

San Geronio Pass Water Agency

DATE: April 25, 2022
TO: Board of Directors
FROM: Lance Eckhart, General Manager
BY: Lance Eckhart, General Manager

**SUBJECT: AGREEMENT FOR STATE WATER PROJECT MULTI-YEAR
TRANSFER PROGRAM WITH THE CITY OF VENTURA**

RECOMMENDATION

The Board approve entering into the Agreement For Transfer Of State Water Project Water with the City of Ventura and authorize the filing of an associated Notice of Exemption.

PREVIOUS CONSIDERATION

- February 20, 2018: Board authorized a one-year exchange of Table A allocation with the City of Ventura.
- February 19, 2019: Board authorized a one-year exchange of Table A allocation with the City of Ventura.
- April 20, 2020: Board authorized a one-year exchange of Table A allocation with the City of Ventura.
- April 12, 2021: Board authorized a one-year transfer of Table A allocation with the City of Ventura.
- October 12, 2021, to Current: The General Manager, with direction from the Board, engaged in negotiations with representatives from the City of Ventura regarding a long-term transfer program.

BACKGROUND

Since 2018, the Board has directed staff to negotiate with the City of Ventura (City) to determine if the Agency could receive additional State Water Project (SWP) supplies to assist with imported water demands. Since initiated in 2018, a goal of the transfer/exchange program with the City was to work toward a long-term agreement that would provide the Agency with access to additional SWP water.

Currently, the City does not have the ability to take delivery of its SWP water. They have recently begun a process to construct infrastructure that will enable them to do so. The estimated timeline for the City to design and construct a connection to the SWP is likely to take several years.

Previous water exchanges are as follows:

Annual Allocation Period	DWR SWP Allocation	City Allocation (AF)	Transfer to SGPWA (AF)	Return Water (AF)	Cost per Acre-Foot	Total Cost	Eligible Return Period
2018	35%	3,500	3,500	1,400	\$428	\$1,499,648	2019-28
2019	75%	7,500	1,350	675	\$161	\$216,673	2020-29
2020	20%	2,000	2,000	500	\$606	\$1,212,368	2021-30
2021	5%	500	500	NA*	\$600	\$300,000	NA*

* February 28, 2021 – Water Management Amendment to the State Water Contract – Return water no longer necessary.

ANALYSIS

In October 2021, Agency staff reached out to City staff to start discussing the terms of a multi-year (20-year) transfer between the two entities. Several rounds of negotiations have resulted in the proposed Agreement For Transfer Of State Water Project Water (Agreement), a copy of which is attached. Agency staff believes the Agreement addresses a material amount of this region’s future supply challenges. This Agreement proposes that the Agency pay the City’s SWP annual fixed costs in exchange for the City’s SWP allocation. The City has plans to connect to the SWP and utilize a portion of its SWP allocation in future years primarily to meet water quality goals.

Following the City’s future connection to the SWP, the Agency will pay 60% of the City’s annual fixed SWP costs. The City will retain up to 2,000 acre-feet/year (AFY) of its SWP allocation to be used primarily for blending and achieving local water quality objectives. According to City staff, SWP water will be the most expensive source of water for the City, and the actual use or needs of SWP water should be well below 2,000 AFY (See attached Ventura staff report).

The Agreement also discusses how outstanding return water from previous exchanges (2,575 AF) will be strategically used over the 20-year term of the Agreement as an incentive to leverage the City’s and the Agency’s mutual assets and liabilities. Agency and City staff believe these collaborative elements of the program will help foster an enduring relationship over the Agreement term and potentially beyond. The Agreement contains provisions for the Agency and/or the City to terminate the Agreement under certain conditions.

ENVIRONMENTAL

The proposed Agreement is a categorically exempt “Project” under the California Environmental Quality Act (CEQA). The Project includes the approval of an agreement between the Agency and the City for the transfer of SWP water. As further explained below, the Project is categorically exempt from CEQA under the Class 1 exemption set forth in State CEQA Guidelines section 15301.

The Project falls within the Class 1 exemption, which applies to the operation, maintenance, permitting, and leasing, and minor alteration of existing public or private structures, facilities, or topographical features involving negligible or no expansion of existing or former use. (State CEQA Guidelines section 15301.) The Agreement provides for the transfer of some of the City's rights to Table A water under the SWP. The Table A water will be delivered to the Agency from the SWP through facilities already in existence when the Table A water is delivered, such that it will not be necessary to construct additional facilities in order to affect the delivery of the Table A water pursuant to the Agreement. Additionally, the Agreement will result in negligible or no expansion of existing use, as the Agreement will not result in the construction of new SWP facilities or the expansion of existing SWP facilities.

None of the exceptions to the categorical exemptions set forth in State CEQA Guidelines section 15300.2 have any applicability here. The Project will not impact any environmental resource of hazardous or critical concern, will not result in significant cumulative impacts, is not subject to any unusual circumstances that could result in a significant environmental impact, would not damage any scenic resources within a scenic highway, is not located on a hazardous waste site identified on any list compiled pursuant to Government Code section 65962.5, and would not impact any historical resource.

For all of the foregoing reasons, the entirety of the Project is categorically exempt from CEQA. A copy of the CEQA Notice of Exemption is attached.

FISCAL IMPACT

The Debt Service Fund ("Red Bucket") will be utilized to fund the Agreement.

Between 2018 and 2021, the City's SWP fixed costs averaged between \$1.3 million to \$1.8 million.

The Debt Service Fund reserve balance, at the end of the fiscal year, has increased \$16.9 million between 2018 and 2021 and is well-positioned to cover costs associated with this Agreement. It should be noted that there will be transportation costs (i.e., energy costs) to transport any water into the SGPWA area which will be included in the General Fund budget item "Purchased Water."

ACTIONS

1. Approve the Agreement for State Water Project Multi-Year Transfer Program with the City of Ventura.
2. Find that the proposed Agreement is exempt from CEQA under the Class 1 Categorical Exemption (State CEQA Guidelines section 15301.) and authorize the filing of the applicable Notice of Exemption.

ATTACHMENTS

- Agreement For Transfer Of State Water Project Water
- February 22, 2022, City of Ventura Staff Report
- CEQA Notice of Exemption

AGREEMENT FOR TRANSFER OF STATE WATER PROJECT WATER
(City of San Buenaventura, Table A Water)

This Agreement for Transfer of State Water Project Water (“**Agreement**”) is made and entered into as of _____, 2022 (“**Effective Date**”), by and between the City of San Buenaventura, a California Charter Law Municipal Corporation (“**Ventura**”), and San Geronio Pass Water Agency, a California special district formed under the Water Code Uncodified Acts, Act 1100 (“**SGPWA**”). Ventura and SGPWA are sometimes individually referred to herein as a “**Party**” and collectively as the “**Parties**”.

RECITALS

A. SGPWA receives its water supply from various sources, and is a State Water Project (“**SWP**”) Contractor, with rights to seventeen thousand three hundred (17,300) acre-feet of Table A SWP water under a Water Supply Contract with the California Department of Water Resources (“**DWR**”). SGPWA’s current Water Supply Contract with DWR expires December 31, 2037.

B. Ventura holds rights to ten thousand (10,000) acre-feet (“**Table A Water**”) pursuant to an agreement with Casitas Municipal Water District (“**Casitas**”), of a total of twenty thousand (20,000) acre-feet of Table A SWP water held by Casitas. The 20,000 acre feet of Table A SWP water were initially held by the Ventura County Watershed Protection District (“**VCWPD**”) under a Water Supply Contract with the DWR, later assigned to Casitas for all authorities and responsibilities (*see Exhibits A and B* hereto). Rights to the balance of the 20,000 acre feet is split equally between Casitas and United Water Conservation District (“**United**”), both located within Ventura County. VCWPD’s current Water Supply Contract with DWR expires December 31, 2038.

C. In early 2021, DWR began implementing the Water Management Amendment to SWP Water Supply Contracts, which amendment allows for the long-term transfer or exchange of Table A supplies under certain conditions (*see Exhibit C* hereto).

D. Ventura does not have a physical connection to the SWP to receive its Table A Water allocation; local demand within its service area has historically been met through other sources of water supply. However, Ventura is in the process of exploring options to receive all or a portion of its Table A Water through construction of a physical interconnection (“**Interconnection Project**”) in order to enhance current and future local water supply reliability.

E. In each of the years 2018, 2019, 2020 and 2021, Ventura and SGPWA entered into short-term, one-year agreements for the transfer and/or exchange of Ventura’s Table A Water (“**Prior Agreements**”). Of those Prior Agreements, some provided for a water exchange, and have an Outstanding Exchange Obligation (“**OEO**”) balance of 1,400, 675, and 500 acre feet of water that SGPWA is obligated to return to Ventura by 2028, 2029, and 2030, respectively.

F. The Prior Agreements also contained an express intent of the Parties to negotiate a separate long-term exchange or transfer of Table A Water in the future, when DWR implements amendments to the Water Supply Contracts such as Amendment No. 14, that permit

such long-term transfers or exchanges. A multi-year transfer of the Table A Water would help Ventura offset a portion of its SWP water costs, and SGPWA augment its water supply to meet current and future water demand.

G. The Parties now wish to enter into this long-term Agreement and to work collaboratively throughout the term thereof to provide a mutual benefit, leveraging each other’s respective assets to facilitate long-term water supply and financial security.

H. The Parties further wish to work cooperatively with DWR to extend the deadline for: (i) each of the Water Supply Contracts between SGPWA, VCWPD and DWR; and (ii) SGPWA’s obligation to return the OEO water (2,575 acre feet in total) to Ventura, to December 31, 2042, to accommodate the contemplated length of term of this Agreement.

AGREEMENT TERMS

NOW THEREFORE, in consideration of the foregoing recitals which are incorporated herein by this reference, and the promises and covenants contained herein, SGPWA wishes to receive and Ventura wishes to transfer Ventura’s rights to the Table A Water in accordance with the following terms and conditions:

1. Term of Agreement.

a. **Contract Term.** Subject to DWR’s approval, the term of this Agreement shall commence on the Effective Date and end on December 31, 2042 (“**Term**”).

b. **Delivery Year.** Each “**Delivery Year**” shall commence on January 1 and continue for a period of one (1) calendar year. The 2022 Delivery Year shall commence upon the Effective Date and end on December 31, 2022.

2. Rights to Table A Water. The Parties understand and agree that the Table A Water that is the subject of this Agreement refers to the present Ventura Table A allocation. Future SWP facilities may result in an allocation method used by DWR that is different than the present process, and Ventura’s Table A allocation number may be determined on a different basis than how SGPWA’s Table A allocation is determined. The Parties shall have rights to Table A Water as follows:

i. **For the 2022 Delivery Year and continuing annually until December 31 of the Delivery Year during which the Interconnection Project is completed:** SGPWA will have rights to the full amount of the Ventura Table A Water allocation for each Delivery Year;

ii. **For each Delivery Year thereafter and continuing until the expiration date of the Agreement:**

1. Ventura will have the priority right, but not the obligation, to take delivery of up to two thousand (2,000) acre feet of Table A Water (“**Priority Allocation**”) during the subsequent Delivery Year, provided that Ventura’s Table A Water allocation from

DWR is sufficient to provide the Priority Allocation. The Priority Allocation must be used within the geographical boundaries that are served by Ventura and may not be transferred or exchanged for use outside such boundaries.

2. If Ventura elects to exercise its right under Section 2.ii.1 above, Ventura shall provide written notice to SGPWA of its preliminary election on or before June 30 of the year immediately preceding the Delivery Year during which Ventura wishes to receive its priority water and a final determination within 30 days following release of initial Table A allocations by DWR. In this event, SGPWA shall have the right to the amount of Table A Water allocation that remains available, if any, after Ventura has taken its Priority Allocation. Failure of Ventura to timely provide the notice required herein shall be deemed an election by Ventura to not exercise its priority right.
3. If Ventura does not exercise its priority right under Section 2.ii.1 above, or takes a Priority Allocation that is less than two thousand (2,000) acre feet, then SGPWA will have:
 - a. The right of first refusal to take Ventura Table A Water in an amount equal to the difference between two thousand (2,000) acre feet and the amount of the Priority Allocation, if such Table A Water is available; and
 - b. The right to the full remaining amount of Table A Water allocation in excess of two thousand (2,000) acre feet, if any.
 - iii. Rights to Table A Water transferred to SGPWA pursuant to this Agreement include all rights and privileges associated with that Table A Water including rights to California Aqueduct conveyance and storage in SWP facilities, provided, however, that Ventura will retain all rights to Article 54 water.
 - iv. With respect to Article 21 water, Ventura retains the rights to any Article 21 water associated with its Table A Water allocation if such Article 21 water can be used directly by Ventura County Agencies (as defined in Section 8.iv) within two (2) weeks of the date of allocation. If such use is not possible, then SGPWA will have the right to take Article 21 water associated with Ventura Table A Water allocation. The Party that utilizes Article 21 water shall pay for that Article 21 water.

3. Purchase Price. The purchase price (“**Purchase Price**”) payable by SGPWA to Ventura for the Table A Water made available to SGPWA pursuant to Section 2 will be only those portions of the annual T-Invoice (as defined in Section 4.a) that Ventura is obligated to pay

Casitas and VCWPD for Table A Water, irrespective of the amount of Table A Water actually received by SGPWA, and limited to:

- i. Water System Revenue Bond costs; plus
- ii. Capital Cost Component; plus
- iii. Minimum Operation, Maintenance, Power, and Replacement costs.

Notwithstanding the foregoing, SGPWA will not be responsible for any charges associated with future SWP facilities not in existence at the time this Agreement is entered into. If the Agreement is extended beyond December 31, 2042, costs associated with future SWP facilities may be included by mutual agreement of the Parties.

4. Payment of Purchase Price. Ventura will invoice SGPWA, and SGPWA will pay Ventura the Purchase Price as follows:

- a. Ventura will deliver to SGPWA, not later than September 1 of each Delivery Year, a copy of the statement of charges issued by DWR and due under Ventura’s contract with Casitas for the Table A Water (“**T-Invoice(s)**”). For the 2022 Delivery Year, Ventura will deliver the T-Invoice to SGPWA as soon as practicable following the Effective Date.
- b. SGPWA’s obligation to pay Ventura the Purchase Price, in exchange for certain rights to Table A Water more specifically described in Section 3, is as follows:
 - i. **For the 2022 Delivery Year:** SGPWA will pay fifty percent (50%) of the Purchase Price within sixty (60) days of SGPWA’s receipt of the 2022 T-Invoice;
 - ii. **For Delivery Year 2023 and continuing annually until December 31 of the Delivery Year during which the Interconnection Project is completed:** SGPWA will pay Ventura the full Purchase Price, annually, not later than October 31;
 - iii. **For each Delivery Year thereafter and continuing until the expiration date of the Agreement:** SGPWA will pay Ventura sixty percent (60%) of the Purchase Price, annually, not later than October 31.
- c. With respect to the amounts payable by SGPWA pursuant to Section 4.b, in the event of any subsequent rebill of the T-Invoice by DWR at a later date that changes the Purchase Price that is payable by SGPWA for a given year, Ventura and SGPWA will reconcile such amounts against the amounts already paid by SGPWA for that year. If there are additional amounts due from SGPWA as a result of the rebill, SGPWA will pay such additional amounts to Ventura within sixty (60) days of the date of the

rebill and if the amount payable by SGPWA is less as a result of the rebill, then Ventura will refund the difference to SGPWA within sixty (60) days of the date of the rebill, based on the proportional amount of the T-Invoice paid by SGPWA consistent with Section 4.b above.

5. Deliveries to SGPWA; Additional Costs. Provided SGPWA is not in default of its obligations under this Agreement, Ventura will request that DWR deliver annually to SGPWA, Ventura’s Table A Water allocation from the SWP in amounts consistent with the terms of this Agreement. Ventura shall request that DWR cause said deliveries to be made at a location and according to a delivery schedule requested by SGPWA and approved by DWR. The Table A Water will be delivered to SGPWA from the SWP through facilities already in existence when the Table A Water is delivered, such that it will not be necessary to construct additional facilities in order to affect delivery of the Table A Water pursuant to this Agreement. In addition to the Purchase Price paid to Ventura, SGPWA will be responsible for payment of all variable and other such charges imposed by DWR and calculated as a function of the quantity of Ventura Table A Water actually delivered to SGPWA pursuant to this Agreement. The amounts and due dates for such charges are set forth by DWR in DWR’s statement of charges, invoices or other applicable documentation.

6. DWR Approvals.

a. **Contingencies.** This Agreement is contingent upon receiving DWR’s written approval of all of the following:

- i. DWR’s approval of this Agreement and the transactions contemplated herein along with any confirmation that may be required to be executed by the Parties and DWR; and
- ii. An extension of each of the SGPWA and VCWPD current Water Supply Contract with DWR, to at least December 31, 2042; and
- iii. An extension of the deadline by which SGPWA is obligated to return the OEO water to Ventura to December 31, 2042.

b. **Cooperation.** SGPWA and Ventura will cooperate in seeking DWR approvals as follows:

- i. SGPWA will assist Ventura with preparing a request to DWR for approval of this Agreement. Said request will need to be signed by Ventura, VCWPD, and SGPWA.
- ii. Ventura shall be responsible for coordinating approvals from VCWPD for the transfer of the Table A Water to SGPWA.
- iii. Ventura and SGPWA will cooperate with each other in processing and obtaining DWR approvals necessary for the implementation of this Agreement.

- iv. Ventura and SGPWA shall each be responsible for costs associated with their respective review and processing of the required agreements, environmental documents, and other transaction costs.

c. **Failure of Conditions.** In the event DWR or VCWPD does not approve this Agreement and/or it is determined that the Table A Water subject to this Agreement is not permitted to be transferred as contemplated in this Agreement, Ventura will refund to SGPWA any amounts paid by SGPWA for Table A Water allocation that cannot be delivered as a result within thirty (30) days from the date of the DWR disapproval. Furthermore, if the approvals and extensions contemplated in this Section 6 have not been received by December 31, 2022, then the Parties will meet and confer to discuss options and whether to continue this Agreement. If mutual agreement is not reached within sixty (60) days of such date, then either Party may terminate this Agreement.

7. Rights and Obligations as to OEO Water.

a. **Extension of Deadline.** Provided SGPWA is not in default of its obligation under this Agreement, and subject to DWR’s approval and the terms of this Agreement, SGPWA’s deadline to return the OEO water to Ventura shall be extended to December 31, 2042.

b. **Reservation of OEO Water.** SGPWA will maintain at all times, an amount of at least seven hundred fifty (750) acre feet of OEO water available through its water storage facilities or water supply portfolio for provision to Ventura pursuant to an OEO Request (defined below). SGPWA will not be obligated to return more than seven hundred fifty (750) acre feet in any Delivery Year. If Ventura utilizes OEO water and the outstanding balance falls below one thousand (1,000) acre feet, then Ventura and SGPWA will initiate a plan to implement a storage program that leverages mutual assets and provides long-term supply and benefit to both Parties.

c. **Obligation to Return OEO Water.** SGPWA’s obligation to return the OEO water to Ventura is as follows:

- i. **For the 2022 Delivery Year and continuing annually until December 31 of the Delivery Year during which the Interconnection Project is completed:** SGPWA shall have no obligation to return any OEO water to Ventura.

- ii. **For each Delivery Year thereafter and continuing until the expiration date of the Agreement:** If Ventura’s water supply portfolio, including the amount of its priority right under Section 2.ii above, is not sufficient to meet local demand or does not achieve water quality goals, Ventura will submit a written request (“**OEO Request**”) to SGPWA, on or before April 1 of the subject Delivery Year, requesting the return of a specific amount of OEO water. Any OEO amount not requested by Ventura by December 31, 2042, shall be deemed forgiven and SGPWA’s obligation to

return such OEO water to Ventura deemed fulfilled with no further obligation whatsoever to Ventura.

d. **Release of OEO Obligation.** Upon the expiration of the Term or in the event of any early termination of this Agreement by Ventura prior to the end of the Term, including any termination pursuant to Section 9.d, the obligation of SGPWA to return any outstanding balance of OEO water shall terminate and be of no further force or effect.

8. **Places of Use.** SGPWA will have the right to use Ventura Table A Water that is delivered pursuant to this Agreement, subject to its contract with DWR and DWR’s approval, as follows:

- i. delivery within the SGPWA service area;
- ii. delivery to and storage in San Luis Reservoir;
- iii. delivery to one or more water bank(s) to be determined by SGPWA; and
- iv. delivery of some or all of the water to other third parties provided that Ventura County Agencies (as defined below) are provided with a thirty (30) day first right of refusal to purchase the water at the price negotiated by SGPWA with such third parties, it being acknowledged that what a buyer is willing to pay for the water is the best indication of fair market value. For the purposes of this Agreement, “**Ventura County Agencies**” shall mean: VCWPD, Casitas, and United.

9. **Termination; Suspension of Agreement.** This Agreement may be terminated in accordance with the following:

a. **Default.** In the event that a party fails to make any payment under this Agreement when due, or fails to perform any obligation otherwise required by this Agreement, the non-defaulting party shall demand in writing that the defaulting party cure such non-performance. The defaulting party shall have thirty (30) days after receipt of such demand to cure. In the event the defaulting party fails to cure a default within the thirty (30) day period, the non-defaulting party may terminate this Agreement.

b. **Mutual consent.** This Agreement may be terminated at any time by mutual written consent of both Parties.

c. **Insufficient SWP Allocations.** SGPWA may elect, in its sole and absolute discretion, to terminate this Agreement if SWP allocations issued by the DWR fall below thirty percent (30%) for three consecutive Delivery Years by providing one year of written notice to Ventura not later than January 1 of the immediately succeeding Delivery Year.

d. **Suspension or Termination Due to Water Supply Deficiency.** At any time during the Term following the completion of the Interconnection Project, Ventura shall have the following rights:

- i. To suspend all performance under this Agreement (“**Suspension of Performance**”) for the duration of at least the immediately following Delivery Year if Ventura has reasonably determined that its annual water supply projections fall below its demand projections, such that projected available supplies are less than one hundred ten percent (110%) of projected customer demands, as determined during Ventura’s annual water supply and demand assessment process and the development of its annual Comprehensive Water Resources Report (CWRR).. Ventura will give notice of a Suspension of Performance no later than one hundred eighty (180) days prior to the commencement of a Delivery Year. SGPWA will not be obligated to pay the Purchase Price during any Suspension of Performance. If a Suspension of Performance continues for a period of more than two consecutive Delivery Years, SGPWA will have the right to terminate this Agreement by providing Ventura a written notice of termination.
- ii. To request termination of the Agreement if, based on a methodology that is subject to reasonable verification by SGPWA, Ventura’s projected water supply is less than one hundred ten percent (110%) of its projected demand for a period of at least two consecutive years starting with the immediately following Delivery Year. For a period of one hundred eighty (180) days following the receipt of a termination request pursuant to this Section 9.d.ii, SGPWA and Ventura will meet and confer in good faith to discuss the effects of the proposed termination and timing thereof, and will consider potential alternatives to termination that would address the needs of Ventura and/or ways to mitigate any adverse impacts of the termination on SGPWA. The goal of such meet and confer process will be either to agree on a mutually acceptable amendment to this Agreement that avoids termination or a structured termination that minimizes adverse impacts on both Parties. If the Parties have not agreed on an amendment or a structured termination by the end of the consultation period, then Ventura may move forward with formal notice of termination and such termination will become effective within one hundred eighty (180) days of the date of such notice.

e. **Effect of Termination.** The termination of this Agreement for any reason prior to the expiration of the Term will not impact the transfer of Table A Water or the Purchase Price obligations of SGPWA for the Delivery Year in which the termination occurs, and such termination will only be effective as to the next Delivery Year. If the SWP allocations for both of the two (2) years preceding termination of this Agreement by Ventura were less than thirty percent (30%), then Ventura will repay SGPWA the Purchase Price payments received for those two (2) years.

10. **Consultation.** During the Term, Ventura and SGPWA shall meet and confer with each other no less than once every five (5) years to discuss the terms of the Agreement.

11. **Force Majeure.** In the event that an unavoidable event renders the performance of this Agreement impossible or infeasible, the Parties hereto shall be excused from the performance thereof, with a corresponding refund or adjustment of the payments required herein as may be necessary to achieve financial equity as between the Parties for that portion of the Agreement that cannot be performed; provided, however, that Ventura and SGPWA shall first coordinate with DWR to determine whether alternate performance may be possible pursuant to an alternate schedule for completion of performance.

12. **California Environmental Quality Act (CEQA).** The Parties shall each comply with the requirements of the California Environmental Quality Act (“CEQA”) as to the performance of their rights and obligations under this Agreement within the respective service area.

13. **Transaction Costs; Cooperation in DWR Approvals.** Ventura and SGPWA shall each be responsible for its own legal and consulting costs incurred in the preparation, review, and implementation of this Agreement. Ventura and SGPWA acknowledge that it will also be necessary for them to sign one or more additional agreements with DWR to effectuate the Agreement. Ventura and SGPWA each agrees to cooperate with DWR and with each other in the preparation, review, and execution of those separate agreements with DWR, and with the processing of such other approvals as may be necessary to effect the transfer described herein.

14. **Mutual Indemnification.**

- a. Each party, its successors and assigns (“**Indemnifying Party**”), shall hold harmless, defend and indemnify the other party, its officials, employees, agents, successors and assigns (together, the “**Indemnified Parties**”) from and against all liabilities, obligations, claims, damages, losses, actions, judgments, suits, costs and expenses, including but not limited to reasonable attorneys’ fees (collectively, “**Damages**”) resulting from or in any way related to:
 - i. The negligent acts, errors, or omissions of the Indemnifying Party, or its owners, officers, directors, employees, agents, and/or contractors, in connection with the performance or failure to perform its obligations under this Agreement.
 - ii. Recklessness or willful misconduct of the Indemnifying Party, or its owners, officers, directors, employees, agents, and/or contractors, in connection with the performance or failure to perform its obligations under this Agreement.
 - iii. Breach by the Indemnifying Party of any of its covenants, agreements, or obligations under this Agreement, including, without limitation, non-compliance by the Indemnifying Party with any governmental

approval or applicable law in connection with its obligations under this Agreement.

- b. Any assertion of negligence, breach, or violation of law by the Party to be indemnified hereunder (the “Indemnified Party”) shall not relieve the Indemnifying Party from its obligations under this Section 14. However, the Indemnifying Party shall not be obligated to indemnify the Indemnified Party for that portion of any claim determined by the trier of fact to have been caused by the negligence or willful misconduct of the Indemnified Party.
- c. This indemnification shall survive the expiration or termination of the Agreement. Notwithstanding the foregoing, in no event will either party be responsible to the other for any special, indirect or consequential damages, including lost profits.

15. Authority and Representations. The undersigned representatives of Ventura and SGPWA hereby represent that he or she is authorized to execute the Agreement for the party on whose behalf this Agreement is executed. Ventura hereby represents and warrants that they have all rights and authorities to perform this Agreement. SGPWA hereby represents and warrants that it has all rights and authorities to perform this Agreement.

16. Entire Agreement. This Agreement contains the entire understanding between the Parties with respect to its subject matter, and supersedes all prior agreements, oral or written, and all prior or contemporaneous discussions or negotiations between the Parties.

17. No Waiver. Any failure or delay on the part of either Party to exercise any right under this Agreement shall not constitute a waiver of the right, and shall not preclude such Party from exercising or enforcing the right, or any other provision of this Agreement, on any subsequent occasion.

18. Governing Law and Venue. This Agreement is a contract governed in accordance with the laws of the State of California. The Parties hereby agree that venue for any action brought to enforce the terms of this Agreement shall be in a court of competent jurisdiction in the county of Los Angeles, California, and consent to the jurisdiction thereof as a neutral venue.

19. Execution of Agreement. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterparts executed by the other Parties hereto are in the physical possession of the Party or Parties seeking enforcement thereof.

20. Alteration. No alteration, change, or modification of the terms of this Agreement shall be valid unless made in writing and signed by all Parties hereto.

21. Dispute Resolution. The Parties agree to use their best efforts to prevent and resolve disputes by good faith cooperation and negotiation. In the event that any dispute arises among the Parties relating to this Agreement or the rights and obligations arising from this

Agreement, the aggrieved Party shall provide written notice to the other Party of the dispute. Within forty-five (45) days after such written notice, the Parties shall attempt in good faith to resolve the dispute through informal means. If the Parties cannot agree upon a resolution of the dispute within forty-five (45) days from the providing of written notice specified above, the dispute shall be submitted to mediation prior to commencement of any legal action. The Parties shall select a neutral third-party mediator with appropriate expertise to mediate the dispute. The mediation shall be no less than a full day, unless agreed otherwise among the Parties involved in the dispute, and the cost of mediation shall be paid in equal proportion among the Parties involved in the dispute. Upon completion of mediation, if the controversy has not been resolved, any Party may exercise all rights to bring a legal action relating to the dispute.

22. No-Third Party Rights or Assignments. This Agreement is made solely for the benefit of the Parties and their respective permitted successors and assigns. No other person or entity may have or acquire any right by virtue of this Agreement. Any attempt by a Party to assign the benefits or burdens of this Agreement without the prior written approval of the other Party shall be prohibited and shall be null and void.

23. Notices. All notices given or required to be given pursuant to this Agreement shall be in writing provided by overnight courier, to the following addresses:

San Geronio Pass Water Agency: 1210 Beaumont Avenue, Beaumont, CA 92223
Attn: General Manager

City of San Buenaventura: 501 Poli Street, Ventura, CA 93001
Attn: City Manager

24. Headings; Section References. Captions and headings appearing in this Agreement are inserted solely as reference aids for the ease and convenience; they shall not be deemed to define or limit the scope or substance of the provisions they introduce, nor shall they be used in construing the intent or effect of such provisions.

25. Separability. If any provision of this Agreement is finally determined by a court to be invalid or unenforceable as written, the provision shall, if possible, be enforced to the extent reasonable under the circumstances and otherwise shall be deemed deleted from this Agreement. The other provisions of this Agreement shall remain in full force and effect so long as the material purposes of the Agreement and understandings of the Parties are not impaired.

[Signatures follow on the next page]

IN WITNESS WHEREOF, the Parties have executed this agreement as of the date first written above.

VENTURA:
City of San Buenaventura

SGPWA:
San Geronio Pass Water Agency

By: _____
Name: Alex D. McIntyre
Title: City Manager

By: _____
Name: _____
Title: _____

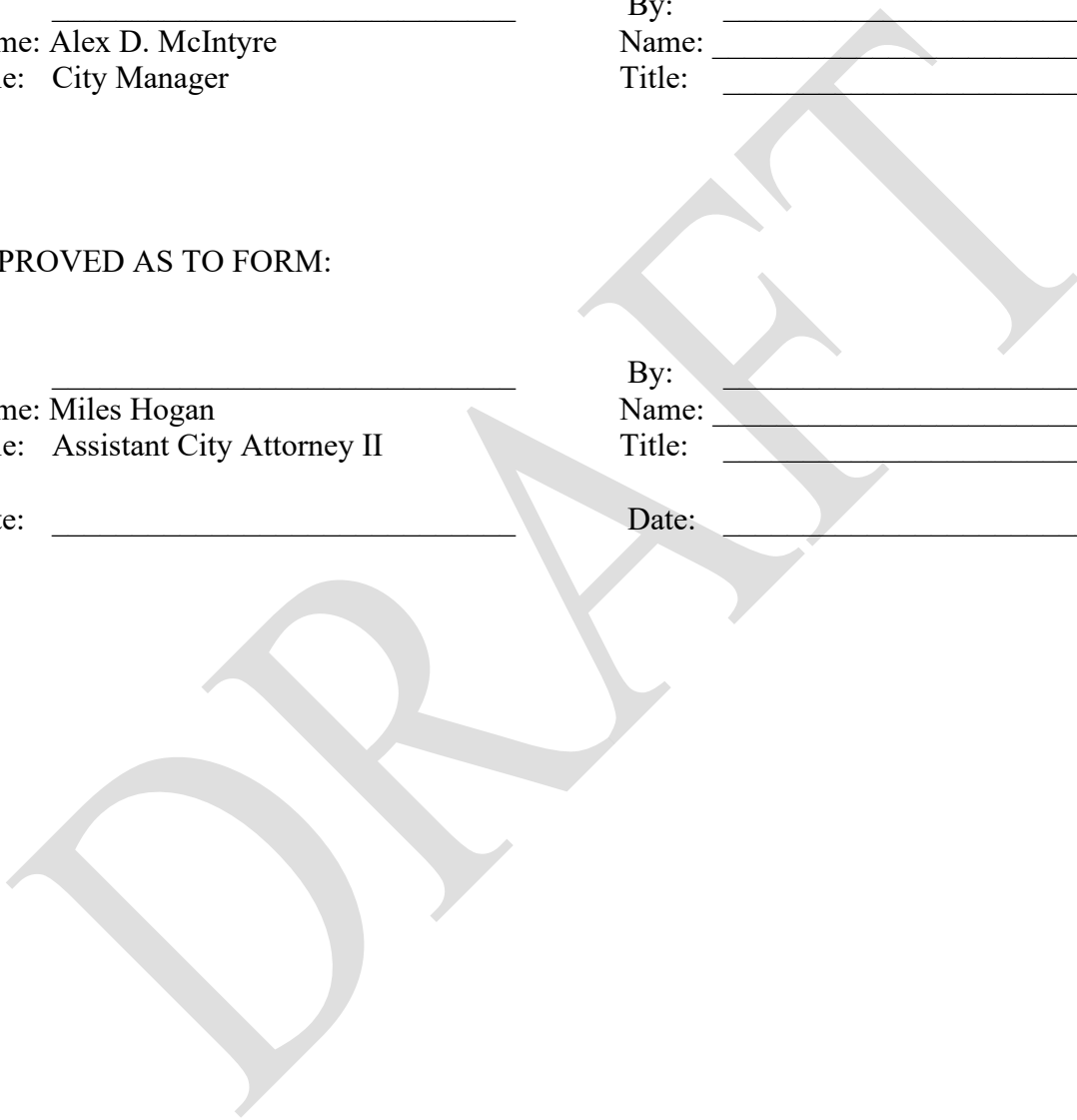
APPROVED AS TO FORM:

By: _____
Name: Miles Hogan
Title: Assistant City Attorney II

By: _____
Name: _____
Title: _____

Date: _____

Date: _____



VENTURA WATER COMMISSION

STAFF REPORT

Date: February 15, 2022

Agenda Item No: 3

Meeting Date: February 22, 2022

To: Ventura Water Commission

From: Susan Rungren, Ventura Water General Manager

Subject: State Water Project Multi-Year Transfer Program with San Geronio Pass Water Agency

RECOMMENDATION

Staff requests that the Water Commission make a recommendation to City Council to authorize a multi-year transfer of the City's State Water Project Table A Allocation with San Geronio Pass Water Agency.

PREVIOUS MEETINGS

February 27, 2018 – Water Commission recommended that City Council pursue a one-year exchange of the City's State Water entitlement with San Geronio Pass Water Agency.

February 26, 2019 – Water Commission recommended that City Council pursue a one-year exchange of the City's State Water entitlement with San Geronio Pass Water Agency.

June 25, 2019 – Water Commission recommended that City Council pursue a one-year exchange of 1,350 acre-feet (AF) of the City's State Water entitlement with San Geronio Pass Water Agency and directed staff to pursue additional options to monetize or store the remainder of the City's 2019 allocation.

April 28, 2020 - Water Commission recommended that City Council pursue a one-year exchange of the City's State Water entitlement with San Geronio Pass Water Agency.

April 27, 2021 - Water Commission recommended that City Council pursue a one-year transfer of the City's State Water entitlement with San Geronio Pass Water Agency.

January 25, 2022 – Water Commission received information on a multi-year transfer program with San Geronio Pass Water Agency and directed staff to address Commission concerns before further action.

DISCUSSION

Since 1971, the City has held a State Water entitlement of 10,000 acre-feet per year (AFY). This Table A amount represents the maximum amount of water the City may receive annually, but the actual amount is determined by the Department of Water Resources (DWR) annual allocation based on a number of factors. During periods of extreme wet weather, additional water may be made available to contractors through Article 21. While the City does not have a physical connection to receive the State Water, it has routinely transferred or stored the water to make best economic use of the allocation. Ventura Water staff has been exploring options to beneficially utilize the City’s State Water entitlement and/or monetize its use ahead of the completion of the proposed State Water Interconnection Project with Calleguas Municipal Water District, Casitas Municipal Water District, and United Water Conservation District. In 2018, Ventura Water retained Water Consultancy to explore the City’s short-term State Water entitlement opportunities. Table 1 summarizes the City’s State Water Project related transactions since 2018.

Table 1: SWP Transaction Summary

Annual Allocation Period	State Water Allocation to Ventura (AF)	Transaction	Party	Acre Feet	Money Received	Cost per acre foot	Return Water owed (AF)	Eligible Return Period	Carryover in San Luis Reservoir (AF)
2018	3,500	Exchange	SGPWA	3,500	\$1,499,648	\$428	1,400	2019 - 2028	
2019	7,500	Exchange	SGPWA	1,350	\$440,000	\$326	675	2020 -2029	
		Transfer	United	4,625	\$247,310	\$53	NA	NA	
		Carryover	DWR	1,525	NA	NA			1,525
2020	2,000	Transfer of Carryover	United	1,000	\$53,470	\$53	NA	NA	525
		Exchange	SGPWA	2,000	\$1,200,000	\$600	500	2021-2030	
2021	500	Transfer of Carryover	United	525	\$27,825	\$53			0
		Transfer	SGPWA	500	\$300,000	\$600	NA	NA	
Summary					\$3,768,253		2,575		0

The Water Management Amendment to the State Water Contract took effect February 28, 2021. The Amendment incorporates contractual tools into the State Water Project Water Supply Contracts to provide greater flexibility in managing State Water Project

supplies. Under the Amendment, multi-year transfers of State Water Project (SWP) Water can be executed. Prior to the Amendment, transfers were not allowed. Exchanges were allowed but were required to be approved by the State each year.

In October 2021, SGPWA staff reached out to Ventura Water staff to start discussing the terms of a multi-year transfer between the two agencies. Negotiations resulted in a term sheet that staff believes benefits the Ventura Water ratepayers. This deal would allow the City of Ventura to monetize its SWP entitlement until the SWP interconnection is completed. It also allows the City to receive enough water (2,000 AFY) to meet water quality goals and water supply needs for the next 20 years while receiving significant revenue for the unused portion of its State Water Project entitlement. **The initial terms of the Agreement were presented to the Commission at its January 25, 2022 meeting. Since that meeting, significant revisions have been made to the Term Sheet to address the concerns expressed by the Water Commission and are highlighted in Attachment A.**

Key concerns and revisions made to the Term Sheet are:

1. The City should consider not forgiving the exchange water (2575 AF).
 - a. The Term Sheet now includes language in 1.m. specifying that the exchange obligation will be extended through the term of the Agreement (pending DWR approval).
 - b. Language has been added to 4.e., and 4.j.-l. to provide detail on when the exchange water can be utilized.
2. There should be an off ramp for the City in case water supply projections change.
 - a. Language was added in 5.d.-5.g. to allow the City to pause or terminate the agreement with one year's notice if the Agreement cannot be amended to address changes to Ventura's water supply projections,
 - b. The Term Sheet also now includes an off ramp for SGPWA as well in 5.h.

The City has notified Casitas Municipal Water District, United Water Conservation District (United), and Ventura County staff of the terms of this agreement. No objections to the agreement have been voiced so far. United informed Ventura Water staff in December that it could not match the offer from SGPWA and did not object to the Agreement moving forward.

The purpose of the SWP interconnection project is to provide replacement water for existing water supplies that may be reduced by 2025 and to improve water quality, especially on the City's east end. Blending studies are ongoing, but staff expects that secondary water quality standards can be met with approximately 1,300 AFY of SWP

water. Once VenturaWaterPure is online and capital improvement projects are completed to enhance groundwater production in the Mound and Santa Paula Basins, staff does not expect to be as reliant on SWP water for replacement water supply. State Water is expected to be the most expensive water supply source and staff believes that 2,000 AFY will be more than adequate to meet water quality and water supply needs for the next 20 years. However, in case circumstances change, the City and SGPWA will meet at least every five years to discuss the terms of the agreement and ensure that it remains mutually beneficial. **The revised Term Sheet also contains language allowing the City or SGPWA to terminate the Agreement under certain conditions.**

Following Water Commission consideration of the multi-year transfer, staff will use the attached Term Sheet to develop an Agreement that will be taken to City Council and SGPWA Board for their approvals. The Agreement will also be reviewed by the Ventura County Board of Supervisors and approved by DWR. The final Agreement will be between DWR and the State Water Contractor for Ventura County.

Staff recommends that the Water Commission make a recommendation to City Council to authorize the City Manager to execute the necessary documents to enter into a long-term agreement with San Geronio Pass Water Agency for the multi-year transfer of the City's State Water Table A Allocation.

ALTERNATIVES

If the City does not transfer its Table A Allocation to SGPWA, then the City would need to identify other entities interested in SWP transfers.

Prepared by: Jennifer Tribo, Management Analyst II

ATTACHMENT:

- A Draft Term Sheet for the Multi-Year Water Transfer Program Between the City of Ventura and the San Geronio Pass Water Agency

02/16/22 Draft

**TERM SHEET FOR MULTI-YEAR WATER TRANSFER PROGRAM BETWEEN
THE CITY OF VENTURA
AND
THE SAN GORGONIO PASS WATER AGENCY**

1. Recitals

- a. The City of Ventura (“Ventura”) and the San Gorgonio Pass Water Agency (“SGPWA”) each have water supply contracts, directly or indirectly, with the California Department of Water Resources (“DWR”) for water from the State Water Project (“SWP”).
- b. DWR has implemented the Water Management Contract Amendment to the Water Supply Contracts, which allows for the transfers of Table A supplies under certain conditions.
- c. Ventura County Watershed Protection District (“VCWPD”) has a contract with the State of California for 20,000 acre feet of Table A water.
- d. Ventura has access to 10,000 acre feet of the total 20,000 acre feet.
- e. United Water Conservation District and the Casitas Municipal Water District (“Casitas”) have also contracted for SWP water through VCWPD and are within Ventura County.
- f. Ventura and SGPWA recognize that VCWPD holds the Water Supply Contract with DWR and Casitas is the administrator of the Contract. SGPWA and Ventura will work cooperatively to address legal and contractual issues that may arise with these other agencies.
- g. Ventura is presently not physically connected to the SWP.
- h. The local demands within the Ventura service area have not yet required the use of SWP water and Ventura believes it could better benefit from a water transfer that delivers all or a portion of its Table A water to others to provide an offset of a portion of its fixed costs for SWP Table A water.
- i. Ventura is considering options to obtain its SWP water in the future through exchange or physical connection. It is currently estimated that the most likely option for connection or exchange will require about two years to implement. Ventura will retain a portion of its future SWP water allocation to help meet local demands within its service area.
- j. SGPWA is highly reliant on the SWP to provide water for its existing water demands and is willing to take delivery of additional water that can be made available in the SWP system.
- k. SGPWA has developed a portfolio of water transfer, exchange, and banking programs, but with increasing demand and the decreasing delivery capacity of the SWP, SGPWA needs additional water supplies

to meet demands until additional water is available including through the Sites Reservoir Project or improved Delta conveyance.

- i. Ventura and SGPWA have entered into three single year exchanges in the past. In these annual agreements, Ventura's Table A was delivered to SGPWA in exchange for an agreed upon price and the return of a portion of the water to Ventura in later years ("Outstanding Exchange Obligations"). In those agreements it was the expressed intent of the parties to negotiate a long-term exchange or transfer agreement. Beyond the terms set forth in those prior agreements, it is the intent of Ventura and SGPWA to work collaboratively throughout the term of the proposed new agreement to provide mutual benefit, leveraging each other's respective assets to facilitate long-term water security and financial certainty.
- m. Ventura and SGPWA desire to resolve the remaining balances of return water from the Outstanding Exchange Obligations (OEO) as part of this Multi-Year Water Transfer Program. **The parties agree to request that DWR extend the time period for SGPWA to deliver, or otherwise resolve the OEO, to December 31, 2042.** A copy of the agreement regarding OEO shall be included as an exhibit to the agreement/program. It is hereby acknowledged and agreed that the amount of the OEO, as of the date of the agreement/program is 2575 AF.
- n. Therefore, Ventura and SGPWA propose to initiate a Multi-Year Water Transfer Program ("Program") for their mutual benefit and better water management of their SWP and other supplies.
- o. The proposed multi-year agreement will include three distinct time periods; (1) the year 2022, which is following the severely dry year of 2021, (2) the years beginning with 2023 until Ventura has access to SWP water, and (3) the years after access to SWP water is obtained by Ventura.

2. Term of Agreement/Program

- a. It is the intent of Ventura and SGPWA that the Agreement/Program term will be from the date executed by both parties until December 31, 2042, unless extended by mutual agreement.
- b. Ventura's SWP contract end date is presumed to be December 31, 2038. SGPWA's SWP contract end date is presumed to be December 31, 2037. Both parties intend for the Agreement/Program to extend to December 31, 2042 but will be subject to DWR approvals and respective SWP contract extensions as described in Article 2 and Article 4 of each party's contract.

3. Conditions for 2022 and years until an interconnection to the SWP is completed.

- a. For the year 2022, SGPWA is entitled to purchase all of Ventura's Table A water, in exchange for payment of one half (1/2) Ventura's SWP costs, as identified on the final "T Invoice" as issued by DWR (Attachment #1) for the year 2022.
- b. For the years beginning with 2023, until the exchange or interconnection to the SWP is completed, SGPWA will purchase all of Ventura's Table A water, in exchange for payment of the Ventura's SWP costs, as identified on the final "T" Invoice as issued by DWR (Attachment #1) for the year of the purchase.
- c. The costs to be paid by SGPWA shall be those set forth in the applicable T-Invoice issued by DWR and which are limited to the following: (1) Water System Revenue Bond costs, (2) Capital Cost Component and (3) Minimum Operation, Maintenance, Power, and Replacement (O.M.P.& R).
- d. In consideration for SGPWA agreeing to pay "T" Invoices as set forth herein, Ventura agrees to allow the return of OEO water through December 31, 2042. If OEO water is not requested by Ventura by December 31, 2042, the OEO return obligation will be deemed satisfied and of no further force of effect.
- e. SGPWA shall pay Ventura no later than October 31 of each calendar year, and as an express condition precedent to receiving Ventura's Table A allocation for the specified year.
- f. Ventura to send SGPWA the T Invoice no later than September 1.
- g. SGPWA to pay the final "T" Invoice costs for Ventura for the Table A allocation regardless of the actual SWP allocation for that year.
- h. For all deliveries of water to SGPWA, SGPWA shall pay all SWP Variable costs to deliver the water to its service area or to storage. For all deliveries to Ventura, Ventura shall pay all SWP Variable costs to deliver SWP water, including Article 21 and Article 54 (Flexible Storage), water to its service area or to storage. These determinations shall be made between the parties and DWR.
- i. Ventura retains its share of Article 21 and Article 54 water.
- j. In the allocation of Article 21 by DWR, time is of the essence and is usually done on a real-time basis. Ventura retains the rights to the Article 21 associated with its Table A if it can be used directly by Ventura County Agencies within two weeks of the date of allocation. Ventura releases to SGPWA all other rights and privileges attached to its Table A including: (1) California Aqueduct conveyance and (2) storage in SWP facilities.

- k. SGPWA has the option to do whatever it deems necessary with the purchased Ventura Table A allocation, subject to its contract with DWR and DWR's approval, including, but not limited to:
- Deliver to SGPWA service area.
 - Deliver to and store in San Luis Reservoir.
 - Deliver to a water bank to be determined.
 - Sell some or all of the water to other parties after Ventura County Agencies are provided with a first right of refusal at market price.

4. The following terms would be in effect after access to SWP water is obtained by Ventura.

- a. Ventura has a right to up to 2000 AF of Table A allocation to meet local demands within the service area of Ventura.
- b. Ventura retains its share of the VCWPD Article 21 and Article 54 water if and when it occurs.
- c. In the allocation of Article 21 by DWR, time is of the essence and is usually done on a real-time basis. Ventura retains the rights to the Article 21 associated with its Table A if it can be used directly by Ventura County Agencies or within two weeks of the date of allocation. Ventura releases to SGPWA all other rights and privileges attached to its Table A including: (1) California Aqueduct conveyance and (2) storage in SWP facilities.
- d. SGPWA to pay 60% of the final "T" invoice costs for Ventura no matter what the final SWP allocation is for that year and no matter how much Ventura Table A water is transferred to SGPWA.
- e. SGPWA would be entitled to Ventura Table A water over 2000 AF and would have first right of refusal for any Table A water under 2000 AF that Ventura does not utilize during the year. **The difference between Ventura local uses and 2000 AF will be available to SGPWA at no additional charge.**
- f. Ventura pays all SWP variable costs to deliver the water for local use. For any Ventura Table A water that SGPWA purchases, SGPWA pays all variable costs.
- g. SGPWA has the option to do whatever it deems necessary with the purchased Ventura Table A allocation, subject to its contract with DWR and DWR's approval, including, but not limited to:
- Deliver to SGPWA service area.
 - Deliver to and store in San Luis Reservoir.
 - Deliver to a water bank to be determined.

- Sell some or all of the water to other parties after Ventura County Agencies are provided with a first right of refusal at market price.
- h. Ventura shall notify SGPWA when they have successfully accessed SWP water or if there is a need for the Ventura allocation within the Ventura service area.
- i. Ventura will provide SGPWA notice on or before June 30 of the amount of SWP water it plans to retain for the next calendar year.
- j. Ventura may call upon the OEO water to meet local needs not satisfied in Article 4a and 4b of this agreement if prior notice is given to SGPWA by April 1 of the year water is requested.
- k. SGPWA will utilize its water portfolio and storage to keep a minimum of 750 AF of OEO water available each year, or an equivalent volume of water, available for Ventura uses not satisfied by 4a and 4b and requested by 4j.
- l. If Ventura utilizes OEO water and the balance falls below 1000 AF, Ventura and SGPWA will initiate a plan to implement a storage program that leverages mutual assets and provides long-term supply and benefit to both parties.

5. General Terms:

- a. Parties may terminate the agreement at any time by mutual consent.
- b. Ventura and SGPWA may not terminate the agreement unilaterally except as described below.
- c. Upon request, either Ventura and SGPWA can request changes to the stated allocations or term of agreement. Any changes shall be agreed to by mutual consent.
- d. At such time as Ventura has access to SWP water, Ventura may request to pause this agreement for one year if Ventura's water supply projections fall significantly below the projections in its 2020 UWMP resulting in a difference between supply and demand of 10 percent or less. Ventura must provide one year's notice of its request to pause the agreement and SGPWA will have no financial obligations to Ventura during the time the agreement is paused. If a pause continues for a period of more than two years, then SGPWA will have the right to terminate this Agreement, and upon such termination, SGPWA's OEO water obligations will be deemed fulfilled.
- e. At such time as Ventura has access to SWP water, if Ventura's projected water supplies are expected to be within 10 percent of its projected demands for more than one year, based on a methodology that is subject to reasonable verification by SGPWA, then Ventura may issue to the

SGPWA a request to terminate the agreement. For a period of 180 days following the receipt of such request, SGPWA and Ventura will meet and confer in good faith to discuss the effects of the proposed termination and timing thereof, and will consider potential alternatives to termination that would address the needs of Ventura and/or ways to mitigate any adverse impacts of termination on SGPWA. The goal of such meet and confer process will be either to agree on a mutually acceptable amendment to this Agreement that avoids termination or a structured termination that minimizes adverse impacts on both parties. If the parties have not agreed on an amendment or a structured termination by the end of the 180 day period, then Ventura may move forward with formal notice of termination and such termination will become effective within 180 days of the date of such notice. In the event of any such termination by Ventura, SGPWA's OEO water obligations will be deemed fulfilled.

- f. The termination of this Agreement for any reason prior to the expiration of the term will not impact the transfer of SWP water or the payment obligations of SGPWA for the year in which the termination occurs and such termination will only be effective as to the next water year.
- g. If this agreement is terminated at Ventura's request on or before 12/31/2041, Ventura shall forgive, release and otherwise discharge any and all of the remaining OEO water.
- h. If the SWP allocations for both of the two years preceding termination of the agreement were less than 30 percent, then Ventura will repay SGPWA the payments received in those two years.
- i. SGPWA may terminate this agreement with one year's notice following three consecutive years when the SWP allocation is below 30%.
- j. At a minimum, Ventura and SGPWA shall meet every 5 years to discuss terms of agreement.
- k. Notwithstanding the date of expiration of the original terms of the three exchange agreements, all of the OEO shall be deemed to be fully satisfied on December 31, 2042 whether the water has been delivered or not.
- l. It is understood that the Table A allocation refers to the present Ventura Table A allocation. Future SWP facilities may result in an allocation method used by DWR that is different than the present process, Ventura's Table A allocation number may be determined on a different basis than how SGPWA's Table A allocation is determined. SGPWA will not be responsible for any charges associated with future SWP facilities that are not a part of this Program/Agreement. If the Program/Agreement is extended beyond December 31, 2042, costs associated with future SWP facilities may be included in any Program/Agreement extension.

6. Approvals:

- a. Upon execution of this Term Sheet, related to the Agreement/Program, Ventura and SGPWA shall (1) initiate discussions with DWR and VCWPD, (2) initiate preparation of CEQA documents for environmental review, and (3) prepare a definitive agreement intended to be finalized and executed by their respective Boards, along with any required CEQA compliance.
- b. SGPWA will assist Ventura with preparing a request to DWR for approval of the Agreement/Program. Said request will need to be signed by Ventura, VCWPD, and SGPWA.
- c. Ventura shall be responsible for coordinating approvals from VCWPD for the transfer to SGPWA.
- d. Ventura and SGPWA will cooperate with each other in processing and obtaining DWR approvals associated with the Agreement/Program.
- e. Ventura and SGPWA shall each be responsible for their own review and processing required agreements, environmental documents, and other transaction costs.

NOTICE OF EXEMPTION

<p>TO: County Clerk County of Riverside 2720 Gateway Drive Riverside, CA 92507</p> <p>Ventura County Clerk’s Office 800 South Victoria Avenue Ventura, CA 93009-1260</p> <p>Office of Planning and Research 1400 Tenth Street Sacramento, CA 95814 Attn: State Clearinghouse</p>	<p>FROM: San Gorgonio Pass Water Agency 1210 Beaumont Ave. Beaumont, CA 92223 (951) 845-2577</p>
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Project Title:	Agreement Between the San Gorgonio Pass Water Agency and the City of Ventura for the State Water Project Multi-Year Transfer Program with the City of San Buenaventura (the “Agreement”)
Project Location:	Within the service areas of the City of San Buenaventura (“Ventura”) and the San Gorgonio Pass Water Agency (“Agency”)
a) Project Location – City:	Agency’s and Ventura’s service areas
Project Location – County:	Ventura County Riverside County
Description of nature, purpose, and beneficiaries of Project:	<p>On April _____, 2022, the Agency’s Board of Directors authorized the Agency’s General Manager to sign the Agreement, relating to the State Water Project Multi-Year Transfer Program with Ventura.</p> <p>The Agreement provides for the transfer of some of Ventura’s rights to Table A water under the State Water Program (“SWP”). The Table A Water will be delivered to the Agency from the SWP through facilities already in existence when the Table A Water is delivered, such that it will not be necessary to construct additional facilities in order to affect delivery of the Table A Water pursuant to the Agreement.</p>
Lead Agency / Name of Public Agency approving project:	San Gorgonio Pass Water Agency
Name of agencies carrying out project:	San Gorgonio Pass Water Agency and Ventura
Exempt status:	
<input checked="" type="checkbox"/> Categorical Exemption:	State CEQA Guidelines, § 15301
Reason why project was exempt:	The Agreement falls within the Class 1 exemption, which applies to the operation, maintenance, permitting, and leasing, and minor alteration of existing public or private structures, facilities, or topographical features involving negligible or no expansion of existing or former use.

	(State CEQA Guidelines, § 15301.) Here, the Table A Water will be delivered to the Agency from the SWP through facilities already in existence, such that it will not be necessary to construct additional facilities in order to affect delivery of the Table A Water pursuant to the Agreement. Because this water transfer involves the operation of an existing public facility, and because there is negligible or no expansion of existing use (e.g., the Agreement will not result in an expansion of SWP facilities), the Agreement is exempt from CEQA under the Class 1 exemption.
Contact Person:	Lance Eckhart, General Manager
Telephone:	(951) 845-2577

Signature: _____ Date: _____

Name: Lance Eckhart, General Manager

Date Received for Filing: _____

(Clerk Stamp Here)