

San Geronio Pass Water Agency

DATE: June 13, 2022

TO: Board of Directors

FROM: Lance Eckhart, General Manager

SUBJECT: ADOPT RESOLUTION 2022-15 APPROVING THE TRANSFER OF STATE WATER PROJECT TABLE A SUPPLY FROM THE CITY OF VENTURA TO THE AGENCY AS REQUIRED UNDER THE STATE WATER PROJECT CONTRACT PROCEDURES

RECOMMENDATION

It is recommended that the Board of Directors adopt Resolution 2022-15 which sets forth certain confirmations required by the Department of Water Resources (“DWR”) under Article 57(g) of the State Water Contract.

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 April 25, 2022: The General Manager, with direction from the Board, engaged in negotiations with representatives from the City of Ventura regarding a long-term transfer program.
- April 25, 2022: Board approved entering into the Agreement For Transfer Of State Water Project Water with the City of Ventura (“Agreement”) and authorized the filing of an associated Notice of Exemption.

BACKGROUND

The Agreement provides, among other things, for the right of the Agency to purchase the City’s State Water Project Table A water allocation for each Delivery Year as defined therein. The transfer of Table A water supplies (“Transfer”) from the City to the Agency, as contemplated under the Agreement, is subject to certain terms and conditions based on Delivery Years occurring prior to, and then after, the City completes its interconnection to the State Water Project.

ANALYSIS

The Transfer is also subject to the terms and conditions of the State Water Project Contract, as amended by the Water Management Amendment, which requires approval from DWR. On May 23, 2022, and as required by DWR under the State Water Project Contract, the Agency General Manager transmitted a copy of the Agreement to the general manager of the State Water Contractors Association and requested that said general manager deliver the Agreement to all other State Water Contractors and to the Chair of the Water Transfers Committee of the State Water Contractors Association.

Since the above-mentioned request has now been submitted to DWR, it is time for the Agency to adopt the proposed Resolution in order to comply with Article 57(g) of the State Water Contract by making certain confirmations. As required by Article 57(g) of the State Water Contract, the Agency is required to make the following confirmations by way of the proposed Resolution:

- (1) The Agency has complied with all applicable laws.
- (2) The Agency has provided any required notices to public agencies and the public.
- (3) The Agency has provided the relevant terms to all contractors and to the Water Transfers Committee of the State Water Contractors Association.
- (4) The Agency is informed and believes that the Transfer will not harm other contractors.
- (5) The Agency is informed and believes that the Transfer will not adversely impact State Water Project operations.
- (6) The Agency is informed and believes that the Transfer will not affect its ability to make all payments, including payments when due under the State Water Contract for its share of the financing costs of the State's Central Valley Project Revenue Bonds.
- (7) The Agency has considered the potential impacts of the Transfer within its service area.

FISCAL IMPACT

As previously explained on April 25, 2022 when the Agreement was brought before the Board, the fiscal impact is as follows:

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 (“Green Bucket”) budget item “Purchased Water.”

ACTION

Adopt Resolution No. 2022-15 Approving The Transfer Of State Water Project Table A Supply From The City Of Ventura To The Agency As Required Under The State Water Project Contract Procedures.

ATTACHMENTS

- Draft Resolution 2022-15
- Agreement For Transfer Of State Water Project Water

RESOLUTION NO. 2022-15

A RESOLUTION OF THE SAN GORGONIO PASS WATER AGENCY APPROVING THE MULTI-YEAR TRANSFER OF STATE WATER PROJECT TABLE A SUPPLY FROM THE CITY OF VENTURA TO THE AGENCY AS REQUIRED UNDER THE STATE WATER PROJECT CONTRACT PROCEDURES

WHEREAS, the San Gorgonio Pass Water Agency (“Agency”) is a wholesale water agency formed under the San Gorgonio Pass Water Agency Law set forth in Water Code Appendix 101 (“Law”); and

WHEREAS, the Agency and the City of Ventura (“City”) have negotiated, and approved, an Agreement For Transfer Of State Water Project Water (“Agreement”), dated as of April 26, 2022. The Agreement provides, among other things, for the right of the Agency to purchase the City’s State Water Project Table A water allocation for each Delivery Year as defined therein. The transfer of Table A water supplies (“Transfer”) from the City to the Agency, as contemplated under the Agreement, is subject to certain terms and conditions based on Delivery Years occurring prior to, and then after, the City completes its interconnection to the State Water Project. A copy of the Agreement is attached hereto as Exhibit “A;” and

WHEREAS, the Transfer is also subject to the terms and conditions of the State Water Project Contract, as amended by the Water Management Amendment, which requires approval from the California Department of Water Resources (“DWR”). On May 23, 2022, and as required by DWR under the State Water Project Contract, the Agency General Manager General transmitted a copy of the Agreement to the General Manager of the State Water Contractors Association and requested that said General Manager deliver the Agreement to all other State Water Contractors and to the Chair of the Water Transfers Committee of the State Water Contractors Association; and

WHEREAS, since the above-mentioned request has now been submitted to DWR, it is time for the Agency to adopt this Resolution in order to comply with Article 57(g) of the State Water Contract by making certain findings as set forth below.

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

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

2. Compliance With Article 57(g) As required by Article 57(g) of the State Water Contract, the Agency hereby finds and confirms to the State that:

- (1) The Agency has complied with all applicable laws.
- (2) The Agency has provided any required notices to public agencies and the public.
- (3) The Agency has provided the relevant terms to all contractors and to the Water Transfers Committee of the State Water Contractors Association.
- (4) The Agency is informed and believes that the Transfer will not harm other contractors.
- (5) The Agency is informed and believes that the Transfer will not adversely impact State Water Project operations.
- (6) The Agency is informed and believes that the Transfer will not affect its ability to make all payments, including payments when due under the State Water Contract for its share of the financing costs of the State's Central Valley Project Revenue Bonds.
- (7) The Agency has considered the potential impacts of the Transfer within its service area.

3. Approval Of Transfer Under State Water Project Contract Procedures Based on the findings set forth herein, the Board of Directors approves the Transfer as said approval is required to be provided to DWR under the State Water Contract procedures.

4. Authorization For General Manager The Board of Directors authorizes the General Manager, or his designee, to negotiate and make such non-substantive amendments to the Transfer and Agreement as may be required to obtain DWR's approval.

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

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

ADOPTED AND APPROVED this 13th day of June, 2022.

President, Board of Directors
San Geronio Pass Water Agency

ATTEST:

Secretary, Board of Directors
San Geronio Pass Water Agency