



Santa Clara Valley Water District Water Supply and Demand Management Committee

Headquarters Bldg. Boardroom,
5700 Almaden Expressway, San Jose, California
Join Zoom Meeting: <https://valleywater.zoom.us/j/92597340524#>

REGULAR MEETING AGENDA

**Monday, January 27, 2025
10:00 AM**

District Mission: Provide Silicon Valley safe, clean water for a healthy life, environment and economy.

COMMITTEE OFFICERS:

Richard Santos, Director District 3
Nai Hsueh, Director District 5
Shiloh Ballard, Director District 2

All public records relating to an item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the Office of the Clerk of the Board at the Santa Clara Valley Water District Headquarters Building, 5700 Almaden Expressway, San Jose, CA 95118, at the same time that the public records are distributed or made available to the legislative body. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to attend Board of Directors' meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 265-2600.

STAFF LIAISONS:

Vincent Gin
Kirsten Struve
Ryan McCarter
Stephanie Simunic
(COB Liaison)
Deputy Clerk II
ssimunic@valleywater.org
1-408-630-2408

Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown Act.

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Santa Clara Valley Water District
Water Supply and Demand Management Committee
REGULAR MEETING
AGENDA

Monday, January 27, 2025

10:00 AM

HQ. Bldg. Boardroom,
5700 Almaden Expressway, San Jose, California

*****IMPORTANT NOTICES AND PARTICIPATION INSTRUCTIONS*****

Santa Clara Valley Water District (Valley Water) Board of Directors/Board Committee meetings are held as a “hybrid” meetings, conducted in-person as well as by telecommunication, and is compliant with the provisions of the Ralph M. Brown Act.

To maximize public safety while still maintaining transparency and public access, members of the public have an option to participate by teleconference/video conference or attend in-person. To observe and participate in the meeting by teleconference/video conference, please see the meeting link located at the top of the agenda. If attending in-person, you are required to comply with **Ordinance 22-03 - AN ORDINANCE OF THE SANTA CLARA VALLEY WATER DISTRICT SPECIFYING RULES OF DECORUM FOR PARTICIPATION IN BOARD AND COMMITTEE MEETINGS** located at <https://s3.us-west-2.amazonaws.com/valleywater.org;if-us-west-2/f2-live/s3fs-public/Ord.pdf>

In accordance with the requirements of Gov. Code Section 54954.3(a), members of the public wishing to address the Board/Committee during public comment or on any item listed on the agenda, may do so by filling out a Speaker Card and submitting it to the Clerk or using the “Raise Hand” tool located in the Zoom meeting application to identify yourself in order to speak, at the time the item is called. Speakers will be acknowledged by the Board/Committee Chair in the order requests are received and granted speaking access to address the Board.

- Members of the Public may test their connection to Zoom Meetings at: <https://zoom.us/test>
- Members of the Public are encouraged to review our overview on joining Valley Water Board Meetings at: <https://www.youtube.com/watch?v=TojJpYCxXm0>

Valley Water, in complying with the Americans with Disabilities Act (ADA), requests individuals who require special accommodations to access and/or participate in Valley Water Board of Directors/Board Committee meetings to please contact the Clerk of the Board’s office at (408) 630-2711, at least 3 business days before the scheduled meeting to ensure that Valley Water may assist you.

This agenda has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Sections 54950 et. seq. and has not been prepared with a view to informing an investment decision in any of Valley Water’s

bonds, notes or other obligations. Any projections, plans or other forward-looking statements included in the information in this agenda are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of Valley Water's bonds, notes or other obligations and investors and potential investors should rely only on information filed by Valley Water on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures and Valley Water's Investor Relations website, maintained on the World Wide Web at <https://emma.msrb.org/> and <https://www.valleywater.org/how-we-operate/financebudget/investor-relations>, respectively.

Under the Brown Act, members of the public are not required to provide identifying information in order to attend public meetings. Through the link below, the Zoom webinar program requests entry of a name and email address, and Valley Water is unable to modify this requirement. Members of the public not wishing to provide such identifying information are encouraged to enter "Anonymous" or some other reference under name and to enter a fictional email address (e.g., attendee@valleywater.org) in lieu of their actual address. Inputting such values will not impact your ability to access the meeting through Zoom.

Join Zoom Meeting:

<https://valleywater.zoom.us/j/92597340524#>

Meeting ID: 925 9734 0524#

Join by Phone:

1 (669) 900-9128, 92597340524#

1. CALL TO ORDER:

1.1. Roll Call.

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA.

Notice to the public: Members of the public who wish to address the Board/Committee on any item not listed on the agenda may do so by filling out a Speaker Card and submitting it to the Clerk or using the "Raise Hand" tool located in the Zoom meeting application to identify yourself to speak. Speakers will be acknowledged by the Board/Committee Chair in the order requests are received and granted speaking access to address the Board/Committee. Speakers' comments should be limited to three minutes or as set by the Chair. The law does not permit Board/Committee action on, or extended discussion of, any item not on the agenda except under special circumstances. If Board/Committee action is requested, the matter may be placed on a future agenda. All comments that require a response will be referred to staff for a reply in writing. The Board/Committee may take action on any item of business appearing on the posted agenda.

3. APPROVAL OF MINUTES:

3.1. Approval of November 4, 2024 Water Supply and Demand Management Committee (WSDMC) Minutes.

25-0070

Recommendation: Approve the minutes.

Manager: Candice Kwok-Smith, 408-630-3193
Attachments: [Attachment 1: 110424 WSDMC Mins. for Comm. approval](#)
Est. Staff Time: 5 Minutes

4. REGULAR AGENDA:

4.1. Election of Chair and Vice Chair. [25-0140](#)
Recommendation: Elect 2025 Chair and Vice Chair.
Manager: Candice Kwok-Smith, 408-630-3193
Est. Staff Time: 5 Minutes

4.2. Receive an update and discuss the B.F. Sisk Dam Raise and Reservoir Expansion Project; Recommend to the Board to Execute the First Amended and Restated Activity Agreement and Approve the San Luis Delta Mendota Water Authority's Execution of the Management and Cost Share Agreement with the U.S. Bureau of Reclamation; Recommend to the Board to increase Valley Water's storage capacity up to 60,600 AF; Recommend to the Board to authorize up to \$2,057,636 to cover Valley Water's share of Project planning costs through February 2026. [25-0084](#)
Recommendation:

- A. Receive an update and discuss the B.F. Sisk Dam Raise and Reservoir Expansion Project.
- B. Recommend to the Board to authorize the CEO to execute the First Amended and Restated Activity Agreement.
- C. Recommend to the Board to approve San Luis Delta Mendota Water Authority's execution of the Management and Cost Share Agreement with the U.S. Bureau of Reclamation.
- D. Recommend to the Board to increase Valley Water's storage capacity to a minimum of 60,398 Acre Feet (AF) and up to 60,600 AF if space becomes available.
- E. Recommend to the Board to authorize up to \$2,057,636 to cover Valley Water's share of Project planning costs through February 2026.

Manager: Vincent Gin, 408-630-2633
Attachments: [Attachment 1: Management and Cost Share Agreement](#)
[Attachment 2: First Amended and Restated Activity Agreement](#)
[Attachment 3: Presentation](#)
Est. Staff Time: 45 Minutes

4.3. Update on Valley Water's Collaboration with Water Retailers on Water Supply and Demand Management and Renter/Landlord Engagement. [24-0993](#)
Recommendation: Receive an update on Valley Water's collaboration with water retailers on water supply and demand management and renter/landlord engagement and provide staff feedback. This is

a discussion item only.

Manager: Kirsten Struve, 408-630-3138

Attachments: [Attachment 1: PowerPoint](#)

Est. Staff Time: 40 Minutes

4.4. Update on Los Vaqueros Reservoir Expansion Project; Recommend to the Board to Ratify the Resolution of the Los Vaqueros Reservoir Joint Powers Authority to Terminate the Joint Exercise of Powers Agreement and Dissolve the Authority. [25-0083](#)

Recommendation:

- A. Receive an update and discuss the Los Vaqueros Reservoir Expansion Project.
- B. Recommend to the Board to adopt a Resolution to ratify the Resolution of the Los Vaqueros Reservoir Joint Powers Authority (LVE JPA) to terminate the Joint Exercise of Powers Agreement and dissolve the LVE JPA.

Manager: Vincent Gin, 408-630-2633

Attachments: [Attachment 1: Resolution to Dissolve LVE JPA](#)
[Attachment 2: Valley Water Resolution to Ratify LVE JPA Resolution](#)

Est. Staff Time: 20 Minutes

4.5. Receive an Informational Update on the Pacheco Reservoir Expansion Project. [25-0063](#)

Recommendation: Receive an informational update on the Pacheco Reservoir Expansion Project.

Manager: Ryan McCarter 408-630-2983

Attachments: [Attachment 1: PowerPoint](#)
[Attachment 2: PREP FAQ](#)

Est. Staff Time: 30 Minutes

4.6. Review and Discuss the Water Supply and Demand Management Committee (WSDMC) Work Plan and Approve 2025 Meeting Schedule. [25-0137](#)

Recommendation: Review and discuss the WSDMC Work Plan and approve 2025 meeting schedule.

Manager: Candice Kwok-Smith, 408-630-3193.

Attachments: [Attachment 1: 2025 WSDMC Work Plan](#)

Est. Staff Time: 5 Minutes

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.

This is an opportunity for the Clerk to review and obtain clarification on any formally moved, seconded, and approved requests and recommendations made by the Committee during the meeting.

6. ADJOURN:

6.1. Adjourn to Regular Meeting at 10:00 a.m. on Monday, February 24, 2025.



Santa Clara Valley Water District

File No.: 25-0070

Agenda Date: 1/27/2025

Item No.: 3.1.

COMMITTEE AGENDA MEMORANDUM Water Supply and Demand Management Committee

Government Code § 84308 Applies: Yes No
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Approval of November 4, 2024 Water Supply and Demand Management Committee (WSDMC) Minutes.

RECOMMENDATION:

Approve the minutes.

SUMMARY:

A summary of Committee discussions, and details of all actions taken by the Committee, during all open and public Committee meetings, is transcribed and submitted for review and approval.

Upon Committee approval, minutes transcripts are finalized and entered into the District's historical records archives and serve as historical records of the Committee's meetings.

ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:

The approval of minutes is not subject to environmental justice and equity impact analysis.

ATTACHMENTS:

Attachment 1: 110424 WSDMC Mins. for Comm. approval

UNCLASSIFIED MANAGER:

Candice Kwok-Smith, 408-630-3193

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WATER SUPPLY AND DEMAND
MANAGEMENT COMMITTEE MEETING

DRAFT MINUTES

REGULAR MEETING
MONDAY, NOVEMBER 4, 2024
10:00 AM

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A regular meeting of the Santa Clara Valley Water District (Valley Water) Water Supply and Demand Management Committee (Committee) was called to order in the Valley Water Headquarters Building Boardroom at 5700 Almaden Expressway, San Jose, California, and by Zoom teleconference, at 10:00 a.m.

1.1. Roll Call.

Committee members in attendance were: District 3 Director Richard Santos, Chairperson presiding, District 2 Director Barbara Keegan, Vice Chairperson, and District 5 Director Nai Hsueh, constituting a quorum of the Committee.

Staff members in attendance were: Gina Adriano, Antonio Alfaro, Emmanuel Aryee, Aaron Baker, Lisa Bankosh, Roselyn Bhudsabourg, Justin Burks, Rick Callender, Rita Chan, Vanessa De La Pietra, Philip Dolan, Andrew Garcia, Vincent Gin, Andy Gschwind, Jason Gurdak, Bassam Kassab, Cindy Kao, Matt Keller, Michele King, Kaho Kong, Candice Kwok-Smith, Jess Lovering, Katherine Maher, Ryan McCarter, Julianne O'Brien, Carlos Orellana, Steve Peters, Sarah Piramoon, Charlotte Reinharter, Metra Richert, Ashley Shannon, Stephanie Simunic, Ranithri Slayton, Kirsten Struve, Charlene Sun, Darin Taylor, Sana Wazit, Gregory Williams, Jing Wu, Becky Zisser.

Public in attendance were: District 1 Director John Varela, District 7 Director Rebecca Eisenberg, Molly Culton and Katja Irvin (Sierra Club), Arthur Keller, Doug Muirhead.

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA:

Chairperson Santos declared time open for public comment on any item not on the agenda. There was no one who wished to speak.

3. APPROVAL OF MINUTES:

3.1 Approval of September 28, 2024 Water Supply and Demand Management Committee (WSDMC) Minutes.

Recommendation: Approve the minutes.

The Committee considered the minutes of the September 28, 2024 Water Supply and Demand Management Committee (WSDMC) meeting.

Public Comments: None.

It was moved by Director Hsueh, seconded by Vice Chairperson Keegan, and unanimously carried, to approve the September 28, 2024 WSDMC minutes.

4. REGULAR AGENDA:

4.1 Receive an update on Santa Clara Valley Water District's South County managed aquifer recharge activities and provide feedback.

Bassam Kassab reviewed the information on this item, per the attached Committee Agenda Memo and in the attachment and was available to answer questions.

Public Comment: Doug Muirhead inquired about recharge and recycled water in south county regarding droughts, suggested a tracer study for movement of the groundwater basin in south county, extending the Morgan Hill sewer system, and commented on the Butterfield Channel Recharge project. Staff stated they will contact Mr. Muirhead directly relating to his comments.

Discussion ensued relating to San Pedro groundwater recharge possibly affecting septic systems, planning for south county water storage, and sensitivity to rate changes for projects that may affect south county residents.

In response to an inquiry from Director Hsueh, Mr. Kassab stated the City of Morgan Hill operates San Pedro Ponds, a park for residents with trails around the ponds residents enjoy.

In response an inquiry from Chairperson Santos relating to septic tanks regarding water recharge, Ms. De La Piedra stated it is a consideration as Valley Water is trying to cite new facilities and desires to seek places that have enough separation to groundwater and septic to fully maintain those systems.

The Committee received the information and took no formal action.

4.2 Receive an update on the status of groundwater basins pursuant to the Sustainable Groundwater Management Act.

Jason Gurdak and Kaho Kong reviewed the information on this item, per the attached Committee Agenda Memo and in the attachment and were available to answer questions.

Discussion ensued relating to if the designation of the subbasin is put in probationary status.

Public Comments: Doug Muirhead emphasized the importance of monitoring the semitropic groundwater exchange. Arthur Keller inquired relating to amount of water stored in the semitropic banks and other sources of water. Staff answered just over 300,000-acre feet is stored, in droughts other water supply options would be evaluated, and Valley Water will continue to work with partners and the State Water Board to avoid water supply risks.

The Committee received the information, provided positive feedback and took no formal action.

4.3. Receive an update on the B.F. Sisk Dam Raise and Reservoir Expansion Project, including (provisional) agreement on terms of Management and Cost Share Agreement Between San Luis Delta Mendota Water Authority and U.S. Bureau of Reclamation.

Cindy Kao reviewed the information on this item, per the attached Committee Agenda Memo and was available to answer questions.

Discussion ensued relating to the operations and maintenance cost estimate regarding securing transportation funds connected to the project, determining possible south county cost benefits of the project, timing of construction relating to the raising of State Route 152, level of commitment of participating agencies relating to project funding, and partners applying for grants.

Public Comments: None.

The Committee received the information, provided positive feedback and took no formal action.

4.4 Receive an update and discuss the Los Vaqueros Reservoir Expansion Project.

Vincent Gin stated that a celebratory event relating to an agreement in the cost share management of the BF Sisk Dam and Reservoir Project is tentatively scheduled in Washington D.C. on December 13, 2024 by the Bureau of Reclamation, and more information will be communicated to the Board.

Katherine Maher stated that during the September 18, 2024 Contra Costa Water District (CCWD) Board meeting, the Board concluded that the Project is no longer viable and directed staff to develop a plan for CCWD to end their participation, and since the Project utilizes CCWD facilities, their withdrawal would effectively end the Project.

She further stated that at the October 30, 2024 CCWD meeting, the Los Vaqueros JPA Board Chair, on behalf of the JPA Board, sent a letter to CCWD's Board Chair, asking CCWD to reconsider ending their participation in the Project and urging them to continue discussions with the JPA to try to address CCWD's concerns about the project.

She further stated at the November 6, 2024 CCWD Board meeting, a resolution will be presented to authorize their General Manager to withdraw CCWD's application to the Prop 1 Water Storage Improvement Program and also authorizes their manager to coordinate and work with the JPA to begin dissolution of JPA and terminate the JPA agreement. Ms. Maher noted that dissolution of the JPA would require an affirmative vote of 75 percent of the JPA members as well as ratification vote of 75 percent of the Member Agency Boards. She stated more information on the Project direction will be available after the November 3, 2024 CCWD Board meeting, Valley Water staff are closely monitoring the situation and will be able to provide additional updates after these meetings.

Public Comments: None

The Committee received the information, thanked staff for their efforts on the project, and took no formal action.

4.5 Review and Discuss the Water Supply and Demand Management Committee (WSDMC) Work Plan.

Stephanie Simunic differed to staff for information as the work plan relates to determining the next meeting date. Kirsten Struve stated the item relating to collaboration with retailers and outreach including renters and landlords for the November 25, 2024 meeting can be heard, but the other two items listed on the work plan will not have new information by the November 25, 2024 meeting. Discussion ensued relating to holding a November or December 2024 WSDMC meeting, and staff noted no urgent items for discussion. The Committee agreed to hold the next meeting in January 2025.

Director Hsueh requested staff provide an update relating to the next Pacheco Reservoir Expansion project strategy, noting including a summary of public comment on the project.

Director Keegan stated this is her last meeting as a Committee member and thanked the staff for their efforts on the Committee.

Public Comment: Katja Irvin made an inquiry relating to the date of the next Pacheco Reservoir Expansion project update and expressed the need for an update that includes schedule or cost to be used in evaluation of the CIP and the project.

The Committee received the information and took no formal action.

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS:

This is an opportunity for the Clerk to review and obtain clarification on any formally moved, seconded, and approved requests and recommendations made by the Committee during the meeting.

Stephanie Simunic stated that the September 28, 2024 WSDMC minutes were approved, the regular items on the agenda were heard, and the next meeting will occur in January 2025 unless Committee members or staff request otherwise.

6. ADJOURN:

6.1. Adjourn to Regular Meeting at 10:00 a.m. on Monday November 25, 2024.

Chairperson Santos adjourned the meeting at 11:26 a.m., noted the November 25, 2024 meeting is cancelled, and the next meeting will occur in January 2025.

Date Approved:

Stephanie Simunic
Assistant Deputy Clerk II

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Santa Clara Valley Water District

File No.: 25-0140

Agenda Date: 1/27/2025

Item No.: 4.1.

COMMITTEE AGENDA MEMORANDUM

Santa Clara Valley Water Commission

Government Code § 84308 Applies: Yes No
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Election of Chair and Vice Chair.

RECOMMENDATION:

Elect 2025 Chair and Vice Chair.

SUMMARY:

Per the Board Resolution, the duties of the Chair and Vice-Chair are as follows:

The officers of each Committee shall be a Chair and Vice-Chair, both of whom shall be members of that Committee. The Chair and Vice-Chair shall be elected by the Committee, each for a term of one year commencing on January 1 and ending on December 31 and for no more than two consecutive terms. The Committee shall elect its officers at the first meeting of the calendar year. All officers shall hold over in their respective offices after their term of office has expired until their successors have been elected and have assumed office.

The Chair shall preside at all meetings of the Committee, and he or she shall perform other such duties as the Committee may prescribe consistent with the purpose of the Committee.

The Vice-Chair shall perform the duties of the Chair in the absence or incapacity of the Chair. In case of the unexpected vacancy of the Chair, the Vice-Chair shall perform such duties as are imposed upon the Chair until such time as a new Chair is elected by the Committee.

Should the office of Chair or Vice-Chair become vacant during the term of such office, the Committee shall elect a successor from its membership at the earliest meeting at which such election would be practicable, and such election shall be for the unexpired term of such office.

Should the Chair and Vice-Chair know in advance that they will both be absent from a meeting, the Chair may appoint a Chair Pro-tempore to preside over that meeting. In the event of an unanticipated absence of both the Chair and Vice-Chair, the Committee may elect a Chair Pro-tempore to preside over the meeting in their absence.

BACKGROUND:

The District Act provides for the creation of advisory boards, committees, or commissions by resolution to serve at the pleasure of the Board.

Accordingly, the Board has established Advisory Committees, which bring respective expertise and community interest, to advise the Board, when requested, in a capacity as defined: prepare Board policy alternatives and provide comment on activities in the implementation of the District's mission for Board consideration. In keeping with the Board's broader focus, Advisory Committees will not direct the implementation of District programs and projects, other than to receive information and provide comment.

Further, in accordance with Governance Process Policy-3, when requested by the Board, the Advisory Committees may help the Board produce the link between the District and the public through information sharing to the communities they represent.

The Board may also establish Ad-hoc Committees to serve in a capacity as defined by the Board and will be used sparingly.

ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:

There are no environmental justice or equity impacts associated with this item.

ATTACHMENTS:

None.

UNCLASSIFIED MANAGER:

Candice Kwok-Smith, 408-630-3193



Santa Clara Valley Water District

File No.: 25-0084

Agenda Date: 1/27/2025

Item No.: 4.2.

COMMITTEE AGENDA MEMORANDUM Water Supply and Demand Management Committee

Government Code § 84308 Applies: Yes No
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Receive an update and discuss the B.F. Sisk Dam Raise and Reservoir Expansion Project; Recommend to the Board to Execute the First Amended and Restated Activity Agreement and Approve the San Luis Delta Mendota Water Authority's Execution of the Management and Cost Share Agreement with the U.S. Bureau of Reclamation; Recommend to the Board to increase Valley Water's storage capacity up to 60,600 AF; Recommend to the Board to authorize up to \$2,057,636 to cover Valley Water's share of Project planning costs through February 2026.

RECOMMENDATION:

- A. Receive an update and discuss the B.F. Sisk Dam Raise and Reservoir Expansion Project.
- B. Recommend to the Board to authorize the CEO to execute the First Amended and Restated Activity Agreement.
- C. Recommend to the Board to approve San Luis Delta Mendota Water Authority's execution of the Management and Cost Share Agreement with the U.S. Bureau of Reclamation.
- D. Recommend to the Board to increase Valley Water's storage capacity to a minimum of 60,398 Acre Feet (AF) and up to 60,600 AF if space becomes available.
- E. Recommend to the Board to authorize up to \$2,057,636 to cover Valley Water's share of Project planning costs through February 2026.

SUMMARY:

Between mid-2023 and December 2024, the U.S. Bureau of Reclamation (Reclamation), the seven member Project participants (Participants), and the San Luis Delta Mendota Water Authority (SLDMWA) negotiated the Management and Cost Share Agreement (Management Agreement), which defines how the costs and benefits of the B.F. Sisk Dam Raise and Reservoir Expansion Project (Project) will be shared between Reclamation and the SLDMWA on behalf of Participants. Participants and SLDMWA have also recently completed negotiations on a first amendment to the Activity Agreement for this Project, which details the costs, benefits, and obligations of Participants. On January 9, 2024, the SLDMWA Board conditionally approved both agreements, subject to approval of Participants' respective boards. Staff have been informed that approvals would be needed by the beginning of March in order to ensure continuous funding for the project.

Management and Cost Share Agreement

The Management Agreement (Attachment 1) is the primary agreement that defines how the costs and benefits of the Project will be shared among Reclamation and the SLDMWA, as the Participants' representative. Staff are recommending that Valley Water approve the SLDMWA's execution of the Management Agreement. Key components of this Agreement are as follows:

- Participants will be provided a contractual right to 70% of storage capacity in the expanded share of the reservoir, Reclamation will control of the remaining 30%.
- Any type of water may potentially be stored, including Valley Water's Central Valley Project (CVP) and State Water Project (SWP) contractual supplies and supplemental water transfers.
- During periods of severe water supply shortage, Reclamation may use Participants' stored CVP water supplies to satisfy the demands of senior water right holders and refugees, or to protect public health and safety. Valley Water could significantly reduce this risk by preferentially storing its SWP supplies.
- None of the water stored in Participants' share of storage is subject to spill.
- The agreement is between Reclamation and the SLDMWA only, so Valley Water may need to rely on SLDMWA to initiate any litigation.

First Amended and Restated Activity Agreement

The existing Activity Agreement between the SLDMWA and Participants defines the costs, benefits, and obligations of Participants regarding the Project. The amendment to the Activity Agreement (Attachment 2) reflects the terms negotiated in the Management Agreement and provides Project governance provisions into the future and Valley Water staff recommend its approval and execution. Key terms in the amended Activity Agreement are:

- Storage capacity, CVP delta surplus water ("Article 3(f) water"), and project costs are all allocated in proportion to participation percentage.
- Most Project decisions require approval by Activity Participants holding 85% of investor storage; assignment of SLDMWA's interests and obligations to a new JPA requires 90% approval.
- Participants will select the Water Coordinator who will coordinate directly with Participants and Reclamation on storage activities.
- After Project financing, Participants will not be able to withdraw from the Project unless another agency takes over their share of the Project, and all other Participants agree that the withdrawal will not harm them or Project financing.
- Participants can lease or sell their storage space and have a first right of refusal for any sale of storage capacity.

Project Costs & Benefits

The capital cost estimate for the Project is \$1.045 billion in 2024 dollars, not including financing costs. The estimate includes a 15 percent contingency for both design and construction. Total annual

O&M costs are anticipated to be approximately \$4.0 million. The costs of major project elements are shown below in Table 1:

Table 1: Sisk Dam Raise Capital Costs

Project Feature	Capital Cost (\$2024)
Dam Raise	\$474M
State Route 152 Improvement	\$477M
Design, Permitting, Project Management	\$94M
Total Capital	\$1,045M

In December 2024, Pacheco Water District gave notice that it was withdrawing from the Project. Pacheco Water District's Project participation percentage was 0.7%, providing for a storage capacity of 600 acre-feet (AF). Under the terms of the Activity Agreement, a withdrawing participant's storage capacity is automatically allocated to the remaining participants in proportion to their participation percentages. A Participant may be relieved of their obligation to assume their share of the withdrawing participant's storage capacity if another Participant is willing to assume their share. At our current 66% participation level, Valley Water's share of the reallocated storage capacity is 398 AF, which would bring Valley Water's total storage capacity to 60,398 AF. At a participation level of 60,398 AF, Valley Water would be responsible for approximately \$485 million in capital costs. Staff recommend that Valley Water agree to assume its share of Pacheco Water District's storage capacity.

Valley Water staff are also recommending that the Board authorize an increase of up to a total of 60,600 AF so that Valley Water can serve as a backstop for the Project if other participants are not interested or able to take over their share of Pacheco Water District's storage capacity. At 60,600 AF of storage capacity, Valley Water would be responsible for approximately \$487 million in capital costs. At 60,000 AF of storage capacity, the Project could cause groundwater rates in North County Zone W-2 M&I to increase by up to \$227/AF by FY 34, which would translate to an incremental \$7.81 per month to the average household. If Valley Water increases storage to 60,600 AF, the groundwater rates in North County Zone W-2 M&I would increase by up to \$228/AF by FY 34, which would translate to an incremental \$7.86 per month to the average household in the same timeframe.

Reclamation is requesting that Project participants fund \$3.25 million to cover costs for planning, design, and permitting activities through February 2026. If Valley Water assumes its proportionate share of the space vacated by Pacheco Water District, our share of costs would be \$2,045,427. If other Participants decline their share of the vacated space and Valley Water chooses to fill the gap, Valley Water's proposed cost share would increase to \$2,057,636. Valley Water staff recommend that the Board authorize funding a minimum of \$2,045,427 and up to \$2,057,636 to cover all contingencies and to ensure the Project is fully funded moving forward.

Schedule & Next Steps

The Management Agreement identifies several follow-on agreements that will need to be completed before the final participation decision for the project, including the Spend Plan, Contributed Funds Agreement, Coordination Agreement, and Operations & Maintenance Agreement. Negotiations are

expected to begin on these agreements in the next few months, starting with the Spend Plan and Contributed Funds Agreement. Staff will continue to work closely with SLDMWA staff and other Participants to develop these follow-on agreements and will provide updates as information becomes available. The final participation decision for the Project is expected to occur in early 2027 when Participants will secure Project financing for construction.

ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:

There are no environmental justice and equity impacts associated with this item. The B.F. Sisk Dam and Reservoir Expansion Project addresses water supply equity by ensuring a cost-effective, high-quality supply is available for all of Santa Clara County, including disadvantaged communities.

ATTACHMENTS:

Attachment 1: Management and Cost Share Agreement

Attachment 2: First Amended and Restated Activity Agreement

Attachment 3: Presentation

UNCLASSIFIED MANAGER:

Vincent Gin, 408-630-2633

ITEM 4.2
B.F. SISK DAM

UNITED STATES
 DEPARTMENT OF THE INTERIOR
 BUREAU OF RECLAMATION
 Central Valley Project, California

AGREEMENT BETWEEN
THE UNITED STATES AND
THE SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
FOR THE MANAGEMENT OF THE EXPANDED SAN LUIS RESERVOIR
AND COST SHARE OF CHARGES
ASSOCIATED WITH RAISING OF THE B.F. SISK DAM
AND INCREASED STORAGE CAPACITY
OF THE FEDERALLY ADMINISTERED SAN LUIS RESERVOIR

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Central Valley Project, California

AGREEMENT BETWEEN
THE UNITED STATES AND
THE SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
FOR THE MANAGEMENT OF THE EXPANDED SAN LUIS RESERVOIR
AND COST SHARE OF CHARGES
ASSOCIATED WITH RAISING OF THE B.F. SISK DAM
AND INCREASED STORAGE CAPACITY
OF THE FEDERALLY ADMINISTERED SAN LUIS RESERVOIR

1 THIS AGREEMENT (SLRE Management and Cost Share Agreement), made this _____
2 day of _____, 20_____, pursuant to the Reclamation Act of 1902, as
3 amended (32 Stat. 388; 43 U.S.C. Part 391); including the Act of February 21, 1911 (36 Stat.
4 925); the Reclamation Project Act of 1939, as amended (53 Stat. 1187; 43 U.S.C. Part 485); the
5 San Luis Act of 1960, as amended (Public Law 86-488, 74 Stat. 156); the Reclamation Safety of
6 Dams Act of 1978 (Public Law 95-578, 92 Stat. 2471); the Reclamation Reform Act of 1982, as
7 amended (Public Law 97-293, 96 Stat. 1261); and Section 305 of the Reclamation States
8 Emergency Drought Relief Act of 1991, enacted March 5, 1992 (106 Stat. 59); the Central
9 Valley Project Improvement Act of 1992, as amended (Public Law 102-575, 106 Stat. 4706); and
10 the Water Infrastructure Improvements for the Nation Act of 2016 (Public Law 114-322, 130
11 Stat. 1865); made between the UNITED STATES BUREAU OF RECLAMATION, hereinafter

12 the United States or Reclamation, and represented by the officer executing this Agreement,
13 hereinafter referred to as the Contracting Officer, and the SAN LUIS & DELTA-MENDOTA
14 WATER AUTHORITY, hereinafter referred to as the Authority, individually referred to as
15 "Party" and collectively referred to as "Parties".

16 EXPLANATORY RECITALS

17 [1st] WHEREAS, the United States has constructed and is operating the Central Valley
18 Project for diversion, storage, carriage, and distribution of waters of the Sacramento River, the
19 American River, the Trinity River, and the San Joaquin River and their tributaries for irrigation
20 and other beneficial uses to serve Central Valley Project purposes; and

21 [2nd] WHEREAS, the United States holds title, and plans to continue to hold title to the
22 B.F. Sisk Dam and San Luis Reservoir and authorized features of the San Luis Unit as provided
23 for in the San Luis Act of 1960; and

24 [3rd] WHEREAS, the San Luis Act of 1960 (Public Law 86-488, 74 Stat. 156)
25 authorized the Secretary of the Interior to construct, operate, and maintain an afterbay, forebay,
26 conveyance facilities, and dam and Reservoir for the joint use by the State of California and the
27 United States, and as provided in Section 2 of the Act, the Secretary was authorized to enter into
28 an agreement with the State of California to provide for the coordinated operation of the San
29 Luis Unit which resulted in a 1961 Joint Coordination Agreement and subsequent amendatory
30 and supplemental agreements of 1972 and 1997; and

31 [4th] WHEREAS, the United States was authorized to construct the San Luis Unit of
32 the CVP, a joint use project, shared with the State of California and administered through the
33 Department of Water Resources, hereinafter referred to as "DWR," the operations of which are
34 coordinated between Reclamation and DWR consistent with the 1961 Agreement and all
35 supplements and amendments; and

36 [5th] WHEREAS, consistent with the San Luis Act of 1960, Reclamation and DWR
37 share responsibility for the costs of operation, maintenance, and replacement of B.F. Sisk Dam
38 and San Luis Reservoir, consistent with the 1961 Agreement Between the United States of
39 America and The Department of Water Resources of the State of California for the Operation of
40 the San Luis Unit and all supplements and amendments, Contract No. 14-06-200-9755 (1961
41 Agreement); and

42 [6th] WHEREAS, Reclamation and DWR share responsibility for coordinating
43 operations of the CVP and the State Water Project, hereinafter referred to as “SWP,” and for
44 meeting Sacramento-San Joaquin Delta water quality objectives and other operational
45 requirements pursuant to the 1986 Coordinated Operations Agreement between Reclamation and
46 DWR, as amended; and

47 [7th] WHEREAS, Reclamation, in coordination with DWR, initiated extraordinary
48 maintenance work for the B.F. Sisk Safety of Dams Modification Project to improve the safety
49 of the continued operation and maintenance of the aforementioned dam; and

50 [8th] WHEREAS, in accordance with the Reclamation Safety of Dams Act of 1978, as
51 amended (Public Law 95-578, 92 Stat. 2471, 43 U.S.C. § 509 b), to develop additional project
52 benefits, through the B.F. Sisk Dam Safety of Dams Modification Report, in December 2020, the
53 Expansion Project was determined to be feasible; and

54 [9th] WHEREAS, consistent with Reclamation’s Directives and Standards, *Water and*
55 *Related Resources Feasibility Studies* (CMP 09-02), and *Developing Additional Project Benefits*
56 *in Conjunction with a Safety of Dams Modification Project* (FAC 06-05), Reclamation is
57 authorized to assess the feasibility of increasing San Luis Reservoir storage capacity in

58 conjunction with the Safety of Dams modifications to determine if there are additional project
59 benefits which are in the best interest of the United States; and

60 [10th] WHEREAS, following the finding of feasibility, in accordance with §4007 of the
61 Water Infrastructure and Improvements for the Nation Act, hereinafter referred to as “WIIN Act”
62 (Public Law 114-322), on October 20, 2023, Congress authorized construction and associated
63 funding for the B.F. Sisk Dam Raise and Reservoir Expansion Project; and

64 [11th] WHEREAS, in accordance with §4007(e) of the WIIN Act, which provides
65 “[s]ubject to compliance with State water rights laws, the right to use capacity of a federally
66 owned storage project... shall be allocated in such a manner as may be mutually agreed to by
67 the Secretary of the Interior and each party to the agreement,” the Parties agree that this
68 Agreement, as may be amended, provides for the mutually agreeable use of the Expanded
69 Reservoir to the extent consistent with Federal law; and

70 [12th] WHEREAS, notwithstanding any potential disagreements among the Parties
71 regarding background law, this Agreement governs the cost share and management of storage as
72 provided herein; and

73 [13th] WHEREAS, the Authority certified, and Reclamation signed, a Record of
74 Decision on October 20, 2023, for the Environmental Impact Statement/Report entitled B.F. Sisk
75 Dam Raise and Reservoir Expansion Project, selecting the Dam Raise Alternative; and

76 [14th] WHEREAS, consistent with WIIN Act §4007(b)(2), Reclamation and the
77 Authority agree to enter into this Agreement for up to 50% Federal share of the costs of the
78 Expansion Project including, but not limited to, planning, design, and construction, and as further
79 defined in this Agreement; and

80 [15th] WHEREAS, consistent with WIIN Act §4007(e), Reclamation, representing the
81 United States, and the Authority, through the B.F. Sisk Dam Raise and Reservoir Expansion
82 Project Activity Agreement, as may be amended or supplemented, attached as Exhibit F,
83 representing Participating Agencies who will collectively share in the costs and benefits of the
84 Expansion Project, desire to use the Expansion Project in such a manner as may be mutually
85 agreeable to the Parties hereto; and

86 [16th] WHEREAS, other agreements and/or contracts necessary for commencing design,
87 construction, and/or operation of the Expanded Reservoir may be necessary and may be
88 incorporated into this Agreement, and which may include, but are not limited to, a Contributed
89 Funds Agreement providing for the contribution of funds from Federal cost share partners (WIIN
90 Act §4007(b)(3)(B) and §4011(e)(2)); an OM&R Agreement; a Repayment Contract providing
91 for repayment of reimbursable obligations (WIIN Act §4007(b)(3)(C) and §4011(e)(2)), as
92 appropriate; a Spend Plan; and a Coordination Agreement, any of which may require further
93 delegation of authority from the Commissioner of Reclamation to negotiate and make a part of
94 this Agreement.

95 NOW, THEREFORE, the Parties desire to manage the additional capacity associated
96 with the expansion of San Luis Reservoir and share in the costs pertaining to the Expanded
97 Reservoir consistent with, and in consideration of, the mutual and dependent covenants herein,
98 the Parties hereto agree as follows:

DEFINITIONS

100 1. When used herein unless otherwise distinctly expressed, or manifestly
101 incompatible with the intent of the Parties as expressed in this Agreement, the term:

102 (a) “Acquired Water” shall mean (1) any water acquired from CVP water
103 service/repayment contractors, CVP Settlement Contractors, San Joaquin River Exchange
104 Contractors, any other CVP contractor, or from Reclamation, in addition to any transfer or
105 exchange that requires an in lieu operational exchange by Reclamation, subject to Contracting
106 Officer acknowledgement or approval consistent with transfer policies and guidelines and any
107 required environmental review, and (2) any Non-CVP Water.

108 (b) "Authority-Managed Share of Expanded Reservoir" shall mean the storage
109 volume of the Expanded Reservoir commensurate with the non-Federal level of investment in
110 the Expansion Project.

111 (c) "Calendar Year" shall mean the period January 1 through December 31,
112 both dates inclusive.

113 (d) "Central Valley Project" or "CVP" shall mean the Central Valley Project
114 owned by the United States and managed by the Department of the Interior, Bureau of
115 Reclamation

116 (e) “Central Valley Project Municipal and Industrial Water Shortage Policy
117 Guidelines and Procedures” or “M&I Water Shortage Policy” shall mean the policy intended to
118 provide clear and objective guidelines on the water supplies available from the CVP during a
119 Condition of Shortage, as that term is defined in the relevant CVP water service/repayment
120 contracts.

121 (f) "Contracting Officer" shall mean the Secretary of the United States
122 Department of the Interior or his/her duly authorized representative.

127 (h) "Coordination Agreement" shall mean the agreement provided for in
128 subarticle 4(i) of this Agreement; and attached as Exhibit C.

136 (k) "Expansion Project" shall mean the B.F. Sisk Dam Raise and Reservoir
137 Expansion Project, consistent with the Record of Decision, dated October 20, 2023, as may be
138 amended or supplemented, which would raise B.F. Sisk Dam an additional ten feet and provide
139 an additional estimated 130 Thousand Acre-Feet (TAF) of storage in San Luis Reservoir.

143 (m) "Federal Share of Historic Reservoir" shall mean the storage volume of
144 966 TAF in the Historic Reservoir.

145 (n) "Historic Reservoir" shall mean the total storage volume of 2.028 Million
146 Acre-Feet (MAF) in San Luis Reservoir.

147 (o) "Non-CVP Water" shall mean any water acquired that has not been
148 appropriated or acquired by the United States and as further described herein.

149 (p) "Operation, Maintenance and Replacement Agreement" or "OM&R
150 Agreement" shall mean the agreement between the United States and the Authority providing for
151 the operation, maintenance, and replacement of the Expansion Project; and attached as Exhibit
152 D.

153 (q) "Participating Agency(ies)" shall mean those entity(ies) and/or
154 organization(s) that are represented by the Authority pursuant to the B.F. Sisk Dam Raise and
155 Reservoir Expansion Project Activity Agreement and all supplements and amendments.

156 (r) "San Luis Reservoir" shall mean the Historic Reservoir and the Expanded
157 Reservoir.

158 (s) "San Luis Rescheduling Guidelines" shall mean the Rescheduling
159 Guidelines for the Federal Share of Storage in San Luis Reservoir, Central Valley Project,
160 California, dated January 31, 2022, as may be amended or superseded, which apply only to the
161 Historic Reservoir.

162 (t) "Spend Plan" shall mean the plan provided for in subarticle 3(e) of this
163 Agreement; and attached as Exhibit B.

164 (u) "Substantial Completion" shall have the same meaning as defined in
165 *Completion of a Construction Activity: Transferring Reclamation Capital Assets Under*

166 *Construction (AUC) to Operation and Maintenance (O&M) Status (FAC 01-05), as amended or*
167 *supplemented.*

168 (v) "Water Coordinator" shall mean the individual provided for in subarticle
169 4(i)(4) of this Agreement.

170 (w) "Year" shall mean the period from and including March 1 of each Calendar
171 Year through the last day of February of the following Calendar Year.

TERM OF AGREEMENT

173 2. (a) This Agreement is effective on the date hereinabove written and will
174 remain in full force until terminated, unless the condition in subarticle 2(e) is not met.

175 (b) If the Contracting Officer determines that the Authority is in material
176 breach of the Agreement, the Contracting Officer shall first notify the Authority in writing of the
177 specific purported deficiencies of the Authority in carrying out the terms and conditions of this
178 Agreement. It is the intent of the Parties that disputes be resolved pursuant to this subarticle 2(b)

180 If after the designated representative of the Authority has met with the Contracting Officer or

181 their designated representative and attempted in good faith and with the use of best efforts to

¹⁸² resolve any dispute arising from the purported deficiency an agreement is not reached, the

183 Contracting Officer may issue a written notice of proposed termination which shall include the

184 specific deficiencies of the Authority's performance under this Agreement. The Authority shall

185 have at least one hundred and twenty (120) days from receipt of the notice of proposed

186 termination to submit a plan that demonstrates a reasonable timeframe to correct all deficiencies

187 referred to in said notice. Upon the Contracting Officer's approval of the plan to correct all

188 deficiencies, the Parties will in good faith coordinate on implementation of the plan to correct all
189 deficiencies, including potential updates to the timeframe in the plan to correct all deficiencies.
190 Any termination pursuant to this Article shall be subject to the rights and obligations of the
191 Parties as more specifically set forth in this Agreement. Failure to remedy these deficiencies
192 shall result in termination of this Agreement, noticed in writing, consistent with the provisions
193 herein.

194 (1) Remedies Upon Termination Prior to a Determination of

195 Substantial Completion of Construction of the Expansion Project.

196 (i) The Authority may terminate this Agreement by sending
197 notice of termination to Reclamation, prior to Reclamation's issuance of solicitation of the
198 Expansion Project construction contract.

199 (ii) Reclamation may terminate this Agreement if the Authority
200 is in material breach of the Agreement and the Authority does not remedy the breach consistent
201 with the procedures described in subarticle 2(b) above.

202 (iii) If termination occurs pursuant to subarticles 2(b)(1)(i) or
203 2(b)(1)(ii) above, the Parties will meet and confer to review the appropriate recognition of the
204 Parties' contributed funds, as documented in applicable exhibits to this Agreement, including any
205 outstanding financial obligations.

206 (2) Remedies Upon Termination Following a Determination of

207 Substantial Completion of Construction of the Expansion Project.

208 (i) Mutual Agreement. The Parties may mutually agree to
209 terminate this Agreement; in such event, any recognition or reimbursement of the Parties'
210 contributed funds will be in an amount mutually agreeable to the Parties.

211 (ii) Reclamation may terminate this Agreement if the Authority
212 is in material breach of this Agreement and the Authority does not remedy the breach consistent
213 with the procedures described in subarticle 2(b) above. Notwithstanding the foregoing, if
214 termination occurs, Reclamation will, in a timely manner, seek to reimburse the Authority's
215 contributed funds, as documented in applicable exhibits to this Agreement, including any
216 remaining financial obligations, in varied amounts based on the number of years following the
217 determination of Substantial Completion of construction of the Expansion Project. Under WIIN
218 Act §4007(b)(2), Reclamation may fund up to 50% of the Expansion Project costs so long as the
219 benefits from the Expansion Project are commensurate with the Federal investment. Reclamation
220 therefore commits to working with the Authority to seek additional authorization and
221 appropriations to compensate the Authority for its contributed funds in the following amounts:

222 (a) 0 – 25 years: 100%
223 (b) 26 – 35 years: 50%
224 (c) 36 – 50 years: 25%
225 (d) After 51 years: 0%

226 (iii) If this Agreement is terminated pursuant to subarticles
227 2(b)(2)(i)-(ii) above, Reclamation will, consistent with applicable law, negotiate interim
228 agreement(s) with the Authority or other party(ies), including but not limited to members
229 represented by the Authority, under mutually agreeable terms and conditions to manage the
230 Authority-Managed Share of Expanded Reservoir based on provisions of this Agreement until

231 the agreed-upon compensation in subarticle 2(b)(2)(ii) is provided or a new agreement for the
232 management of the expanded San Luis Reservoir and cost share of charges associated with the
233 raising of the B.F. Sisk Dam and increased storage capacity of the federally administered San
234 Luis Reservoir is executed.

235 (3) Repayment. Pursuant to Reclamation law, Reclamation intends to
236 recover any costs it incurs resulting from the termination of this Agreement.

237 (c) As an alternative to termination of this Agreement, Reclamation and a
238 successor-in-interest to the Authority, including but not limited to Participating Agencies, may
239 mutually agree to negotiate a new agreement for the management of the expanded San Luis
240 Reservoir and cost share of charges associated with the raising of the B.F. Sisk Dam and
241 increased storage capacity of the federally administered San Luis Reservoir. The Parties intend
242 that such new agreement(s) would recognize the final storage benefits documented in exhibits to
243 this Agreement.

244 (d) The United States and the Authority jointly shall review this Agreement,
245 which review shall be performed at least every five (5) years. A more frequent review will occur
246 if determined to be appropriate by the Contracting Officer or if requested by the Authority. The
247 review shall compare the relative success which each Party has had in meeting its objectives,
248 including, but not limited to, the Contributed Funds Agreement, an OM&R Agreement, a Spend
249 Plan, and a Coordination Agreement, which agreements will be exhibits to this Agreement.
250 Exhibits A through D to this Agreement, will be mutually agreed to and signed by the Parties and
251 will be incorporated into this Agreement. In addition to Exhibits E and F to this agreement are
252 hereby incorporated into this Agreement.

253 (e) As a condition of this agreement, by no later than October 1, 2025, the
254 Parties must execute a Spend Plan and Contributed Funds Agreement and the Authority must
255 deposit all funds identified as necessary and due by that date in the Spend Plan. If there is a
256 failure to meet this condition, then this Agreement expires without further action from either
257 Party. This timeframe for depositing funds may be extended, through the Spend Plan, at the
258 discretion of the Contracting Officer. Exhibits to this Agreement may require modification which
259 may be accomplished without amendment to this Agreement.

260 (f) This Agreement may be modified, amended, or terminated upon mutual
261 agreement of the Parties in writing. All duties and obligations of the Parties under this
262 Agreement will cease upon termination except as to any provisions that expressly survive the
263 termination of the Agreement.

264 (g) Use of the meet and confer or dispute resolution process described in
265 Article 7 is not a precondition to initiating termination under Article 2(b) of this Agreement.

COST SHARE

267 3. As provided for in WIIN Act §4007(b)(2), Reclamation may fund up to 50% of
268 the Expansion Project costs so long as the benefits from the Expansion Project are commensurate
269 with the Federal investment.

270 (a) Reclamation has the authority to share up to 50% of the costs of the
271 Expansion Project; however, Reclamation and the Authority have agreed to an initial 70%
272 Authority-Managed Share of Expanded Reservoir and a 30% Federal Share of Expanded
273 Reservoir.

280 (b) Eligible Expansion Project costs are as follows and will be shared in
281 accordance with subarticle 3(a)(1) of this Agreement:

282 (1) The Parties have reviewed the Expansion Project costs incurred by
283 the Authority and Reclamation prior to the effective date of this Agreement. The Parties
284 acknowledge and agree that the Authority and Reclamation have incurred costs which, if
285 allowable, will be credited to each Party's cost share obligation under applicable exhibits to this
286 Agreement.

287 (2) Planning Costs: In an effort to reach a finding that the Expansion
288 Project is feasible, certain planning level investigations were necessary and may continue to be
289 necessary prior to commencement of construction. Such planning investigations will be
290 consistent with Reclamation's Directives and Standards, *Water and Related Resources*
291 *Feasibility Studies* (CMP 09-02).

292 (3) Environmental Mitigation and Compliance Costs: Either Party may
293 fund environmental mitigation and compliance activities associated with this Agreement. These
294 activities may include, but are not limited to, contracts for technical assistance in environmental
295 mitigation, funding of environmental mitigation commitments, and any actions to ensure

296 consistency with the California Environmental Quality Act (CEQA) or Federal National
297 Environmental Policy Act (NEPA) laws and regulations.

298 (4) Cultural Resource Management Costs: Either Party may fund
299 cultural studies, investigations, and mitigation needs consistent with this Agreement.
300 Reclamation will be responsible for all necessary consultations with state offices, Indian tribes,
301 and interested parties pursuant to Section 106 of the National Historic Preservation Act of 1966,
302 as amended. Reclamation will be responsible for compliance and coordination with the Native
303 American Graves Protection and Repatriation Act of 1990.

304 (5) Permitting Costs: Additional permitting actions prior to
305 construction of the Expansion Project and prior to declaring the Expansion Project Substantially
306 Complete may be required. The Parties will jointly determine, as appropriate, the appropriate
307 Party to obtain any necessary permit(s) and the appropriate cost share for the permitting actions.

308 (6) Administrative Costs: Reclamation will reserve sufficient funding
309 from Federal appropriations to cover its administrative and management costs associated with
310 the Expansion Project. This amount will be considered part of the overall Federal contribution.
311 Reclamation will provide an estimate of the administrative costs for the Expansion Project which
312 will be reviewed with the Authority. The Authority will reserve sufficient funding to pay for its
313 administrative costs for the non-Federal share of the Expansion Project. These costs will be
314 considered contributions to the non-Federal share of the Expansion Project and reported pursuant
315 to subarticle 3(f) of this Agreement. Administrative costs include, unless otherwise defined by
316 contracts: project management, construction management, accounting and administrative
317 management, legal support and review, travel, general meetings related to the Expansion Project,
318 contract/agreement technical meetings and negotiations, and other supportive services and

319 activities necessary for the construction and operation of the Expansion Project prior to the
320 determination of Substantial Completion.

321 (7) Design Costs: Either Party may pay for part or all of various design
322 costs for the Expansion Project. Reclamation will be responsible for design of the embankment
323 of the San Luis Reservoir, but the Authority may contribute funds that will count towards the
324 cost share. There may be the need for modifications during construction that may require further
325 design work. These costs will be shared in accordance with subarticle 3(a)(1) of this Agreement.

326 (8) Construction Costs: Reclamation will serve as the procurement
327 agency for, and will manage, the primary construction contract with respect to the embankment
328 raise. All costs for this contract will be funded directly by Reclamation or with funds
329 contributed to Reclamation by the Authority.

330 (9) Other Design and Construction Costs: Either Party may pay for
331 part, or all of the remaining non-embankment design and construction costs of associated
332 facilities affected or involved with the Expansion Project including, but not limited to, recreation
333 facilities, power improvements to existing facilities, improvements to pumps, transportation, and
334 other various components of the Expansion Project.

335 (c) Reclamation and the Authority have proposed using their collective funds
336 to fund parts of the Expansion Project. A Contributed Funds Agreement may be necessary to
337 help facilitate the transfer of funds to Reclamation from the Authority. Such an agreement, if
338 needed, will be an exhibit to this Agreement. Any funds contributed to Reclamation for the
339 Expansion Project will be considered part of the cost of this Expansion Project and shared in
340 accordance with subarticle 3(a)(1) of this Agreement.

341 (d) There may be times when Reclamation provides funds to the Authority.

342 These funds will be provided through a financial assistance agreement. Any funds provided to
343 the Authority for the Expansion Project will be considered part of the cost of this Expansion
344 Project and shared in accordance with subarticle 3(a)(1) of this Agreement.

345 (e) Reclamation and the Authority will develop and execute a Spend Plan
346 containing mutually agreeable terms for the Authority to commit funding required under
347 §4007(b)(3)(B) and §4011(e)(2) of the WIIN Act and to track costs and account for funds
348 expended. The Spend Plan will be an exhibit to this Agreement.

349 (f) Prior to Substantial Completion, Reclamation and the Authority will
350 establish, at a minimum, quarterly check-ins to monitor actual expenditures related to the
351 Expansion Project relative to the Parties' respective funding shares, and to discuss other items,
352 including but not limited to, funding and any additional financial agreements. If there is a
353 deficiency in expenditures under the Spend Plan, the Parties will meet and confer to agree upon a
354 schedule to remedy the deficiency. If the Authority fails to resolve a deficiency within the
355 agreed-upon schedule, then Reclamation may seek an alternative cost share partner or pursue
356 other remedies prescribed in this Agreement.

357 (g) The duties and obligations of the Parties under subarticles 3(a)(1), 3(b)(1),
358 and 3(d) of this Agreement, would expressly survive termination of this Agreement.

359 **MANAGEMENT OF EXPANDED RESERVOIR**

360 4. Responsibility for the costs of operation, maintenance, and replacement of B.F.
361 Sisk Dam and San Luis Reservoir will continue to be governed by agreements between the
362 United States and the State of California; the Authority shall neither execute nor be a Party to

363 any agreement with the State of California for the operation and maintenance of the B.F. Sisk
364 Dam and the Historic Reservoir or the Expanded Reservoir.

365 (a) The Parties will draft and finalize an OM&R Agreement for the Expansion
366 Project prior to the first entry of any water subject to this Agreement into any CVP facilities. All
367 future OM&R costs associated with the Expansion Project will be commensurate to each Party's
368 final investment, unless otherwise agreed to in writing by the Parties pursuant to this Agreement.

369 (b) Nothing in this Agreement shall imply or convey any rights or process to
370 the Authority or their assignees for rights or privileges to water or operations in the Federal
371 Share of Expanded Reservoir or the Historic Reservoir and the Authority agrees that it shall not
372 seek these rights outside of this Agreement.

373 (c) The Parties agree that Reclamation and DWR retain the sole discretion
374 over the operations of the Historic Reservoir. Operations of the Expanded Reservoir will be
375 consistent with existing laws, agreements, and obligations and pursuant to the terms of this
376 Agreement and in consultation with the Authority through the Water Coordinator.

377 (d) Federal Share of Expanded Reservoir: The management of any water in
378 the Federal Share of Expanded Reservoir is at the sole discretion of Reclamation and will be
379 managed in such a way to be consistent with State and Federal law and existing and future
380 agreements, guidelines, and programs for Federal benefits.

381 (e) Authority-Managed Share of Expanded Reservoir: The Water Coordinator
382 will manage and account for any water in the Authority-Managed Share of Expanded Reservoir
383 consistent with the provisions below. All water stored in the Authority-Managed Share of

384 Expanded Reservoir will be for the exclusive benefit of the Authority pursuant to this
385 Agreement.

392 (2) The Authority agrees to use the Authority-Managed Share of
393 Expanded Reservoir to store Acquired Water and/or CVP Water consistent with the terms of this
394 Agreement. If a Participating Agency has any water type available to store in the Authority-
395 Managed Share of Expanded Reservoir at the same time that Reclamation has CVP Water
396 available to it to fill the Expanded Reservoir, and conveyance capacity is deemed available, the
397 Participating Agency, through the Authority, may determine which water type will be (or is)
398 stored on its behalf in the Authority-Managed Share of Expanded Reservoir. Water stored in the
399 Authority-Managed Share of Expanded Reservoir will not be subject to the San Luis
400 Rescheduling Guidelines and will not be displaced, or “spill,” upon the filling of the Federal
401 Share of Historic Reservoir.

402 (3) Acquired Water

403 (i) With the exception of Non-CVP Water that may already
404 exist in the Historic Reservoir and/or SWP water conveyed through the SWP or under agreement
405 with Reclamation, Non-CVP Water is subject to a contract for the use of excess conveyance

406 capacity in Federal facilities, in order to convey Non-CVP Water to or from the Historic
407 Reservoir.

408 (ii) Storage of Acquired Water in the Authority-Managed Share
409 of Expanded Reservoir will not require a contract for Non-CVP Water use of excess capacity.
410 However, any Non-CVP Water that is stored in the Authority-Managed Share of Expanded
411 Reservoir that may be moved into and accounted for in the Historic Reservoir will require such a
412 contract for storage in the Historic Reservoir.

413 (iii) For the purpose of this Agreement, San Joaquin River
414 Restoration water recaptured consistent with permits issued by the State Water Resources
415 Control Board, if acquired through agreement and/or stored under agreement, acknowledged by
416 Reclamation, will be treated as Acquired Water and may be stored in the Authority-Managed
417 Share of Expanded Reservoir.

418 (iv) Reclamation will not use Acquired Water for any purpose
419 unless and until the Parties first mutually agree in writing to water or monetary compensation, or
420 a combination thereof, prior to its use.¹ Reclamation's action to compensate the Authority, as
421 mutually agreed, is final and conclusive.

422 (v) Consistent with Section B.2.i of the M&I Water Shortage
423 Policy, as may be amended or superseded, the Contracting Officer will consider Acquired Water
424 in the Authority-Managed Share of Expanded Reservoir as having been acquired by Participating

¹ Subject to Article 11, monetary compensation will be of either the total acquisition cost of the water when it was acquired by the contractor or the current year market rate (replacement cost), whichever is greater.

425 Agencies to meet individual public health and safety responsibilities and not subject to nor
426 counted against a Participating Agency's available water.

427 (4) CVP Water

428 (i) Article 3(a) Water: Following the CVP contract allocation
429 of Water Made Available under Article 3(a) of a Participating Agency's water service/repayment
430 contract, the Water Coordinator may inform Reclamation as to the amount of water to be
431 accounted for under this subarticle, up to the maximum storage capacity of the Authority-
432 Managed Share of Expanded Reservoir.

433 (ii) Article 3(f) Water: Each Participating Agency holds a
434 repayment contract that provides a mechanism for Reclamation to make water available to each
435 Participating Agency in addition to the Participating Agency's CVP contract allocation in a
436 given Year. This mechanism is most often described in Article 3(f) of the Participating
437 Agencies' repayment contracts, and so such water is referred to as "Article 3(f) water." For the
438 purpose of this Agreement, the Contracting Officer will make Article 3(f) water available to each
439 Participating Agency to store in the Authority-Managed Share of Expanded Reservoir in addition
440 to the Participating Agency's CVP contract allocation in every Year that Article 3(f) water is
441 available, as described below:

442 (a) Following the filling of the Federal Share of
443 Historic Reservoir, Reclamation will make a determination whether Article 3(f) water is
444 available to all south-of-Delta CVP water service/repayment contractors with available storage
445 or conveyance capacity to take Article 3(f) water pursuant to their respective water
446 service/repayment contracts.

447 (b) Upon making Article 3(f) water available,
448 Reclamation will fill the Authority-Managed Share of Expanded Reservoir and the Federal Share
449 of Expanded Reservoir on a proportionate basis in accordance with this Agreement.

450 (1) Reclamation will fill the Expanded
451 Reservoir until such a time that the Authority-Managed Share of Expanded Reservoir is full or
452 the Authority-Managed Share and the Federal Share of Expanded Reservoir are full.

453 (2) Any Article 3(f) water used to fill a portion
454 of the Authority-Managed Share of Expanded Reservoir will be managed and accounted for by
455 the Water Coordinator within the Authority-Managed Share of Expanded Reservoir.

456 (3) Water made available under this subarticle
457 4(e)(4)(ii) and stored in the Authority-Managed Share of Expanded Reservoir can be scheduled
458 for delivery at a later date in coordination with the Water Coordinator.

459 (iii) Reclamation, at its discretion and in coordination with the
460 Water Coordinator, will only use CVP Water in the Authority-Managed Share of Expanded
461 Reservoir to meet the unmet required deliveries for south-of-Delta San Joaquin River Exchange
462 Contractors and CVP Settlement Contractors, the unmet required CVPIA allocation for south-of-
463 Delta Level 2 refuges, and the unmet required public health and safety needs as defined by the
464 M&I Water Shortage Policy as may be amended or superseded, consistent with the following
465 provisions:

466 (a) Upon the initial CVP contract allocation on or about
467 February 20, if Reclamation announces a 0% contract allocation for south-of-Delta agricultural
468 contractors and determines a forecasted need (based on the 90% exceedance forecast) for CVP

469 Water stored in the Authority-Managed Share of Expanded Reservoir for the purposes
470 enumerated in subarticle 4(e)(4)(iii) above, Reclamation will promptly notify the Authority of
471 this forecasted need. Reclamation, in coordination with the Water Coordinator, will update its
472 forecast and re-evaluate the forecasted need for use of CVP Water stored in the Authority-
473 Managed Share of Expanded Reservoir throughout the Year or upon request by the Water
474 Coordinator supported by evidence justifying the request, including information regarding any
475 changes in forecasted need, the timing of such need, and the quantity of such need.

476 (b) In any Year when such a potential need has been
477 identified, the Authority's March 1 monthly delivery schedule (see subarticle 4(i)(6) below) shall
478 demonstrate delivery of CVP Water out of the Authority-Managed Share of Expanded Reservoir
479 on or before April 1. After April 1, Reclamation may use CVP Water stored in the Authority-
480 Managed Share of Expanded Reservoir, together with other available CVP water supplies, for
481 the purposes identified in subarticle 4(e)(4)(iii) above.

482 (c) On or around May 20, aligned with an updated May
483 forecast, Reclamation will notify the Authority of any CVP Water in the Authority-Managed
484 Share of Expanded Reservoir that was not delivered for the purposes identified in subarticle
485 4(e)(4)(iii) above. Upon such notification, the Authority may resume deliveries out of the
486 Authority-Managed Share of Expanded Reservoir per updated schedules. Alternatively, if at any
487 time the contract allocation for south-of-Delta agricultural contractors increases above 0%, the
488 Authority may resume deliveries out of the Authority-Managed Share of Expanded Reservoir per
489 updated schedules.

490 (d) Reclamation intends to use all available CVP Water
491 supplies stored in the Federal Share of Historic Reservoir and Federal Share of Expanded

492 Reservoir, and any other supply available to Reclamation intended to mitigate conditions of
493 drought consistent with the terms of the corresponding programs, to meet the purposes identified
494 in subarticle 4(e)(4)(iii) above prior to using any CVP Water stored in the Authority-Managed
495 Share of Expanded Reservoir. Prior to the end of any Year in which Reclamation has used CVP
496 Water stored in the Authority-Managed Share of Expanded Reservoir, Reclamation will, in
497 coordination with the Water Coordinator, perform an analysis to determine consistency with this
498 intent, and will true up reservoir accounting if needed.

499 (5) If Reclamation uses Acquired Water or CVP Water stored in the
500 Authority-Managed Share of Expanded Reservoir to meet the purposes identified in subarticle
501 4(e)(4)(iii) above, Reclamation shall reimburse or credit the Authority for the applicable OM&R
502 costs. Therefore, the quantity of CVP Water or Acquired Water used by Reclamation will be
503 included in the calculation of that Year's Federal OM&R cost obligation allocated by DWR for
504 the Expanded Reservoir and will be deducted from the Authority's share of OM&R cost
505 obligation for the Year in which Acquired Water or CVP Water was used by Reclamation.

506 (f) Displacement of CVP Water: In order to store Acquired Water in the
507 Authority-Managed Share of Expanded Reservoir, the Water Coordinator, in coordination with
508 Reclamation, will if needed, move CVP Water out of the Authority-Managed Share of Expanded
509 Reservoir. CVP Water can be transferred, exchanged, or delivered subject to applicable statutes,
510 regulations, guidelines, and policies. If the CVP Water cannot be timely transferred, exchanged,
511 or delivered, it will move in the following way and in the following order of priority:

512 (1) CVP Water moves from the Authority-Managed Share of
513 Expanded Reservoir to the Historic Reservoir unless the Historic Reservoir is full.

520 (g) Losses: All water in the Authority-Managed Share of Expanded Reservoir
521 will be subject to water loss criteria that is applied based on reservoir losses caused by
522 evaporation and seepage and charged to Reclamation as part of its joint operations with DWR,
523 with the Authority and Reclamation sharing losses proportionate to the water then-stored in the
524 Expanded Reservoir.

525 (h) Operation and Maintenance Costs of the San Luis Reservoir: As a result of
526 the Expanded Reservoir, Reclamation may have an increased share of the cost of the operation
527 and maintenance of the B.F. Sisk Dam and San Luis Reservoir. The Parties agree that costs will
528 be paid consistent with existing laws, agreements, and policy, as may be amended or superseded.
529 Further, the Authority agrees it will specifically pay for OM&R costs associated with the
530 Authority-Managed Share of Expanded Reservoir; the details regarding such payment and costs
531 will be defined in an OM&R Agreement, which will be an exhibit to this Agreement.

532 (i) Coordination Agreement: Prior to the operation of the Expanded
533 Reservoir, Reclamation and the Authority will develop a Coordination Agreement to coordinate
534 and communicate and define roles and responsibilities prior to the storage of water in the
535 Expanded Reservoir which will be an exhibit to this Agreement. The Coordination Agreement
536 will, among other things:

537 (1) Define the frequency of coordination between the Parties.

538 (2) Establish a Reclamation approved accounting methodology and

539 system of accounting for water in the Authority-Managed Share of Expanded Reservoir.

540 (3) Provide for a dispute resolution process.

541 (4) Provide for a Water Coordinator. The Parties agree that a Water

542 Coordinator will be provided and paid for by the Authority who will coordinate with

543 Reclamation regarding the management of any water moving into, stored in, or moving out of

544 the Authority-Managed Share of Expanded Reservoir, who will account for the water in the

545 Authority-Managed Share of Expanded Reservoir, including losses, and who will be responsible

546 for the provisional data and coordinating with Reclamation on reconciliation at the end of the

547 contract year and prior to initial allocations of the following Year.

548 (5) Describe the coordination process referenced in subarticle

549 4(e)(4)(iii) above, including but not limited to the frequency and methods through which

550 Reclamation will share forecasting and allocation information with the Water Coordinator on

551 behalf of the Authority.

552 (6) Describe the monthly schedules that the Authority, through the

553 Water Coordinator, will submit to Reclamation to show the volumes of water to be delivered out

554 of the Authority-Managed Share of Expanded Reservoir, and Reclamation's duty to use all

555 reasonable means to deliver the water in accordance with the initial schedule submitted by the

556 contractor, or any written revision(s) deemed satisfactory to the Contracting Officer, thereto

557 submitted within a reasonable time prior to the date(s) on which the requested change(s) is/are to

558 be implemented.

559 (7) Describe the methods through which the Parties will acquire access
560 to conveyance capacity.

561 (j) Following a determination of Substantial Completion of construction of
562 the Expansion Project, the duties and obligations of the Parties under subarticles 4(e)-(h) may
563 survive termination of this Agreement if the Parties mutually agree.

COORDINATION AND COOPERATION

565 5. (a) In order to further the goals and objectives of this Agreement,
566 Reclamation and the Authority shall communicate, coordinate, and cooperate with each other.
567 The communication, coordination, and cooperation provided for hereunder shall extend to all
568 provisions of this Agreement. Each Party shall retain exclusive decision-making authority for all
569 actions, opinions, and determinations to be made by the respective Party.

570 (b) Nothing in this Article shall be construed to limit or constrain
571 Reclamation's ability to communicate, coordinate, and cooperate with the Authority or to make
572 decisions in a timely fashion as needed to protect health, safety, or the physical integrity of
573 structures or facilities.

EXISTING CONTRACTS

575 6. (a) Nothing in this Agreement, in any way, alters, changes, or amends
576 existing water service/repayment contracts with the United States, or supersedes, negates, or
577 changes or is intended to change any past course of dealings, past practices or precedent.

578 (b) If any conflict arises between this Agreement and the water
579 service/repayment contract of any Participating Agency or any non-Participating Agency partner,
580 then the respective water service/repayment contract takes precedence.

581

DISPUTE RESOLUTION

582 7. (a) Should any dispute arise concerning any provision(s) of this Agreement,
583 or the Parties' rights and obligations thereunder, the United States and the Authority shall meet
584 and confer in an attempt to resolve the dispute. Prior to the Authority commencing any legal
585 action, or the Contracting Officer referring any matter to the Department of Justice, the Party
586 shall provide to the other Party thirty (30) days' written notice of the intent to take such action;
587 *Provided, That* such notice shall not be required where a delay in commencing an action would
588 prejudice the interests of the Party that intends to file suit. During the thirty (30)-day notice
589 period, the Parties shall meet and confer in an attempt to resolve the dispute. Except as
590 specifically provided, nothing herein is intended to waive or abridge any right or remedy that the
591 Authority or the United States may have.

592 (b) Reclamation shall have no responsibility to participate in or resolve
593 disputes between the Authority and the Participating Agencies regarding this Agreement.

WAIVER OF NON-COMPLIANCE WITH ANY PROVISION OF THIS AGREEMENT

594 8. (a) The waiver by either Party to this Agreement as to any non-compliance
595 with any provision of this Agreement shall not be construed as a waiver of any other non-
596 compliance with any provision of this Agreement or as authority of the other Party to continue
597 such non-compliance with any provision of this Agreement or to make, do, or perform, or not
598 make, do, or perform, as the case may be, any act or thing which would constitute non-
599 compliance with any provision of this Agreement.
600

601 (b) Nothing contained in this Agreement shall be construed as in any manner
602 abridging, limiting, or depriving the United States, represented by the Contracting Officer, or the

603 Authority, of any means of enforcing any remedy, either at law or in equity, for the breach of any
604 of the provisions hereof which it would otherwise have.

605 **OPINIONS AND DETERMINATIONS**

606 9. (a) Where the terms of this Agreement provide for actions to be based upon
607 the opinion or determination of either Party to this Agreement, said terms shall not be construed
608 as permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or
609 determinations. Both Parties, notwithstanding any other provisions of this Agreement, expressly
610 reserve the right to seek relief from and appropriate adjustment for any such arbitrary, capricious,
611 or unreasonable opinion or determination. Each opinion or determination by either Party shall be
612 provided in a timely manner. Nothing in this subdivision (a) of this Article is intended to or shall
613 affect or alter the standard of judicial review applicable under Federal law to any opinion or
614 determination implementing a specific provision of Federal law embodied in statute or
615 regulation.

616 (b) The Contracting Officer shall have the right to make determinations
617 necessary to administer this Agreement that are consistent with the provisions of this Agreement,
618 the laws of the United States, and the rules and regulations promulgated by the Secretary. Such
619 determinations shall be made in consultation with the Authority to the extent reasonably
620 practicable.

621 (c) Nothing in this Agreement, or performance hereunder, constitutes a
622 waiver of the Parties' respective positions, opinions, or interpretations of California water rights
623 law, whatever they may be, in circumstances where there is no mutual agreement, as applicable
624 herein, for the use of the Expanded Reservoir.

625 (d) The Parties recognize certain third-party benefits and obligations as
626 provided for in Article 4(e)(1), 4(e)(2), 4(e)(3)(iii), 4(e)(3)(iv), 4(e)(3)(v), 4(e)(4)(i), and
627 4(e)(4)(ii), coordinated through the Authority consistent with Exhibit F.

NOTICES

629 10. Any notice, demand, or request authorized or required by this Agreement shall be
630 deemed to have been given, on behalf of the Authority, when mailed, postage prepaid, or
631 delivered to the Regional Director, California Great Basin Region, Bureau of Reclamation, 2800
632 Cottage Way, Sacramento, CA, 95825, and on behalf of the United States, when mailed, postage
633 prepaid, or delivered to the San Luis & Delta-Mendota Water Authority, 842 6th Street, Los
634 Banos, CA 93635.

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

636 11. The expenditure or advance of any money or the performance of any obligation of
637 the United States under this Agreement shall be contingent upon appropriation or allotment of
638 funds. Absence of appropriation or allotment of funds shall not relieve the Authority from any
639 obligations under this Agreement. No liability shall accrue to the United States in case funds are
640 not appropriated or allotted.

OFFICIALS NOT TO BENEFIT

642 12. No Member of or Delegate to the Congress, Resident Commissioner, or official of
643 the Authority shall benefit from this Agreement other than as a water user or landowner in the
644 same manner as other water users or landowners.

ASSIGNMENT LIMITED – SUCCESSORS AND ASSIGNS OBLIGATED

646 13. (a) The provisions of this Agreement shall apply to and bind the successors
647 and assigns of the Parties hereto, but no assignment or transfer of this Agreement or any right or
648 interest therein by either Party shall be valid until approved in writing by the other Party.

649 (b) Reclamation shall not unreasonably withhold its consent to an assignment
650 of the Authority's rights and obligations under this Agreement to a third party.

BOOKS, RECORDS, AND REPORTS

652 14. The Authority shall establish and maintain accounts and other books and records
653 pertaining to administration of the terms and conditions of this Agreement, including the
654 Authority's financial transactions; water supply data; project operation, maintenance, and
655 replacement logs; project land and rights-of-way use agreements; the water users' land-use (crop
656 census), land-ownership, land-leasing, and water-use data; and other matters that the Contracting

657 Officer may require. Reports shall be furnished to the Contracting Officer in such form and on
658 such date or dates as the Contracting Officer may require. Subject to applicable Federal laws and
659 regulations, each Party to this Agreement shall have the right during office hours to examine and
660 make copies of the other Party's books and records relating to matters covered by this
661 Agreement.

662 **COMPLIANCE WITH LAWS**

663 15. (a) The Parties agree that the delivery of irrigation water or use of Federal
664 facilities pursuant to this Agreement is subject to Federal reclamation law, including but not
665 limited to the Reclamation Reform Act of 1982 (43 U.S.C. 390aa, et seq.), as amended and
666 supplemented, and the rules and regulations promulgated by the Secretary of the Interior under
667 Federal reclamation law.

668 (b) The Contracting Officer shall have the right to make determinations
669 necessary to administer this Agreement that are consistent with its expressed and implied
670 provisions, the laws of the United States and the rules and regulations promulgated by the
671 Secretary of the Interior. Such determinations shall be made in consultation with the Authority.

672 (c) In protecting the interests of the United States, Reclamation's contracts
673 and its contracting process must comply with all applicable Federal, state, tribal, and local laws.
674 These laws may include environmental, civil rights, and cultural resources protection laws,
675 among others, as well as laws that may be later enacted. Reclamation's water-related contracts
676 will be drafted in a manner that allows Reclamation to take actions necessary to comply with all
677 applicable laws.

678 **EQUAL EMPLOYMENT OPPORTUNITY**

679 16. The following language is required by Executive Order No. 11246 of September
680 24, 1965, in all government contracts unless and until it is superseded or amended.

681 During the performance of this Agreement, the Authority agrees as follows:

682 (a) The Authority will not discriminate against any employee or applicant for
683 employment because of race, color, religion, sex, sexual orientation, gender identity, or national
684 origin. The Authority will take affirmative action to ensure that applicants are employed, and that
685 employees are treated during employment, without regard to their race, color, religion, sex,
686 sexual orientation, gender identity, or national origin. Such action shall include, but not be
687 limited to the following: employment, upgrading, demotion, or transfer; recruitment or
688 recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and
689 selection for training, including apprenticeship. The Authority agrees to post in conspicuous

690 places, available to employees and applicants for employment, notices to be provided by the
691 Contracting Officer setting forth the provisions of this nondiscrimination clause.

692 (b) The Authority will, in all solicitations or advancements for employees
693 placed by or on behalf of the Authority, state that all qualified applicants will receive
694 consideration for employment without regard to race, color, religion, sex, sexual orientation,
695 gender identity, or national origin.

696 (c) The Authority will not discharge or in any other manner discriminate
697 against any employee or applicant for employment because such employee or applicant has
698 inquired about, discussed, or disclosed the compensation of the employee or applicant or another
699 employee or applicant. This provision shall not apply to instances in which an employee who has
700 access to the compensation information of other employees or applicants as a part of such
701 employee's essential job functions discloses the compensation of such other employees or
702 applicants to individuals who do not otherwise have access to such information, unless such
703 disclosure is in response to a formal complaint or charge, in furtherance of an investigation,
704 proceeding, hearing, or action, including an investigation conducted by the employer, or is
705 consistent with the Authority's legal duty to furnish information.

706 (d) The Authority will send to each labor union or representative of workers
707 with which he has a collective bargaining agreement or other contract or understanding, a notice,
708 to be provided by the agency Contracting Officer, advising the labor union or workers'
709 representative of the Authority's commitments under section 202 of Executive Order No. 11246
710 of September 24, 1965, and shall post copies of the notice in conspicuous places available to
711 employees and applicants for employment.

712 (e) The Authority will comply with all provisions of Executive Order No.
713 11246 of Sept. 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of
714 Labor.

715 (f) The Authority will furnish all information and reports required by
716 Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of
717 the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and
718 accounts by the Contracting Agency and the Secretary of Labor for purposes of investigation to
719 ascertain compliance with such rules, regulations, and orders.

720 (g) In the event of the Authority's noncompliance with the nondiscrimination
721 clauses of this Agreement or with any of such rules, regulations, or orders, this Agreement may
722 be canceled, terminated or suspended in whole or in part and the Authority may be declared
723 ineligible for further Government contracts in accordance with procedures authorized in
724 Executive Order No. 11246 of Sept. 24, 1965, and such other sanctions may be imposed and
725 remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule,
726 regulation, or order of the Secretary of Labor, or as otherwise provided by law.

727 (h) The Authority will include the provisions of paragraphs (a) through (h) in
728 every subcontract or purchase order unless exempted by the rules, regulations, or orders of the

729 Secretary of Labor issued pursuant to section 204 of Executive Order No. 11246 of September
730 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The
731 Authority will take such action with respect to any subcontract or purchase order as may be
732 directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions
733 for noncompliance: Provided, however, that in the event the Authority becomes involved in, or is
734 threatened with, litigation with a subcontractor or vendor as a result of such direction, the
735 Authority may request the United States to enter into such litigation to protect the interests of the
736 United States.

COMPLIANCE WITH CIVIL RIGHTS

738 17. (a) The Authority shall comply with Title VI of the Civil Rights Act of 1964
739 (Pub. L. 88-352; 42 U.S.C. § 2000d), the Rehabilitation Act of 1973 (Pub. L. 93-112, Title V, as
740 amended; 29 U.S.C. § 791, et seq.), the Age Discrimination Act of 1975 (Pub. L. 94-135, Title
741 III; 42 U.S.C. § 6101, et seq.), Title II of the Americans with Disabilities Act of 1990 (Pub. L.
742 101-336; 42 U.S.C. § 12131, et seq.), and any other applicable civil rights laws, and with the
743 applicable implementing regulations and any guidelines imposed by the U.S. Department of the
744 Interior and/or Bureau of Reclamation.

745 (b) These statutes prohibit any person in the United States from being
746 excluded from participation in, being denied the benefits of, or being otherwise subjected to
747 discrimination under any program or activity receiving financial assistance from the Bureau of
748 Reclamation on the grounds of race, color, national origin, disability, or age. By executing this
749 Agreement, the Authority agrees to immediately take any measures necessary to implement this
750 obligation, including permitting officials of the United States to inspect premises, programs, and
751 documents.

752 (c) The Authority makes this agreement in consideration of and for the
753 purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other
754 Federal financial assistance extended after the date hereof to the Authority by the Bureau of
755 Reclamation, including installment payments after such date on account of arrangements for
756 Federal financial assistance which were approved before such date. The Authority recognizes
757 and agrees that such Federal assistance will be extended in reliance on the representations and
758 agreements made in this article and that the United States reserves the right to seek judicial
759 enforcement thereof.

760 (d) Complaints of discrimination against the Authority shall be investigated
761 by the Contracting Officer's Office of Civil Rights.

CERTIFICATION OF NONSEGREGATED FACILITIES

763 18. The Authority hereby certifies that it does not maintain or provide for its
764 employees any segregated facilities at any of its establishments and that it does not permit its
765 employees to perform their services at any location under its control where segregated facilities
766 are maintained. It certifies further that it will not maintain or provide for its employees any
767 segregated facilities at any of its establishments and that it will not permit its employees to
768 perform their services at any location under its control where segregated facilities are

769 maintained. The Authority agrees that a breach of this certification is a violation of the Equal
770 Employment Opportunity clause in this Agreement. As used in this certification, the term
771 "segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms,
772 restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas,
773 parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing
774 facilities provided for employees which are segregated by explicit directive or are in fact
775 segregated on the basis of race, creed, color, or national origin, because of habit, local custom,
776 disability, or otherwise. The Authority further agrees that (except where it has obtained identical
777 certifications from proposed subcontractors for specific time periods) it will obtain identical
778 certifications from proposed subcontractors prior to the award of subcontracts exceeding \$10,000
779 which are not exempt from the provisions of the Equal Employment Opportunity clause; that it
780 will retain such certifications in its files; and that it will forward the following notice to such
781 proposed subcontractors (except where the proposed subcontractors have submitted identical
782 certifications for specific time periods):

783 **NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT FOR**
784 **CERTIFICATIONS OF NONSEGREGATED FACILITIES**

785 A Certification of Nonsegregated Facilities must be submitted prior to the award of a subcontract
786 exceeding \$10,000 which is not exempt from the provisions of the Equal Employment
787 Opportunity clause. The certification may be submitted either for each subcontract or for all
788 subcontracts during a period (i.e., quarterly, semiannually, or annually). Note: The penalty for
789 making false statements in offers is prescribed in 18 U.S.C. § 1001.

790 **MEDIUM FOR TRANSMITTING PAYMENTS**

791 19. (a) All payments from the Authority to the United States under this
792 Agreement shall be by the medium requested by the United States on or before the date payment
793 is due. The required method of payment may include checks, wire transfers, or other types of
794 payment specified by the United States.

795 (b) Upon execution of the Agreement, the Authority shall furnish the
796 Contracting Officer with the Authority's taxpayer's identification number (TIN). The purpose for
797 requiring the Authority's TIN is for collecting and reporting any delinquent amounts arising out
798 of the Authority's relationship with the United States.

799 **AGREEMENT DRAFTING CONSIDERATIONS**

800 20. This Agreement has been negotiated and reviewed by the parties hereto, each of
801 whom is sophisticated in the matters to which this Agreement pertains. The double-spaced
802 Articles of this Agreement have been drafted, negotiated, and reviewed by the parties, and no
803 one party shall be considered to have drafted the stated articles. Single-spaced articles are
804 standard articles pursuant to Reclamation policy.

805 IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day
806 and year first above written.

807 THE UNITED STATES OF AMERICA

808 By: _____
809 Regional Director
810 Interior Region 10: California-Great Basin
811 Bureau of Reclamation

812 San Luis & Delta-Mendota Water Authority
813 (SEAL)

814 By: _____
815 Chair, Board of Directors
816 Attest:

817 _____
818 Secretary

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SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
FIRST AMENDED AND RESTATED B.F. SISK DAM RAISE AND RESERVOIR
EXPANSION PROJECT ACTIVITY AGREEMENT

This **FIRST AMENDED AND RESTATED B.F. SISK DAM RAISE AND RESERVOIR EXPANSION PROJECT ACTIVITY AGREEMENT** (“Activity Agreement”) is entered into and made effective as of this ____ day of ____ 2025 (“Effective Date”), by and among the San Luis & Delta-Mendota Water Authority (“Authority”), a joint powers agency of the State of California, and its members who execute this Agreement, who are hereinafter referred to jointly by the plural term “Activity Agreement Members.” Capitalized terms used in this Activity Agreement shall have the meanings set forth in Section 2 below.

1. RECITALS

A. The parties to this Activity Agreement, together with certain other local agencies, have entered into an amended and restated Joint Exercise of Powers Agreement-San Luis & Delta-Mendota Water Authority dated as of January 1, 1992 (the “JPA” or “JPA Agreement”) establishing the Authority for the purpose of exercising the common powers of the parties indicated therein, including those powers described in this Activity Agreement.

B. The Activity Agreement Members are each empowered, among other powers, to provide water service to lands within their boundaries; to operate and maintain works and facilities for the development, distribution, and use of water for agricultural irrigation and for any drainage or reclamation works connected therewith or incidental thereto and/or to operate and maintain works and facilities for the development, distribution and use of water for municipal and industrial use; to contract with the United States, the State, and other public agencies and, effective January 1, 1995, with mutual water companies, for such purposes; to control the quality of water accepted into their respective systems; to exercise powers related to the construction, operation, or maintenance of water storage and delivery facilities; and to adopt rules and regulations necessary to the exercise of such powers.

C. The Activity Agreement Members have each entered into contracts with the United States for water from the Central Valley Project (“CVP”) and receive water conveyed through the Delta-Mendota Canal, the San Luis Canal, and/or the Pacheco Pumping Plant and Tunnel.

D. Due to hydrologic conditions and/or policy and regulatory constraints, the operation of the CVP by the United State Bureau of Reclamation (“Reclamation”) will likely First Amended and Restated B.F. Sisk Dam Raise and Reservoir Expansion Project Activity Agreement

result in shortages of supply, which would result in less water being made available to members of the Authority than is required to meet customer demands.

E. The Authority authorized execution of a series of cost-share agreements with Reclamation to collaborate on the planning, preliminary design, and environmental compliance for the B.F. Sisk Dam Raise and Reservoir Expansion Project (“**Reservoir Expansion Project**” or “**Project**”), and to seek potential storage benefits of the Project for Authority member agencies.

F. The Authority and Byron-Bethany Irrigation District, Del Puerto Water District, Eagle Field Water District, Pacheco Water District, Panoche Water District, San Benito County Water District, San Luis Water District, Santa Clara Valley Water District, Westlands Water District and the City of Tracy executed the B.F. Sisk Dam Raise and Reservoir Expansion Project Activity Agreement, made effective as of May 9, 2022, to facilitate the funding of planning, preliminary design, and environmental compliance for the Reservoir Expansion Project. Eagle Field Water District, Panoche Water District, and Pacheco Water District later withdrew from the Activity Agreement.

G. In accordance with the National Environmental Policy Act (“**NEPA**”) and the California Environmental Quality Act (“**CEQA**”), Reclamation and the Authority completed the B.F. Sisk Dam and Reservoir Expansion Project Final Environmental Impact Report/Supplemental Environmental Impact Statement (“**Final EIR/SEIS**”).

H. Reclamation and the Authority signed a Record of Decision and Notice of Determination for the Project, respectively, on October 20, 2023.

I. The Project will create approximately 130,000 acre-feet of additional storage space in San Luis Reservoir and includes related modification to Highway 152.

J. The Authority has finalized an agreement for the management of the Project and cost share of charges associated with the raising of the B.F. Sisk Dam and increased storage capacity of the federally administered San Luis Reservoir with the United States (“**Management and Cost Share Agreement**”). The cost share provisions of the agreement provide that Reclamation has the authority to share up to 50% of the costs of the Project, although Reclamation and the Authority have agreed to an initial 70% Authority share and 30% federal share of costs (including, but not limited to costs associated with Project design and construction).

K. Following execution of the Management and Cost Share Agreement, the Authority also intends to negotiate additional, related agreements, including, but not limited to, a Contributed

Funds Agreement, Spend Plan, Coordination Agreement, and O&M Agreement (together, the “Follow-On Agreements”). Together with the Management and Cost Share Agreement, the Follow-On Agreements will govern the cost sharing, design, construction, coordination activities, and operation of the Project.

L. The Authority is participating in the Project on behalf of individual water agencies that will provide funding in exchange for water storage and supply benefits provided by the Project. The intent of the relationship established among Reclamation, the Authority, and Activity Participants is to provide the benefits of the Project to the Activity Participants through the Authority’s participation.

M. This Activity Agreement governs members’ participation in the Project through design, financing, construction, and implementation, or until Activity Participants form one or more separate joint powers authorities to govern their participation in the Project.

N. Each of the parties to this Activity Agreement desires to participate in the benefits and incur the obligations associated with continued project management and the Management and Cost Share Agreement and Follow-On Agreements, through the joint exercise of their common powers under this Activity Agreement.

O. The Authority and each of the Activity Agreement Members have shared, and continue to have, a common interest in sharing information and resources reasonably necessary to accomplish the purpose in this Activity Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the true and correct facts recited above, and of the covenants, terms, and conditions set forth herein, the Activity Agreement Members and the Authority agree as follows:

2. DEFINITIONS

2.1. “Activity Agreement” or “Agreement” shall mean this First Amended and Restated B.F. Sisk Dam Raise and Reservoir Expansion Project Activity Agreement.

2.2. “Activity Agreement Expenses” shall mean all expenses directly incurred by the Authority pursuant to this Activity Agreement and any agreements executed in conjunction with this Activity Agreement, together with a share of Authority Operating Costs allocable to Activity Agreement Members and to any Non-Member Participating Parties through Memoranda of Understanding executed in conjunction with this Activity Agreement.

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2.3. “**Activity Agreement Member**” shall mean a member of the Authority who is signatory to this Activity Agreement. The Activity Agreement Members are listed on Exhibit “A” attached hereto.

2.4. “**Activity Participants**” shall mean the Activity Agreement Members and the Non-Member Participating Parties, as defined below.

2.5. “**Administration Agreements**” shall mean those certain agreements between the Authority and Activity Agreement Members for the undertaking of activities and sharing of costs and benefits pursuant to Sections 22 and 23 of the JPA.

2.6. “**Authority**” shall mean the San Luis & Delta-Mendota Water Authority.

2.7. “**Authority Operating Costs**” shall mean the Authority’s rent and other occupancy charges, acquisition costs of office furniture and equipment, cost of cars and other vehicles, insurance premiums, salaries and wages of employees including payments in connection with retirement programs and other benefit programs, fees of creditors, lawyers, engineers and other consultants, travel, telephone, telecopy, and photocopy expenses, and any other general administrative expenses.

2.8. “**Board of Directors**” shall mean the Board of Directors of the San Luis & Delta-Mendota Water Authority.

2.9. “**Fiscal Year**” shall mean the Authority’s March 1 - February 28/29 fiscal year.

2.10. “**JPA**” or “**JPA Agreement**” shall mean that certain Joint Exercise of Powers Agreement effective January 1, 1992, establishing the Authority, as has been and may be amended or restated over time.

2.11. “**Management and Cost Share Agreement**” shall mean the Agreement Between the United States and the San Luis & Delta-Mendota Water Authority for the Management of the Expanded San Luis Reservoir and Cost Share of Charges Associated with Raising of the B.F. Sisk Dam and Increased Storage Capacity of the Federally Administered San Luis Reservoir (Contract No. 24-WC-20-6280) entered into by the Authority on behalf of the Activity Agreement Members.

2.12. “**Memorandum of Understanding**” or “**MOU**” shall mean an agreement in the form approved by the Activity Agreement Members and Authority Board of Directors between the Authority and a local agency, city, county, or mutual water company that is not a member of the Authority but which desires to participate in this Activity Agreement as a Non-Member

Participating Party; “Memoranda of Understanding” or “MOUs” shall refer collectively to all such Memoranda of Understanding.

2.13. “Non-Member Participating Party” shall mean a local agency, city, county, or mutual water company that is not a member of the Authority but which by execution of an MOU agrees to undertake the same obligations and is accorded the many of same benefits as a member of the Authority that has executed this Activity Agreement. The Non-Member Participating Parties are listed on Exhibit “A” attached hereto.

2.14. “Participation Percentage” shall mean each Activity Participant’s allocated share of Activity Agreement Expenses and Project benefits, as determined and as described in Section 10 of this Agreement and set forth on Exhibit “B” as updated from time to time.

2.15. “Project Participation Percentage” shall mean the total of the Activity Participants’ shares in the Project, which is equal to the entirety of the storage capacity associated with the “Authority-Managed Share of Expanded Reservoir,” as defined in the Management and Cost Share Agreement.

2.16. “Reservoir Expansion Project” or “Project” shall mean the proposed project pertaining to the planning, design, permitting, and other preconstruction activities associated with the B.F. Sisk Dam Raise and Reservoir Expansion Project, as well as the construction, operation, and management of the expanded San Luis Reservoir.

2.17. “Water Coordinator” shall mean the individual provided for in subarticle 4(i)(4) of the Management and Cost Share Agreement.

3. **PURPOSE OF AGREEMENT**

3.1. The purpose of this Activity Agreement is to allow, through the joint exercise of some or all of the common powers of the Activity Agreement Members described in the Recitals above, as appropriate, the Activity Agreement Members to participate through the Authority in the benefits and obligations associated with the Project through design, financing/issuance of debt, construction of the Project, and implementation (operation and management) of the expanded San Luis Reservoir, or until the interests, rights, duties, and obligations of the Authority under this Activity Agreement and under the Management Cost Share Agreement are assigned to a new entity or entities comprised of the Activity Participants. The Authority and the Activity Agreement Members intend that the benefits and obligations associated with the Project, including but not limited to storage capacity and Article 3(f) water as defined in the Management and Cost Share First Amended and Restated B.F. Sisk Dam Raise and Reservoir Expansion Project Activity Agreement

Agreement, will be allocated to Activity Participants consistent with the Participation Percentages described in Section 10 of this Activity Agreement, and documented in Exhibit “B.”

3.2. The parties acknowledge and agree that the Authority’s role in this Activity Agreement is to: 1) provide the umbrella joint powers agreement pursuant to which the parties may exercise their common powers and to provide coordinated services at the expense of the Activity Agreement Members; 2) negotiate, implement, and administer the Management and Cost Share Agreement and Follow-On Agreements in coordination with the Activity Agreement Members; 3) provide administrative services for implementation of the Management and Cost Share Agreement and Follow-On Agreements, including, but not limited to, providing notices, billings, and accounting services to the Activity Agreement Members during the term hereof; and 4) undertake such additional activities and responsibilities as necessary, including project management, and retaining and supervising other employees or consultants as may be requested and funded by the Activity Agreement Members.

4. ORGANIZATION

4.1. The business of this Activity Agreement shall be conducted by the Authority at large and therefore be governed by the Board of Directors of the Authority. However, it is recognized that, at some time in the future the Activity Participants may wish to form a separate body specifically for the purpose of directing the business of the Activity Agreement (a “Steering Committee”). If the Activity Participants unanimously agree that a Steering Committee is in the best interest of all parties, the Board of Directors of the Authority will consider establishing the organizational structure proposed by the Activity Participants, which will be described in an amendment to this Activity Agreement, and that organizational structure may then serve as the governing body for this Activity Agreement.

4.2. It is intended that, at some time in the future, the business of this Activity Agreement will be moved from the Authority to a new entity or entities comprised of Activity Participants, and the Authority will, upon approval of the Activity Participants, assign all of its interests, rights, duties, and obligations under this Activity Agreement and under the Management and Cost Share Agreement to such new entity(ies) (see Section 17 of this Activity Agreement).

5. ROLE OF AUTHORITY: POWERS RESERVED TO BOARD OF DIRECTORS AND LIMITATIONS THEREON

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5.1. Role of the Authority.

a. The role of the Authority under this Activity Agreement will be to provide, through Authority staff or contracts with consultants, coordinated services to assist the Activity Participants in conducting the activities contemplated by this Agreement. The Authority will provide only those services supported with funding from the Activity Participants, grant funding, or other means that will not impose costs on members of the Authority that are not Activity Agreement Members, in accordance with budgets recommended by staff, and approved by the Activity Participants and the Board of Directors, as more specifically provided under the terms of this Agreement.

5.2. Powers Reserved to Board of Directors and Limitations Thereon.

a. The Board of Directors shall have ultimate approval authority over all Activity Agreement annual budgets based upon the recommendation of staff and approval of the Activity Participants; provided, the Board of Directors may only alter an Activity Agreement annual budget in a manner consistent with the Activity Participants' recommendation.

b. The Board of Directors shall have the right, upon recommendation of or in consultation with staff, and the approval of Activity Participants, to approve all amendments to this Activity Agreement, including any amendment terminating the Activity Agreement, and to approve an MOU with each entity seeking to become a Non-Member Participating Party.

c. The Board of Directors shall have the right, upon the recommendation of or in consultation with staff, and the approval of Activity Participants, in the form of formal Board action, to authorize execution of all agreements relating to the Project.

d. The Board of Directors shall have the right, upon the recommendation of or in consultation with staff, and the approval of Activity Participants, to act on any claims and to make decisions concerning the prosecution of, defense of, or other participation in actions or proceedings at law brought by or against the Authority arising from this Activity Agreement; provided if that action is taken at the request of the Activity Participants then the costs for such action shall be borne by the Activity Participants.

e. The Board of Directors delegates to staff the power to conduct the activities described in this Activity Agreement pursuant to the terms of this Activity Agreement and MOUs, without the required approval of the Board. This delegation shall specifically include, but not be limited to, the power to enter into contracts within approved Activity Agreement budgets.

6. APPROVAL BY AN ACTIVITY PARTICIPANT OR ACTIVITY PARTICIPANTS

6.1. When the terms of this Activity Agreement or applicable law require the approval of an Activity Participant, written documentation of such approval, whether by Resolution, motion, or other form of authorization, must be provided to the Authority and to each of the other Activity Participants.

a. For actions requiring the approval of only the particular Activity Participant, approval by such Activity Participant is required.

b. When approval by the Activity Participants is required for a particular action, unanimous approval of the Activity Participants will be required relative to the following actions within sixty (60) days. Failure to respond within sixty (60) days will be deemed approval.

1. Admitting a new Activity Participant(s);
2. Establishing or modifying the Participant Percentage applicable to the Activity Participants;

3. Execution of the Follow-On Agreements;
4. Amendment or termination of this Activity Agreement for any reason other than a complete assignment of interests to a new entity or entities; and

5. Removal of an Activity Participant pursuant to Section 14.7 (financial default) excluding the vote of the Activity Participant about which the determination is being made.

c. For an assignment of the Authority's interests and the Activity Participants' interests in both the Management and Cost Share Agreement and this Activity Agreement to a new entity or entities comprised of the Activity Participants, the approval by Activity Participants collectively holding at least 90% of the total Project Participation Percentage will constitute approval of the action. If such assignment is approved, this Activity Agreement will be automatically terminated upon assignment of the Authority's interests to the new entity or entities.

d. For all other actions that require approval of the Activity Participants, including approval of an annual budget, selection of the Water Coordinator and other consultants, the approval by Activity Participants collectively holding at least 85% of the total Project Participation Percentage will constitute approval of the action.

7. BUDGETARY RESPONSIBILITIES

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To the extent that the Authority prepares budgets for this Activity Agreement, the Authority shall coordinate with Activity Participants in the development of any such budgets for the activities authorized by this Activity Agreement, annually or more frequently as needed, for presentation to the Board of Directors in accordance with Section 22 of the JPA Agreement. The Authority staff will not present to the Board of Directors a budget for this Activity Agreement unless and until approved by the Activity Participants. Budgeted amounts for this Activity Agreement will be collected through the invoicing process described below, and, provided the Activity Participants approve, formal amendment of such budgets by the Board of Directors is not required for adjustments of expenditure for activities authorized by this Activity Agreement. It is understood that costs incurred by the Authority under the Management and Cost Share Agreement and Follow-On Agreements will be included in the budget for this Activity Agreement, and allocated to Activity Participants consistent with the Participation Percentages described in Section 10. Notwithstanding the foregoing, the failure of the Board of Directors to approve a budget shall not excuse payment of any Activity Participant to the Authority of amounts necessary for the Authority to pay debt service on Debt Obligations described in Section 7.3 and shall not affect the obligation of the Authority to apply such amounts to the payment of such debt obligations.

7.1. Invoicing.

a. The Authority shall invoice each of the Activity Participants for all Activity Agreement Expenses on the same schedule as it utilizes for collecting membership dues to implement the Authority budget for each March 1 through February 28/29 fiscal year, generally twice yearly in mid-March and August of each year. Payments are due thirty (30) days following the receipt of the Authority's invoice.

b. The Authority shall promptly invoice each of the Activity Participants for any additional expenses (e.g. under the Management and Cost Share Agreement), with payments due thirty (30) days following the receipt of the Authority's invoice.

7.2. Budget to Actual Adjustments. The Authority shall true up all amounts collected from the Activity Participants, grant funding, or other sources to actual expenditures annually following the end of each fiscal year. Any over-payments between budgeted and actual expenditures, taking into account any year-end carryover reserve (fund balance), shall be credited or refunded to each Activity Participant based upon its Participation Percentage. Each Activity

Participant shall be billed for any under-payment following the true-up, with payment due thirty (30) days after the invoice is received.

7.3. Funding of Any Future Debt Obligations.

a. To the extent the Authority incurs debt obligations to meet its financial obligations under the Management and Cost Share Agreement, the Activity Participants will pay to the Authority their respective shares of costs incurred by the Authority via (1) direct payment (cash) in accordance with any adopted repayment schedule, or (2) payment of debt service consistent with any adopted repayment schedule.

b. Alternatively, if the Activity Participants utilize a financing mechanism or entity other than that described in section 7.3.a above, such as through a financing joint powers authority, it is understood that the Activity Participants will work with the Authority on an arrangement to ensure that their allocated costs get paid in a timely manner to the United States.

8. ACCOUNTABILITY, REPORTS, AND AUDITS

8.1. Full books and accounts for this Activity Agreement shall be maintained by the Authority in accordance with practices established by, or consistent with, those utilized by the Controller of the State of California for public entities. The books and records shall be open to inspection by the Activity Participants at all reasonable times, and by bondholders and lenders as and to the extent provided by resolution or indenture.

8.2. There shall be strict accountability of all funds deposited on behalf of the Activity Agreement with the Authority. The Treasurer of the Authority, directly or acting through its Accounting Department, shall provide regular reports of Activity Agreement accounts. Funds of the Activity Agreement shall be subject to audit by the official auditor of the Authority. An Activity Participant may request an independent audit of the Activity Agreement funds; such audit shall be conducted at the expense of the requesting Activity Participant.

9. ACTIVITY AGREEMENT EXPENSES AND ALLOCATION OF OPERATING COSTS

9.1. The Authority and the Activity Participants agree that all Activity Agreement Expenses incurred by the Authority under this Activity Agreement are the costs of the Activity Participants, and not of the Authority, and shall be paid by the Activity Participants. Activity Participants shall be primarily responsible for determining, among themselves, a fair and equitable

apportionment of Activity Agreement Expenses at all stages of the Project and throughout the term of this Activity Agreement; provided however that any apportionment determined in connection with the incurrence of debt obligations may not be altered without the consent of each affected Activity Participant and the trustee with respect to such debt obligations.

9.2. The Activity Participants further agree that the Board of Directors is authorized to allocate a share of Authority Operating Costs, which includes a portion of costs addressed by the Administration Agreements, as part of the Activity Agreement Expenses to cover the cost to the Authority of administering this Activity Agreement.

10. PARTICIPATION PERCENTAGES

10.1. Participation Percentages. Each Activity Participant agrees to reimburse the Authority for that participant's share of the actual costs due by the Authority under the Management and Cost Share Agreement and Follow-On Agreements, plus that member's share of any Activity Agreement Expenses (e.g. project management costs, Authority staff time costs, etc.). In return, each Activity Participant receives benefits from the Management and Cost Share Agreement coordinated through the Authority, including a share of the storage benefits or storage rights, proportionate to that Activity Participant's share of costs. The Activity Participant's share of costs and benefits are based upon its Participation Percentage, which is documented in Exhibit "B" to this Activity Agreement.

10.2. Changing Participation Percentages. The Participation Percentages will be reviewed and may be revised in each of the following circumstances:

- a. Execution of the Management and Cost Share Agreement;
- b. Addition of Activity Participant(s); and
- c. Withdrawal or Removal of Activity Participant(s). Revision of the Participation Percentages related to the withdrawal or removal of one or more Activity Participants is addressed in Section 14 of this Activity Agreement.

In addition to the circumstances listed above, the Participation Percentages may be revised at other times if the Activity Participants unanimously agree to such revision.

10.3. Ongoing Documentation of Participation Percentages. The initial Participation Percentages of each Activity Participant shall be attached as Exhibit "B" to this Activity Agreement, effective upon the date approved by all Parties. Any further amendments to Exhibit

“B” may be made using the procedure included in this Section 10 without any further separate amendment of this Activity Agreement being required.

11. WATER COORDINATOR

11.1 The Water Coordinator shall be selected by the Activity Participants.

11.2 The Water Coordinator will manage and account for water in the Authority-Managed Share of the Expanded Reservoir consistent with the provisions outlined below and in the Management and Cost Share Agreement and Follow-On Agreements and any internal operating principles that may be adopted by the Activity Participants, which would be appended to this Activity Agreement as an exhibit.

11.3 Each Activity Participant shall provide direction to the Water Coordinator regarding the delivery of water to and from its respective share of storage in the Authority-Managed Share of the Expanded Reservoir. It is the role of the Water Coordinator to communicate with each Activity Participant and Reclamation regarding the movement of water into and out of each Activity Participant’s reserved share of space.

11.4 The Water Coordinator shall promptly communicate as necessary each Activity Participant’s conveyance or delivery requests with Reclamation and/or the California Department of Water Resources.

11.5 The Water Coordinator shall have no authority to direct water into or out of any individual Activity Participant’s share of storage absent the consent of that Participant.

11.6 When Reclamation directs surplus CVP water, or “Article 3(f) water,” into the Authority-Managed Share of the Expanded Reservoir, that Article 3(f) water will be allocated to each Activity Participant by the Water Coordinator in accordance with each Activity Agreement Member’s Participation Percentage. If the storage capacity of any Activity Agreement Member fills completely, any additional Article 3(f) water will be allocated among the remaining Activity Participants in proportion to the Participation Percentages of those Activity Agreement Members with remaining unfilled storage capacity.

12. SOURCE OF PAYMENTS

12.1 Each Activity Participant agrees that it will timely take actions necessary to provide sufficient money to meet its obligations hereunder. Each Activity Participant hereby confirms that the Authority and other Activity Participants are third party beneficiaries of such Activity First Amended and Restated B.F. Sisk Dam Raise and Reservoir Expansion Project Activity Agreement

Participant's obligations under this Agreement and may take such actions in law or in equity as may be desirable to enforce payments hereunder.

12.2. The obligation of each Activity Participant to make payments under this Agreement is absolute, irrevocable, and unconditional irrespective of whether the Project is completed, operable, operated, or retired. Such payments are not subject to reduction, whether offset or otherwise, and are not conditioned upon performance by the Authority under this Agreement or any Activity Participant.

13. INDEMNIFICATION OF AUTHORITY MEMBERS WHO DO NOT PARTICIPATE IN THIS ACTIVITY AGREEMENT

The Activity Participants shall hold the Authority and each of its members who are not Activity Participants, free and harmless from and indemnify each of them against any and all costs, losses, damages, claims, and liabilities arising actions or inactions taken under this Activity Agreement or the MOUs. This indemnification obligation includes the obligation of the Activity Participants to defend the Authority, and all members of the Authority that are not participants in this Activity Agreement, at the sole expense of the Activity Participants, in any action or proceeding brought against the Authority or any of its members not participating in this Activity Agreement, to recover any such costs, losses, damages, claims, or liabilities arising from this Activity Agreement, as well as the obligation to pay for any and all costs of litigation incurred by the Authority as a result of entering into this Activity Agreement. Such costs may include, but are not limited to, attorneys' fees and costs incurred by the Authority to defend its provision of services under this Activity Agreement.

14. TERM

This Activity Agreement shall take effect following execution by all seven (7) of the Activity Agreement Members, unless one or more of the seven Activity Agreement Members have withdrawn, in which case this Activity Agreement shall take effect following execution of the remaining Activity Agreement Members. The Activity Agreement shall remain in full force and effect until it is rescinded or terminated by the Authority and the Activity Agreement Members, with approval by the Non-Member Participating Parties, if any, or pursuant to Section 6.1(c); provided however, that if debt obligations have been issued pursuant to Section 7.3.a, this Activity

Agreement shall not terminate until such debt obligations have been paid or deemed paid in accordance with their terms.

15. WITHDRAWAL

15.1 If Management and Cost Share Agreement is Not Executed: If the Authority does not execute, or withdraws from, the Management and Cost Share Agreement, and Reclamation returns to the Authority any money paid, the Authority shall use its best efforts to ensure that money is refunded proportionately to the Activity Participant that initially contributed it.

15.2 After Execution of Management and Cost Share Agreement But Prior to Issuance of Project Financing: After execution of the Management and Cost Share Agreement but prior to issuance of Project financing, an Activity Participant may withdraw from this Agreement by providing written notice to the Authority and all other Activity Participants. All Activity Participants shall have the opportunity to, if desired, assume a share of the withdrawing Activity Participant's interest in proportion to their existing Participation Percentage. If the remaining Activity Participants do not assume all of the withdrawing Participant's interest, then it shall be offered to Reclamation to allow it the opportunity to, if desired, assume some or all of the withdrawing Activity Participant's interest. The withdrawal shall be effective thirty (30) days after sending the written notice. A withdrawing Activity Participant shall be responsible for its share of the costs incurred through the effective date of its withdrawal and shall not be entitled to a return of any money paid pursuant to Section 10. The withdrawing Activity Participant shall have no obligation to pay any future share of the Authority's cost under the Management and Cost Share Agreement or any additional Activity Agreement Expenses.

15.3 Withdrawal After Issuance of Project Financing: After financing by the Activity Participants occurs, an Activity Participant may withdraw only if:

a. It provides written notice to the Authority and all other Activity Participants, and all Activity Participants are provided the opportunity to, if desired, assume a share of the withdrawing Activity Participant's interest in proportion to their existing Participation Percentage. If the remaining Activity Participants do not assume all of the withdrawing Participant's interest, then it shall be offered to Reclamation to allow it the opportunity to, if desired, assume some or all of the withdrawing Activity Participant's interest; and

b. 1. One or more of the other Activity Participants or Reclamation have agreed to assume all of the withdrawing Activity Participant's Project and finance obligations.

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However, if the Activity Participant(s) assuming those obligations fail(s) to make any required debt service payments or capital costs, the withdrawing Activity Participant shall remain obligated for any such shortfall in payment for as long as the bonds remain outstanding or until construction of the Project has been completed. Notwithstanding any withdrawal permitted under this subdivision b., an Activity Participant or its successor shall remain obligated under this Agreement to make any payments with respect to any specific component of the Project to which that Activity Participant previously committed, either as self-funded or under any bonds; or

2. It is unanimously approved by all of the other (non-withdrawing) Activity Participants, who must find and determine in connection with such approval that there would be no adverse and material effect. For purposes of this Section 15.3, "adverse and material effect" means any effect that would result in a downgrade or suspension on the rating of the bonds or cause an expected shortfall in future project finance payments or cause delays or increased costs with respect to design and/or construction of the Project.

15.4. Rights Following Withdrawal: As of the withdrawal date, all rights of participation in this Activity Agreement shall cease for the withdrawing Activity Participant. However, if a withdrawn Activity Participant is obligated for any shortfall in payment pursuant to section 15, that withdrawn Activity Participant will be entitled to all corresponding rights of participation for the period of time during which it is responsible for such obligations.

15.5. Obligations Following Withdrawal: Withdrawal shall not excuse the withdrawing Activity Participant's performance of obligations imposed upon that party by any judgment which has been entered by a court of competent jurisdiction or regulation to which the Authority or the Activity Participants are subject and that arise from or are related to activities of the Activity Agreement conducted during the period when the withdrawing Activity Participant participated in this Activity Agreement. Furthermore, the indemnification obligations set forth in Section 13 of this Activity Agreement shall survive an Activity Participant's withdrawal from this Activity Agreement for activities under this Activity Agreement conducted during the period when the withdrawing Activity Participant participated in this Agreement.

15.6 Removal of Delinquent Activity Participant: When an Activity Participant fails or refuses to pay that Activity Participant's share of Activity Agreement Expenses for a period of time longer than three (3) months, after written notice from the Authority without entering into an agreement with the Authority to cure any financial default or to meet any other obligation required

for its active participation in the Activity Agreement, the remaining Activity Participants, voting as set forth in Section 6.1.b.6 above, will determine whether or not such Activity Participant shall be removed from the Activity Agreement and if so determined, shall request that the Board of Directors approve removal of that Activity Participant from the Activity Agreement.

a. Following removal of an Activity Participant, the remaining Activity Participants agree that each of them will be allocated a proportionate share of the removed Activity Participant's Activity Agreement Expenses and associated interests in the Project. Any Activity Participant may be relieved of its obligation to assume the additional proportionate share created by the removal of an Activity Participant if (1) the remaining Activity Participants agree to proportionately assume the removed Activity Participant's share of obligations and benefits, or (2) one or more Activity Participant(s) are willing to assume the additional proportionate share from another Activity Participant.

b. Such vote shall not preclude reinstatement of the removed agency by agreement of the Activity Participants and the Authority.

16. RIGHT TO PARTNER WITH NON-ACTIVITY PARTICIPANTS

16.1 Activity Participants shall have the right to partner with other Activity Participants or any non-Activity Participant party (person or entity) regarding the sale, transfer, assignment, or leasing of that Participant's share of capacity within the Authority-Managed Share of Expanded Reservoir as provided herein.

16.2 Lease of Storage Capacity: Each Activity Participant may negotiate in its discretion the commercial terms of a lease of its storage capacity interest ("Negotiated Terms") provided that:

a. The Negotiated Terms do not negatively impact other Activity Participants' rights to store or convey water in accordance with the Management and Cost Share Agreement and this Activity Agreement, or the rights of Activity Participants to store or convey water in accordance with their state or federal contracts (as applicable);

b. Such lease is consistent with the Reclamation's water rights, governmental approvals, and applicable law; and

c. No agreement for a lease of an Activity Participant's storage capacity shall be for a term of longer than fifteen (15) years, nor shall it provide for any renewal of a term in a manner that would result in a lease having an effective term in excess of fifteen (15) years; provided further that if an agreement for a lease of a Activity Participant's storage capacity is for First Amended and Restated B.F. Sisk Dam Raise and Reservoir Expansion Project Activity Agreement

a term of longer than fifteen (15) years, such agreement shall be subject to the same terms and conditions of this Section 16.3.d-e as are applicable to the sale, transfer, or assignment of storage capacity.

d. A lease of storage capacity shall not impact or limit the leasing Activity Participant's rights or obligations to the Authority under this Activity Agreement and each Participant shall remain fully responsible for all of its obligations to the Authority under this Agreement. Such lease does not require the non-Activity Participant to become a Non-Member Participating Party under this Activity Agreement.

16.3 Sale, Transfer, or Assignment of Storage Capacity: Each Activity Participant may negotiate in its discretion the commercial terms of a sale, transfer, or assignment of its storage capacity interest ("Negotiated Terms") provided that:

a. Such sale, transfer or assignment is consistent with the Reclamation's water rights, governmental approvals and applicable law;

b. No sale, transfer or assignment of a Participant's storage capacity can cause or be construed to cause a reduction in any Project Obligation bond credit rating or put the tax exempt borrowing status of the financing entity or entities in violation of the Internal Revenue Code of 1986, as amended, as reasonably determined by the Authority;

c. Prior to any proposed sale, transfer, or assignment of storage capacity, the Activity Participant must first provide written notice of such its intent to all other non-selling Activity Participants, including a term sheet with all material terms of any proposed sale, transfer or assignment (the "Offer Notice"). The Activity Participants shall have a right of match or first refusal with respect to the sale, transfer, or assignment of such storage capacity on the terms provided in the Offer Notice. If more than one Activity Participant desires to purchase the selling Participant's share on the terms offered, those interested purchasing Activity Participants shall each receive a pro rata share of the selling Participant's interest in proportion to their existing Participation Percentage. No Activity Participant may sell, transfer, or assign any portion of its storage capacity to anyone other than an Activity Participant without first providing all non-selling Activity Participants forty-five (45) days to agree to or match the material terms of the Offer Notice, including any subsequently proposed revised offer to sell, transfer or assign storage capacity to a Non-Participant;

d. The proposed sale, transfer or assignment of storage capacity to a non-Participant must be approved by Activity Participants and the Authority, such approval not to be unreasonably withheld or delayed by Activity Participants or the Authority;

e. A sale, transfer or assignment of storage capacity shall not impact or limit the selling Activity Participant's rights, duties, or obligations to the Authority under this Activity Agreement unless and until the Authority agrees to release all future obligations of the selling Activity Participant, which shall be documented in writing.

17. ASSIGNMENT OF AUTHORITY'S INTERESTS

The Authority agrees to, upon the approval of Activity Participants, pledge and assign any and all of its rights, interests, duties, or obligations in the Management and Cost Share Agreement and Activity Agreement to a new entity or entities comprised of the Activity Participants. It is intended that the governance of any such new entity or entities would retain the essential voting structure among Activity Participants as set forth in this Activity Agreement.

18. ADMISSION OF NEW MEMBERS

18.1. Authority Members. Admission of new Activity Agreement Members after the Effective Date of this First Amendment shall require amendment of the Activity Agreement and approval by the Board of Directors and the Activity Agreement Members. Such approval of new Members will include terms, if necessary, to ensure the Activity Participants do not bear undue financial obligations, e.g., payment of a proportionate share of the costs previously paid and opportunity costs by Activity Participants under the Activity Agreement.

18.2. Non-Authority Members. A local agency, city, county, or mutual water company that is not a member of the Authority may become a Non-Member Participating Party (and Activity Participant) at any time following the Effective Date, if the existing Activity Agreement Members unanimously approve the admission of the Non-Member Participating Party. Such admission will occur through execution of a MOU and action by the Board of Directors. Such MOU, as appropriate, will include terms, if necessary, to ensure that existing Activity Participants do not bear undue financial obligations, e.g., payment of an equal share of the costs previously paid and opportunity costs by Activity Participants under this Activity Agreement.

18.3. Documentation. The admission of any Activity Participant pursuant to this section shall be documented by that new Activity Agreement Member signing the Activity Agreement or

that new Non-Member Participating Party entering into a MOU with the Authority, subject to the Activity Agreement. Upon admission of a new Activity Participant, the parties shall agree to the participation percentage of such new Activity Participant, to be documented in an updated Exhibit "B" to this Activity Agreement.

19. MISCELLANEOUS

19.1. California Environmental Quality Act. The physical, operational, and financial details of the Reservoir Expansion Project were analyzed by the Authority as lead agency pursuant to CEQA in the Final EIR/SEIS. The Authority and/or Activity Participants and other public agencies may be responsible agencies under CEQA for actions related to the Reservoir Expansion Project; however, the actions contemplated by this Activity Agreement have no potential for physical effects on the environment. Each potential improvement, project, and/or activity subject to this Activity Agreement or other related agreements, have been or will be fully evaluated in compliance with CEQA, as applicable. This Activity Agreement does not, and is not intended to, bind any party to a definite course of action or limit in any manner the discretion of the Authority and/or Activity Participants, or any other public agency, as applicable, in connection with consideration of agreements relating to the Reservoir Expansion Project, including without limitation, all required environmental review, all required public notice and proceedings, consideration of comments received, and the Authority's and/or Activity Participants' or other public agencies' evaluation of mitigation measures and alternatives including the "no project" alternative.

19.2. Amendments. Subject to the terms of any debt obligations for the Project, this Agreement may be amended in writing by the Authority and the Activity Agreement Members, with required approval from the Non-Member Participating Parties, if any.

19.3. Assignment; Binding on Successors. Except as provided in this Activity Agreement, the rights and duties of Activity Participants may not be assigned without the written consent or approval of all Activity Participants. Any attempt by Activity Participants to assign or delegate such rights or duties in contravention of this Activity Agreement shall be null and void. Any approved assignment shall be consistent with the terms of any contracts, resolutions, indemnities, and other obligations of the Authority then in effect. This Activity Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Authority and the Activity Participants. The Activity Participants acknowledge that the Authority may assign all or First Amended and Restated B.F. Sisk Dam Raise and Reservoir Expansion Project Activity Agreement

a portion of its rights and obligations under this Activity Agreement to a financing entity, as described in Section 7.3(b).

19.4. Existing Contracts. Nothing in this Activity Agreement, in any way, alters, changes, or amends existing water service/repayment contracts with the United States, or supersedes, negates, or changes or is intended to change any past course of dealings, past practices, or precedent.

19.5. Counterparts. This Activity Agreement may be executed by the Authority and the Activity Agreement Members in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

19.6. Choice of Law. This Activity Agreement shall be governed by the laws of the State of California.

19.7. Severability. If one or more clauses, sentences, paragraphs or provisions of this Activity Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Activity Agreement Members and the Authority that the remainder of the Activity Agreement shall not be affected thereby.

19.8. Headings. The titles of sections of this Activity Agreement are for convenience only and no presumption or implication of the intent of the parties as to the construction of this Activity Agreement shall be drawn therefrom.

19.9. Reasonable Cooperation. Activity Participants will reasonably cooperate with each other and the Authority to perform the obligations under this Activity Agreement and to carry out the purpose and intent of this Activity Agreement.

IN WITNESS WHEREOF, the Members and the Authority have executed this Activity Agreement as of the date appearing next to their respective signature lines:

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

By:

Name: Federico Barajas
Title: Executive Director
Date: 1/10/2025

First Amended and Restated B.F. Sisk Dam Raise and Reservoir Expansion Project Activity Agreement
Page 20 of 21

ACTIVITY AGREEMENT MEMBERS

Agency Name: _____

By: _____

Name: _____

Title: _____

Date: _____

Agency Name: _____

By: _____

Name: _____

Title: _____

Date: _____

Agency Name: _____

By: _____

Name: _____

Title: _____

Date: _____

Agency Name: _____

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Agency Name: _____

By: _____

Name: _____

Title: _____

Date: _____

Agency Name: _____

By: _____

Name: _____

Title: _____

Date: _____

Agency Name: _____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A

**B.F. SISK DAM RAISE AND RESERVOIR EXPANSION PROJECT ACTIVITY
AGREEMENT MEMBERS AND NON-MEMBER PARTICIPATING PARTIES**

Agency Name	Participation Status
(AA Member or Non-Member Participating Party)	
Byron Bethany Irrigation District	AA Member
City of Tracy	AA Member
Del Puerto Water District	AA Member
San Benito County Water District	AA Member
San Luis Water District	AA Member
Valley Water	AA Member
Westlands Water District	AA Member

First Amended and Restated B.F. Sisk Dam Raise and Reservoir Expansion Project Activity
Agreement
EXHIBIT A

EXHIBIT B
ALLOCATION OF EXPENSES AMONG ACTIVITY PARTICIPANTS

Activity Participants	Allocation (%)	Share of Investor Capacity (assuming 70% share of 130,000 af)
Byron Bethany Irrigation District	1.11%	1,007 AF
City of Tracy	5.53%	5,033 AF
Del Puerto Water District	4.04%	3,674 AF
San Benito County Water District	5.53%	5,033 AF
San Luis Water District	4.97%	4,527 AF
Valley Water	66.37%	60,398 AF
Westlands Water District	12.45%	11,328 AF
	100%	91,000 AF

First Amended and Restated B.F. Sisk Dam Raise and Reservoir Expansion Project Activity
 Agreement
 EXHIBIT B



B.F. Sisk Dam Raise and Reservoir Expansion Project

Water Supply and Demand Management Committee, January 27, 2025

Staff Recommendations

- Recommend to the Board to authorize the CEO to execute the Activity Agreement.
- Recommend to the Board to approve the San Luis Delta Mendota Water Authority's execution of the Management and Cost Share Agreement with the U.S. Bureau of Reclamation.
- Recommend to the Board to increase Valley's Water's storage capacity to a minimum of 60,398 AF and up to 60,600 AF if space becomes available.
- Recommend to the Board to authorize up to \$2,057,636 to cover Valley Water's share of planning costs through February 2026.

Water Supply Needs and Challenges

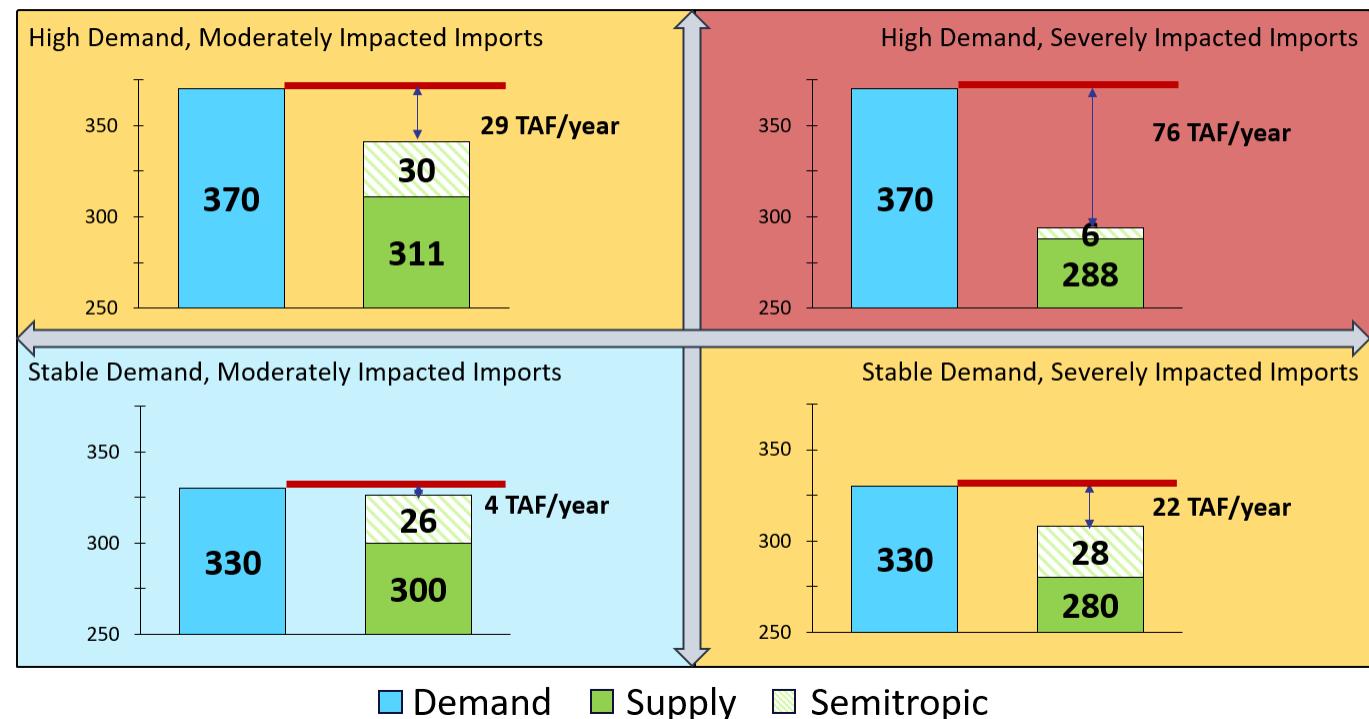
Multi-year droughts

Climate change impact

Aging infrastructure

Affordability

Annual Shortage in Six-year Drought in 2050

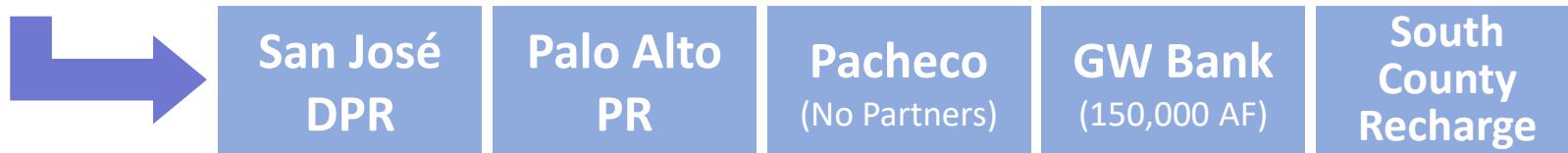


Strategies for Water Supply Reliability

Lower Cost (\$4 Billion)



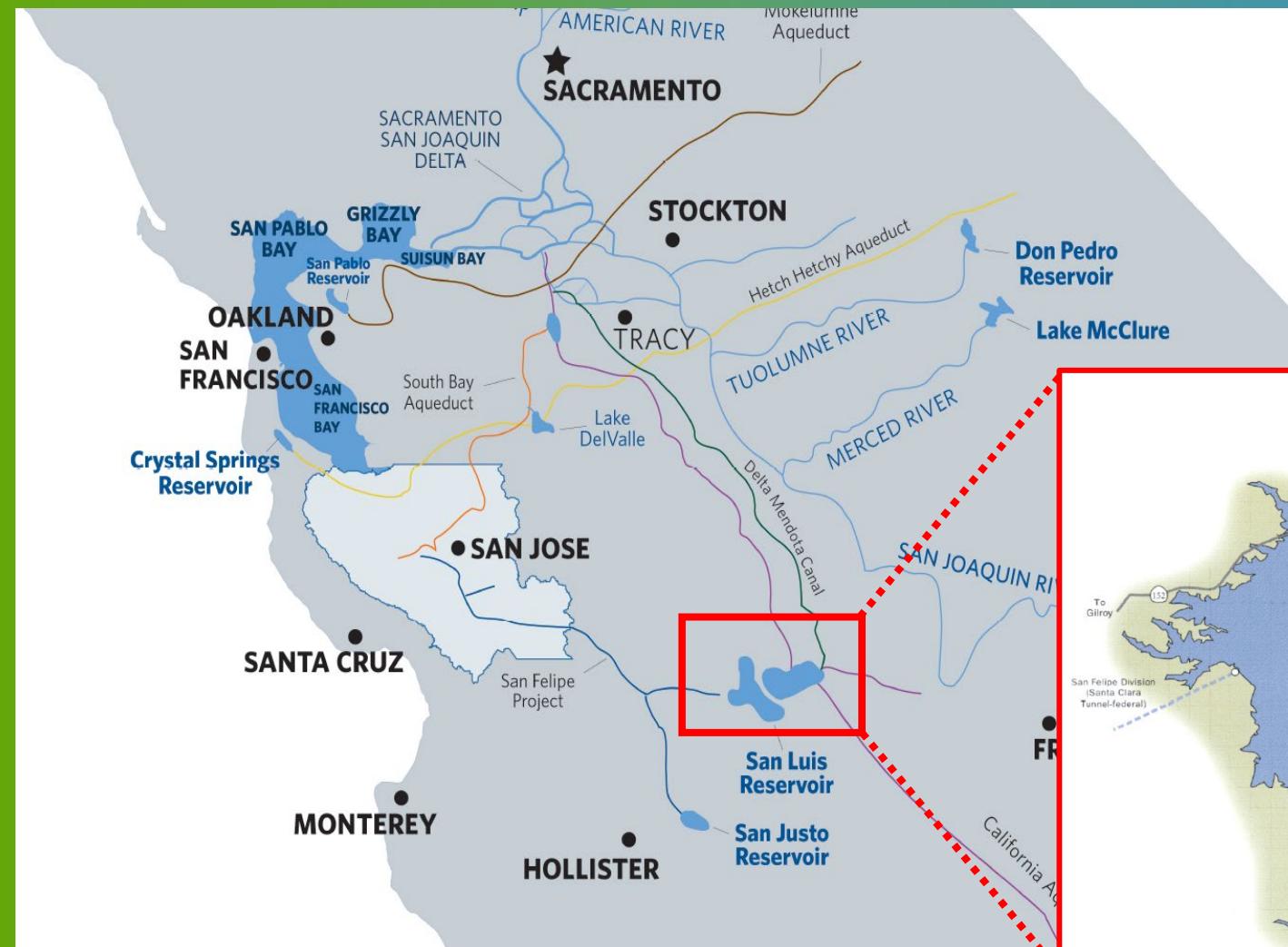
Local Control (\$5.9 Billion)



Diversified (\$5.5 Billion)



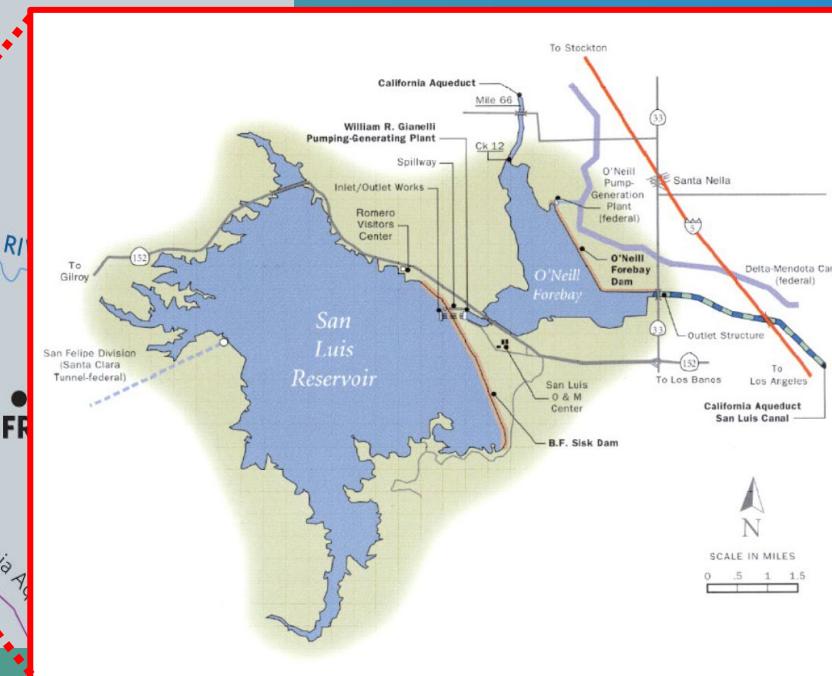
Project Location



Location:

San Luis Reservoir
Merced County

Existing Facility: Integrated Operations
Direct Access



Concurrent Projects

Safety of Dams Project:

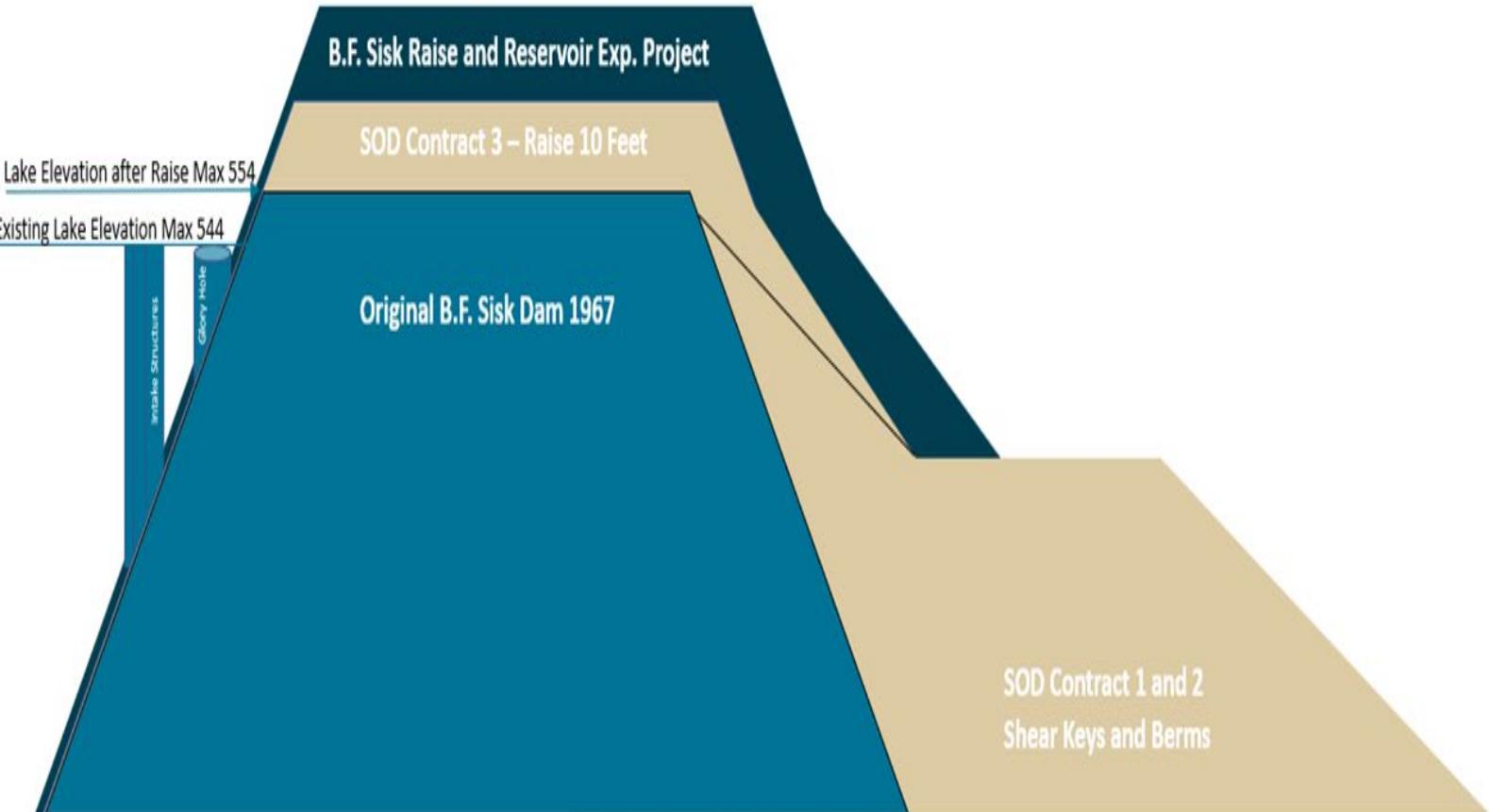
- Seismic repairs
- No additional storage
- Already underway

B.F. Sisk Dam Raise Project:

- 130,000 acre-feet (AF) new storage
- Schedule driven by Safety of Dams project

Combined Projects:

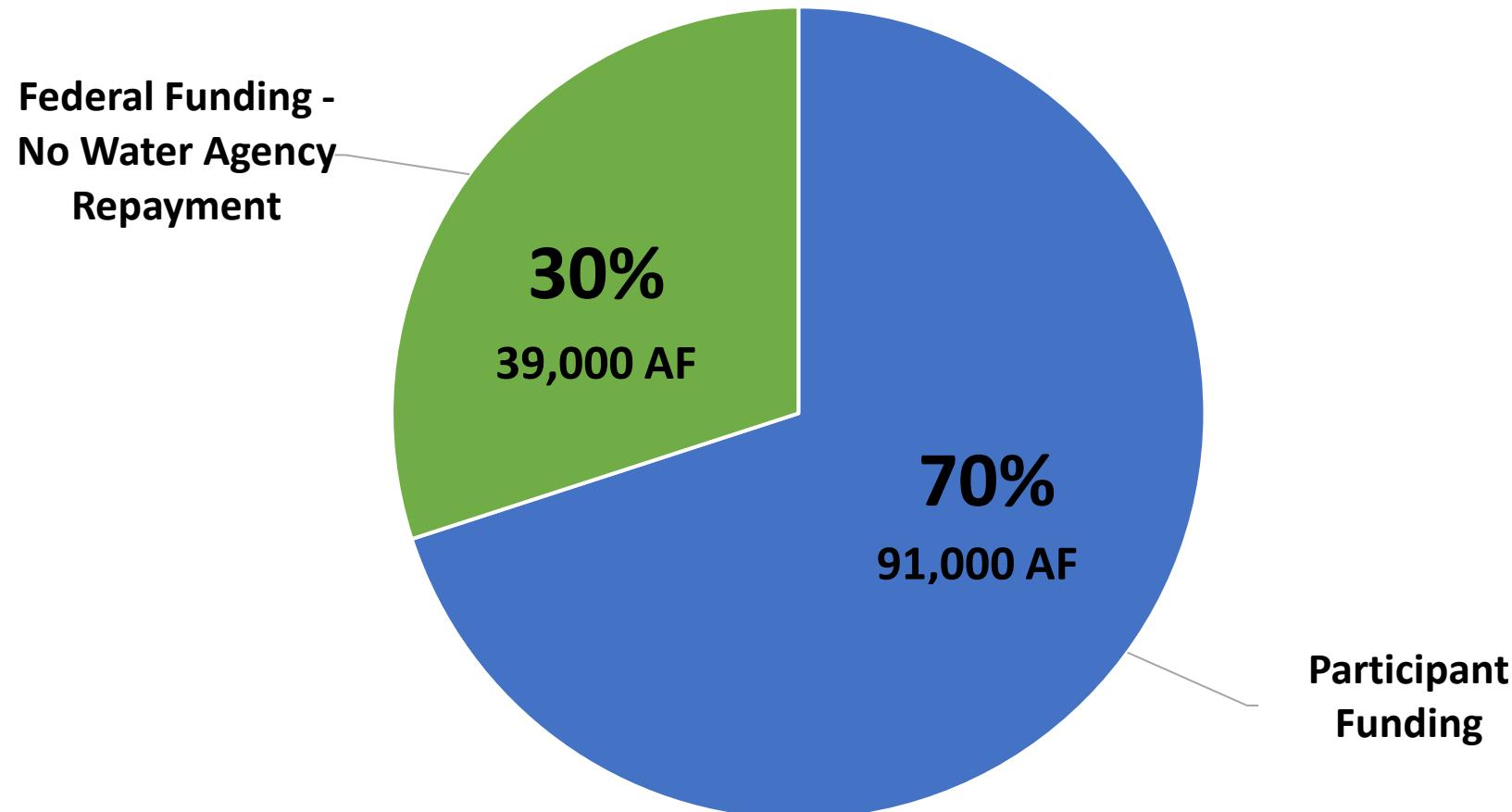
- Cost and schedule savings
- Reduced environmental impact



Proposed Funding and Storage Split

➤ WIIN Act: 30 percent

➤ Project Partners: 70 percent



Management Agreement - Water Supply Benefits

- Storage of CVP and SWP contract allocation + other supplies
- No spilling
- Allocation of surplus water made available by project
- Reliable storage of non-CVP water
- Exemption from public health and safety calculation
- Option to lease or market capacity to offset costs

Management Agreement - Participant Risks

- Reclamation may access stored CVP water during droughts
 - *Staff analysis shows this risk can be mitigated through careful operation and prioritizing storage of SWP supplies and other non-CVP supplies.*
- Shared project subject to group governance with other Project participants
 - *Discussions on governance structure are still underway. Staff are working to ensure Valley Water has sufficient input into decisions affecting our investment.*
- Off ramps provided until bid solicitation for construction contract and securing financing

Activity Agreement

Key Terms

- Benefits received through the SLDMWA
- Costs and benefits allocated in proportion to project participation percentage, including CVP Article 3(f) water
- SLDMWA board approval needed for budgets, agreement amendments, and litigation decisions
- Provides for assignment to a new JPA comprised of Activity Participants
 - Requires 90% participation level approval
- Most decisions require an 85% participation level approval

Activity Agreement

Key Terms

- Participants select the Water Coordinator
- After Project financing, Participants cannot withdraw unless:
 - 1) another agency takes over their share and
 - 2) other Participants agree no harm
- Participants have first right of refusal for any sale of storage capacity
- Participants can lease their storage space; leases longer than 15 years subject to approval from the other Participants

Current Storage Requests

➤ Storage allocations adjusted after Pacheco Water District withdrew from the Project in December:

Participating Agency	Previous Storage Capacity (AF)	Participation Level*	Adjusted Storage Capacity (AF)	Adjusted Participation Level*
Santa Clara Valley Water District	60,000	65.9%	60,398	66.4%
Westlands Water District	11,253	12.4%	11,328	12.4%
City of Tracy	5,000	5.5%	5,033	5.5%
San Benito County Water District	5,000	5.5%	5,033	5.5%
San Luis Water District	4,497	4.9%	4,527	5.0%
Del Puerto Water District	3,650	4.0%	3,674	4.0%
Byron Bethany Irrigation District	1,000	1.1%	1,007	1.1%
Pacheco Water District	600	0.7%	0	0
Total	91,000	100.0%	91,000	100.0%

*Reflects each Investor's share of the 70% non-federal portion of the Project, while the federal share constitutes the remaining 30%.

Project Costs

- Total annual O&M cost estimate: \$4.0 million

Project Feature	Capital Cost (\$2024)
Dam Raise	\$474M
State Route 152 Improvement	\$477M
Design, Permitting, Project Management	\$94M
Total Capital Cost	\$1,045M

- Contingencies: 15% design, 15% construction

Project Costs

Total Participant Costs: \$731 million

Valley Water Share of Costs:

Valley Water Storage Levels	Capital Costs (\$2024)
60,000 AF Storage (before PWD withdrawal)	\$482 million
60,398 AF Storage (current level)	\$485 million
60,600 AF Storage (recommended “up to” level)	\$487 million

➤ Estimated Rate Impacts in North County Zone W-2 M&I:

- Ramps up to additional \$227/AF or \$7.81/month per household by FY 34
- No significant impact to rates with change in storage levels

Improved Drought Reliability

- At 60 TAF storage and assuming Semitropic continues, Project reduces shortage by 66% over 6-year drought
- Project enhances benefits of other potential investments
 - purified water projects
 - Delta Conveyance Project
 - groundwater banking

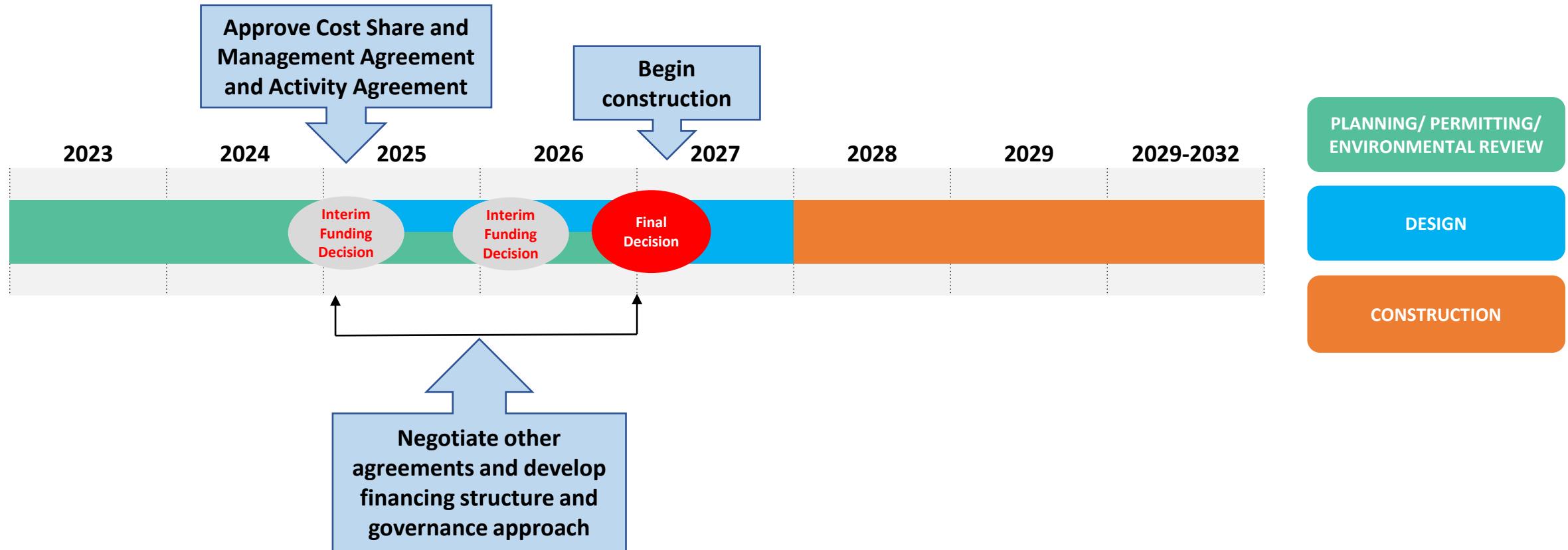


Planning Funding Request

Valley Water share of Planning Costs:

- February 2025 Funding Request
 - \$2,045,427 at 60,398 AF
 - \$2,057,636 at 60,600 AF
- Early 2026 Funding request estimate approximately \$13.2 M

Schedule



Staff Recommendations

- Recommend to the Board to authorize the CEO to execute the Activity Agreement.
- Recommend to the Board to approve the San Luis Delta Mendota Water Authority's execution of the Management and Cost Share Agreement with the U.S. Bureau of Reclamation.
- Recommend to the Board to increase Valley's Water's storage capacity to a minimum of 60,398 AF and up to 60,600 AF if space becomes available.
- Recommend to the Board to authorize up to \$2,057,636 to cover Valley Water's share of planning costs through February 2026.



Valley Water

Clean Water • Healthy Environment • Flood Protection

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Santa Clara Valley Water District

File No.: 24-0993

Agenda Date: 1/27/2025

Item No.: 4.3.

COMMITTEE AGENDA MEMORANDUM Water Supply and Demand Management Committee

Government Code § 84308 Applies: Yes No
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Update on Valley Water's Collaboration with Water Retailers on Water Supply and Demand Management and Renter/Landlord Engagement.

RECOMMENDATION:

Receive an update on Valley Water's collaboration with water retailers on water supply and demand management and renter/landlord engagement and provide staff feedback. This is a discussion item only.

SUMMARY:

Santa Clara Valley Water District's (Valley Water) partnerships with local water retailers play a crucial role in achieving our water conservation goals of 110,000 Acre Feet per Year (AFY) by 2040 and 126,000 AFY by 2050. By working closely together, Valley Water can leverage resources, coordinate funding for rebate programs, and ensure consistent messaging to the public, especially in times of drought. There are 13 major water retailers in our county that service the over 2 million people who live and work in Santa Clara County. Our Find My Water Retailer tool (<https://www.valleywater.org/find-my-retailer>) provides a centralized location for customers in the county to identify who their water retailer is based on their address and to find useful links to retailers' water conservation-related content.

Valley Water's partnerships with retailers to promote water conservation include:

- Cost-sharing agreements
- Outreach collaboration
- Committee engagement
- Reporting

Cost Sharing Agreements

To increase participation in Valley Water's rebate programs and to encourage water conservation

through Advanced Metering Infrastructure (AMI) and Water Use Reports, Valley Water has entered into cost-sharing agreements with several cities and water retailers, currently including:

- City of Cupertino (through Dec. 2024)
- City of Gilroy
- City of Milpitas
- City of Morgan Hill
- City of Palo Alto
- City of Santa Clara
- San Jose Municipal Water System

Currently, Valley Water has cost-sharing agreements with seven retailers and cities to increase the rebate rates for their customers participating in one or more of the following Valley Water rebate programs:

- Landscape Rebate Program
 - Landscape Conversion
 - Large Landscape Lawn to Mulch
 - Rainwater Capture
- Laundry-to-Landscape Graywater
- Submeters
- Water Efficient Technology (WET)

Cost-sharing contributions vary by retailer. For the Landscape Rebate Program, for example, cost-sharing partners increase available rebates for their customers by \$1,000-\$3,000 for single-family sites and \$10,000-\$35,000 for commercial, institutional, and multi-family sites.

As identified in Valley Water's No Regrets Package, AMI is an important tool for reaching our water conservation goals. Valley Water provides cost-sharing funding to public agencies in the county to implement AMI in their service area and helps fund Water Use Reports, which provide customized water consumption information, messaging, and water-saving recommendations to customers. As of July 2024, Valley Water has cost-sharing agreements for AMI in the following service areas:

- City of Morgan Hill (approx. 17,000 AMI meters funded),
- City of Milpitas (approx. 16,700 AMI meters funded), and
- City of Palo Alto (approx. 21,000 AMI meters funded).

In addition to the AMI cost-sharing agreements listed above, Valley Water is also actively developing an agreement with the City of Mountain View for the installation of approximately 19,000 AMI meters.

Outreach Collaboration

Valley Water's Office of Communications works with water retailers to cross-promote our water conservation programs in English, Spanish, Mandarin, and Vietnamese. Our multilingual advertising campaigns target diverse populations through digital and social media channels. During FY24, we

worked with various cities to distribute creative materials to promote water conservation, graywater, Landscape Rebates and Outdoor Water Surveys. Valley Water also shares a partner toolkit for our water conservation campaigns, featuring our ads, digital banners, animations and suggested messaging for social media platforms.

Committee Engagement

To collaborate and coordinate with water retailers, Valley Water facilitates a Quarterly Water Retailer Meeting and several corresponding Subcommittees. Through the Water Conservation and Communications retailer subcommittees specifically, Valley Water staff works with retailers to promote water conservation programs, develop consistent conservation and drought messaging, discuss local and state regulations and reporting requirements, and build inter-agency relationships.

Through the Water Conservation Subcommittee, Valley Water is facilitating an Ad Hoc working group to help our retailers navigate the Urban Water Use Objective calculations and reporting associated with the State's recently adopted water use efficiency regulations ("Making Water Conservation a California Way of Life" regulatory framework).

In addition to working with our retailers through committees, in October 2024, Valley Water and the Bay Area Water Supply & Conservation Agency (BAWSCA) successfully hosted an all-day in-person workshop to equip agencies with the knowledge and tools necessary to understand and comply with the State's water use efficiency regulations. Specifically, the workshop focused on the qualitative performance measures applicable to commercial, industrial, and institutional (CII) sectors. The workshop was a resounding success, drawing nearly 70 attendees from over 40 agencies throughout the greater Bay Area. BAWSCA and Valley Water invited other Bay Area water agencies to participate in the workshop, fostering a diversity of perspectives and expertise while sharing newly created guidance resources developed through a partnership between Valley Water and BAWSCA. Participants actively engaged with the presented materials and provided valuable feedback on the workshop content and the newly developed resources. This feedback will be instrumental in guiding BAWSCA and Valley Water's ongoing efforts to support agencies in complying with the water use efficiency regulations. The State's new regulations will assist Valley Water in meeting long-term conservation goals.

Reporting

Valley Water works closely with retailers to provide them with water conservation program participation data and to receive data needed for demand forecast modeling. To assist retailers with their various reporting needs, including retailers in our county who are required to do year-end reporting to BAWSCA, Valley Water provides detailed water conservation program participation data to all retailers in the county.

Valley Water has developed an econometric-based water demand model built with the data and support of Santa Clara County water retailers and cities to support its water supply planning and investment decisions. The model is built using statistical relationships among historical datasets, such as water use, economic data, development data, and climate data.

Renter/Landlord Engagement

To expand program accessibility, Valley Water has updated the Landscape Rebate Program and Laundry-to-Landscape Graywater Rebate eligibility criteria to allow renters to apply and receive rebates directly with written consent from the landlord/property owner.

Renters who participate in Valley Water's Landscape Rebate Program are also eligible for our Landscape Maintenance Consultation Program. The free 1-1.5-hour onsite consultation from a landscape professionals provides past rebate recipients with the knowledge needed to successfully maintain their landscape conversion project. During the consultation, participants will learn site-specific gardening tips such as pruning, irrigation maintenance, soil health, and integrated pest management.

Valley Water's Water Wise Outdoor Survey Program is beneficial to both homeowners and renters responsible for maintaining their homes landscape. During the outdoor survey, a trained irrigation professional will complete a comprehensive evaluation of the participants irrigation system, flagging inefficiencies, recommending equipment upgrades, and providing irrigation scheduling assistance.

Valley Water's Online Shopping Cart offers all properties in Santa Clara County, including renters, free water conservation devices to help reduce water bills and increase efficiency. Available devices particularly useful to renters include low flow showerheads and faucet aerators, shower timers, toilet flappers, and Water-Wise Do-it-Yourself (DIY) Home Survey Kits. The shopping cart can be accessed through www.watersavings.org <<http://www.watersavings.org>>.

In collaboration with PG&E's Energy Savings Assistance program, Valley Water conducted two pilots addressing leaks, delivering equity-based water conservation measures to low-income households across Santa Clara County. The Leak Assessment and Repair Pilot offered visual indoor and outdoor leak assessments, along with repairs and replacements of leaky aerators and irrigation equipment. The Toilet Assessment and Retrofit Pilot focused on identifying and repairing toilet leaks as well as replacing inefficient toilet models of 1.6 gallons per flush (gpf) or higher. Together these pilots served 214 low-income households, including 29 renter-occupied homes.

ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:

This action is not subject to Environmental Justice analysis because it is unlikely to result in adverse impacts. However, Water Conservation offers a range of environmental justice benefits by promoting equitable access to clean water, reducing pollution, protecting ecosystems, mitigating climate change, saving costs for vulnerable communities, enhancing drought resilience, and empowering residents with knowledge and skills for sustainable water use. Valley Water provides such water conservation information in multiple languages and via various outreach techniques to reach all members of our community. Valley Water acknowledges that during drought, disadvantaged communities may be disproportionately impacted. To address these impacts, Valley Water promotes access to equitable and affordable water supplies (Water Supply Goal 2.6). Valley Water offers specific programs, such as the low-income Landscape Direct Installation program to provide water-efficient landscapes to low-income homeowners.

ATTACHMENTS:

Attachment 1: PowerPoint

UNCLASSIFIED MANAGER:

Kirsten Struve, 408-630-3138

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Collaboration with Water Retailers and Renter/ Landlord Engagement

Water Supply and Demand Management Committee, January 2025

Presented by: **Ashley Shannon**, Senior Water Conservation Specialist

Water Conservation Collaboration with Water Retailers

- Partnerships essential to reaching water conservation goals of 110,000 AFY by 2040 and 126,000 AFY by 2050
- Partnerships include:
 - Cost-sharing agreements
 - Outreach collaboration
 - Committee engagement
 - Reporting

Cost Sharing Agreements

Cost-sharing agreements with 7 local water retailers and cities

- Water Conservation Rebate Programs
 - Landscape Rebate Program
 - Laundry-to-Landscape Graywater
 - Submeters
 - Water Efficient Technology (WET)
- Advanced Metering Infrastructure (AMI)
- Water Use Reports

Outreach Collaboration

Coordination with the Office of Communications to cross-promote water conservation programs and messaging

- Bring your yard to life!
- Co-branding
- Partner Toolkits



The graphic features a vibrant, colorful illustration of a house with a blue roof and stone chimney, surrounded by a lush garden of various flowers, a butterfly, and a ladybug. The sky is blue with a bright yellow sun. The Valley Water logo is in the top left, and the text "SPRING 2024" is in the top right. A green banner across the middle contains the text "Water Conservation Campaign Partner Toolkit". Below this, there are two sections: "Bring your yard to life!" with an image of a house and flowers, and "We make free yard visits!" with an image of a hand pointing at a water meter.

Valley Water SPRING 2024

Water Conservation Campaign Partner Toolkit

Bring your yard to life!

Valley Water's Landscape Rebate Program offers up to \$3,000 to residents who replace lawns with California-friendly plants or optimize their irrigation system. Customized cost-share option available.

[Download multilingual ads & animations](#)

We make free yard visits!

Are customers worried about high water bills? Half of the water used outdoors is wasted due to inefficient irrigation. Refer them to our FREE Outdoor Water Wise Survey service for a tune-up.

[Download multilingual GIFs & animations](#)

Retailer Committee Engagement & Reporting

Committee engagement to coordinate messaging and outreach, promote water conservation programs, and build inter-agency relationships

- Quarterly Water Retailer Meeting
 - Water Conservation Subcommittee
 - “Making Water Conservation a California Way of Life” regulatory framework
 - Communication Subcommittee

Reporting

- Water Conservation Program participation
- Water Demand Modeling

Renters/Landlord Engagement

Outdoor

- Landscape Rebate Program
- Laundry to Landscape Graywater Rebate
- Landscape Maintenance Consultation Program

Indoor

- Online shopping cart
- Leak Pilot collaboration with PG&E
 - Leak Assessment and Repair Pilot
 - Toilet Assessment and Retrofit Pilot



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Santa Clara Valley Water District

File No.: 25-0083

Agenda Date: 1/27/2025

Item No.: 4.4.

COMMITTEE AGENDA MEMORANDUM Water Supply and Demand Management Committee

Government Code § 84308 Applies: Yes No
(If "YES" Complete Attachment 1- Gov. Code § 84308)

SUBJECT:

Update on Los Vaqueros Reservoir Expansion Project; Recommend to the Board to Ratify the Resolution of the Los Vaqueros Reservoir Joint Powers Authority to Terminate the Joint Exercise of Powers Agreement and Dissolve the Authority.

RECOMMENDATION:

- A. Receive an update and discuss the Los Vaqueros Reservoir Expansion Project.
- B. Recommend to the Board to adopt a Resolution to ratify the Resolution of the Los Vaqueros Reservoir Joint Powers Authority (LVE JPA) to terminate the Joint Exercise of Powers Agreement and dissolve the LVE JPA.

SUMMARY:

On January 8, 2025, the Los Vaqueros Reservoir Joint Powers Authority (LVE JPA) approved a resolution to officially dissolve the LVE JPA. This action follows a decision by Contra Costa Water District (CCWD) in November to withdraw their support from the Los Vaqueros Reservoir Expansion Project (Project) due to rising costs and concerns over impacts to CCWD's water supply reliability during Project construction. Since the Project utilizes CCWD facilities, the Project cannot move ahead without CCWD's support. The resolution approved by the LVE JPA has been included as Attachment 1.

The resolution directs LVE JPA staff to proceed with actions needed to dissolve the LVE JPA and return any remaining cash to the member agencies. The resolution also specifies that should any member agency wish to use any of the facility designs in the future, they will reimburse the other members agencies for any funds contributed to the facility design as part of this Project.

In order for the resolution to take effect, at least 75% of the LVE JPA member agencies must ratify the resolution to dissolve the LVE JPA. Staff recommend that the Committee make a recommendation to the Board to ratify the resolution to dissolve the LVE JPA. Valley Water's resolution to ratify the dissolution of the LVE JPA is shown in Attachment 2.

ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:

There are no environmental justice and equity impacts associated with this item.

ATTACHMENTS:

Attachment 1: Resolution to Dissolve LVE JPA

Attachment 2: Valley Water Resolution to Ratify LVE JPA Resolution

UNCLASSIFIED MANAGER:

Vincent Gin, 408-630-2633

RESOLUTION NO. 1-25-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE LOS VAQUEROS RESERVOIR JOINT POWERS AUTHORITY TERMINATING JOINT EXERCISE OF POWERS AGREEMENT, DISSOLVING THE AUTHORITY AND DIRECTING STAFF TO PROCEED WITH ACTIONS NECESSARY TO DISSOLVE THE AUTHORITY

WHEREAS, Contra Costa Water District (“CCWD”) owns and operates the Los Vaqueros Reservoir, as previously expanded through the Phase 1 expansion project to a capacity of 160,000 acre-feet (the “Reservoir”); and

WHEREAS, CCWD proposed the Phase 2 further expansion of the Reservoir’s capacity to 275,000 acre-feet, along with the construction or upgrade of other conveyance and appurtenant facilities to provide enhanced regional water supply benefits, as well as increasing potential water supplies to wildlife refuges (collectively, the “Phase 2 Project”); and

WHEREAS, CCWD invited other local agency partners to participate in the Phase 2 Project, including Alameda County Water District, East Bay Municipal Utility District, Grassland Water District, San Francisco Public Utilities Commission, San Luis and Delta-Mendota Water Authority, Santa Clara Valley Water District and Zone 7 Water Agency (collectively, the “LAPs”); and

WHEREAS, the Phase 2 Project contemplated an ambitious, innovative regional partnership among CCWD and the LAPs, with municipal and industrial, agricultural and wildlife participants, to result in multiple public benefits, including water supply reliability, drought resilience, regional integration and ecosystem benefits, such as water supplies to support Central Valley wildlife refuges; and

WHEREAS, the Phase 2 Project garnered extensive support from state and federal agencies, as demonstrated by the financial support discussed below, and was not legally challenged by any person or entity; and

WHEREAS, in 2018, CCWD successfully received a Maximum Conditional Eligibility Determination award of \$459,000,000 (later escalated to \$477,558,343) for the Phase 2 Project from the California Water Commission under Proposition 1 and the Water Storage Investment Program; and

WHEREAS, by agreement dated April 30, 2019, CCWD and the LAPs entered into the Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning, as subsequently amended by Amendments 1 through 6 (collectively, the “Cost Share Agreement”), that specifies the parties’ tasks and deliverables pertaining to the Phase 2 Project and sets forth the parties’ agreement to proportionately fund actions related to the Phase 2 Project; and

WHEREAS, on October 6, 2021, CCWD and the LAPs formed the Los Vaqueros Reservoir Joint Powers Authority (the “Authority”) to provide governance and administration and

to assist in the design, construction, operation, and administration of the Phase 2 Project (since formation of the Authority, CCWD and the LAPs are now referred to as the “Members” of the Authority); and

WHEREAS, in 2022 and 2023, in light of the regional benefits and public benefits to be derived from the Phase 2 Project, CCWD successfully obtained funding commitments totaling \$171,945,000 from the federal government, through the U.S. Bureau of Reclamation, consisting of \$92,000,000 under the Bipartisan Infrastructure Law and \$79,945,000 under the Water Infrastructure Improvements for the Nation Act; and

WHEREAS, since the formation of the Authority, the Members have worked to further the Phase 2 Project, including through engaging professional management and staff, developing and enhancing supportive relationships with stakeholders and federal and state partners, and in negotiating agreements with various federal and state agencies and CCWD; and

WHEREAS, over the past several years, the Phase 2 Project has experienced greater than anticipated cost increases, regulatory actions have reduced some of the Phase 2 Project’s public and non-public benefits and CCWD has not been able to confirm a backup water supply of desired quality to be available at times when the Reservoir will be out of service during construction of the Phase 2 Project; and

WHEREAS, on September 18, 2024, CCWD’s Board of Directors directed CCWD’s staff to develop a plan to end CCWD’s participation in the Phase 2 Project; and

WHEREAS, on November 6, 2024, CCWD’s Board of Directors took action to end CCWD’s participation in the Phase 2 Project, to decline the state funding described above (with the exception of planning funds already fully expended) and to withdraw CCWD’s application for remaining state funding; and

WHEREAS, the CCWD action as specified above effectively terminated any Federal funding for the Phase 2 Project; and

WHEREAS, because CCWD is the owner and operator of the Reservoir, the ending of its participation in the Phase 2 Project effectively terminates the Phase 2 Project; and

WHEREAS, on December 11, 2024, the Authority’s Board of Directors unanimously voted to adopt Resolution No. 12-24-01 to, in pertinent part, direct Authority staff to proceed with actions necessary to dissolve and wind up the Authority, including, but not limited to, preparing a resolution concerning termination of the Authority’s Joint Exercise of Powers Agreement and dissolution of the Authority; and

WHEREAS, in light of the adoption of the Authority’s Resolution No. 12-24-01 and direction provided to staff during the December 11, 2024 Board of Directors’ meeting, the Authority’s Board of Directors desires to terminate the Authority’s Joint Exercise of Powers Agreement, as required under Section 8.1 of that Agreement, and to dissolve the Authority as set forth herein.

NOW, THEREFORE, the Board of Directors of the Los Vaqueros Reservoir Joint Powers Authority hereby:

1. Subject to ratification by the governing boards of at least seventy-five percent (75%) of the Members, terminates the Authority's Joint Exercise of Powers Agreement (to be effective as of the first day after the last Board of Directors' meeting occurs, the "Termination Date"), and directs staff to notify each Member of this action to request ratification of that termination by the Members' respective governing boards;
2. Subject to ratification by the governing boards of at least seventy-five percent (75%) of the Members, directs staff to proceed with the dissolution, winding up and liquidation of the Authority on the following terms:
 - a. Any remaining cash held by the Authority (including remaining project funds to be received from CCWD) shall be distributed prior to the Termination Date in equal amounts among the Members who made cash contributions under the Cost Share Agreement. Any distributions to be made in connection with the Authority's dissolution shall not take into consideration any in-kind contributions made by any Member;
 - b. If any plans related to the design of the following facilities for which Members have contributed funds under the Cost Share Agreement are subsequently used by CCWD or any other Member, the Members who have contributed such funds shall be entitled to payment by CCWD or such other Member in equal proportions of the following amounts which paid for development of such plans: (i) Los Vaqueros Reservoir Dam Expansion – estimated at \$13.9 million for 100% design; (ii) Pumping Plant 1 – estimated at \$5.6 million for 90% design; and (iii) Transfer-Bethany Pipeline – estimated at \$5.1 million for 30% design; provided that the foregoing estimated amounts shall be updated as the estimated costs set forth above are finalized by Authority staff in collaboration with CCWD prior to the Termination Date. Any monies to be paid under this subdivision shall be paid within thirty (30) days of approval of any project utilizing those plans;
 - c. Staff shall withhold from the initial distribution to be made under subdivision (a) a reasonable amount, not to exceed \$300,000, to be deposited in the Lagerlof, LLP Client Trust Account maintained by the Authority's General Counsel to be used for final expenses occurring after the cut-off date of the FY25 Audit. The Authority's General Counsel shall provide a final accounting of all payments made from the Client Trust Account and within six (6) months after the Termination Date, the General Counsel shall pay any remaining monies to the Members who have contributed funds under the Cost Share Agreement

in equal proportions.

3. As of the Termination Date, Authority staff is directed to take all actions related to the dissolution of the Authority, including, but not limited, notifying all federal, state and local agencies of the Authority's dissolution and providing all forms related to the filing by Authority Directors and Alternate Directors of the Leaving Office Statements required under the Political Reform Act; provided that Authority staff may take preparatory actions related to any such actions (e.g., preparing any forms or correspondence) prior to the Termination Date.

PASSED AND ADOPTED by the Board of Directors of the Los Vaqueros Reservoir Joint Powers Authority this 8th day of January, 2025 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Anthea G. Hansen, Chair

Attest:

Ricardo Ortega, Secretary

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 2025-

**RATIFYING TERMINATION OF THE LOS VAQUEROS RESERVOIR JOINT EXERCISE OF
POWERS AGREEMENT AND DISSOLUTION OF THE LOS VAQUEROS RESERVOIR JOINT
POWERS AUTHORITY**

WHEREAS, Santa Clara Valley Water District (“Valley Water”) is a member of the Los Vaqueros Reservoir Joint Powers Authority (the “Authority”), along with seven other member agencies (collectively, the “Members”); and

WHEREAS, on October 6, 2021, the Members executed the Los Vaqueros Reservoir Joint Powers Authority (the “JPA Agreement”) to provide governance and administration of the Authority and to assist in the design, construction, operation, and administration of the Phase 2 expansion of the Los Vaqueros Reservoir, which consisted of the further expansion of the Los Vaqueros Reservoir’s capacity to 275,000 acre-feet, along with the construction or upgrade of other conveyance and appurtenant facilities to provide enhanced regional water supply benefits, as well as increasing potential water supplies to wildlife refuges (collectively, the “Phase 2 Project”); and

WHEREAS, Contra Costa Water District (“CCWD”), one of the Authority’s Members, owns and operates the Los Vaqueros Reservoir and proposed the Phase 2 Project; and

WHEREAS, the Phase 2 Project contemplated a regional partnership among CCWD and the other Members to result in multiple public benefits, including water supply reliability, drought resilience, regional integration and ecosystem benefits, such as water supplies to support Central Valley wildlife refuges; and

WHEREAS, the Phase 2 Project garnered the support of state and federal agencies, as demonstrated by the financial support discussed below, and was not legally challenged by any person or entity; and

WHEREAS, in 2018, CCWD successfully received a Maximum Conditional Eligibility Determination award of \$459,000,000 (later escalated to \$477,558,343) for the Phase 2 Project from the California Water Commission under Proposition 1 and the Water Storage Investment Program; and

WHEREAS, by agreement dated April 30, 2019, CCWD and the other Members entered into the Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning, as subsequently amended by Amendments 1 through 6 (collectively, the “Cost Share Agreement”), that specifies the parties’ tasks and deliverables pertaining to the Phase 2 Project and sets forth the parties’ agreement to proportionately fund actions related to the Phase 2 Project; and

WHEREAS, in 2022 and 2023, in light of the regional benefits and public benefits to be derived from the Phase 2 Project, CCWD successfully obtained funding commitments totaling \$171,945,000 from the federal government, through the U.S. Bureau of Reclamation, consisting of \$92,000,000 under the Bipartisan Infrastructure Law and \$79,945,000 under the Water Infrastructure Improvements for the Nation Act; and

WHEREAS, since the formation of the Authority, Valley Water and the other Members have worked diligently to further the Phase 2 Project, including through engaging professional management and staff, through developing and enhancing supportive relationships with

RESOLUTION – RATIFYING TERMINATION OF THE LOS VAQUEROS RESERVOIR JOINT EXERCISE OF POWERS AGREEMENT AND DISSOLUTION OF THE LOS VAQUEROS RESERVOIR JOINT POWERS AUTHORITY

Resolution No. 25-

stakeholders and federal and state partners and in negotiating agreements with various federal and state agencies and CCWD; and

WHEREAS, over the past several years, the Phase 2 Project has experienced greater than anticipated cost increases, regulatory actions have reduced some of the Phase 2 Project's public and non-public benefits and CCWD has not been able to confirm a backup water supply of desired quality to be available at times when the Reservoir will be out of service during construction of the Phase 2 Project; and

WHEREAS, on September 18, 2024, CCWD's Board of Directors directed CCWD's staff to develop a plan to end CCWD's participation in the Phase 2 Project; and

WHEREAS, on November 6, 2024, CCWD's Board of Directors took action to end CCWD's participation in the Phase 2 Project, to decline the state funding described above (with the exception of planning funds already fully expended) and to withdraw CCWD's application for remaining state funding; and

WHEREAS, because CCWD is the owner and operator of the Los Vaqueros Reservoir, the ending of its participation in the Phase 2 Project effectively terminates the Phase 2 Project; and

WHEREAS, on December 11, 2024, the Authority's Board of Directors unanimously voted to adopt Resolution No. 12-24-01 to, in pertinent part, direct Authority staff to proceed with actions necessary to dissolve and wind up the Authority, including, but not limited to, preparing a resolution concerning termination of the Authority's Joint Exercise of Powers Agreement and dissolution of the Authority; and

WHEREAS, Section 8.1 of the JPA Agreement requires approval of at least seventy-five percent (75%) of the Authority's Board of Directors to terminate the JPA Agreement and that termination must then be ratified by the action of at least seventy-five percent (75%) of the Members acting through their respective governing boards; and

WHEREAS, on January 8, 2025, the Authority's Board of Directors unanimously adopted its Resolution No. 1-25-01 to terminate the JPA Agreement and to dissolve the Authority; and

WHEREAS, based on the facts and circumstances relating to CCWD's prior board actions and the Authority Board of Directors' adoption of Resolution No. 1-25-01 on January 8, 2025, Valley Water's Board of Directors desires to ratify the termination of the Authority's Joint Exercise of Powers Agreement, as required under Section 8.1 of that Agreement, and ratify the dissolution of the Authority in accordance with the terms of said Resolution No. 1-25-01,

NOW, THEREFORE, the Board of Directors of the Santa Clara Valley Water District hereby:

1. Ratifies the termination of the Authority's Joint Exercise of Powers Agreement, with such termination to be effective as of the first day after the last Authority Board of Directors' meeting occurs (the "Termination Date"), and directs staff to notify the Authority's Executive Director of this action;

RESOLUTION – RATIFYING TERMINATION OF THE LOS VAQUEROS RESERVOIR JOINT EXERCISE OF POWERS AGREEMENT AND DISSOLUTION OF THE LOS VAQUEROS RESERVOIR JOINT POWERS AUTHORITY

Resolution No. 25-

2. Ratifies the dissolution, winding up and liquidation of the Authority in accordance with the terms of Authority Resolution No. 1-25-01, adopted on January 8, 2025; and
3. Directs District staff to cooperate with Authority staff in ensuring that all necessary actions to effectuate the foregoing termination of the JPA Agreement and dissolution of the Authority in an expeditious manner.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on this _____ day of _____, 2025:

AYES:

NOES:

ABSTAIN:

ABSENT:

TONY ESTREMERA
Chair, Board of Directors

ATTEST: MAX OVERLAND

Interim Clerk, Board of Directors

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Santa Clara Valley Water District

File No.: 25-0063

Agenda Date: 1/27/2025

Item No.: 4.5.

COMMITTEE AGENDA MEMORANDUM Water Supply and Demand Management Committee

Government Code § 84308 Applies: Yes No
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Receive an Informational Update on the Pacheco Reservoir Expansion Project.

RECOMMENDATION:

Receive an informational update on the Pacheco Reservoir Expansion Project.

SUMMARY:

On October 13, 2023, staff and Committee Member Hsueh presented potential topics regarding the Pacheco Reservoir Expansion Project (Project or Pacheco Project) to be brought before the Water Storage Exploratory Committee (now the Water Supply and Demand Management Committee (WSDM Committee)) for more detailed discussion in future quarterly updates, and later, to be brought before the full Board of Directors (Board) for discussion. This approach and these proposed Project topics were discussed before the Board and approved.

In acknowledgment of the new Board member and other Project updates, staff has prepared a general Project update presentation (Attachment 1). Additionally, staff has compiled a list of questions and responses from past presentations that is included as Attachment 2.

Staff has previously presented on the following topics:

- Description of planned Project Operations and Project Benefits
- Discussion and review of Project Costs
- Discussion and review of requirements unique to the Project

Topics to be presented in future updates include:

- Discussion and review of current partnership approach and Board-directed partnership percentages
- Discussion of connection between Project and the 2025 Water Supply Master Plan's Portfolio Recommendation
- Review of the Project's environmental impacts and mitigation measures

To inform the design and determine viability of the potential future Pacheco Project, Valley Water also proposed to undertake Design Level Geotechnical Investigations (DLGI) to collect geotechnical and

geologic data. The DLGI were stopped in May 2023 by court order. The court ruled that neither the Class 4 or Class 6 California Environmental Quality Act (CEQA) Categorical Exemptions (CE) were applicable to this work. In response, Valley Water prepared and released a draft Initial Study/Mitigated Negative Declaration (IS/MND) for public review in June 2024. The public comment period on the IS/MND closed in July 2024. In consideration of public and agency comments received on the draft IS/MND, Valley Water has elected to prepare an Environmental Impact Report (EIR) for the DLGI. Valley Water issued a Notice of Preparation for the draft EIR in October 2024. Staff anticipates releasing the draft EIR for public review in February 2025 and bringing the final EIR to the Board for consideration of certification in late summer or early fall of 2025. If approved, the proposed geotechnical work would re-initiate shortly thereafter.

Additionally, following the release of the Project's Draft EIR (DEIR) in November 2021, changed circumstances and other developments have resulted in additional environmental analysis required for the Project and Valley Water's determination to recirculate the DEIR for public review. The recirculation of the DEIR will extend the environmental phase of the Project.

First, in July 2021, Pacific Gas & Electric (PGE) stated that the transmission lines for supplying electrical power to the Pacheco Project would need to be realigned, and not until both a feasible and conceptual planning level effort was conducted by PG&E would the alignment be acceptable to move forward to design. Staff has been engaged in technical and environmental discussions with PG&E over the course of last few years and an alignment was selected in October 2024. The realignment extends the transmission line an additional 2 miles to meet PG&E design standard requirements, which also includes infrastructure for a large-scale electrical breaker system. The realignment and new design of the transmission lines resulted in changes to the project description requiring further environmental analysis.

Second, Valley Water has been monitoring State and Federal biological opinions for the Delta, as well as statewide model updates (transition from CalSIM II to CalSIM III) by the Department of Water Resources (DWR) and the Bureau of Reclamation. The model updates also include adding data for additional years up to 2022. These changes will affect water supply operations modeling of the proposed reservoir and may change impacts to natural resources. Therefore, the Project will also transition to CalSIM III and additional numerical modeling would need to be conducted, analyzed, and incorporated into the environmental documents.

Due to the number and extent of changes being proposed to the Project, all of which would need to be incorporated in the revised DEIR, Valley Water is planning to recirculate the revised DEIR in mid-2026 for public review and comments.

Finally, a recent decision was made that would affect the approach for compliance with the federal National Environmental Policy Act (NEPA). As previously reported to the WSDM Committee and the Board, to facilitate the federal agencies' review of the Project, staff originally planned to release the revised environmental document as a recirculated DEIR/Draft Environmental Impact Statement (EIS), which would be a joint CEQA/NEPA document. The United States Army Corp of Engineers (USACE) was identified as the NEPA lead agency for the Project. Following promulgation of revised NEPA regulations which impose strict page limits for NEPA documents, the USACE has determined to

prepare a separate document for NEPA compliance. Staff concurs with the approach to not pursue a joint CEQA/NEPA document, for each document to be inclusive of all analyses requiring their respective review. It is currently anticipated that the Project's EIR will be brought to the Board for consideration of certification in mid-2027 and that the USACE will consider approving its EIS in March 2028.

The revisions to the Project design and additional time needed to complete the environmental analysis as mentioned above will extend the environmental review schedule, start of construction, and subsequent completion of the Project by approximately eighteen months.

After this WSDM Committee meeting, staff intends to present this Project update to the Board in February 2025. Staff will then present another Project topic from the list to the WSDM Committee in April 2025 and to the Board in May 2025.

ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:

There are no Environmental Justice impacts associated with this item.

ATTACHMENTS:

Attachment 1: PowerPoint

Attachment 2: PREP FAQ

UNCLASSIFIED MANAGER:

Ryan McCarter 408-630-2983

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Pacheco Reservoir Expansion Project

Water Supply and Demand Management Committee

January 27, 2025

Topics Previously Presented:

2

Topic	Committee Meeting Date	Board Meeting Date
Presentation of Potential Topics	13-Oct-23	14-Nov-23
Description of Project Operations and Benefits	8-Dec-23	22-Jan-24
Discussion and Review of Project Costs	17-May-24	11-Jun-24
Discussion and Review of Requirements Unique to the Project	26-Aug-24	10-Oct-24

* A list of questions and responses from previous presentations has been provided as an attachment

Future Topics:

- Discussion and review of current partnership approach and Board-directed partnership percentages
- Discussion of connection between Project and the 2025 Water Supply Master Plan's Portfolio Recommendation
- Review of the Project's environmental impacts and mitigation measures
- Additional topics as requested by the Board or Committee

3

Project Updates-

Geotechnical Investigations

- May 2023 – Design Level Geotechnical Investigations (DLGI) were stopped by Court Order requiring further California Environmental Quality Act (CEQA) analysis
- Spring 2024 – Staff prepared a draft Initial Study/Mitigated Negative Declaration (IS/MND)
- June 2024 – IS/MND was released for public review
- August 2024 – Valley Water transitioned to preparing a DLGI Environmental Impact Report (EIR) in consideration of public and agency comments

Project Updates- Environmental Phase

5

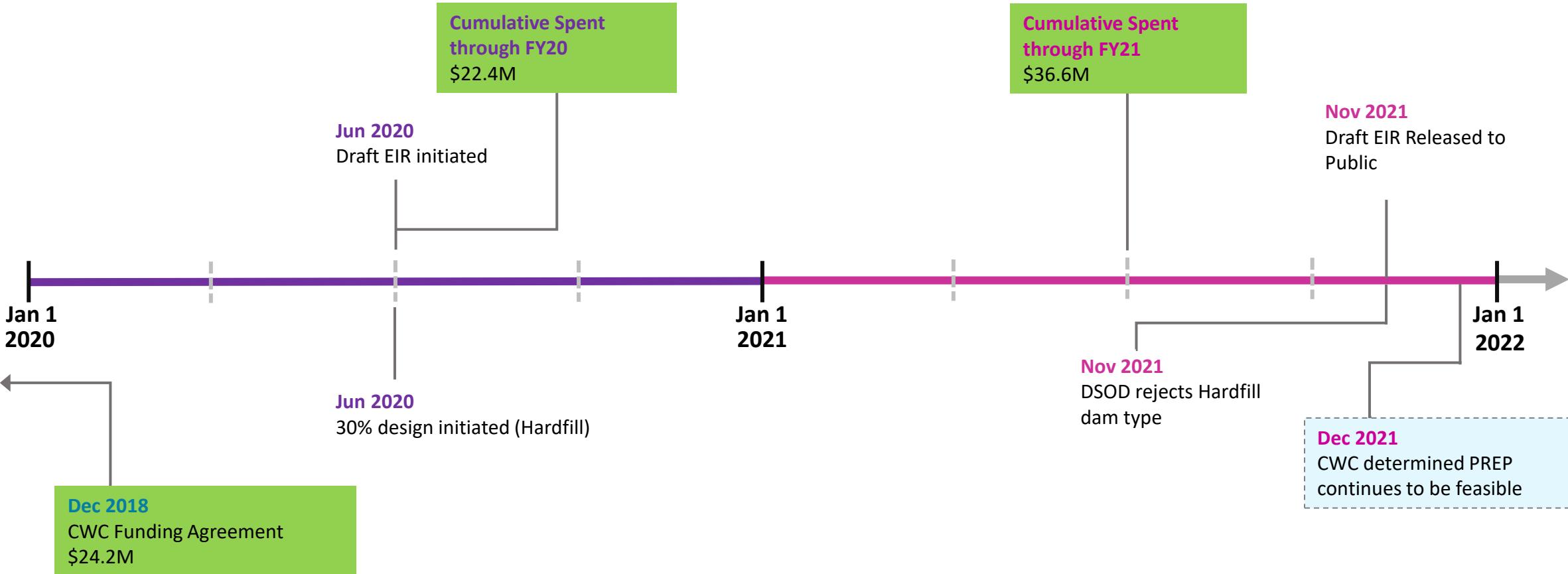
- July 2021- PG&E required 2 additional miles of transmission line
- Sept 2023 – United States Army Corp of Engineers (USACE) identified as the Federal National Environmental Protection Act (NEPA) lead agency
- Sept 2023 – USACE initially requested that the Environmental Impact Statement (EIS) not be combined with the Recirculated Draft EIR (RDEIR)
- Sept 2024 – Decision to have separate CEQA and NEPA documents was finalized
- Sept 2024 - Additional modeling is required due to statewide model updates by the Department of Water Resources (DWR) and State and Federal biological impacts for the Delta (Moving from CalSIM II to CalSIM III)

Proposed Project Schedule Revision

Phase	Previous Project Plan Schedule		Updated Project Plan Schedule	
	Start Date	End Date	Start Date	End Date
Planning	12/1/2018	12/30/2022	No change	No change
Environmental	7/1/2019	6/30/2027	No change	12/31/2028
Design	5/22/2019	6/30/2027	No change	12/31/2028
Right(s)-of-Way	7/1/2019	6/30/2027	No change	12/31/2028
Construction	7/1/2027	12/30/2034	1/1/2029	6/30/2036
Close-Out	1/1/2035	6/30/2035	7/1/2036	12/31/2036

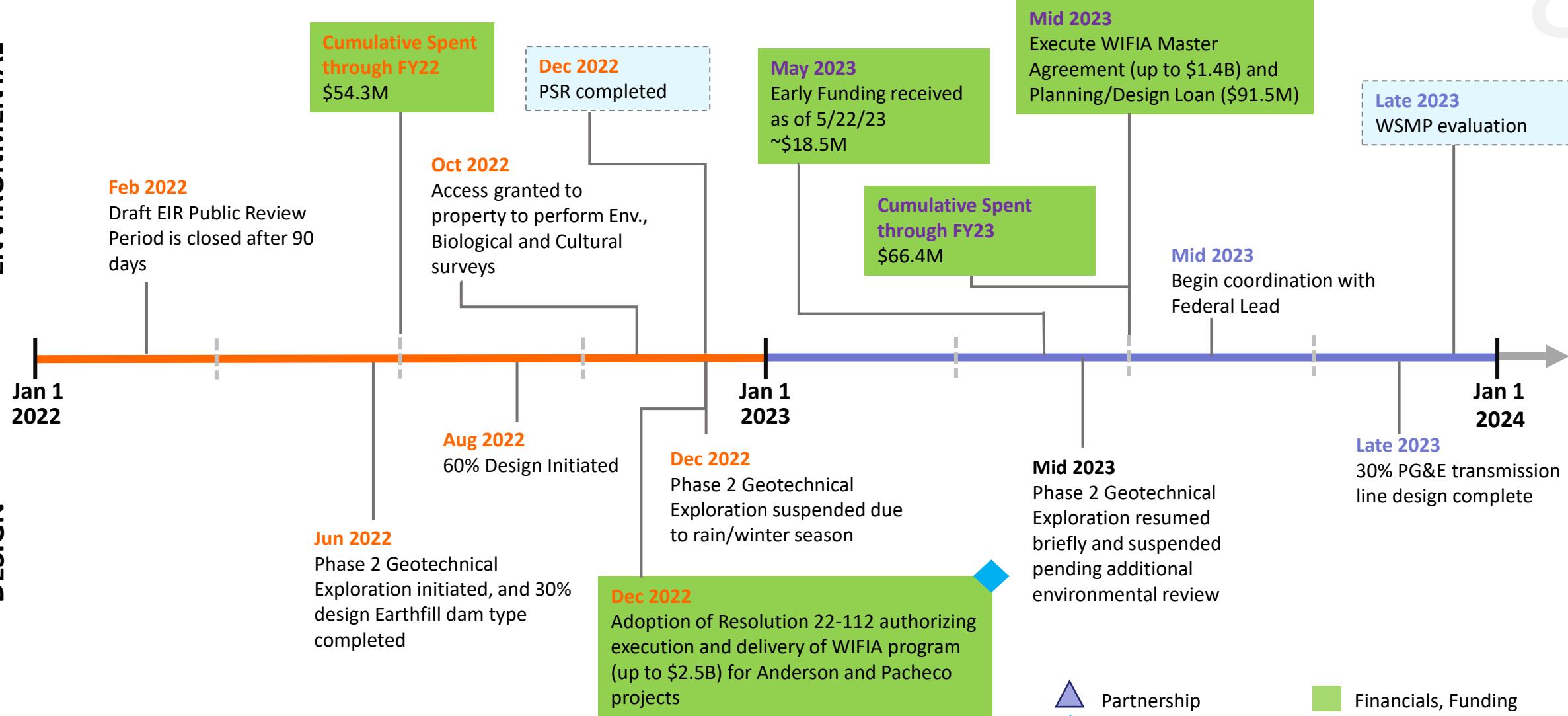
Updated Environmental and Design Milestone Timeline

ENVIRONMENTAL



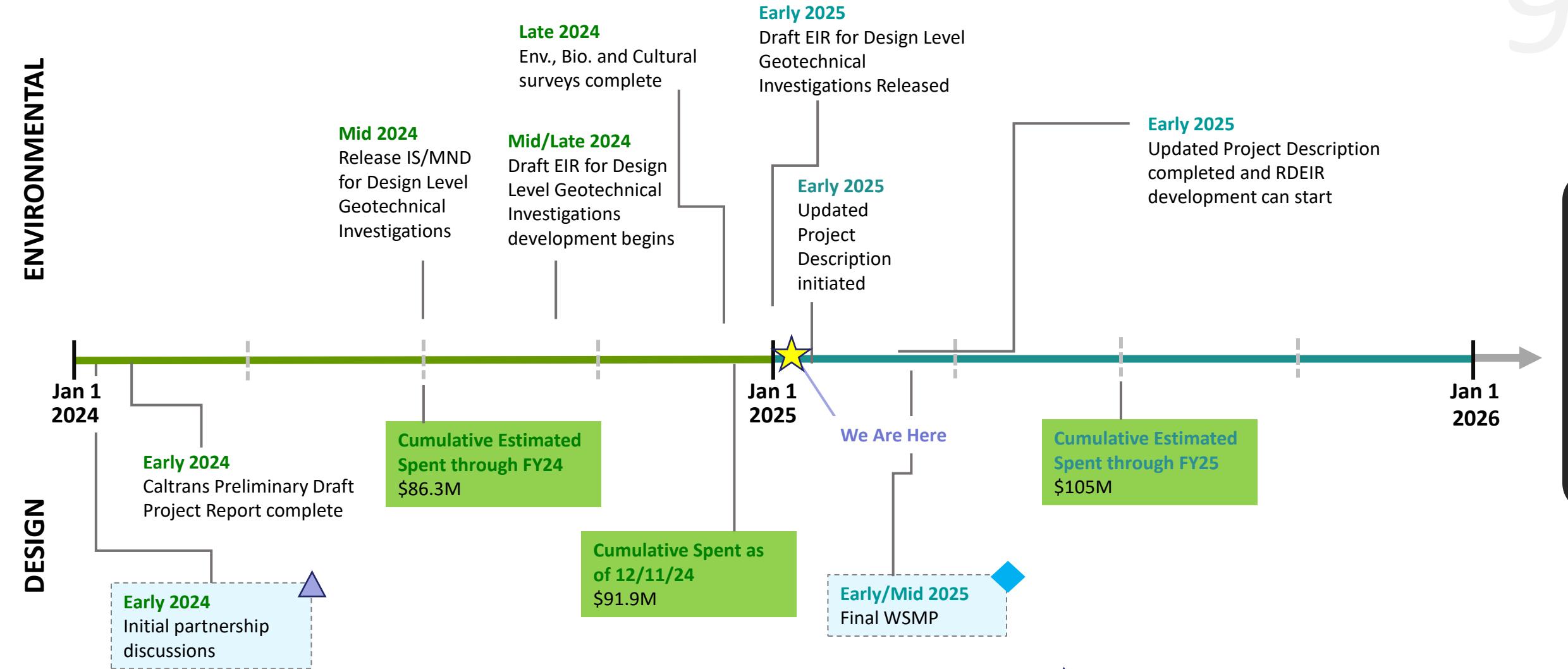
Updated Environmental and Design Milestone Timeline

ENVIRONMENTAL

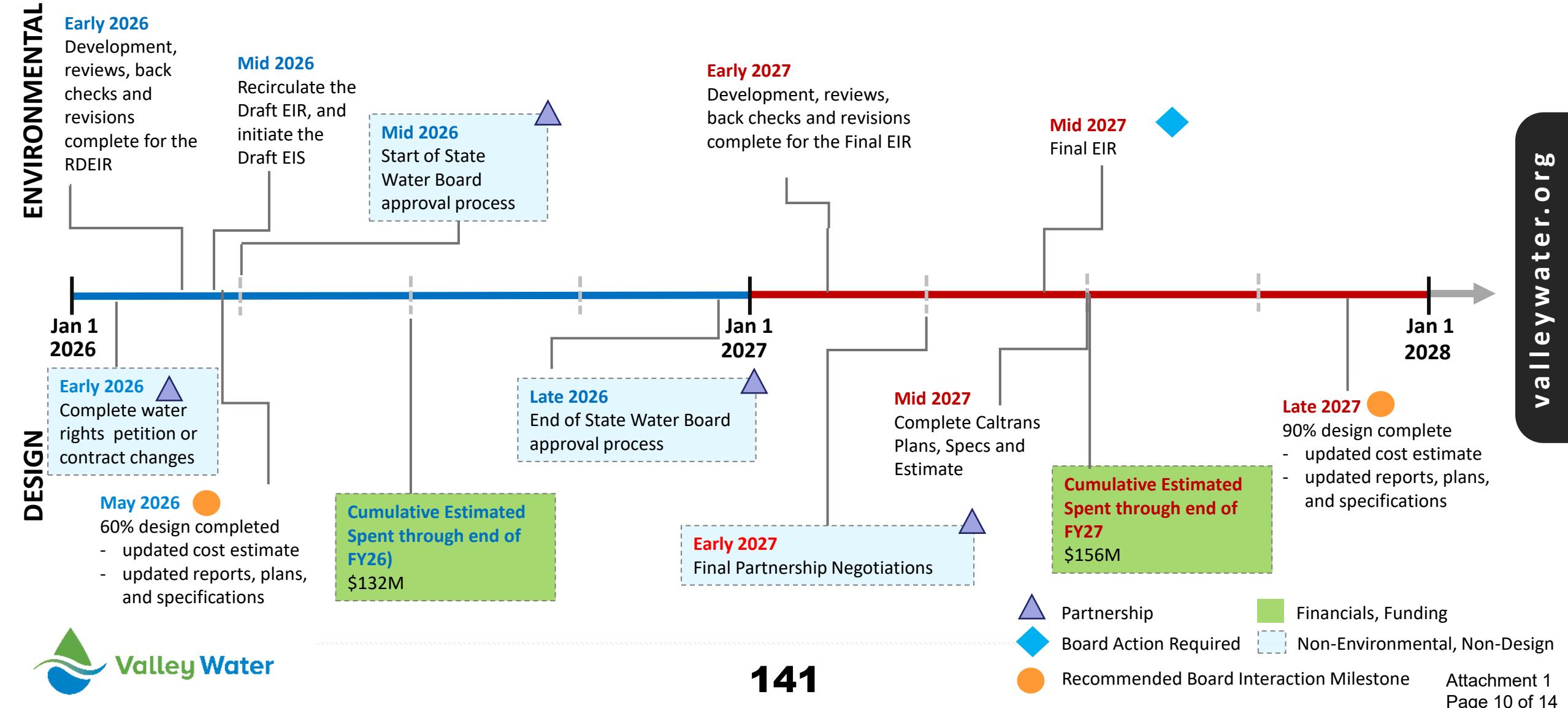


Updated Environmental and Design Milestone Timeline

valleywater.org

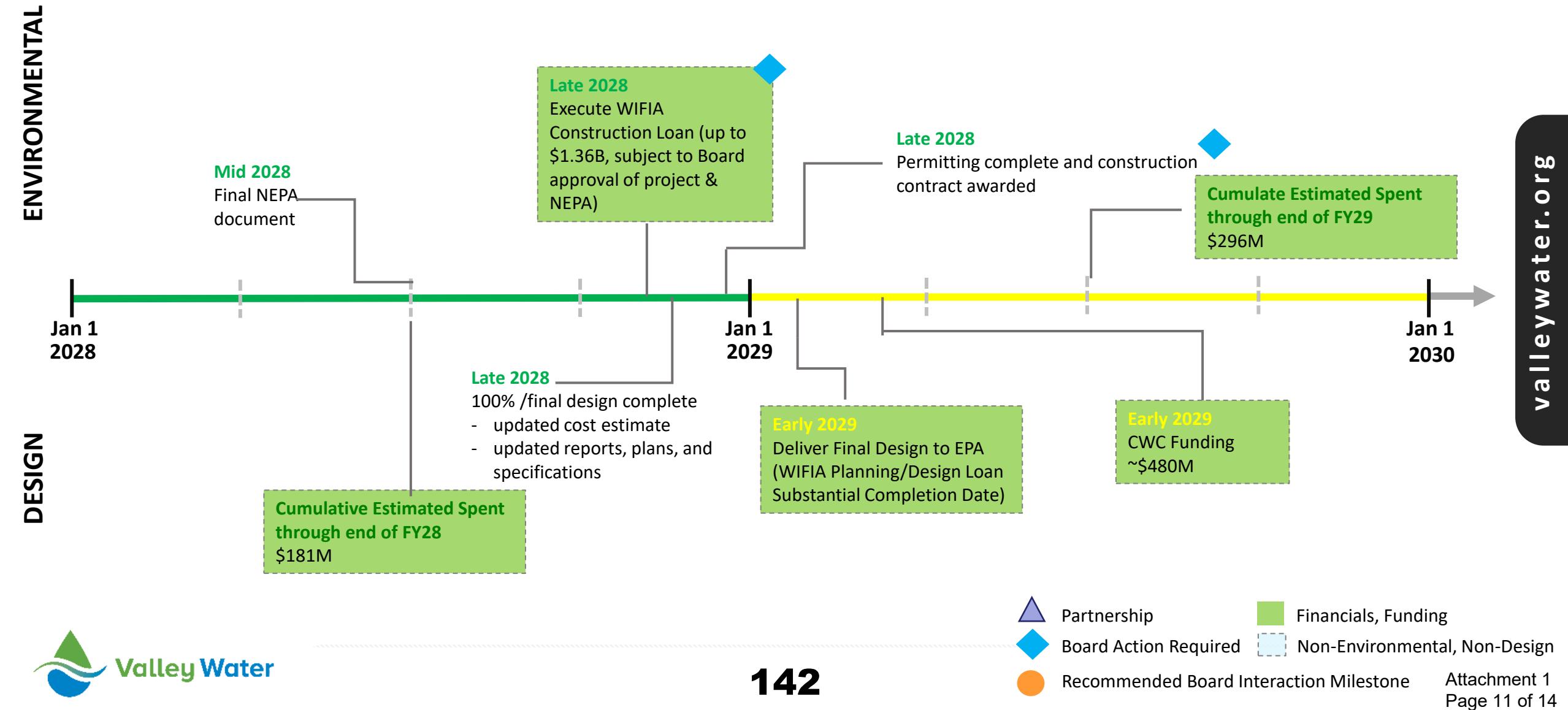


Updated Environmental and Design Milestone Timeline



Updated Environmental and Design Milestone Timeline

11



Current Project Efforts

- Continue to progress towards a 60% Design
- Preparing a Draft Environmental Impact Report for the Design Level Geotechnical Investigations
- Ongoing coordination with PG&E on the new transmission line
- Moving forward with a Recirculated Draft Environmental Impact Report (RDEIR) for the Project
- At the request of USACE, the NEPA lead, the Environmental Impact Statement will be separate from the RDEIR



Pictured above: Existing Pacheco Reservoir March 2024

Upcoming Milestones

13

Milestone	Date
Complete Draft Geotech EIR	Feb 2025
Certify Final Geotech EIR / Permits	August 2025
Initiate Design Level Geotech Investigations	September 2025
Complete Design Level Geotech Investigations	June 2026
Complete 60% Design	September 2026

QUESTIONS



Question: What is the cost breakdown for Planning/Design: cost for environmental review and permitting, cost for geotechnical investigations, cost for 60% design documents, cost for 90% design, and real estate costs?

Response:

Environmental Review & Permitting Costs – AECOM contract

- Budget: \$20,554,406
- Spent: \$11,932,558
- Geotechnical Costs – AECOM contract
 - Budget: \$13,520,525
 - Spent: \$11,034,413
- 60% Design Costs – AECOM contract
 - Budget: \$11,841,146
 - Spent: \$4,668,360
- 90% Design Document Preparation - AECOM contract
 - Budget: \$5,585,000
 - Spent: \$0
- Real Estate Costs-to include purchase of Real Estate
 - Budget: \$20.712M
 - Spent: \$807,000

Question: What is the cost breakdown for Environmental: cost for mitigation and cost for monitoring?

Response:

\$50M budgeted for mitigation and monitoring. A more detailed breakdown will be provided once the mitigation requirements have been finalized with the resource agencies.

Question: What is the cost breakdown for Construction: cost for roads, cost for new transmission lines and connection to grid, cost for pump station, cost for pipelines, cost for demolition of current dam, cost for habitat restoration between new and old dam, cost for land acquisition, and break down of cost to construct the new dam (materials/labor/equipment and fuel/etc.)?

Response:

Roads - Site Access, Temporary Construction and Permanent	\$150M
New Power Transmission Lines	\$105M
Pump Station	\$185M
Pipelines	\$375M
Decommissioning and Removal of Existing Dam	\$100M
Habitat Restoration Between New and Old Dam	\$45M
New Dam and Spillway*	\$825M

*Providing additional break down of the costs could compromise competitive bidding

Question: Are the budget numbers provided above from the 30% Design Construction Cost Estimate, or are they from the Five-Year CIP Total Project Cost? (Note that the budget estimates provided in the response add up to about \$1.9 billion while 30% Design Estimate is about \$2 billion and the CIP TPC is about \$2.2 billion.)

Response:

The construction cost breakdown that was provided is based on the 30% design construction estimate, and totals \$1.785 billion, which only includes the construction contractor costs. The 30% design construction cost estimate of \$2 billion is for the entire cost of the construction phase and includes other construction-related costs (e.g., construction management). The \$2.2 billion is the total uninflated project cost and includes costs for non-construction related items (e.g. planning and design).

Question: What is the cost breakdown for Contingency allocated for: unanticipated changes during construction, litigation, and weather or other natural disasters?

Response:

- Design Contingency of 18% includes \$237M in the Total Project Cost for potential new costs or currently unknown information during project design and development (including litigation)
- Construction Contingency of 15% includes \$233M in the Total Project Cost for potential cost increases during construction such as weather, natural disasters, differing site conditions, etc.

Question: How much was spent on the CEQA lawsuit and where it is accounted for?

Response:

A payment of \$155,000 was made to the Soluri Meserve law firm for attorney's fees and \$154,325 paid to outside legal counsel acting on Valley Water's behalf. This is accounted for in the Environmental Phase expenditures.

Question: The cost staff provided for the CEQA lawsuit does not include cost for the preparation and processing of the design level geotechnical investigations environmental document. What is the estimated/budgeted cost for that document preparation and associated CEQA process?

Response:

A total of \$1.674 Million is budgeted for the CEQA consultant to conduct an environmental assessment of the geotechnical investigations for a potential Pacheco Reservoir Expansion Project (PREP). This includes the Initial Study/Mitigated Negative Declaration document and the Environmental Impact Report.

Question: Please provide a full accounting of how expenditures have been funded (WSIP, water rates, parcel taxes, etc.)

Response:

Expenditures have been funded by Proposition 1 (\$24.2M) and the Water Utility fund (water rates).

Question: Please explain the difference between Expenditures to date in the Cost Presentation and the "Actual/Appropriated thru FY24" in the CIP FY 2025-29 Financial Overview?

Response:

The number in the CIP report includes actual expenditure through FY 2023 (~\$66.4 million); the balance on committed dollars for purchase orders and consultant agreements at the end of FY 2023 (~\$35.3 million); and FY 2024 dollars (~\$27.7 million) planned to be spent. The number presented in the Cost Presentation was the actual amounts that have been spent to date. The difference was not spent in the final quarter of FY 2024. The balance on committed dollars and unspent FY24 dollars will be used to fund FY 2025 for the PREP.

Question: Projected water rate increases have been presented in past presentations. Are the rate increases shown for each date range cumulative? Why do these estimates only start in FY 29 and not earlier.

Response:

The rate increases are the average monthly charge for an average North County household for each discrete 5 year period; they are not cumulative.

The rate estimates start in FY 29 to demonstrate the impacts once construction is estimated to start if the PREP is approved pursuant to the current estimated schedule. Prior to FY29, the impact per household is lower, ~\$3/house or lower.

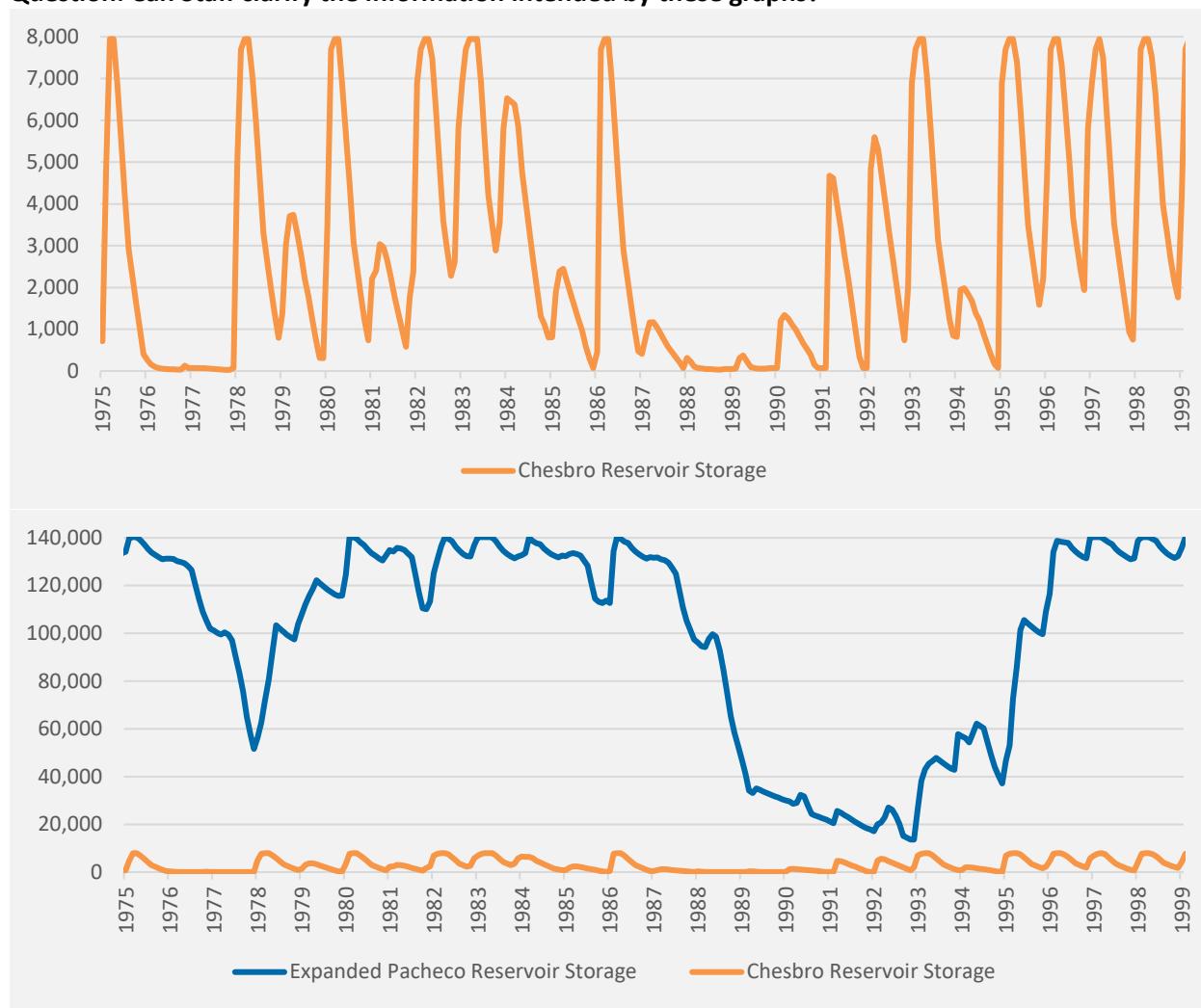
An average household is defined as 3-4 people using 1,500 cubic feet of water per month.

Question: How was the Water Supply Master Plan (WSMP) developed?

Response:

Valley Water is currently developing the WSMP 2050 to evaluate different projects in a number of portfolios, or combinations of projects that would ensure the reliability of Valley Water's water supply into the future. This information was presented in a Board Agenda Memo on June 25, 2024. Attachment 1 of the Board Agenda Memo provides the project evaluation summary. Attachment 4 of that Board Agenda Memo also provides seven additional water supply portfolios that meet Santa Clara County's water supply needs, some of which include Valley Water's participation in United States Bureau of Reclamation's (Reclamation)Sisk Dam Raise project to expand San Luis Reservoir and/or the PREP.

While only ten representative portfolios were detailed out between the Board Agenda Memo and attachments, many others were evaluated. It was determined that some of those portfolios would not meet the water supply needs in our County while others were less desirable with either higher cost and/or risk. As mentioned in that Board Agenda Memo, Valley Water's water supply system is complex, and the projects provide different benefits and come with their own risks and challenges. No single project can meet all our future needs. The portfolio approach helps to combine projects that complement each other to help address future water supply needs and challenges.

Question: Can Staff clarify the information intended by these graphs?**Response:**

The above graphs illustrate the difference in how PREP will be operated in comparison to the operation of Valley Water's existing reservoirs. The fill and drain of Valley Water's existing reservoirs generally occurs within a singular water year, whereas the fill and drain pattern of an expanded Pacheco Reservoir will generally occur over multiple years. The chart was not intended to compare PREP to any other project, such as the Sisk Dam Raise project. Water Evaluation and Planning (WEAP) Modeling and comparison of projects is being done as part of the WSMP 2050 analysis mentioned above.

Additionally, the top graph shows the historic data of Chesbro Reservoir Storage, not modeled data. This demonstrates the actual annual fill and drain pattern of Chesbro Reservoir. The bottom chart shows the Expanded Pacheco Reservoir Storage that is modeled. It demonstrates a multi-year fill and drain pattern to help with water supply during droughts or water shortages. In this chart, the modeled storage levels in PREP are compared to water levels in Chesbro Reservoir to show the greater magnitude of water storage levels in PREP versus storage of one of the existing storage facilities in Valley Water's water supply system.

Question: What will be the impacts of PREP on Henry W. Coe State Park?

Response:

When the proposed Expanded Pacheco Reservoir is at full pool (140,300 AF), up to 13.6 acres of the 87,000-acre Henry W. Coe State Park would be inundated. This inundation would periodically impact 117 linear feet of the North Fork Trail.

Valley Water has analyzed the impacts and believes the expansion project is consistent with the Henry W. Coe State Park's General Plan and purposes and therefore does not need a change in designation by the State Parks Commission.

Question: How does staff plan to address the Romero Ranch Conservation Easement?

Response:

Staff is aware of the Romero Conservation Easement, which has previously been discussed in the Draft PREP EIR (see Chapter 3.5, pages 3.5-46 – env. Setting and 3.5-116 impacts of the Draft EIR). Two types of impacts from PREP implementation: 1) direct inundation due to reservoir expansion, and 2) improvements to existing ranch roads (e.g., road surfacing/gravel, drainage repair/improvements) in order to provide access to the Lawler property. The easement recorded with the County allows for continued ranching/grazing activities and conservation of wildlife and habitats. The impacts are independent of dam type (earthfill vs. hardfill)

Question: What is the process for land acquisition?

Response:

Once staff has identified which properties will be required for the PREP, staff will coordinate with Valley Water Real Estate Services to prepare a fair market offer for each property. Valley Water strives to negotiate with the property owner for a voluntary sale. However, if negotiations are unsuccessful or threaten the PREP schedule, Valley Water may exercise its legal authority under the District Act to acquire property through eminent domain.

Question: What water right actions might be required to implement the Project?

Response:

Operation of the proposed expanded Pacheco Reservoir requires three separate water rights actions.

1. Modification of the Pacheco Pass Water District (PPWD) water right license to move the point of diversion to storage from the current location to the new expanded reservoir location. This is anticipated to be handled through a water right change petition with the State Water Resources Control Board (SWRCB), which may include other changes to that existing water right license's terms and conditions.
2. An application for Valley Water to acquire a new water right license to store North Fork Pacheco Creek streamflow in the expanded Pacheco Reservoir. The application requires a water availability analysis to support the proposed quantity and timing of storage and a draft CEQA document to identify potential environmental impacts of the operations.
3. The third water right action is a determination by SWRCB of scope and magnitude of potential changes to the Reclamation CVP water right, or to the Valley Water CVP contract, if necessary for delivery and storage of CVP supplies in an expanded Pacheco Reservoir. A similar determination

would have to be made for the SWP water right or to the Valley Water SWP contract, if necessary for delivery and storage of SWP supplies.

Question: Can staff provide more information relating to the change petition to modify point of diversion for existing Pacheco Pass North Fork Dam to location of new dam?

Response:

A change petition is needed to make changes to an existing water right license. The existing PPWD water right license for North Fork Dam includes a defined point of diversion at the existing Pacheco Reservoir dam. As part of PREP, the current North Fork Dam is proposed to be removed, and the storage capacity provided by the existing Pacheco Reservoir will be moved upstream into the expanded Pacheco Reservoir. To maintain recognition of PPWD's senior water right and existing storage capacity, the point of diversion to storage defined in the existing PPWD water right license must be changed to be located at the new dam. This process will be handled through a water right change petition submitted to the SWRCB.

Question: If the Pacheco Reservoir Expansion Project is not being built for or operated for flood protection, how will it provide incidental flood protection?

Response:

All dams attenuate high flows from the watershed(s) feeding into their reservoirs, which allows for controlled and attenuated flow releases at a later date to help reduce flood risk as compared to initial high flows that would have been experienced by downstream areas if those dams did not exist. An expanded Pacheco Reservoir would not have dedicated flood control space, but it will provide water storage for fisheries restoration and water supply purposes. Due to the additional reservoir storage proved for by PREP, areas on Pacheco Creek downstream of the expanded Pacheco Reservoir dam would enjoy incidental flood protection benefit because the increased storage capacity of the reservoir allows for the increased attenuation flows into the reservoir and their controlled release (so long as the reservoir is not above its spill capacity).

Question: What actions have been taken by PG&E to date?

PG&E is working with Valley Water to accommodate the expanded Pacheco Reservoir power needs. PG&E completed the Facility Assessment Study (FAS) for the power transmission line extension in October of 2024. PG&E will be performing the design and construction of the power transmission line and associated infrastructure. Valley Water will reimburse PG&E for the work through an Interconnection Agreement (IA), the initial draft of which was provided to Valley Water in December of 2024.

Question: Describe what mitigations are being discussed with Amah Mutsun?

Discussion of specific cultural resources identified is confidential. Valley Water prepared a document in cooperation with the Amah Mutsun Tribal Band regarding the protocols for the treatment of human remains, if any, that was approved by Chair Lopez on July 16, 2020.

Staff is following the AB 52 process for tribal consultation (Public Resources Code 21080.3.1). An initial report was provided to tribal representatives in September 2020, with an interim addendum provided in May 2023. Consultation is ongoing until all the field investigations and testing are completed. A

completed report will then be provided to the tribal representatives. The final step will include staff consulting with tribal representatives on identifying impacts and coordination of appropriate mitigation measures.

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Santa Clara Valley Water District

File No.: 25-0137

Agenda Date: 1/27/2025

Item No.: 4.6.

COMMITTEE AGENDA MEMORANDUM Water Supply and Demand Management Committee

Government Code § 84308 Applies: Yes No
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Review and Discuss the Water Supply and Demand Management Committee (WSDMC) Work Plan and Approve 2025 Meeting Schedule.

RECOMMENDATION:

Review and discuss the WSDMC Work Plan and approve 2025 meeting schedule.

SUMMARY:

Under direction of the Clerk, Work Plans are used by Board Committees to increase Committee efficiency, provide increased public notice of intended Committee discussions, and enable improved follow-up by staff. Work Plans are dynamic documents managed by Committee Chairs and are subject to change.

ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:

The Committee's Work Plan and 2025 meeting schedule is not subject to environmental justice and equity impact analysis.

ATTACHMENTS:

Attachment 1: 2025 WSDMC Work Plan

UNCLASSIFIED MANAGER:

Candice Kwok-Smith, 408-630-3193.

Task	Agenda Item	January	February	March	April	May	June	July	August	September	October	November	December
	Approve 2025 Meeting Schedule	X											
FY 25 Drought Preparation													
1.1	Drought Response Plan							X					
FY 23 WSMP Strategy 1: Secure Existing Supplies - 99,000 AF Conservation by 2030													
2.1	Water Conservation Savings Model/Annual Water Conservation Savings				X								
2.2	Water Conservation as a Way of Life recommendations (including water waste restrictions)									X			
2.3	New Programs (Lawn Busters, pilot programs, landscape design assistance, demonstration garden, + affordability discussion/supporting underserved communities)			X						X			
2.4	SCW (Safe Clean Water) Funding (LRP & Demo Garden)			X						X			
2.5	Collaboration with Retailers+outreach, including Renters/Landlords	X								X			
FY 24 WSMP Strategy 2: Increase Water Conservation (109,000 AF) and Stormwater Capture (1,000 AF) by 2040													
3.1	Investments in no-regrets package, including stormwater resource plan							X					
3.2	Stormwater Capture/ FloodMAR (Flood-Managed Aquifer Recharge)							X					
3.3	Find opportunities to ensure new development has improved water wise features, MWENDO (Model Water Efficient New Development Ordinance) land use coordination									X			
FY 24 WSMP Strategy 3 Optimize the Use of Existing Supplies and Infrastructure (SGMA/groundwater management and storage projects)													
4.1	SGMA (Sustainable Groundwater Management Act) - annual update										X		
4.2	South County Recharge										X		
4.3	Los Vaqueros Reservoir Expansion Project		X										
4.4	Sites Reservoir Expansion							X				X	
4.5	BF Sisk Dam Raise	X						X	X	X			X
4.6	Groundwater Banking Opportunities				X							X	
4.7	Semitropic Groundwater Bank				X						X		
4.8	Pacheco Reservoir Expansion Project		X		X		X				X		X

*Red item added/edited

1/27/2025 WSDMC Meeting

**Santa Clara Valley Water District
Water Supply and Demand Management Committee
2025 Meeting Schedule for Approval**

**All meetings will take place at 10:00 a.m.
on the fourth Monday monthly *unless noted below**

January 27

February 24

March 24

April 28

***June 2 (due to May 26 Memorial Day Observed Holiday)**

June 23

July 28

August 25

September 22

October 27

November 24

December 22