be given confirms receipt; or (iii) on the third day after mailing, if mailed to the Party to whom invoice, notice or other communication is directed, by first-class mail, postage prepaid, and properly addressed to the designated representative(s) of the Party set forth below.

DWR: Pedro Villalobos  
Chief, State Water Project Analysis Office  
Department of Water Resources  
1416 Ninth Street, Room 1620  
Post Office Box 94236  
Sacramento, California 94236-0001

*Copy to*  
Anthony Meyers  
Executive Director, Delta Conveyance Office  
Department of Water Resources  
901 P Street, Room 413  
Sacramento, California 94236-0001

*Copy to*  
Christopher Martin  
Office of the Chief Counsel  
Department of Water Resources  
1416 Ninth Street, Room 1620  
Post Office Box 94236  
Sacramento, California 94236-0001

Contractor:

*Copy to:*  
Lance E. Eckhart  
General Manager  
San Geronio Pass Water Agency  
1210 Beaumont Ave  
Beaumont, CA 92223

13. No Delegation of Authority. Nothing in this Agreement constitutes a delegation by any Party of its existing authority to make any decision it is mandated to make. Nothing in this Agreement shall limit DWR's final decision-making authority at the time of consideration of future Delta conveyance facility related approvals. All provisions of this Agreement are



intended to be, and shall to the extent reasonable be interpreted to be, consistent with all applicable provisions of State and federal law. The undersigned recognize that the Parties are public agencies and have specific statutory responsibilities, and that actions of these public agencies must be consistent with applicable procedural and substantive requirements of State and federal law. Nothing in this Agreement is intended to, nor will have the effect of, constraining or limiting any public agency in carrying out its statutory responsibilities or requiring an agency to take any action inconsistent with applicable law. Nothing in this Agreement constitutes an admission by any Party as to the proper interpretation of any provision of law, nor will it have the effect of, waiving or limiting any public entity's rights and remedies under applicable law except as expressly provided elsewhere in this Agreement. Execution of this Agreement does not constitute pre-approval of any project or preferred project alternative, or waive or otherwise abridge responsible trustee duties required, or discretion authorized or granted by, State and federal law.

14. Amendment. Except as otherwise set forth above, this Agreement may only be amended or modified by a subsequent written agreement approved and executed by both Parties.
15. Applicable Law. This Agreement will be construed under and will be deemed to be governed by the laws of the United States and the State of California.
16. Integration. This Agreement constitutes the sole, final, complete, exclusive and integrated expression and statement of the terms of this Agreement among the Parties concerning the subject matter, and supersedes all prior negotiations, representations or agreement, either oral or written, that may be related to the subject matter of this Agreement.
17. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which shall constitute one and the same agreement. Each signing Party shall have received a copy of the signature page signed by every other Party.

Exhibits attached and incorporated herein:

Exhibit A Letter from DWR dated May 21, 2019

Exhibit B Board Resolution or other Board Authorization

Exhibit C Form of Letter Regarding Future Contributions

IN WITNESS WHEREOF, the Parties hereto, by their authorized representatives, have executed this Agreement on the date(s) set forth below.

Approved as to Legal Form  
and Sufficiency

**State of California**  
**Department of Water Resources**

\_\_\_\_\_  
Spencer Kenner, Chief Counsel

\_\_\_\_\_  
Karla A. Nemeth,  
Director

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Approved as to Legal Form  
and Sufficiency

**San Geronio Pass Water Agency**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date



## **Exhibit A**

Letter from DWR to Contractor

## **Exhibit B**

Resolution of the Board of Directors of Contractor



## **Exhibit C**

### Form of Contribution Letter

March 28, 2022

Department of Water Resources  
P O Box 94236  
Sacramento, California 94236-0001

Re: Contribution or Advance of Money for Delta Conveyance Planning Activities

Dear Ms. Lin:

This letter is sent pursuant to section 5 of the Agreement for the Advance of Contribution of Money to the Department of Water Resources for Preliminary Planning and Design Costs Related to a Potential Delta Conveyance Project dated July 19, 2019 between Department of Water Resources and the San Geronio Pass Water Agency ("Funding Agreement").

On March 28, 2022, the Board of Directors of San Geronio Pass Water Agency approved the contribution or advance of \$4,219,090 to the Department for use in accordance with the terms of the Funding Agreement. A copy of the Board's resolution is enclosed with this letter. The contribution or advance will be collected from San Geronio Pass Water Agency in equal monthly installments by inclusion of a charge on a revised Statement of Charges for 2023 and 2024 that Department will issue to San Geronio Pass Water Agency. The charge shall be referred to as the 2023-2024 Pay-go Charge. As provided by section 5 of the Agreement the contribution or advance described herein will be subject to the terms and conditions of the Agreement.

Please confirm your agreement to the foregoing by countersigning in the space provided below and returning an original copy of this letter agreement to San Geronio Pass Water Agency at 1210 Beaumont Avenue, Beaumont, CA 92223.

Sincerely,

Lance E. Eckhart  
General Manager

Enclosure(s)

cc: Anthony Meyers, Executive Director of Delta Conveyance Office

## **RESOLUTION NO. 2022-08**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY (1) AUTHORIZING THE PROVIDING OF ADDITIONAL FUNDING TO THE DEPARTMENT OF WATER RESOURCES FOR THE AGENCY'S SHARE OF THE ENVIRONMENTAL AND PLANNING COSTS ASSOCIATED WITH THE PROPOSED DELTA CONVEYANCE PROJECT AND (2) DETERMINING THAT THE ACTIONS ARE EXEMPT FROM CEQA.**

**WHEREAS**, the San Gorgonio Pass Water Agency ("Agency") has a long term water supply contract with the State of California Department of Water Resources ("DWR") for the delivery of State Water Project ("SWP") water; and

**WHEREAS**, in January 2020, DWR released a Notice of Preparation of an Environmental Impact Report ("EIR") pursuant to CEQA for a proposed single tunnel project with 6,000 cfs of capacity referred to as the Delta Conveyance Project ("DCP"), and DWR is currently conducting environmental review of the DCP; and

**WHEREAS**, after sixteen public negotiations, DWR and SWP contractors developed a draft Agreement in Principle that contains provisions for the allocation of costs and benefits for a potential DCP; and

**WHEREAS**, on November 16, 2020, the Board of Directors approved Resolution No. 2020-08, which authorized informing DWR that the Agency desires to participate in the DCP at a 2.0% participation level; and

**WHEREAS**, Resolution No. 2020-08 further authorized the execution of a funding agreement with DWR to pay for the Agency's share of environmental review, planning and design costs associated with the DCP for the first two years, out of four years of required funding, in the amount of up to \$2.4 million ("Funding Agreement"); and

**WHEREAS**, DWR is requesting each contractor who has indicated they intend to participate in the DCP to provide the remaining two years of requested funding for environmental review, planning, and design costs of the proposed project through 2024; and

**WHEREAS**, the Funding Agreement with DWR allows for the Agency to contribute additional funds by providing a letter and a copy of the Agency's resolution or Board authorization of the additional funding; and

**WHEREAS**, the recommended actions do not qualify as a "project" subject to CEQA because the actions constitute (1) continuing administrative or maintenance activities, such as general policy and procedure making; (2) government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment; and (3) organizational or administrative activities of a public agency that will not result in direct or indirect physical changes in

the environment. (State CEQA Guidelines, § 15060(c)(3).) The recommended actions do not constitute an approval by the Agency of the DCP nor do the actions authorize or approve construction of the DCP. The recommended actions do not authorize any amendment to the long-term water supply contract with DWR. As such, the actions recommended herein are not a “project” requiring environmental review under the California Environmental Quality Act (“CEQA”) pursuant to State CEQA Guideline § 15378, subdivisions (a) and (b)(2), (b)(4) and (b)(5); and

**WHEREAS**, even if the actions were considered a CEQA “project,” these actions would be statutorily exempt from environmental review pursuant to CEQA Guideline § 15262 because the actions merely call for the funding and completion of feasibility and planning studies, including the completion of CEQA review itself. In addition, the actions are exempt under the “common sense” exemption in CEQA Guidelines § 15061, subd. (b)(3) because it can be seen with certainty that there is no possibility that the actions may have a significant effect on the environment. Finally, none of the exceptions to the use of the “common sense” exemption as identified in CEQA Guidelines § 15300.2 exist here.

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

1. The above recitals are true and correct and are incorporated herein by reference as an operative portion of this Resolution.
2. The General Manager is authorized to execute a letter to DWR that commits the Agency to provide an additional \$4,219,090 to DWR for the Agency’s share of the environmental review, planning, and design costs associated with the Delta Conveyance Project through 2024 in the amount of up to \$6,660,135. These funds shall be paid in a manner consistent with the provisions of the Funding Agreement. A copy of the draft letter is attached as Exhibit A.
3. For the reasons set forth above, the Agency’s actions are not a “project” requiring environmental review pursuant to State CEQA Guidelines § 15060, subdivision (c)(3) and §15378, subdivisions (a) and (b)(2), (b)(4) and (b)(5). Alternatively, the actions are statutorily exempt from CEQA review pursuant to State CEQA Guidelines § 15262 and exempt under the “common sense” exemption identified in State CEQA Guidelines § 15061, subdivision (b)(3). None of the exceptions to the use of the “common sense” exemption as identified in Government Code § 15300.2 exist.
4. Agency staff is directed to prepare and file a Notice of Exemption within five working days of the approval of this Resolution.
5. The custodian of the records upon which this Resolution is based is the **SAN GORGONIO PASS WATER AGENCY** who may be contacted at the Agency’s office, located at 1210 Beaumont Avenue, Beaumont, CA 92223.

**NOW, THEREFORE**, be it resolved by the Board of Directors that the resolution is hereby approved and adopted by the Board of Directors.

**ADOPTED AT A REGULAR MEETING OF THE SAN GORGONIO PASS WATER AGENCY HELD MARCH 28, 2022, by the following roll call vote:**

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

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Larry Smith, President  
San Gorgonio Pass Water Agency

**ATTEST:**

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Lance E. Eckhart, Secretary  
San Gorgonio Pass Water Agency

# ***San Geronio Pass Water Agency***

**DATE:** November 16, 2020

**TO:** Board of Directors

**FROM:** Lance Eckhart, General Manager

**BY:** Lance Eckhart, General Manager

**SUBJECT: DISCUSSION ON CONTINUED PARTICIPATION IN THE DELTA CONVEYANCE PROJECT & DETERMINING CALIFORNIA ENVIRONMENTAL QUALITY ACT EXEMPTION**

## **RECOMMENDATION**

Staff recommends the Board of Directors consider:

1. Approval of Resolution 2020-08
2. Establish San Geronio Pass Water Agency (Agency) participation level of 1.22% and up to 2.0% of the Delta Conveyance Project (DCP).
3. Approve the funding agreement for Agency portion of the planning and engineering costs.

## **PREVIOUS CONSIDERATION**

- Board of Directors – May 21, 2018: Board supported and approved funding towards planning activities associated with the California WaterFix.
- Board of Directors – July 15, 2019: Board approved the transfer of funding for California WaterFix to the Delta Conveyance Project.
- Engineering Workshop – November 9, 2020: Workshop was presented with staff recommendations and moved recommendations to the Board for consideration.

## **BACKGROUND & ANALYSIS**

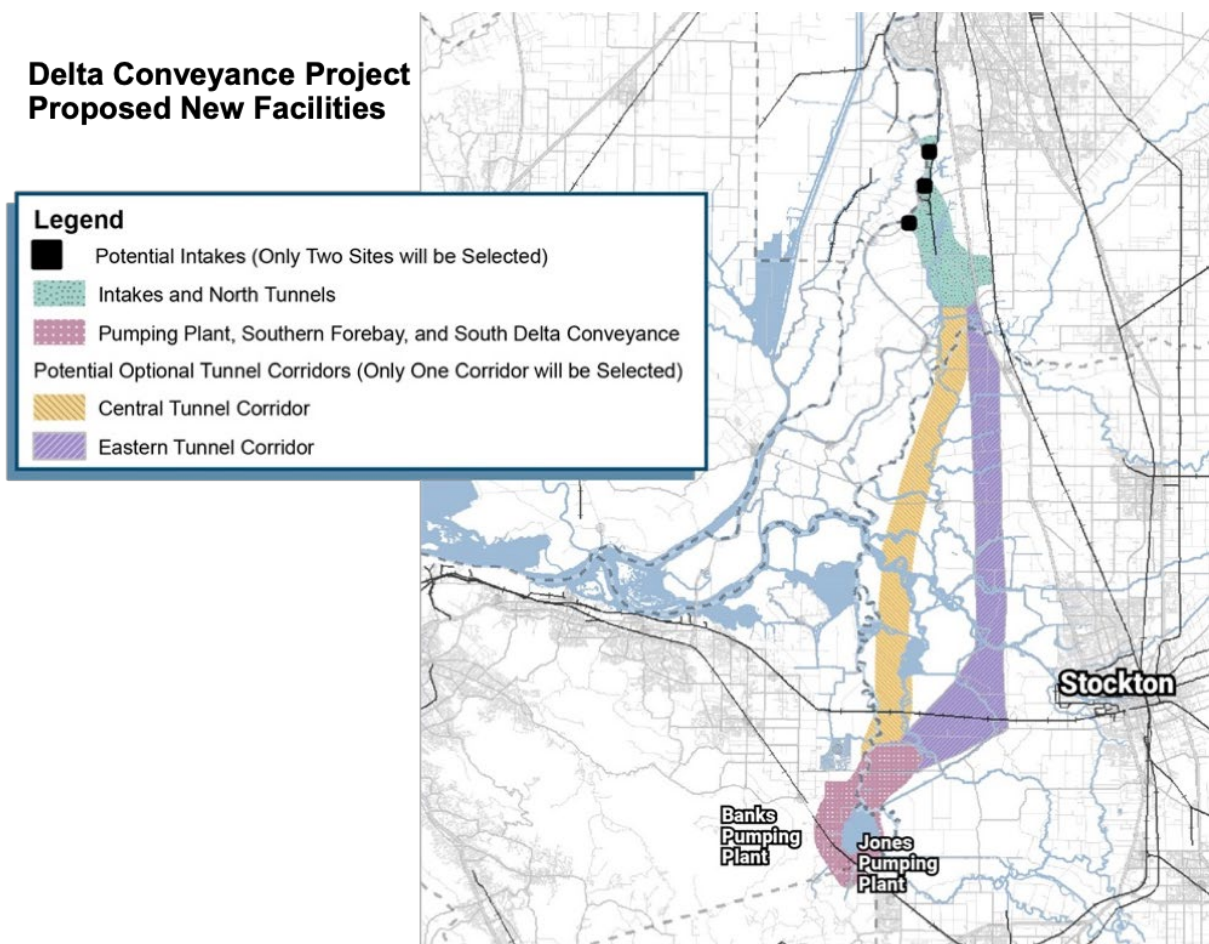
Starting in the mid-1990s and accelerating in the late 2000s, the actual SWP supply has been steadily decreasing due primarily to endangered and threatened species issues associated with transporting SWP water through the Delta. In response to this continuing water supply reduction, the California Department of Water Resources (DWR), in cooperation with participating Public Water Agencies (PWAs), has been developing a conveyance project to restore some of the lost supply due to environmental regulations.

The Agency has participated in previous efforts to mitigate this lost supply. The Bay Delta Conservation Program was started in 2015 and transitioned to the Cal WaterFix in 2018. The Agency has actively participated, investing time and money, in each of these efforts.

In January 2019, Governor Newsom announced that he did not support Cal WaterFix as configured but that he did support a single tunnel conveyance project. In May 2019,

DWR rescinded its approvals for Cal WaterFix and began planning for the single tunnel option. Shortly thereafter, DWR began public negotiations with the participating PWAs for an agreement, which generally allocates costs and benefits for a potential single tunnel facility.

Staff is recommending continued participation in the Delta Conveyance Project (DCP), which would restore some of the State Water Project (SWP) supplies that have been lost over the years due to environmental regulations associated with conveying SWP water through the Sacramento-San Joaquin Delta (Delta). The DCP essentially provides an intake north of the Delta near Sacramento and then conveys SWP water under the Delta in a 36-foot diameter tunnel and delivers it to the Banks Pumping plant south of the Delta.



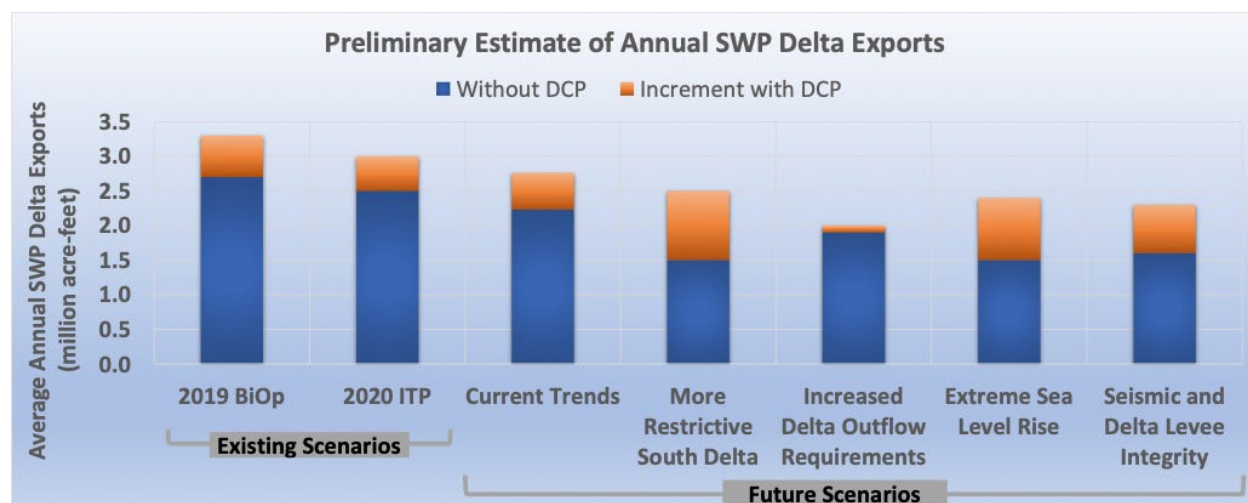
The existing SWP Delta water facilities, which include the Banks Pumping Plant, enable DWR to divert water and lift it into the California Aqueduct for delivery to south-of-Delta PWAs. The new facilities would be operated in coordination with the existing SWP facilities resulting in two ways to divert and convey water, or “dual conveyance” (i.e., through the Delta or via the DCP). Dual conveyance does not increase the water rights for the SWP but restores previous losses due to environmental regulations. The DCP also helps overcome various uncertainties associated with conveying water through the



Delta, including the potential impacts of climate change and extreme water events and the potential disruption of deliveries due to an earthquake in the Delta. The overarching objective of Delta Conveyance is to make the SWP more resilient.

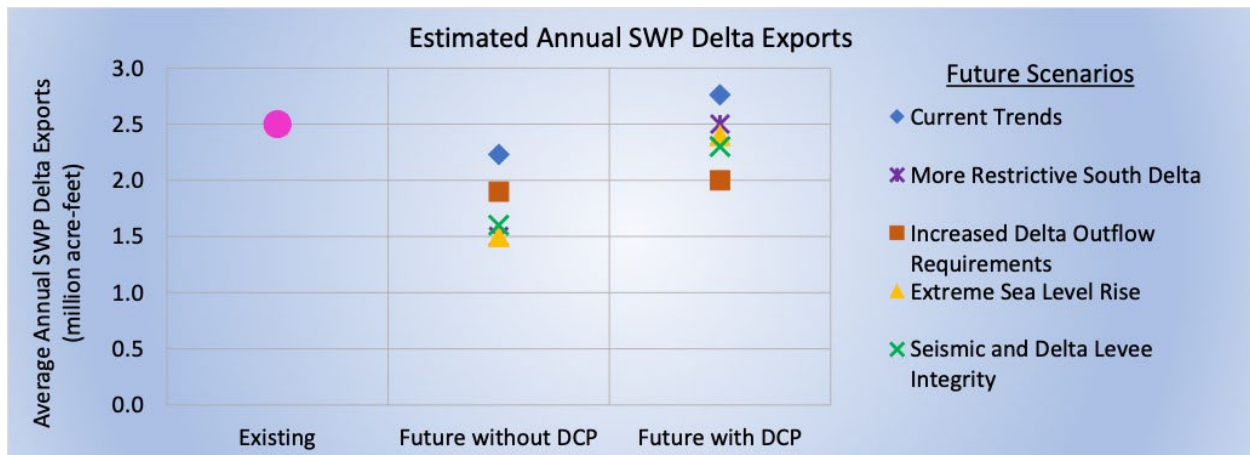
The PWAs conducted a preliminary analysis with and without the DCP under a range of existing and future scenarios to help assess the benefits of the DCP. The range of future scenarios is intended to evaluate the DCP's benefits under plausible future regulations, climate change, sea-level rise, and seismic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

Figures 1 and 2 provide the average annual SWP deliveries under existing and future scenarios with and without the DCP. The various scenarios (labeled 'Future Scenarios') indicate the restoration of between about 500,000 AF to 600,000 AF in annual average SWP deliveries. The preliminary modeling results in Figure 1 indicate that the DCP would potentially eliminate any losses associated with the plausible future risks. On average, the DCP is estimated to result in about 100,000 AF to 1,000,000 AF per year of restored SWP deliveries as compared with no DCP. DCP also mitigates the risk of a delivery disruption associated with an earthquake and extreme sea-level rise.



**Figure 1: Preliminary modeled average annual SWP exports under existing and plausible future scenarios and corresponding increment resulting with the DCP**

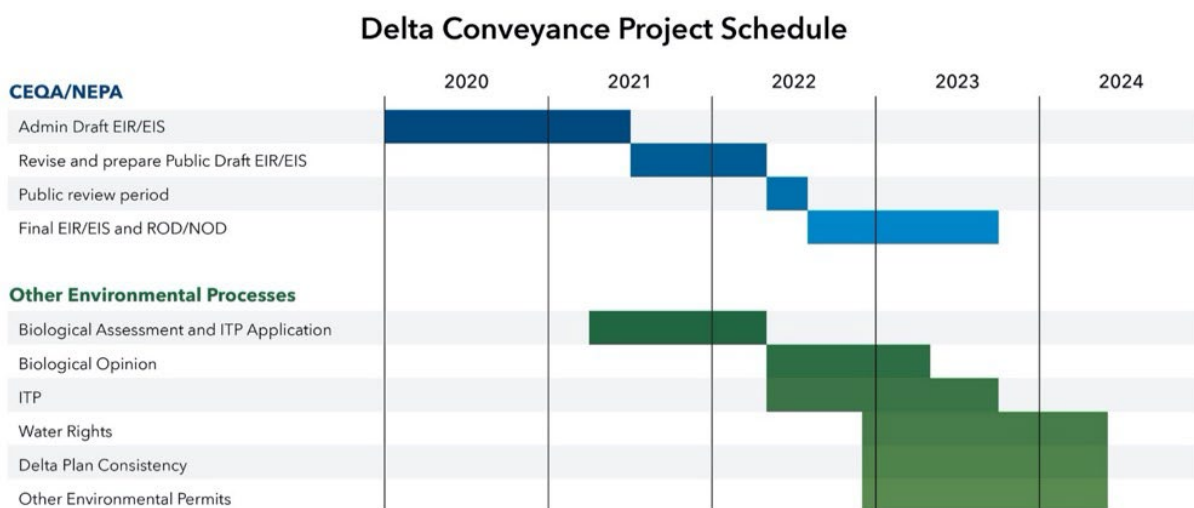
Without the DCP, SWP deliveries are estimated to be further reduced by an average of about 300,000 AF to 1,000,000 AF under various future scenarios for regulatory changes, sea-level rise, and seismic risk. With the DCP, these uncertainties have little impact, demonstrating the resilience of the SWP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



**Figure 2: Preliminary modeled average annual SWP exports under the future scenarios with and without the DCP compared to the existing scenario**

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

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



The public water agencies (PWAs) that have contracts with the Department of Water Resources (DWR) to receive water through the SWP and that wish to participate in the DCP are being asked to pay their proportionate share of the \$340.7 million planning and design costs to keep the DCP advancing through 2024. The Agency's minimum proportionate share of the DCP is currently about 1.22%, although there is an opportunity to participate at a higher level due to some PWA's not considering participation in the DCP. *This provides a unique opportunity to secure access to long-term supply, mitigate against decreasing SWP reliability and address the documented imported shortfalls in the Agency's 2015 Urban Water Management Plan.*

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

Participation levels, projected additional water, 4-year planning costs, total project costs, and annual project costs are summarized below. The Agency's proportionate share of the estimated \$15.9 billion cost would range from about \$194 million to \$318 million depending on participation level. The Agency provided \$189,085 toward the Cal WaterFix in 2018, and some of these funds were not utilized. This money has been applied toward the Agency's proportionate share of the requested DCP planning and design costs for the period ending 2024. Until bonds are issued for the project, there will continue to be a need to provide funding to keep the project moving forward.

The PWAs are considering the following options for participation in the DCP planning phase: 1) participate or not in DCP, and 2) participate in DCP at minimal levels based on proportionate Table A amounts (1.22% of DCP for the Agency) or 3) participate in DCP at higher than minimal levels because some smaller PWAs will potentially opt-out of participation in the DCP. Further, there is also an option to pay for 2 of the 4-year planning costs and participate in DCP at above the Table A proportional share. This would result in the Board considering DCP participation for years 3 and 4 under a separate agreement and resolution in the 2022-23 timeframe. A reduced DCP participation level to Table A minimums (1.22%) could be considered at that time if higher DCP participation (option #3 above) was no longer desired. Planning and future DCP participation costs would be adjusted based on participation levels at that time. Based on a number of project unknowns and potential financing strategies being developed by the Agency, the two-year option to fund the initial phase of DCP planning work is being recommended, along with maintaining the option to participate at a higher maximum project level that will likely not be available past the first week of December 2020.

Participation Level	Additional Water*	New Allocation (53% reliability)	2-Year Planning Cost	Agency Share of 15.9B	Annual Cost @5% Bond Rate
1.22%	7,346 AF	16,515 AF	\$1.5M	\$194M	\$10.6M
2.0%**	12,000 AF	21,169 AF	\$2.4M	\$318 M	\$17.4M

**Note:** *East Branch Extension Average Cost 2020-2035: ~\$15M/yr.*

*\* 2020 DRAFT Infrastructure Plan additional imported demands 2035: ~16,000 AF*

*\*\* Participation level maximum and subject to availability*

*The cost to preserve the Agency's opportunity to benefit from a higher share of the DCP project (4,654 AFY @2%) works out to about \$450k per year for 2 years.*

The draft agreement includes the proposed terms for an amendment to Agency's SWP water supply contract to allocate Agency a share of the DCP's costs and benefits. The draft agreement generally includes the following:

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

A copy of the agreement in principle (AIP) is attached. Participating PWAs are asked to provide their participation percentage in order to confirm that the DCP is 100% subscribed and to allocate planning costs. Staff is recommending that Agency participate at minimum for its Table A amount, or 1.22% of the DCP, and consider up to 2.0% of the project to meet documented long-term demands. The Board approved percentage will be included in the AIP and proposed contract amendment. Once the contract amendment has been developed and undergone environmental review, it will be brought back to a Board for review.

## **FISCAL IMPACT**

Participating PWAs must enter into a funding agreement with DWR to provide their proportionate share of the funds for environmental, planning, and design costs through 2024. The current estimate of these environmental, planning, and design costs is \$340.7 million, with Agency's share being \$1.5 million up to approximately \$2.4 million. PWAs are given the option to authorize the first two years and reconsider further participation under a future separate agreement and resolution. If the project were not to move forward, Agency would receive any unspent funds. Since there is no incentive for Agency to pay the entire amount upfront, staff will make payments as invoiced by DWR.

## **ACTION**

Staff recommends that the following actions be forwarded to the Board of Directors for consideration:

1. Approve Resolution 2020-08
2. Establish Agency's participation level at 1.22% and consider up to 2.0% maximum of the DCP
3. Approve the funding agreement for the Agency's portion of the planning and engineering costs for years 1 & 2

## **ATTACHMENTS**

1. Resolution 2020-08
2. Delta Conveyance Funding Agreement
3. Delta Conveyance Agreement in Principle

## **RESOLUTION NO. 2020-08**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
SAN GORGONIO PASS WATER AGENCY (1) AUTHORIZING A LEVEL OF  
PARTICIPATION IN THE DELTA CONVEYANCE PROJECT; (2) AUTHORIZING  
THE GENERAL MANAGER TO ENTER INTO A FUNDING AGREEMENT FOR  
ENVIRONMENTAL PLANNING COSTS FOR THE PROJECT; (3) AUTHORIZE  
ENTERING INTO THE DELTA CONVEYANCE DESIGN AND CONSTRUCTION  
AUTHORITY JOINT POWERS AGREEMENT; AND (4) DETERMINING THAT THE  
ACTIONS ARE EXEMPT FROM CEQA.**

**WHEREAS**, the San Gorgonio Pass Water Agency (“Agency”) has a long term water supply contract with the State of California Department of Water Resources (DWR) for the delivery of State Water Project (SWP) water; and

**WHEREAS**, on July 21, 2017, DWR approved the project known as the California WaterFix, which was a dual conveyance project that involved two new diversion points and two tunnels moving water from the Sacramento River north of the Delta under the Delta to State Water Project and Central Project water pumping facilities in the South Delta; and

**WHEREAS**, the purpose of the WaterFix project was to improve the reliability of SWP water for the Agency and other contractors; and

**WHEREAS**, the Agency previously approved participating in WaterFix and participating in a funding agreement to pay a share of preconstruction planning activities associated with the WaterFix project; and

**WHEREAS**, in 2019, Governor Newsom announced that he did not support the WaterFix project but he instead supported a one tunnel conveyance project. DWR subsequently rescinded its approvals of the WaterFix project and began planning for a single tunnel option; and

**WHEREAS**, DWR began public negotiations with the SWP contractors to agree upon a framework, referred to as an Agreement in Principle (AIP), for the amendment of SWP water supply contracts to allocate costs and benefits in the event that a potential single tunnel facility is ultimately approved; and

**WHEREAS**, In January 2020, DWR released a Notice of Preparation of an Environmental Impact Report (EIR) pursuant to CEQA for a proposed single tunnel project with 6,000 cfs of capacity referred to as the Delta Conveyance Project (DCP), and DWR is currently conducting environmental review; and

**WHEREAS**, after fifteen public negotiations, DWR and SWP contractors have developed a draft AIP that contains provisions for the allocation of costs and benefits for a potential Delta Conveyance Project; and



**WHEREAS**, DWR has requested that the Agency identify the level of its desired participation in the DCP assuming a 6,000 cfs facility, which will be used to inform the percentage of planning funding allocated to the Agency; and

**WHEREAS**, DWR has also requested that the Agency enter into a new funding agreement with DWR for an amount equal to the Agency's participation percentage of the preliminary design, environmental planning, and other preconstruction activities for DCP, which is up to \$340.7 million dollars

**WHEREAS**, the Delta Conveyance Design and Construction Authority (DCA) was created by certain SWP contractors to actively participate with DWR in the design and construction of California WaterFix. The DCA subsequently entered into a Joint Powers Agreement with DWR; and

**WHEREAS**, given the shift from a two tunnel WaterFix project to a potential single-tunnel DCP project and a significant change in the anticipated participation for DCP, the existing and prospective members of the DCA desire to amend the DCA Joint Powers Agreement to better align representation with Public Water Agency ("PWA") participation; and

**WHEREAS**, the recommended actions do not qualify as a "project" subject to CEQA because the actions constitute (1) continuing administrative or maintenance activities, such as general policy and procedure making; (2) government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment; and (3) organizational or administrative activities of a public agency that will not result in direct or indirect physical changes in the environment. (State CEQA Guidelines, § 15060(c)(3).) The recommended actions do not constitute an approval by the Agency of the DCP nor do the actions authorize or approve construction of the DCP. The recommended actions do not authorize any amendment to the long-term water supply contract with DWR. Further, the recommended actions do not authorize or approve any actions by the DCA that may cause direct or reasonably foreseeable indirect environmental impacts. As such, the actions recommended herein are not a "project" requiring environmental review under the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guideline § 15378, subdivisions (a) and (b)(2), (b)(4) and (b)(5).

**WHEREAS**, even if the actions were considered a CEQA "project," these actions would be statutorily exempt from environmental review pursuant to CEQA Guideline § 15262 because the actions merely call for the funding and completion of feasibility and planning studies, including the completion of CEQA review itself. In addition, the actions are exempt under the "common sense" exemption in CEQA Guidelines § 15061, subd. (b)(3) because it can be seen with certainty that there is no possibility that the actions may have a significant effect on the environment. Finally, none of the exceptions to the use of the "common sense" exemption as identified in CEQA Guidelines § 15300.2 exist here.

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

1. The above recitals are true and correct and are incorporated herein by reference as an operative portion of this Resolution.
2. The General Manager is authorized to inform DWR that the Agency desires to participate in the Delta Conveyance Project at a 1.22 to 2.0 % participation level.
3. The General Manager is authorized to execute a funding agreement with DWR for environmental planning costs associated with the Delta Conveyance Project in the amount of up to \$1,472,331 to \$2,441,045. The funding agreement is attached as Exhibit A.
4. The General Manager is authorized to execute a Joint Powers Agreement to become a member of the Delta Conveyance Design and Construction Authority. The joint powers agreement is attached as Exhibit B.
5. For the reasons set forth above, the Agency's actions are not a "project" requiring environmental review pursuant to State CEQA Guidelines § 15060, subdivision (c)(3) and §15378, subdivisions (a) and (b)(2), (b)(4) and (b)(5). Alternatively, the actions are statutorily exempt from CEQA review pursuant to State CEQA Guidelines § 15262 and exempt under the "common sense" exemption identified in State CEQA Guidelines § 15061, subdivision (b)(3). None of the exceptions to the use of the "common sense" exemption as identified in Government Code § 15300.2 exist.
6. Agency staff is directed to prepare and file a Notice of Exemption within five working days of the approval of this Resolution.
7. The custodian of the records upon which this Resolution is based is the Finance Manager who may be contacted at the Agency's office, located at 1210 Beaumont Ave. Beaumont, CA 92223.

**Exhibit A**

**Attached Separately**

**Exhibit B**

*Attached Separately*

**State of California  
California Natural Resources Agency  
DEPARTMENT OF WATER RESOURCES**

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**AGREEMENT FOR  
THE ADVANCE OR CONTRIBUTION OF MONEY TO  
THE DEPARTMENT OF WATER RESOURCES  
BY  
THE SAN GORONIO PASS WATER AGENCY**

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**FOR PRELIMINARY PLANNING AND DESIGN COSTS RELATED TO A  
POTENTIAL DELTA CONVEYANCE PROJECT**

**THIS AGREEMENT** is made, pursuant to the provisions of all applicable laws of the State of California, between the State of California, acting by and through its Department of Water Resources (“Department” or “DWR”), and San Geronio Pass Water Agency (“Contractor”), each herein referred to individually as a “Party” and collectively as the “Parties”.

**Recitals**

**WHEREAS**, DWR and the Contractor listed on the signature page hereto have entered into and subsequently amended a long-term water supply contract, herein referred to as a “Water Supply Contract,” providing that DWR will supply certain quantities of water to the Contractor, providing that Contractor shall make certain payments to DWR, and setting forth the terms and conditions of such supply and such payments; and

**WHEREAS**, the Bay Delta Conservation Plan (“BDCP”) process was initiated in 2005-2006 and the Delta Habitat Conservation and Conveyance Program (“DHCCP”) was initiated in 2008; and

**WHEREAS**, the Bay Delta Conservation Plan (“BDCP”) and (“DHCCP”) resulted in development of a project known as the California WaterFix (“WaterFix”); and

**WHEREAS**, on July 21, 2017, DWR approved the California WaterFix project; and

**WHEREAS**, certain Contractors have entered into that certain Joint Powers Agreement dated May 14, 2018 forming the Delta Conveyance Design and Construction Authority (“DCA”); and

**WHEREAS**, DWR and DCA have entered into that certain Joint Powers Agreement (“JEPA”), dated May 22, 2018, as amended and restated, and as the same has or may be further amended, wherein the DCA will provide preliminary design, planning and other preconstruction activities to assist the environmental planning process for a potential Delta conveyance project under the supervision of DWR (the “Work” as defined in the JEPA); and

**WHEREAS**, Contractor previously entered into a funding agreement with DWR dated August 24, 2018 to provide a share of preconstruction planning activity costs for California WaterFix (“2018 Gap Funding Agreement”); and

**WHEREAS**, on May 2, 2019, DWR rescinded its approval of the California WaterFix project and subsequently notified Contractor by letter on May 24, 2019 that DWR would not expend funds contributed under the 2018 Gap Funding Agreement to pay invoices for DCA costs incurred after May 2, 2019, absent further Contractor authorization (see Exhibit A); and

**WHEREAS**, Contractor in 2019 provided further authorization to DWR to expend the funds contributed pursuant to the 2018 Gap Funding Agreement for the Work in accordance with the JEPA, as the same may be amended from time to time; and

**WHEREAS**, Contractor desires to provide additional funding consistent with this Agreement; and

**WHEREAS**, a copy of the resolution or other Board authorization of the Board of Directors of Contractor authorizing its General Manager to execute this Agreement is attached hereto as Exhibit B; and

**WHEREAS**, a State Agency may advance or contribute funds to DWR for SWP purposes pursuant to Water Code section 11135 and (ii) DWR may accept such advanced or contributed funds and thereafter use such funds in accordance with the terms of this Agreement pursuant to Water Code section 11141; and

**WHEREAS**, Contractor agreed to advance or contribute to DWR \$154,943 pursuant to the 2018 Gap Funding Agreement; and

**WHEREAS**, in 2019 Contractor entered into a funding agreement with DWR wherein Contractor reauthorized DWR to use remaining 2018 Contributed Funds for purposes consistent with that agreement; and

**WHEREAS**, DWR and Contractor desire to enter into this funding Agreement to provide additional funding to be spent consistent with this Agreement.

## **AGREEMENT**

**NOW, THEREFORE**, it is mutually agreed by the Parties as follows:

1. When used in this Agreement, terms defined in the Water Supply Contract (as defined herein) shall be defined by reference to the Water Supply Contractor. In addition, the following definitions shall apply:
  - a. **“Calendar Year”** means the period January 1 through December 31.
  - b. **“Contributed Funds”** means money contributed or advanced to DWR by Contractor pursuant to this Agreement. The total initial amount Contractor agrees to provide is between \$1,472,331 to \$2,441,045 for a project participation level ranging between 1.22% and 2.0% and is comprised of the following annual



amounts to be paid to DWR in the manner described in Section 5 of this Agreement are between \$745,254 and \$1,235,591 for 2020 at a participation level between 1.22% and 2.0%, respectively; and \$727,077 and \$1,205,454 for 2021 at a participation level between 1.22% and 2.0%, respectively.

- c. **“2018 Contributed Funds”** means money contributed by Contractor pursuant to the 2018 Gap Funding Agreement.
  - d. **“2019 Funding Agreement”** means the agreement that authorized DWR to use remaining 2018 Contributed Funds for planning of a Delta conveyance project.
  - e. **“Contribution Payment(s)”** means the payments of Contributed Funds that Contractor agrees to provide to DWR pursuant this Agreement
  - f. **“Contractor”** means a State Agency that is a party to a Water Supply Contract with DWR.
  - g. **“Department”** or **“DWR”** means the California Department of Water Resources.
  - h. **“Effective Date”** has the meaning ascribed to it in section 11 hereof.
  - i. **“JEPA”** means the Joint Exercise of Powers Agreement between DWR and the DCA dated May 22, 2018, as amended and restated and as may be further amended from time to time.
  - j. **“Pay-Go Charge”** means the charge included on Contractor’s Statements of Charges for the purpose of collecting Contributed Funds that Contractor agrees to advance or contribute to DWR pursuant to this Agreement.
  - k. **“Party”** or **“Parties”** means DWR, the undersigned Contractor, or all signatories to this Agreement.
  - l. **“State Agency”** has the meaning ascribed to it by Water Code section 11102.
  - m. **“SWP”** or **“State Water Project”** means the State Water Project operated by DWR. The SWP generally includes the State Water Facilities, as defined in California Water Code section 12934(d), and certain facilities authorized by the Central Valley Project Act at section 11100 *et. seq.*
  - n. **“Water Supply Contract”** means the long-term water supply contract, as amended and as may be amended in the future, between Contractor and DWR.
  - o. **“Work”** has the meaning ascribed to it in the Recitals to this Agreement.
2. Effect of Agreement. Effect of Agreement. DWR and Contractor agree that nothing in this Agreement supersedes previous funding agreements or the obligations under those funding agreements unless specifically addressed in this Agreement.

3. Purposes of Agreement. This Agreement documents Contractors agreement to provide Contributed Funds to DWR for the purposes set forth in Section 4, the manner of providing those funds as set forth in Section 5, and the means by which future contributions may be made.
4. Use of Funds. DWR shall use any remaining 2018 Contributed Funds, Contributed Funds and any future Contributed Funds collected from Contractor pursuant to section 5 hereof, for the payment of DCA invoices submitted to DWR on or after October 1, 2020, for the Work done or costs incurred by DCA, or for Delta conveyance project planning work done by DWR through the Delta Conveyance Office ("DCO") and any other purpose consistent with the JEPA, as the same has been, and may be, amended from time to time. DWR will not use funds provided under this Agreement for the activities described in the Mitigated Negative Declaration for Soil Investigations for Data Collection in the Delta adopted by DWR on July 9, 2020.
5. Charge Procedure. Contractor shall pay its Pay-Go Charge on the date(s) and in the amount(s) set forth on the revised Statement of Charges for 2021, and subsequent Statements of Charges issued to Contractor by DWR.
6. Limitation. With respect to the Work and the DCA, nothing in this Agreement imposes any duty or obligation either expressly or by implication on DWR other than the duty to use Contributed Funds to pay the undisputed portion of DCA invoices submitted to DWR during the term of this Agreement in accordance with the terms of this Agreement and the JEPA if, as and when Contributed Funds have been received by DWR under this Agreement and other similar agreements or arrangements with other Contractors for purposes substantially the same as those described herein and is available for the payment thereof.
7. Reporting. DWR, through its DCO and in coordination with its State Water Project Analysis Office (SWPAO), shall annually prepare a report summarizing the advances or contributions received, and expenditures made pursuant to, this Agreement. The first such report shall be completed not later than March 31, 2021 and thereafter not later than March 31 of each subsequent year. Contractor may request in writing a summary of the advances, contributions, and expenditures at any time during the term of this Agreement and DWR shall provide such within thirty (30) days of such written request.
8. Status of Project. Contractor recognizes that the funds contributed pursuant to this Agreement are for the planning activities in support of DWR's environmental review and permitting process, including but not limited to the Work, for a potential Delta conveyance project. The advance or contribution of Contributed Funds is not contingent on, or in exchange for, DWR's agreement to exercise its discretion in future to approve a Delta conveyance project.
9. Unspent Funds. Upon termination of this Agreement, it is the intent of the Parties that any unspent Contributed Funds remaining after payment of all costs for which the funds were contributed will be returned to Contractor as a credit on Contractor's Statement of Charges in proportion to its percentage share of advances or contributions made by all Contractors that entered into Agreements similar to this Agreement.

10. Reimbursement of Contributed Funds. If a Delta conveyance project is approved by DWR and is implemented it is the intent of the Parties hereto that the Contributed Funds spent in accordance with this Agreement, the 2018 Gap Funding Agreement, and the 2019 Funding Agreement be reimbursed or credited to Contractor according to the relative amount each such Contractor paid pursuant to this Agreement, the 2019 Funding Agreement and the 2018 Gap Funding Agreement, upon the issuance and sale of revenue bonds by either the Department or a Joint Powers Authority established, whichever occurs earlier, for the purpose of, among other things, funding a future Delta conveyance facility. The Department shall be under no obligation to issue and sell bonds for the purpose(s) described in the foregoing sentence or to undertake any reimbursement or credit as so described, unless a determination is first made by DWR in its sole discretion that such issuance and sale of revenue bonds, such reimbursement, or such credit as applicable is consistent with applicable law, applicable judicial rulings, and applicable contractual obligations of DWR, and the Parties have negotiated and executed such further agreements as may be necessary to accomplish such credit or reimbursement on terms acceptable to DWR.
11. Effective Date and Term. This Agreement shall become effective on the date the last Party hereto signs the Agreement as set forth on the signature page(s) hereto ("Effective Date") and shall continue in effect until terminated in writing by the Parties. The Parties obligations under Section 10 shall survive termination of this Agreement.
12. Invoices, Notices or Other Communications. All invoices, notices, or other communications required under this Agreement will be in writing, and will be deemed to have been duly given upon the date of service, if: (i) served personally on the Party to whom notice is to be given; (ii) sent by electronic mail, and the Party to whom notice is to be given confirms receipt; or (iii) on the third day after mailing, if mailed to the Party to whom invoice, notice or other communication is directed, by first-class mail, postage prepaid, and properly addressed to the designated representative(s) of the Party set forth below.

DWR: Pedro Villalobos  
Chief, State Water Project Analysis Office  
Department of Water Resources  
1416 Ninth Street, Room 1620  
Post Office Box 94236  
Sacramento, California 94236-0001

*Copy to*  
Anthony Meyers  
Executive Director, Delta Conveyance Office  
Department of Water Resources  
901 P Street, Room 413  
Sacramento, California 94236-0001

*Copy to*  
Christopher Martin

Office of the Chief Counsel  
Department of Water Resources  
1416 Ninth Street, Room 1620  
Post Office Box 94236  
Sacramento, California 94236-0001

Contractor: *Copy to:*  
Lance Eckhart  
General Manager  
San Geronio Pass Water Agency  
1210 Beaumont Avenue  
Beaumont, CA 92223

13. No Delegation of Authority. Nothing in this Agreement constitutes a delegation by any Party of its existing authority to make any decision it is mandated to make. Nothing in this Agreement shall limit DWR's final decision-making authority at the time of consideration of future Delta conveyance facility related approvals. All provisions of this Agreement are intended to be, and shall to the extent reasonable be interpreted to be, consistent with all applicable provisions of State and federal law. The undersigned recognize that the Parties are public agencies and have specific statutory responsibilities, and that actions of these public agencies must be consistent with applicable procedural and substantive requirements of State and federal law. Nothing in this Agreement is intended to, nor will have the effect of, constraining or limiting any public agency in carrying out its statutory responsibilities or requiring an agency to take any action inconsistent with applicable law. Nothing in this Agreement constitutes an admission by any Party as to the proper interpretation of any provision of law, nor will it have the effect of, waiving or limiting any public entity's rights and remedies under applicable law except as expressly provided elsewhere in this Agreement. Execution of this Agreement does not constitute pre-approval of any project or preferred project alternative, or waive or otherwise abridge responsible trustee duties required, or discretion authorized or granted by, State and federal law.
14. Amendment. Except as otherwise set forth above, this Agreement may only be amended or modified by a subsequent written agreement approved and executed by both Parties.
15. Applicable Law. This Agreement will be construed under and will be deemed to be governed by the laws of the United States and the State of California.
16. Integration. This Agreement constitutes the sole, final, complete, exclusive and integrated expression and statement of the terms of this Agreement among the Parties concerning the subject matter, and supersedes all prior negotiations, representations or agreement, either oral or written, that may be related to the subject matter of this Agreement.
17. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which shall constitute one and the same agreement. Each signing Party shall have received a copy of the signature page signed by every other Party.

Exhibits attached and incorporated herein:

Exhibit A Letter from DWR dated May 21, 2019

Exhibit B Board Resolution or other Board Authorization

Exhibit C Form of Letter Regarding Future Contributions

IN WITNESS WHEREOF, the Parties hereto, by their authorized representatives, have executed this Agreement on the date(s) set forth below.

Approved as to Legal Form  
and Sufficiency

**State of California**  
**Department of Water Resources**

\_\_\_\_\_  
Spencer Kenner, Chief Counsel

\_\_\_\_\_  
Karla A. Nemeth,  
Director

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Approved as to Legal Form  
and Sufficiency

**San Geronio Pass Water Agency**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date



## **Exhibit A**

Letter from DWR to Contractor

## **Exhibit B**

Resolution of the Board of Directors of Contractor

## **Exhibit C**

### Form of Contribution Letter

November 16, 2020

Mr. Pedro Villalobos  
State Water Project Analysis Office  
Department of Water Resources  
1416 Ninth Street, Room 1620  
Post Office Box 94236  
Sacramento, CA 94236-0001

Re: Contribution or Advance of Money for Delta Conveyance Planning Activities

Dear Mr. Villalobos:

This letter is sent pursuant to section 5 of the Agreement for the Advance of Contribution of Money to the Department of Water Resources for Preliminary Planning and Design Costs Related to a Potential Delta Conveyance Project dated July 15, 2019 between Department of Water Resources and the San Geronio Pass Water Agency ("Funding Agreement").

On [date] the Board of Directors of San Geronio Pass Water Agency approved the contribution or advance of \$[amount] to the Department for use in accordance with the terms of the Funding Agreement. A copy of the Board's resolution is enclosed with this letter. The contribution or advance will be collected from San Geronio Pass Water Agency equal monthly installments by inclusion of a charge on its Statement of Charges for years 2021-2024 on a revised Statement of Charges for years 2021-2024 that Department will issue to San Geronio Pass Water Agency. The charge shall be referred to as the years 2021-2024 Pay-go Charge. As provided by section 5 of the Agreement the contribution or advance described herein will be subject to the terms and conditions of the Agreement.

Please confirm your agreement to the foregoing by countersigning in the space provided below and returning an original copy of this letter agreement to San Geronio Pass Water Agency at 1210 Beaumont Avenue, Beaumont, CA 92223.

Sincerely,

Lance Eckhart  
General Manager

Enclosure(s)

cc: Gary Lippner, Deputy Director of Delta Conveyance

## **AGREEMENT IN PRINCIPLE**

April 30, 2020

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

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

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

#### **AIP Objective:**

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

**AIP Outline:**

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

I. Definitions

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

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

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

III. Objective 2 - Availability of an option to assume additional costs and benefits of the DCF

- a. This AIP makes available to each PWA an option to assume additional costs and benefits of the DCF through a contract amendment that establishes additional costs on the SOC in exchange for DCF Benefits based on the percentages in the Delta Conveyance Allocation Factors table to water attributable to the DCF, as described in Section VI of this AIP.
- b. PWAs indicating an intent to assume DCF costs and benefits shall be described in Section VI(b) of this AIP.

IV. Objective 3 - Pursuit of State Water Project Delta Conveyance Facilities under the State Water Project Water Supply Contracts

- a. The DCF shall be constructed and operated as an integrated component of the State Water Project, and DWR will continue to operate the State Water Project at its sole discretion.
- b. The DCF is an authorized component of the State Water Project pursuant to California Water Code sections 11100 et seq. and 12930 et seq.
- c. Effective Date: A contract amendment pursuant to this AIP shall have an effective date no sooner than the billing transition date set forth in State Water Project Water Supply Contract Amendment known as The Contract Extension Amendment.
- d. Administration of DCF: DWR will forecast and account for Project Water attributable to the DCF and DWR will determine whether or not that Project Water would not have been available at Clifton Court Forebay. A whitepaper describing the DWR's and the PWAs' current understanding of the approach on forecasting, administration, and accounting is contained in Attachment 1. Attachment 1 will not be incorporated into contract language.

V. Objective 4 - Delta Conveyance Facility billing

- a. These costs would be billed to and collected from SWP PWAs consistent with the Delta Facilities Allocation Factor table below through their annual SOC.
- b. Delta Conveyance Facilities Charge Components:** All capital and minimum operations, maintenance, power and replacement (OMP&R) costs associated with the DCF are 100% reimbursable and shall be recovered by DWR from PWAs through their annual SOC's consistent with the Delta Facilities Allocation Factor table. These costs shall be allocated to and billed under two new charges as follows:
  - (1) Delta Conveyance Facilities Capital Charge Component.
  - (2) Delta Conveyance Facilities Minimum OMP&R Component.
- c. Delta Conveyance Facilities Capital Charge Component Method of Computation**
  - 1. This computation will recover actual annual debt service created by financing activities (Financing Method) for DCF.



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

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

VI. Objective 5 - Delta Conveyance Facility Benefits Allocation

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

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

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

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

#### VIII. Other Provisions

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

#### IX. Environmental Review Process

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

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