

**STAFF REPORT
TO
DESERT WATER AGENCY
BOARD OF DIRECTORS**

JANUARY 24, 2017

**RE: REQUEST APPROVAL OF PHASE I (SITES RESERVOIR
PROJECT) FUNDING AGREEMENT**

Previous Board Action

On 07/28/2016, the Agency submitted the executed "Sites Reservoir Project, Phase I Proposal to Participate Form" (see Attachment 1) to the Sites Project Authority. This certified that the Agency was eligible to participate, that we elected to participate and agreed to be a member in good standing of the Reservoir Project Agreement Committee.

At the time of application, the Agency applied for 6,500 acre feet. This additional water supply is thought necessary to help recover Table A water supply lost due to reduced reliability (represents a 12% of our current Table A amount), and/or it can be used to replace water supply that could be called back by Metropolitan Water District (11,900 acre feet). It can also help provide for the increased water supply called for in the Coachella Valley water management plans.

The Agency applied for 6,500 acre-feet of Class 1 water at a not to exceed cost of \$60/acre feet for Phase I funding. The current estimate of water that will be produced on a long-term average is 500,000 acre feet per year. It was assumed that fifty percent of the water would be used for Proposition 1 environmental benefit (250,000 acre feet). It was also assumed that 130,000 acre feet of water would be committed to meet northern Sacramento Valley demand. This meant there would be an estimated 120,000 acre feet of Class 1 water available from the total 500,000 acre feet for south of delta demand.

In our application the Agency did not ask for any Class 2 water. Class 2 water is water that could become available to members at the end of Phase I, as a result of less than 50% funding from Proposition 1. No Class 2 water will be available if Proposition 1 funds 50% of the reservoir. However, if for example, funding is only 30% there would be an additional 20% of the reservoir capacity available for potable water supply (100,000 acre feet). Class 2 water is water at a not-to-exceed cost of \$30/acre feet.

The Agency submitted as part of the Proposal to Participate Form an exit clause that stated if the Agency is unable to receive support from The Metropolitan Water Agency of Southern California (MWD) in the Agency's activities to acquire additional water supply and to deliver said water in accordance with our current exchange agreement, the Agency will be able to exit out of the Sites agreement. Subsequently, MWD wrote a

letter supporting the Agency's activities to acquire additional water (see MWD letter, Attachment 2).

Sites Project Authority Counter-Offer Proposal

On October 11, 2016, DWA received a counter-offer from the Sites Project Authority. The Sites Project Authority received 21 responsive requests for Class 1 water from both public agencies and non-public entities. Eleven south of delta entities had applied with a requests for Class 1 water totaling 178,000 acre feet and north of delta totaling 164,411 acre feet for a grand total of 377,411 acre feet. With 250,000 acre feet available the oversubscription of water equaled 127,411 acre-feet.

Our application for 6,500 acre feet of Class 1 water could only be partially accepted. Our request was equal to 56.9% of the total Class 1 water outside of the Sacramento Valley. This percentage was applied to our request reducing it to 3,698.4 acre feet. The remaining 2,801.06 acre feet of water we requested was reclassified as Class 2 water. Class 2 water will only become available if the money from Proposition 1 is less than 50% of the cost of the reservoir (see Sites Authority Counter-Offer, Attachment 3).

Phase I costs

The estimated cost of work to be performed in Phase I of this project development is \$15,134,507 (see Exhibit B, Attachment 1 of the Phase 1 Reservoir Project Agreement, Attachment 4). The cost of Class 1 and Class 2 water has been determined to be \$48.50 per acre foot and \$24.25 per acre foot respectively. Our total cost of participation in Phase I is \$247,316.05 (see attached Sites Reservoir Project 2017 On-Boarding Process: Estimated Revenue Table, Attachment 5).

Phases 1 through 5 Project Description

See Exhibit B of the attached Phase 1 Reservoir Project Agreement for a description of work performed in each phase (Attachment 4).

Cost Recovery

Sites Reservoir was included in the 1957 California water plan and studied as a 1.3 to 1.81 Million Acre Foot reservoir. The estimated cost to construct the 1.81 MAF reservoir is \$4.4 billion dollars. The estimated cost of water supply to be stored in the reservoir for domestic use is \$600 per acre foot. Our current transportation cost for SWP water is approximately \$315 per acre foot. Therefore, the total cost of this water after delivery is \$915 per acre foot. Based on an annual delivery of 3,698 acre feet of Class 1 water the cost is \$3,383,670 annually. If the Agency were to receive all of its Class 1 and Class 2 water (6,500 acre feet) the annual cost would be \$5,947,500 annually.

There are two ways in which the Agency can pay for the reservoir costs; replenishment assessment charges (to be collected in our water rate), and property taxes. The water will be transported using SWP facilities and billed on our statement of charges from DWR. This cost can be recovered through our replenishment assessment charge (\$315/a.f.) This is consistent with how we recover transportation costs for SWP water. However, it is uncertain which way the capital investment cost of the reservoir (\$600/a.f.) will be collected. It is possible that this water could be classified as SWP

water as a type of Table A or be treated as transfer water (Article 55). This could require SWP contract amendments and these costs could be added to our statement of charges. DWR has indicated that their executive and legal departments are in favor of and support this project. Their representatives have demonstrated a willingness to work with us so that this water could be included in our statement of charges. Sites Reservoir is considered to have been part of the State Water Project plan as such, along with being included on DWR's statement of charges are strong arguments for recovering the costs with the property taxes revenues we collect for SWP purposes. These issues will be worked out in Phase 2 of the project.

Below is a table of estimated incremental cost recovery options for 6,500 acre feet water. The bold numbers are the preferred method of cost recovery and would be consistent with how we recover costs for SWP water. The preferred method would result in a 2.6 cent property tax increase and a \$48.17 increase in our replenishment assessment charge resulting in an approximate 11 cent increase in our water rate. The other numbers show what could happen if we had to collect everything using the replenishment assessment or with property taxes.

COST RECOVERY METHODS	& TRANSPORTATION COSTS \$315/ACRE FOOT	CAPITAL INVESTMENT COSTS \$600/ACRE-FOOT	TOTALS COSTS
COST OF 6,500 A.F.	\$2,047,500	\$3,900,000	\$5,947,500
PROPERTY TAXES (incremental costs)	\$0.0137	\$0.026	\$0.039
R.A.C. (incremental costs)	\$48.17	\$91.74	\$139.91
WATER RATE (incremental costs)	\$0.1106	\$21.06	\$32.21

Bold numbers indicate preferred method consistent with current practice.

Withdrawal from Further Participation

To withdraw from this Project Agreement, a Project Agreement Member shall give the Authority and other Project Agreement Members written notice of such withdrawal not less than 30 days prior to the withdrawal date. The financial obligation on the withdrawal date shall consist of the withdrawing members share of the following costs: (a) payment of its share of all non-contract costs incurred prior to the date of the written notice of withdrawal, and (b) those contract costs associated with funds approved in either contract amendments or task orders that were approved prior to the date of the written notice of withdrawal for which the contractor's work extends beyond the withdrawal date.

Governance

Various public agencies in the Sacramento River Watershed, including certain Project Agreement Members, entered into the Sites Project Authority Joint Exercise of Powers Agreement in 2015. The Joint Powers Agreement provides the mechanism for “Project Agreements” to undertake specific work activities for the development of Sites Reservoir Project (see attached Phase I Reservoir Project Agreement Exhibit B, Pg.3, Governance, Attachment 5). The Agency will be one of the voting members of the Reservoir Agreement Committee.

Sites Project Schedule

See Exhibit C for the project schedule, which includes Phase 1 through Phase 5 (Attachment 6).

Requested Authorization

Staff requests authorization for the General Manager to execute the “Sites Project Authority’s Amended and Restated Phase I Reservoir Project Agreement, dated 11/21/16 Draft, and to provide funding for Phase I in the amount of \$247,316.05.

James Cioffi, President
Joseph K. Stuart, Vice President
Kristin Bloomer, Secretary-Treasurer
Patricia G. Oygar, Director
Craig A. Ewing, Director



Mark S. Krause, General Manager-Chief Engineer
Best, Best & Krieger, General Counsel
Krieger & Stewart, Consulting Engineers

Attachment 1

Sent via: U.S. Mail & Email
Boardclerk@countyofcolusa.org

July 28, 2016

Jim Watson, Board Clerk
Sites Reservoir Project, Phase 1
547 Market Street, Suite 102
Colusa, CA 95932

Re: Sites On-Boarding, DWA's Phase 1 Proposal to Participate

Dear Mr. Watson:

Desert Water Agency is pleased to provide our completed application to participate in Phase 1 of the Sites Reservoir Project. DWA is tentatively reserving a project volume of 6,500 acre-feet (af), realizing that this quantity will be negotiated in the future months. On the basis of DWA's reliance on the Metropolitan Water District of Southern California (MWD) to convey and exchange this water, our participation in this project will be based on the outcome of the upcoming discussions between MWD and DWA. Attachment 1 provides proposed additional language from DWA to exit the program should the negotiations with MWD prove unsuccessful.

We look forward to working with you to advance the process. Please feel free to contact me at mkrause@dwa.org or (760) 323-4971 ext. 110 if you have any questions.

Sincerely,

Mark S. Krause
General Manager-Chief Engineer

Attach: 1

msk/sb

Attachment 1

Topic: **Sites Reservoir Project**

2016 May 24

Subject: **Phase 1 Proposal to Participate, Attachment 1**

Phase 1 Proposal to Participate Form

Desert Water Agency elects to participate in Phase 1 of the Sites Reservoir Project in the following manner:

- ☒ By checking this box, Desert Water Agency, certifies that it is:
1. an eligible entity as defined in Proposition 1¹ to be a member of a joint powers authority per CA Water Code § 79759 and will contribute financially to implement the Sites Reservoir Project, which is the CALFED project known as the North of Delta Offstream Storage (NODOS) Project;
 2. electing to participate in the Sites Reservoir Project phase 1 in one of the categories listed below, and
 3. agreeing to be a member in good standing and comply with the terms and conditions of the Sites Project Agreement, Bylaws and applicable Project Agreements, both now and as they may amended, respectively.

Project Membership Type & Location: (refer to bylaws)

Sites Project Authority:

- ☐ Authority
☐ Ex Officio (DWR)

Advisory:

- ☐ Associate

Participants in Project Agreements:

- ☒ Type I (Standing)
☐ Type II (Affiliate)
☐ Type III (Represented)

Principle Location:

- ☐ Within the Sacramento Hydrologic Region (Type A)
☒ Outside the Sacramento Hydrologic Region (Type B)

¹ Proposition 1, specifically CA Water Code §79759 provides the membership requirements applicable to joint power authorities created to implement CALFED storage projects. These requirements can be viewed at <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=wat&group=79001-80000&file=79750-79760>. To be eligible, a mutual water company also needs to meet the requirements of §79712, which can be viewed at: <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=wat&group=79001-80000&file=79703-79716.5>

Attachment 1

☐ Non-Member Participating Party

Participation:

- ☐ Authority Member: Management and Administration of the Sites Project Authority plus the Regional Benefits/economics cost centers. The associated costs will be allocated on a pro-rata basis according to the total number of voting members to the Sites Project Authority (i.e. 1/10 share for fiscal year 2016).

In-kind Services (optional²): _____

Proposed Director: _____ Title: _____

Proposed Alternate: _____ Title: _____

- ☒ Reservoir Project Agreement Committee Member: Advancing the development and construction of the Sites Reservoir, which is comprised of the Water Infrastructure & Supply, Operations, and Renewable Power cost centers. These costs will be allocated based on the number of acre-ft. of your Agency's commitment divided by the total acre-ft. of all contributing Agencies water commitment.

Participation:

6,500.00 **acre-ft. of Class 1** water at a not-to-exceed cost of **60 \$/acre-ft.** for phase 1 activities. This represents water that would not be made available for use as Proposition 1, Chapter 8-eligible public benefits. Currently, less than 120,000 acre-ft. is available.

The current estimate of the amount of water produced on a long-term average is 500,000 acre-ft./year of which 50% is proposed to *not* be used for Proposition 1, Chapter 8-eligible public benefits. The voting weight is equal to 1/n Members times 50 plus the Members participation in all classes of water/total participation times a maximum of 50% when there is no Class 2 water and a maximum of 40% when Class 2 water is included (i.e. the total of all voting equals 100%).

 acre-ft. of Class 2 water at a not-to-exceed cost of **30 \$/acre-ft.** for phase 1 activities. This represents additional

² In-kind services require prior Board approval. For Phase 1, in-kind services cannot be used to offset the cash contribution, but can be counted towards the total project costs eligible to receive WSIP funding from the CA Water Commission.

Attachment 1

water that at the end of Phase 1 could become available to Members. It is dependent upon (a) the CA Water Commission's election to participate at less than 50% of the Projects' cost, (b) estimated value of public benefit water, and (c) updated operational studies. Currently, a maximum of 170,000 acre-ft. of water is available. Since the Member has already elected to participate in Class 1 water, the incremental increase in voting weight is equal to the Members participation in Class 2 water/total participation times 10 (i.e. the total of all voting equals 100%).

Other Benefit (specify): _____

In-kind Services (Optional): _____

Proposed Director: Mark S. Krause Title: General Manager-Chief Engineer

Proposed Alternate: Steve Johnson Title: Asst. General Manager

Management Rep: _____ Title: _____

- ☐ Advisory: Provide input and advice to the Board on project-related matters. For Phase 1, participation requires annual dues in the amount of \$ 5,000.

Proposed Director: _____ Title: _____

Signature Block:

Entity: By signing this form, the entity's authorized representative is:

1. Certifying they are eligible to participate in the Sites Reservoir Project
2. Acknowledges their level of participation and this form is only valid for the Project's Phase 1,
3. Not committing any funds at this time, but is committing to use best efforts to enter into agreement with the Authority and Phase 1 Reservoir Project Agreement Committee to become a Member.

Attachment 1

Insert Agency's Name
Desert Water Agency

Mark S. Krause 7/28/16
Representative's Name Date
Mark S. Krause

Attachment 1

DWA's Proposed Additional Terms to SITES PROJECT AUTHORITY'S PHASE 1 RESERVOIR PROJECT AGREEMENT/Draft Proposed Revised Agreement for Admission of New Members

Desert Water Agency ("DWA") is a State Water Project ("SWP") contractor. On or about October 17, 1962. DWA executed its original SWP Water Supply Contract ("SWP Supply Contract"). The SWP Supply Contract has been amended from time-to-time. In the event the Sites Project Authority ("Authority") and the members thereof accept DWA as a "Member" in the Sites Project Authority's Phase 1 Reservoir Project Agreement ("Project Agreement No.1") and DWA satisfies the requirements of the Sites Project Authority Agreement ("Authority Agreement") and any collateral agreements including the Authority Agreement for an entitlement to water ("Sites Authority Water"), DWA has determined that it may not be able to arrange for the direct delivery of the Sites Entitlement Water to DWA's service area. DWA has initiated discussions with the Metropolitan Water District of Southern California ("MWD") (a) to confirm that the Sites Authority Water may be exchanged for other water to which MWD is entitled pursuant to various existing exchange agreements between DWA and MWD ("Existing Exchange Agreements"), or (b) for the potential exchange of the Sites Authority Water for Colorado River Water and the delivery thereof to DWA at such location as those parties shall determine ("Exchange"). In the event DWA and MWD do not confirm that the Sites Authority Water may be exchanged pursuant to the Existing Exchange Agreements or enter into a new written agreement for the Exchange ("Exchange Agreement"), DWA will not be able to cause the direct delivery of the Sites Entitlement Water to the DWA service area; and thus will not be able to participate as a Member. DWA hereby reserves the right to withdraw as a Member in the event that DWA and MWD have not confirmed that the Sites Authority Water may be exchanged pursuant to the Existing Exchange Agreements or executed the Exchange Agreement on or before December 31, 2034 ("Termination Date"). The foregoing right shall be exercised by DWA giving written notice to the Authority ("Termination Notice") on or before the Termination Date at the following address:

[Insert address – Sites Project Authority to provide]

Failure to give the Termination Notice on or before the Termination Date shall be deemed an election to continue as a Member on the terms and conditions set forth in Project Agreement No. 1. In the event DWA delivers the Termination Notice on or before the Termination Date, all rights of participation in Project Agreement No. 1 shall cease on the receipt of the Termination Notice by the Authority at the address provided above ("Withdrawal Date"). DWA's financial obligation shall consist of DWA's share of the following costs on the Withdrawal Date: (a) payment of DWA's share of all non-contract costs incurred prior to the Withdrawal Date, and (b) those contract costs associated with funds approved in either contract amendments or task orders that were approved prior to the Withdrawal Date for which the contract's work extends beyond the Withdrawal Date. However, DWA shall have no liability for any change order or extensions of any contractor's work that the remaining Members agree to after the Withdrawal Date.



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Attachment 2

Office of the General Manager

January 13, 2017

Mr. James M. Barrett
General Manager
Coachella Valley Water District
P.O. Box 1058
Coachella, CA 92236

Mr. Mark S. Krause
General Manager-Chief Engineer
Desert Water Agency
1200 South Gene Autry Trail
Palm Springs, CA 92264

Dear Mr. Barrett and Mr. Krause:

Jim E. Mark

Desert Water Agency/Coachella Valley Water District/Metropolitan Cooperation to Deliver State Water Project Supplies

This letter is a follow-up to our meeting in early December to discuss future exchange and delivery of water supplies among our agencies. As you are aware, Metropolitan has enjoyed a long and productive relationship with Coachella Valley Water District (CVWD) and Desert Water Agency (DWA) to secure and transport water supplies into Southern California to meet our customers' needs. Since 1967, our agencies have benefited from the use of each agency's physical assets and water rights to provide the maximum flexibility and reliability for meeting our water supply needs. As the State Water Project supplies from Northern California have become less reliable due to increased regulatory restrictions and hydrological patterns, there is increased urgency to seek opportunities to increase our water supply reliability.

It is Metropolitan's understanding that DWA and CVWD are continuing to seek long-term water supply agreements to augment your agencies existing State Water Project supplies. We understand that before you can obtain those supplies, you need a certain level of assurance that Metropolitan will be able to convey and exchange this water for Colorado River water. Metropolitan has worked cooperatively with your agencies in the past to ensure that all water acquired by your agencies, including non-project water, was either delivered in the year it was acquired or stored in San Luis Reservoir for future delivery. As you are aware, because of occasional capacity constraints that sometimes exist when we need to meet member agency demands and/or refill local storage, we cannot absolutely guarantee delivery of all non-project

Attachment 2

Mr. James M. Barrett

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January 13, 2017

water to your agencies in the year the water is generated. In those instances, we will work with you to explore options to deliver that water to you in a future year, and will continue to make every reasonable effort to exchange and deliver any water acquired by DWA and CVWD.

It is also Metropolitan's understanding that DWA and CVWD may have a desire to extend the 2003 Exchange Agreement beyond 2035. As our three agencies have all received significant benefit from this agreement, we are willing to begin a dialogue with you to develop terms to extend that agreement, and take it to our respective boards for consideration.

Metropolitan recognizes and appreciates DWA's and CVWD's efforts in making investments to increase the reliability of water supplies in Southern California and will continue to work collaboratively with your agencies to ensure that these efforts will yield positive results. We look forward to continuing this long and productive relationship with your agencies.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeffrey Kyghllinger", is written over the printed name and title.

Jeffrey Kyghllinger
General Manager

WH:rrw



Attachment 3

October 11, 2016

Desert Water Agency
1200 South Gene Autry Trail
Palm Springs, CA 92264

Regarding: Sites Reservoir Project, Proposal to Participate in the Phase 1
Reservoir Project Agreement Committee

Dear Mr. Krause:

This letter confirms receipt of your agency's responsive Phase 1 Proposal to Participate and, due to the level of interest received, provide a counter-offer for your consideration as well as advance the process to formalize your agency's active participation.

The Sites Project Authority ("Authority") received 21 responsive requests for Class 1 water from both public agencies and non-public entities¹ (see Attachment A, which includes both existing members of the Reservoir Project Agreement Committee ("Reservoir PAC") and those who submitted responsive requests to participate). All but 2 public agencies requested to participate in Phase 1 using an acre-ft. as the method to apportion the Phase 1 study costs. The amount of water being requested by both the existing Reservoir Project Agreement Committee ("Reservoir PAC") members and potential new Reservoir PAC members totaled 377,411 acre-ft.; of which only 250,000 acre-ft. is available until the State of California makes its decision to participate in the development of the Sites Reservoir Project ("Project"), which in accordance with Chapter 8 of Proposition 1², is limited to 50% of

¹ Public agencies include both public water agencies and a County. The private entities include both Mutual Water Companies ("MWCs"), who each have a portion of their water supply provided through a contract with either the CVP or SWP, and an Investor-Owned Utility ("IOU") who is regulated by the California Public Utilities Commission to provide water to small communities in both the Sacramento and San Joaquin valleys. The California Water Commission's Legal Counsel has agreed with the Authority that both the MWCs and IOU can participate in the Phase 1 Reservoir Project Agreement Committee as a Non-Member Participating Party without affecting the Authority's eligibility to potentially receive state funding under Chapter 8 of voter-approved Proposition 1.

² While the State of California will determine the amount of public benefits that will be funded under Proposition 1, the Federal government, through the United States Bureau of Reclamation (USBR), is evaluating its role and level of participation in the Project. Within existing congressional authorizations, the potential exists for the USBR to participate in benefits, such as



Attachment 3

capital costs³. Therefore, the difference, which equals 127,411 acre-ft. is deemed to be Class 2 water.

Membership in the Phase 1 Reservoir Project Agreement Committee: Due to the total amount of acre-ft. being requested and in accordance with the evaluation process that was provided as part of the package of documents the Authority made publicly available, your request to participate in 6,500. acre-ft. of Class 1 water can only be partially accepted. The amount of Class 1 water amounts to approximately 56.9% of your original request. This percentage has been applied to all respondents who are a public water agency whose primary service area is located outside of the Sacramento Valley. As such, the Authority has authorized me to extend the following counteroffer for your consideration:

Counteroffer: Provide 3,698. acre-ft. as Class 1 water, which has a Phase 1 not-to-exceed cost of \$60/acre-ft. plus an additional 2,802. acre-ft. as Class 2 water, which has a Phase 1 not-to-exceed cost of \$30/acre-ft. The total amount equals the 6,500. acre-ft. your agency requested. Once the State has made their respective participation decisions through the California Water Commission, which coincides with the completion of Phase 1, the amount of water being used to apportion the project's costs will be "re-balanced". Similarly, if the Federal government requests to participate in obtaining equivalent types of public benefits, the Authority in conjunction with the members of the Phase 1 Reservoir PAC will determine how best to allocate any difference, as measured in acre-ft., between the State's (and potentially Federal) level of participation and the amount of water the Project is estimated to produce over the long-term average.

Action Requested: Please review this counteroffer and provide a response that either acknowledges your agency's acceptance or an alternative participation that reflects the limited amount of Class 1 water that is available in Phase 1. An email response will suffice.

ecosystem and water quality, that pending congressional authorization, could be funded by the federal government.

³ For Phase 1 and until the Water Commission has finalized its regulations, the Authority has been assuming that the project's costs and subsequent repayment follows the amount of long-term annualized average amount of water a participant could receive assuming the Project is permitted and built.



Attachment 3

Special Conditions: Your Proposal to Participate included a requirement that execution of the Phase 1 Reservoir Project Agreement was conditioned upon execution of a separate wheeling agreement with Metropolitan Water District of S. CA (“MWD”). The Authority requests that you work with MWD to determine if such an agreement is necessary for this, Phase 1, of the Project. The Authority is willing to assist you in these discussions to develop a workable solution that ideally could extend up through the end of Phase 3, which is when financing for construction would be begin and when such an agreement will be needed.

Next Steps:

1. Workshop: Please plan to have a representative from your agency attend the October 21 workshop. In addition to providing an overview of the Project’s facilities and status of studies underway, this meeting will focus on (a) the complexity of the Water Commission’s proposed application requirements, which will require new CalSIM modeling to estimate the Project’s benefits under a climate change scenario that differs from what has been used in the existing draft EIR/S and (b) the Water Commission’s evaluation process, which has led the Authority to pursue a strategy to accelerate work planned in Phase 2 to advance the EIR/S into this, Phase 1. Based on the Water Commission’s schedule, the Reservoir PAC and then the Authority will need to address both of these items before the end of November since they affect the Phase 1 work plan and annual budget.
2. Governance Documents: Within 2 weeks after the October 21 workshop, we plan to convene a conference call with all of the respondents to develop a list of any proposed changes to the governance documents, primarily focusing on the Bylaws and the Phase 1 Reservoir Project Agreement. To date, we have received a number of constructive comments and want to share them with the other respondents as well as gather any other proposed changes. This conference call will primarily focus on legal concerns. The resulting recommended changes will then be provided to the Authority board for their consideration. Once the amended documents have been approved by the current signatories to the Reservoir PAC and then the Authority, these documents will be distributed for consideration and approval by your agency. Based on your participation, an estimated initial payment will be provided at the time the amended governance documents are distributed. The amount will be based on the \$/acre-ft. the current



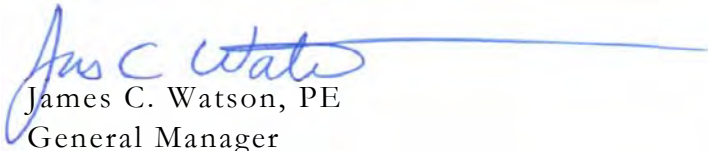
Attachment 3

Reservoir PAC members have paid to date for Class 1 water and the Class 2 water rate will be prorated at 50%.

3. Reservoir PAC Meeting: The first Reservoir PAC meeting is tentatively planned for the morning of November 19. This meeting will advance the discussions presented on October 21 with a detailed review of the effort needed to submit a responsive application to the Water Commission and acceleration of the EIR/S. On November 21, these meeting results will be presented to the Authority for their consideration and potential action.
4. ACWA Fall Conference: The afternoon of November 29, at the ACWA Fall Conference, a meeting will be held for all respondents to the Proposal to Participate process. This meeting will focus on providing additional updates and to answer questions that you, your staff, or your board members may have. Additional details will be communicated in advance of this meeting and it will likely be a publicly noticed meeting.

On behalf of the Authority, I thank you for your interest to actively participate in the development of the Sites Reservoir Project. I look forward to working with you and your staff to move this project forward as expeditiously as practicable. Should you have any questions, please don't hesitate to contact me.

Sincerely,



James C. Watson, PE

General Manager

jwatson@sitesproject.org

(530) 410.8250

Cc: Johnson, S.
Executive Comm.
Conant, E
Nordyke, A.
Davis, K.

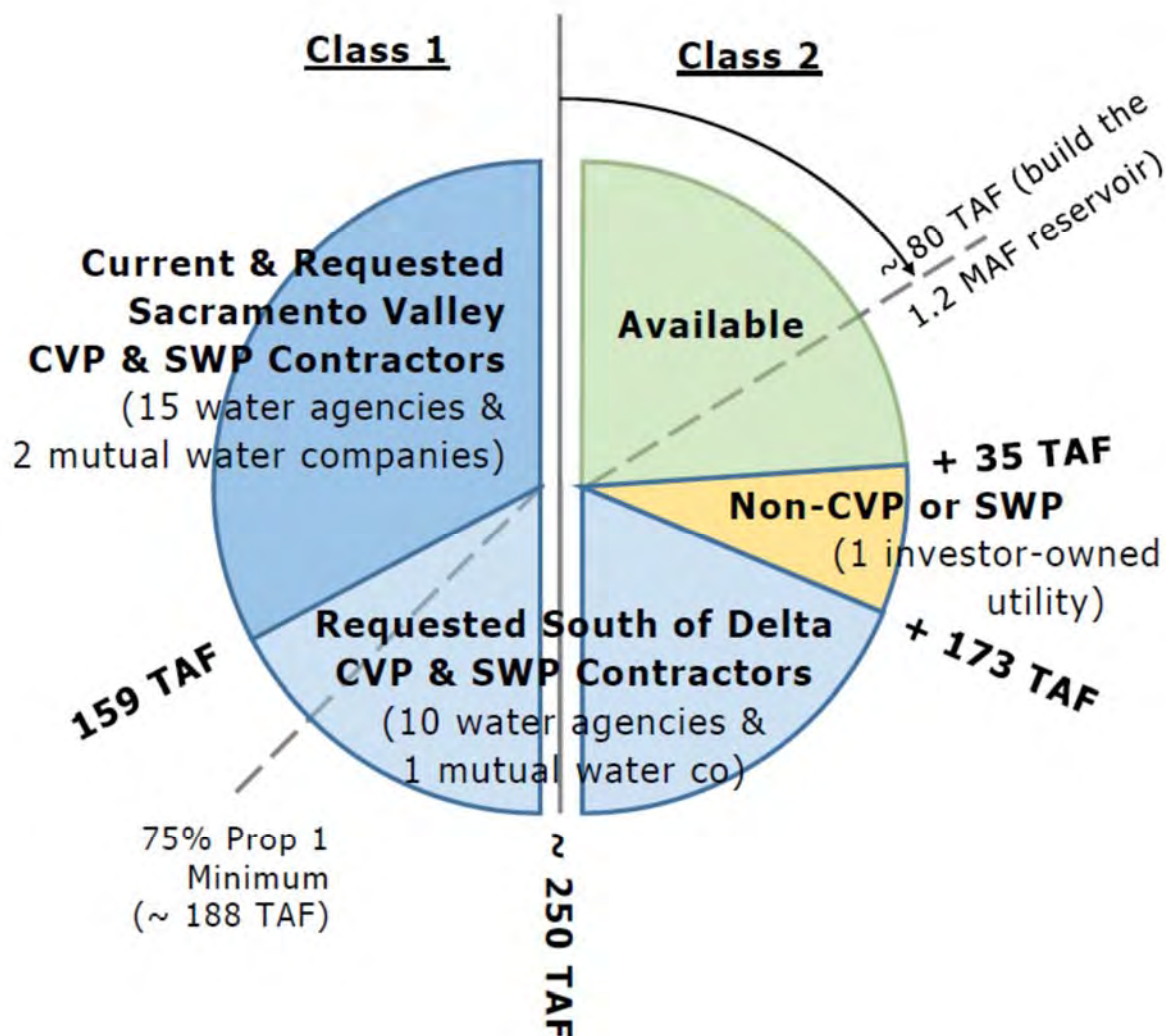


P.O. Box 517
Maxwell, CA 95955

Attachment A: Sites Reservoir Project Participation

Date: 2016 October 7

Attachment 3



NOTE 1: Does not include 3 Authority members who have elected not to participate in the development of the reservoir.

NOTE 2: Does not include 2 alternative (i.e. non-acre-ft. based) proposals to participate - one from CVP north of Delta and one from SWP South of Delta.

NOTE 3: Authority is reviewing the requests to participate and is preparing counter-offers

Attachment 3

ID	Agency	Requested Participatio	Class	Counter-offer			Alternative Participation
				Class 1	Pct	Class 2	
01	Colusa County	10,000	1	10,000	100%	-	
	Colusa Co. WD	32,111	1	32,111	100%	-	
	Cortina WD	300	1	300	100%	-	
	Davis WD	2,000	1	2,000	100%	-	
	Dunnigan WD	5,000	1	5,000	100%	-	
	LaGrande WD	1,000	1	1,000	100%	-	
	Glenn County	-		-		-	
	Glenn-Colusa ID	20,000	1	20,000	100%	-	
	Maxwell ID	-		-		-	
	Orland-Artois WD	20,000	1	20,000	100%	-	
	Proberta WD	3,000	1	3,000	100%	-	
	Reclamation District 108	20,000	1	20,000	100%	-	
	Tehama-Colusa Canal Authority	-		-		-	
	Westside WD	25,000	1	25,000	100%	-	
	4M WD	500	1	500	100%	-	
04	RD 2035	10,000	1	10,000	100%		
		5,000	2		0%	5,000	
05	Western Canal Water District	3,500	1	3,500	100%	-	
06	Placer County WA & City of Roseville	-		-	0.0%		
07	American Canyon, City of	2,000	1	2,000	100%	-	Under discussion
08	Santa Clara Valley Water District	24,000	1	13,656	56.9%	10,344	
09	Westlands Water District	10,000	1	11,380	56.9%	8,620	
		10,000	2				
10	Antelope Valley-East Kern Water Agency	2,000	1	1,138	56.9%	862	
11	Castaic Lake Water Agency	5,000	1	2,845	56.9%	2,155	
12	Coachella Valley Water District	26,500	1	15,078	56.9%	11,422	
13	Desert Water Agency	6,500	1	3,698	56.9%	2,802	
14	Metropolitan Water District	-		-	0.0%		
15	San Geronio Pass Water Agency	14,000	1	7,966	56.9%	6,034	
16	San Bernardino Municipal WD	30,000	1	17,069	56.9%	12,931	
17	Wheeler Ridge-Maricopa Water SD	20,000	1	11,380	56.9%	8,620	Under discussion
18	Zone 7 Water Agency	20,000	1	11,380	56.9%	8,620	
19	Carter MWC	1,000	1	-	0.0%	1,000	
20	Garden Highway MWC	4,000	1	-	0.0%	4,000	
21	Pacific Resources MWC	10,000	1	-	0.0%	10,000	
22	California Water Service	35,000	1	-	0.0%	35,000	
		377,411		250,000	56.9%	127,411	

Sites Reservoir Project
2017 On-boarding Process: Estimated Revenue Table

Nov 18 Reservoir Committee & Nov 21 Authority – Meeting Agenda Item & Attachment: 4.4a
Attachment 4

ID	Agency	Requested Participati	Class	Counter-offer			Revenue Received	Revenue (Dec 2016 Initial Payment)			Revenue (Remainder of Phase 1)		
				Class 1	Pct	Class 2		Class 1 (\$)	Class 2 (\$)	Total (\$)	Class 1 (\$)	Class 2 (\$)	Total (\$)
01	Colusa County	10,000	1	10,000	100%	-		\$ 328,400		\$ 328,400	\$ 156,600		\$ 156,600
	Colusa Co. WD	32,111	1	32,111	100%	-	\$ 985,000	\$ 69,325		\$ 69,325	\$ 502,858		\$ 502,858
	Cortina WD	300	1	300	100%	-	\$ 10,287				\$ 4,698		\$ 4,698
	Davis WD	2,000	1	2,000	100%	-	\$ 65,900				\$ 31,320		\$ 31,320
	Dunnigan WD	5,000	1	5,000	100%	-	\$ 141,300				\$ 78,300		\$ 78,300
	LaGrande WD	1,000	1	1,000	100%	-	\$ 33,204				\$ 15,660		\$ 15,660
	Glenn County	-		-		-							
	Glenn-Colusa ID	20,000	1	20,000	100%	-	\$ 652,000				\$ 313,200		\$ 313,200
	Maxwell ID	-		-		-							
	Orland-Artois WD	20,000	1	20,000	100%	-	\$ 652,000				\$ 313,200		\$ 313,200
	Proberta WD	3,000	1	3,000	100%	-	\$ 80,800				\$ 46,980		\$ 46,980
	Reclamation District 108	20,000	1	20,000	100%	-	\$ 626,000				\$ 313,200		\$ 313,200
	Tehama-Colusa Canal Authority	-		-		-							
	Westside WD	25,000	1	25,000	100%	-	\$ 821,000				\$ 391,500		\$ 391,500
	4M WD (Mathis)	500	1	500	100%	-		\$ 16,420		\$ 16,420	\$ 7,830		\$ 7,830
04	RD 2035 (Conaway Ranch)	10,000	1	10,000	100%			\$ 328,400	\$ -	\$ 328,400	\$ 156,600		\$ 156,600
		5,000	2		0%	5,000		\$ -	\$ 82,100	\$ 82,100	\$ -	\$ 39,150	\$ -
05	Western Canal Water District	3,500	1	3,500	100%	-		\$ 114,940	\$ -	\$ 114,940	\$ 54,810	\$ -	\$ 54,810
06	Placer County WA & City of Roseville												
07	American Canyon, City of	2,000	1	2,000	100%	-		\$ 65,680	\$ -	\$ 65,680	\$ 31,320	\$ -	\$ 31,320
08	Santa Clara Valley Water District	24,000	1	13,656	56.9%	10,344		\$ 448,447	\$ 169,856	\$ 618,304	\$ 213,845	\$ 80,997	\$ 213,845
09	Westlands Water District	10,000	1	11,380	56.9%	8,620		\$ 373,706	\$ 141,547	\$ 515,253	\$ 178,205	\$ 67,498	\$ 178,205
		10,000	2										
10	Antelope Valley-East Kern Water Agency	2,000	1	1,138	56.9%	862		\$ 37,371	\$ 14,155	\$ 51,525	\$ 17,820	\$ 6,750	\$ 17,820
11	Castaic Lake Water Agency	5,000	1	2,845	56.9%	2,155		\$ 93,427	\$ 35,387	\$ 128,813	\$ 44,551	\$ 16,874	\$ 44,551
12	Coachella Valley Water District	26,500	1	15,078	56.9%	11,422		\$ 495,161	\$ 187,550	\$ 682,710	\$ 236,121	\$ 89,434	\$ 236,121
13	Desert Water Agency	6,500	1	3,698	56.9%	2,802		\$ 121,454	\$ 46,003	\$ 167,457	\$ 57,916	\$ 21,937	\$ 57,916
14	Metropolitan Water District												
15	San Geronio Pass Water Agency	14,000	1	7,966	56.9%	6,034		\$ 261,594	\$ 99,083	\$ 360,677	\$ 124,743	\$ 47,248	\$ 124,743
16	San Bernardino Municipal WD	30,000	1	17,069	56.9%	12,931		\$ 560,559	\$ 212,320	\$ 772,880	\$ 267,307	\$ 101,247	\$ 267,307
17	Wheeler Ridge-Maricopa Water SD	20,000	1	11,380	56.9%	8,620		\$ 373,706	\$ 141,547	\$ 515,253	\$ 178,205	\$ 67,498	\$ 178,205
18	Zone 7 Water Agency	20,000	1	11,380	56.9%	8,620		\$ 373,706	\$ 141,547	\$ 515,253	\$ 178,205	\$ 67,498	\$ 178,205
19	Carter MWC	1,000	1	-	0.0%	1,000			\$ 16,420	\$ 16,420		\$ 7,830	\$ 7,830
20	Garden Highway MWC	4,000	1	-	0.0%	4,000			\$ 65,680	\$ 65,680		\$ 31,320	\$ 31,320
21	Pacific Resources MWC	10,000	1	-	0.0%	10,000			\$ 164,200	\$ 164,200		\$ 78,300	\$ 78,300
22	California Water Service	35,000	1	-	0.0%	35,000			\$ 574,700	\$ 574,700		\$ 274,050	\$ 274,050
Revenue:		377,411		250,000	56.9%	127,411	\$ 4,067,491	\$ 4,062,296	\$ 2,092,095	\$ 6,154,391	\$ 3,914,994	\$ 997,631	\$ 4,912,625
								\$/acre-ft:					
								\$ 32.84	\$ 16.42		\$ 15.66	\$ 7.83	
								@Risk (Class 2):	\$ 821,000		@Risk (Class 2):	\$ 391,500	
Proposed Phase 1 Revenue Target:											\$ 48.50	Total:	\$ 15,134,507

Draft Work Product
Subject to Change

11/21/16 Draft

**SITES PROJECT AUTHORITY'S
AMENDED AND RESTATED
PHASE 1 RESERVOIR PROJECT AGREEMENT**

THIS AMENDED AND RESTATED PHASE 1 RESERVOIR PROJECT AGREEMENT (the "**Project Agreement**") is made effective as of November 21, 2016, by and among (a) the Sites Project Authority (the "**Authority**") and (b) certain Members and/or Non-Member Participating Parties, listed on the attached **Exhibit A1** (collectively the "**Project Agreement Members**"), and is made with reference to the following facts:

RECITALS

A. Various public agencies in the Sacramento River Watershed, including certain Project Agreement Members, entered into the Modified Third Amended and Restated Sites Project Authority Joint Exercise of Powers Agreement, dated December 21, 2015 (the "**Joint Powers Agreement**"), pursuant to which they formed the Authority to develop the Sites Reservoir Project, which is contained in the CalFed Bay-Delta program Programmatic Record of Decision, August 28, 2000. The Joint Powers Agreement provides a mechanism for "Project Agreements" (as defined in the Joint Powers Agreement) to undertake specific work activities for the development of the Sites Reservoir Project. On December 21, 2015, the Authority's Board of Directors ("Board") also adopted Bylaws for Phase 1 of the Sites Reservoir Project ("**Bylaws**"), which were amended on December 21, 2015, and which also address Project Agreements and their management through Reservoir Project Committees.

B. On April 11, 2016, certain Authority Members of the Authority entered into the PHASE 1 RESERVOIR PROJECT AGREEMENT. Thereafter, the Authority undertook a process to allow for additional Members and Non-Members Participating Parties to become part of the Phase 1 Reservoir Project Agreement, and in certain instances, consistent with the Bylaws, to become Authority Members. The deadline for such additional participation in the Project was August 1, 2016. This AMENDED AND RESTATED PHASE 1 RESERVOIR PROJECT AGREEMENT, provides for the addition of certain Project Agreement Members who have asked to be a party to this Project Agreement and their addition to the PHASE 1 RESERVOIR PROJECT AGREEMENT has been approved pursuant to Section 9 of the original PHASE 1 RESERVOIR PROJECT AGREEMENT by the then Project Agreement Members and the affirmative vote of at least 75% of the total number of Directors of the Authority.

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C. The Project Agreement Members wish to undertake the Project described on the attached **Exhibit B** (the "**Phase 1 Reservoir Project Agreement Requirements**") in the name of the Authority and in accordance with the Authority's stated Mission as set forth in the fourth Recital of the Joint Powers Agreement. The Project Agreement Members are entering into this Agreement to satisfy the requirements of Article VI of the Joint Powers Agreement. **Exhibit B** defines the Project (herein called the "Project"), including principles to aid in decision-making, the scope of work, budget targets, Phase 1 milestone schedule, approved consultant scopes of work and estimated fees, and related items necessary to complete Phase 1.

D. All members of the Authority have also been given the opportunity to enter into this Project Agreement. The form of this Project Agreement was determined to be consistent with the Joint Powers Agreement and the Bylaws and approved by the Authority's Board of Directors on November 21, 2016.

E. The Authority and the Project Agreement Members acknowledge that one of the Authority's goals, in addition to providing environmental benefits, is to develop and make both a water supply and storage capacity available to water purveyors and landowners within the Sacramento River watershed, and in other areas of California, who are willing to purchase either or both a water supply and storage capacity from the Sites Reservoir Project, and that the Project Agreement Members should have a preference to the water supply or storage capacity.

AGREEMENT

THEREFORE, in consideration of the facts recited above and of the covenants, terms and conditions set forth herein, the parties agree as follows:

Section 1 Purpose:

The purpose of this Project Agreement is to permit the Project Agreement Members to undertake the Project in the name of the Authority consistent with the Joint Powers Agreement. The activities undertaken to carry out the purposes of this Project Agreement shall be those, and only those, authorized by the Reservoir Project Committee (the "**Committee**", defined in Section 2 of this Project Agreement) in accordance with this Project Agreement, the Joint Powers Agreement and its Bylaws. Without limiting in any way the scope of the activities that may be undertaken under this Project Agreement, such activities shall include funding Authority actions and obligations undertaken to carry out the directions of the Committee. Notwithstanding any other

provision of this Project Agreement, no activity undertaken pursuant to this Project Agreement shall conflict with the terms of the Joint Powers Agreement or the Bylaws, nor shall this Project Agreement be construed in any way as creating an entity that is separate and apart from the Authority.

Section 2 Reservoir Project Committee:

(a) Committee Membership. The business of the Project Agreement Members under this Project Agreement shall be conducted by a Committee consisting of one member appointed by each Project Agreement Member. Appointment of each member of the Committee shall be by action of the governing body of the Project Agreement Member appointing such member, and shall be effective upon the appointment date as communicated in writing to the Authority. Project Agreement Members may also appoint one or more alternate Committee members, which alternate(s) shall assume the duties of the Committee member in case of absence or unavailability of such member. Project Agreement Members may also appoint an alternate Committee member from a different Project Agreement Member for convenience in attending Committee meetings, who may cast votes for such Project Committee Members, provided that no person shall represent more than five other Project Committee Members and more than 20% of the weighted vote as provided in Subsection 2(g) at any given meeting. In order to serve as an alternate Committee member, a written evidence of such designation shall be filed with the Committee Secretary. Each member and alternate member shall serve on the Committee from the date of appointment by the governing body of the Project Agreement Member he/she represents and at the pleasure of such governing body.

(b) Officers. The Committee shall select from among its members a Chairperson, who shall annually act as presiding officer, and a Vice Chairperson, to serve in the absence of the Chairperson. There also shall be selected a Secretary, who may, but need not be, a member of the Committee and a Treasurer. All elected officers shall be elected and remain in office at the pleasure of the Committee, upon the affirmative vote of at least a majority of the total weighted vote as provided at Subsection 2(g);

(c) Treasurer. The Authority Treasurer shall serve as the Committee's Treasurer and shall act as the Committee's liaison to the Authority's General Manager and Authority Board on financial matters affecting the Committee. The Treasurer shall prepare and provide regular financial reports to the Committee as determined by the Committee.

(d) General Manager. The Authority's General Manager shall (1)

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serve as the Project Director responsible for advancing the Sites Reservoir Project, (2) be a non-voting member of the Committee, (3) ensure coordination of outreach and engagement activities between the Authority and Committee, , and (4) convene, on an as needed basis, legal representatives from the Project Agreement Members and Authority Members to advise the General Manager on legal matters that will be reported to the Committee and Authority on a timely basis.

(e) Meetings. The Chairperson of the Committee or a majority of a quorum of the members of the Committee are authorized to call meetings of the Committee as necessary and appropriate to conduct its business under this Project Agreement. All such meetings shall be open to the public and subject to the requirements set forth in the Ralph M. Brown Act (Government Code Sections 54950 et seq.).

(f) Quorum. A majority of the Reservoir Project Committee members based on the weighted vote provided in Subsection 2(g) shall constitute a quorum of the Committee.

(g) Voting. Notwithstanding any provisions of the Bylaws that might be construed otherwise, for purposes of this Project Agreement, the voting rights of each Project Agreement Member shall be determined as follows:

(i) an equal number of voting shares for each Project Agreement Member participating in Class 1 and/or Class 2 as defined at **Exhibit A1**, that being for each Project Agreement Member, 1 divided by the total number of Project Agreement Members, multiplied by 50%; plus

(ii) an additional number of voting shares for each Project Agreement Member participating in Class 1 and/or Class 2, equal to its respective participating percentage described at Section 4 and defined at **Exhibit A1**, multiplied by 50%, using the version of Exhibit A in effect at the time the Committee votes.

The resulting weighted total of all voting shares shall equal 100. An Example of this weighted voting incorporating the formulas for determining participating percentages is attached at **Exhibit A2**.

(h) Decision-making Thresholds. In accordance with Section 5.7 of the Bylaws, for purposes of this Project Agreement, approval by the Committee for material and non-material changes shall be as follows: for actions other than Material Change Items, action of the Committee shall be taken upon the

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affirmative vote of at least a majority of the total weighted vote as provided in Subsection 2(g); for Material Change Items, action shall be taken upon the affirmative vote of at least 75% of the total weighted vote as provided at Subsection 2(g).

(i) Delegation of Authority/Powers and Limitations Thereon. Subject to the direction of the governing bodies of the Project Agreement Members, the Committee shall undertake all actions necessary for carrying out this Project Agreement, including but not limited to setting policy for the Project Agreement Members acting under this Project Agreement with respect to the Project; recommending actions to be undertaken in the name of the Authority under this Project Agreement; determining the basis for calculation of the participation percentages for each fiscal year, and the timing required for payments of obligations hereunder; authorizing expenditure of funds collected under this Project Agreement within the parameters of the approved work plan and budget; and such other actions as shall be reasonably necessary or convenient to carry out the purposes of this Project Agreement. This Section 2(i) is subject to any and all limitations set forth in the Joint Powers Agreement and Bylaws, including but not limited to, any action that constitutes a material change as defined at Section 12.3 of the Bylaws requiring the approval of both the Committee and the Authority Board, and actions specified in Section 10 of the Bylaws which remain exclusively with the Authority Board.

Section 3 Funding:

(a) Budget. The Committee shall, in cooperation with the Authority's Board, provide and approve both a fiscal year operating budget and reestablish the Phase 1 budget target, annually or more frequently as needed. On September 21, 2015, the Board approved both a fiscal year 2015 operating budget and Phase 1 budget target. Then, on November 11, 2015 the Board approved the fiscal year 2016 operating budget and reaffirmed the Phase 1 budget target for planned work by both the Authority and being delegated to the Committee under the original PHASE 1 RESERVOIR PROJECT AGREEMENT. An amended Phase 1 Work Plan, including annuals budgets, dated November 14, 2016, is attached at **Exhibit B**, along with the budget approval process and requirements. The Project Agreement Members shall contribute their respective pro-rata share of the budgeted sums in accordance with Section 4 of this Project Agreement.

(b) Fiscal Responsibilities. **Exhibit B** specifies the Authority's requirements regarding the fiscal responsibilities of the Committee.

(c) Allocation of Obligations. Should the Project Agreement Members acting collectively under this Project Agreement enter into any contract or other voluntary obligation, such contract or obligation shall be in the name of the Authority; provided, that all financial obligations thereunder shall be satisfied solely with funds provided under this Project Agreement and in accordance with Section 6.

(d) Allocation of Project Agreement Expenses. The Project Agreement Members agree that all Agreement expenses incurred by them and/or by the Authority under this Project Agreement are the costs of the Project Agreement Members and not of the Authority or the Members of the Authority that do not execute this Project Agreement, and shall be paid by the Project Agreement Members; provided, however, that this Section shall not preclude the Project Agreement Members from accepting voluntary contributions and/or Authority Board's pre-approval of in-kind services from other Authority Members, or Project Agreement Members, and applying such contributions to the purposes hereof. The Project Agreement Members further agree to pay that share of any Authority costs reasonably determined by the Authority's Board to have been incurred by the Authority to administer this Project Agreement. Before the Authority's costs of administering this Project Agreement become payable, the Authority will provide its calculation of such costs to the Committee, which will have the right to audit those costs and provide comments on the calculation to the Authority Board. The Authority Board shall consider the Committee's comments, if any, including the results of any such audit, in a public meeting before the Authority Board approves a final invoice for such costs.

Section 4 Participation Percentages:

Each Project Agreement Member shall pay that share of costs for activities undertaken pursuant to this Project Agreement, whether undertaken in the name of the Authority or otherwise, equal to such Project Agreement Member participation percentage as established in this Section 4. The initial participation percentages of the Project Agreement Member are set forth at the attached **Exhibit A1**. These initial participation percentages are for the purpose of establishing the Reservoir Project Agreement Members respective responsibilities for start-up costs and other amounts contained in the approved Fiscal year budget and Phase 1 budget target, which is defined as the "Reservoir Total" on **Exhibit B**. The participation percentages of each Project Agreement Member will be modified by the Committee from time to time as the result of the admission of a new Project Agreement Member to this Project Agreement or the withdrawal of a Project Agreement Member, and **Exhibit A1** shall be amended to reflect all such changes. Such amended **Exhibit A1** shall, upon approval by the Committee,

be attached hereto and upon attachment, shall supersede all prior versions of **Exhibit A1** without the requirement of further amendment of this Project Agreement.

Section 5. Future Development of the Sites Reservoir Project:

(a) The Project Agreement Members acknowledge that the Sites Reservoir Project is still in the conceptual stage and there are no assurances that the Reservoir will be constructed or that any water supplies will be developed as a result of this Project Agreement. Exhibit B includes a partial list of some of the risks and uncertainties that underlie the lack of assurances. The Project Agreement Members therefore recognize that they are not acquiring any interest in the Sites Reservoir Project other than their interest in the specific materials that will be produced by the Project defined on Exhibit B, and that they are not acquiring under this Project Agreement any interest in any future water supply or access to any other services from the Sites Reservoir Project except as provided hereunder.

(b) Without limiting the foregoing, any Project Agreement Member that elects to continue participating in the development, financing, and construction of the Sites Reservoir Project to the time when the Authority offers contracts for a water supply or other services, will be afforded a first right, commensurate with that Member's participation and financial contribution to the Sites Reservoir Project, to contract for a share of any water supply that is developed, and for storage capacity that may be available from the Sites Reservoir Project. In any successor Phase agreements, Project Agreement Members who are parties to this Project Agreement that submitted a proposal to participate before August 1, 2016, shall be granted rights to such share of water supply and storage capacity prior to those becoming parties after that date. The Authority and the Project Agreement Members will cooperate on the drafting of provisions in the water supply contract that will allow a Project Agreement Member or other eligible entity that commits to purchase a Sites Reservoir Project water supply to transfer water that the entity may not need from time to time on terms and conditions acceptable to the entity.

Section 6 Indemnity and Contribution:

(a) Each Project Agreement Member, including Authority Members acting in their capacity as Project Agreement Members and notwithstanding Section 5.9 of the Agreement, shall indemnify, defend and hold the Authority and other Project Agreement Members harmless from and against any liability, cause of action or damage (a "**Cost**") arising out of the performance of this Project

Agreement in excess of the amount of such Cost multiplied by each Project Agreement Member's participation percentage (defined in Section 4). Notwithstanding the foregoing, to the extent any such liability is caused by the negligent or intentional act or omission of a Project Agreement Member, such Project Agreement Member shall bear such liability.

(b) The Project Agreement Members shall indemnify, defend and hold the Authority and the members of the Authority that do not execute this Project Agreement harmless from and against any liabilities, costs or expenses of any kind arising as a result of the activities described in or undertaken pursuant to this Project Agreement. All assets, rights, benefits, debts, liabilities and obligations attributable to activities undertaken under this Project Agreement shall be assets, rights, benefits, debts, liabilities and obligations solely of the Project Agreement Members in accordance with the terms hereof, and shall not be the assets, rights, benefits, debts, liabilities and obligations of the Authority or of those members of the Authority that have not executed this Project Agreement. Members of the Authority not electing to participate in the Project Agreement shall have no rights, benefits, debts, liabilities or obligations attributable to the Project Agreement.

Section 7 Term:

This Project Agreement shall take effect on the date it is executed by at least two members of the Authority and shall remain in full force and effect until this Project Agreement is amended, rescinded or terminated by the Reservoir Project Committee, or completion of Phase 1 as defined at **Exhibit B**. Notwithstanding the foregoing, upon the expiration of the Joint Powers Agreement, this Project Agreement shall terminate and all uncommitted funds contributed by each Project Agreement Member shall be returned in proportion to the contributions made by each.

Section 8 Withdrawal From Further Participation:

To withdraw from this Project Agreement, a Project Agreement Member shall give the Authority and other Project Agreement Members written notice of such withdrawal not less than 30 days prior to the withdrawal date. As of the withdrawal date, all rights of participation in this Project Agreement shall cease for the withdrawing Project Agreement Member. The financial obligation as prescribed in the Bylaws' Section 5.10 in effect on the withdrawal date, shall consist of the withdrawing Member's share of the following costs: (a) payment of its share of all non-contract costs incurred prior to the date of the written notice of withdrawal, and (b) those contract costs associated with funds approved

in either contract amendments or task orders that were approved prior to the date of the written notice of withdrawal for which the contractor's work extends beyond the withdrawal date. However, a withdrawing member shall have no liability for any change order or extensions of any contractor's work that the remaining Members agree to after the withdrawing Member provides written notice of withdrawal. Withdrawal from this Project Agreement shall not to be considered a Material Change and shall not be subject to the Dispute Resolution process provided for in Section 12.3.5 of the Bylaws.

Section 9 Admission of New Project Agreement Members:

Additional Members of the Authority and Non-Member Participating Parties may become Project Agreement Members upon the affirmative vote of at least 75% of the total weighted vote as provided at Subsection 2(g) of the then-current Project Agreement Members and the affirmative vote of at least 75% of the total number of Directors of the Authority, and upon such conditions as are fixed by such Project Agreement Members.

Section 10 Amendments:

This Project Agreement may be amended only by a writing executed by at least 75% of the total weighted vote as provided in Subsection 2(g) of the then-current Reservoir Project Committee members.

Section 11 Assignment; Binding on Successors:

Except as otherwise provided in this Project Agreement, the rights and duties of the Project Agreement Members may not be assigned or delegated without the written consent of the other Project Agreement Members and the Authority. Any attempt to assign or delegate such rights or duties in contravention of this Project Agreement shall be null and void. Project Agreement Members may assign and delegate their rights and duties under this Project Agreement to other Project Agreement Members, and they may assign, sell, trade, or exchange all or a fraction of the potential benefits (e.g. acre-feet of water supply., megawatt-hours of power) they expect to receive through their participation in this Project Agreement consistent with the Re-balancing process and provisions set forth in Section 14.3.2 of the Bylaws. Any approved assignment or delegation shall be consistent with the terms of any contracts, resolutions, indemnities and other obligations of the Authority then in effect. This Project Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Authority and the Project Agreement Members.

Section 12 Counterparts:

This Project Agreement may be executed by the Authority and the Project 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. Facsimile and electronic signatures shall be binding for all purposes.

Section 13 Severability:

If one or more clauses, sentences, paragraphs or provisions of this Project Agreement shall be held to be unlawful, invalid or unenforceable, the remainder of the Project Agreement shall not be affected thereby.

Section 14 Notices:

Notices authorized or required to be given under this Project Agreement shall be in writing and shall be deemed to have been given when mailed, postage prepaid, or delivered during working hours, to the addresses set forth **Exhibit C ("Notifications")**, or to such other address as a Project Agreement Member may provide to the Authority and other Project Agreement Members from time to time.

IN WITNESS WHEREOF, the Authority and Project Agreement Members hereto, pursuant to resolutions duly and regularly adopted by their respective governing bodies, have caused their names to be affixed by their proper and respective officers on the date shown below:

Dated: _____ SITES PROJECT AUTHORITY BOARD
REPRESENTATIVE

By: _____

Dated: _____
(Authority & Project Agreement Member)

By: _____

EXHIBIT A1:
PHASE 1 RESERVOIR PROJECT AGREEMENT -
PARTICIPATION AMOUNTS AND PERCENTAGES

<u>Revision</u>	<u>Effective Date</u>	<u>Status or Authorizing Action</u>
2	2016 Nov 21	Approved by Authority to expand participation based on the this Exhibit A1.

Reservoir Project Agreement Participant	Class 1 (acre-ft.)	Class 2 (acre-ft.)	Participation Percentage ¹	Participant's Actual Weighted Vote ²
American Canyon, City of	2,000.0		0.58%	0.64%
Antelope Valley-East Kern WA	1,138.0	862.0	0.58%	0.55%
Castaic Lake WA	2,844.9	2,155.1	1.46%	1.38%
Coachella Valley WD	15,078.0	11,422.0	7.74%	7.30%
Colusa County	10,000.0		2.92%	3.20%
Colusa County WD	32,111.0		9.38%	10.28%
Carter MWC		1,000.0	0.29%	0.22%
Desert WA	3,698.4	2,801.6	1.90%	1.79%
Garden Highway MWC		4,000.0	1.17%	0.87%
Glenn-Colusa ID	20,000.0		5.84%	6.40%
Orland-Artois WD	20,000.0		5.84%	6.40%
Pacific Resources MWC		10,000.0	2.92%	2.16%
Reclamation District 108	20,000.0		5.84%	6.40%
Reclamation District 2035	10,000.0	5,000.0	4.38%	4.28%
San Bernardino Municipal WD	17,069.4	12,930.6	8.76%	8.26%
San Geronio Pass WA	7,965.7	6,034.3	4.09%	3.85%
Santa Clara Valley WD	13,655.5	10,344.5	7.01%	6.61%
TC6: 4M WD	500.0		0.15%	0.16%

1 Percentage is based on the total amount of Class 1 + Class 2 water.

2 Percentage is based on the different participation factors applied to Class 1 and Class 2 water, respectively.

Attachment 5
EXHIBIT A1:

Reservoir Project Agreement Participant	Class 1 (acre-ft.)	Class 2 (acre-ft.)	Participation Percentage ¹	Participant's Actual Weighted Vote ²
TC6: Cortina WD	300.0		0.09%	0.10%
TC6: Davis WD	2,000.0		0.58%	0.64%
TC6: Dunnigan WD	5,000.0		1.46%	1.60%
TC6: LaGrande WD	1,000.0		0.29%	0.32%
TC6: Proberta WD	3,000.0		0.88%	0.96%
Western Canal Water District	3,500.0		1.02%	1.12%
Westlands WD	11,379.6	8,620.4	5.84%	5.51%
Westside WD	25,000.0		7.30%	8.00%
Wheeler Ridge-Maricopa WSD	11,379.6	8,620.4	5.84%	5.51%
Zone 7 WA	11,379.6	8,620.4	5.84%	5.51%
Total	250,000.	92,411	100%	100%
Maximum Available³	250,000.	170,000		

3 Amount is based on (a) operating assumptions from prior DWR studies for their Alternative C (i.e. the large reservoir with 3 Sacramento River points of diversion and operated to maximize SWP benefits while not adversely affecting current CVP operations). The Authority's recommended assumptions (e.g. include a 130,000 acre-ft. of water demand in the west side of the Sacramento Valley) will produce new results which, when combined with the decision related to the application for Prop 1 Chapter 8 (i.e. State can fund up to 50% of Project's development costs) will likely affect the Maximum Available.

EXHIBIT A1:

Method Used to Define Participation Percentages:

Participation Factors: (Refer to Figures 1 and 2)

The Participating Percentages reflect the decision-making contribution of each Project Agreement Member and Non-Member Participating Party via the use of weighting factors, the sum of which totals 100%, exactly.

- A. Each Project Agreement Member and Non-Member Participating Party has a membership weighting factor equal to 50%.
- B. The remaining 50% is allocated between the Class 1 and Class 2 water benefits, which are described as follows:

Class 1: 50% of the expected annualized yield that would be allocated to the Project Agreement Members represents Class 1 water benefits ("Class 1"). Class 1 water represents the amount of water that would not be made available for Proposition 1, Chapter 8-eligible public benefits assuming the CA Water Commission elects to participate in the Project up to the maximum amount allowed by Proposition 1, Chapter 8, which is 50% of the total Project's development costs.

Class 2: Depending upon decisions by the CA Water Commission (and/or jointly by the Authority and Reservoir Project Agreement Committee) and potentially the federal government, some of the remaining 50% could become available for non-Proposition 1, Chapter 8 uses. For Phase 1, the maximum amount of this additional water, which is referred to as "Class 2" water benefit, is approximately 35% of the total. The remaining 15% is currently not available for potential non-Proposition 1, Chapter 8 uses and it represents the differential amount of long-term annualized water produced should Sites Reservoir be downsized from 1.8 MAF to 1.3 MAF.

Weighting Factors: The combined total of all weighting factors totals 50, exactly. The Class 1 water benefit is the most certain relative to the Class 2 water benefit. To participate in Class 2 water benefits, the Member also needs to be participating in Class 1 water benefits. The weighing factors, totaling 50%, are allocated as follows:

Class 1: 40%, applied to the amount of Class 1 water Members are using as their Phase 1 level of participation.

Class 2: 10% applied to the amount of Class 2 water Project Agreement Members and Non-Member Participating Parties are using as their Phase 1 level of participation.

EXHIBIT A1:

Figure 1: Illustration of the two types of water produced from the Project with its operations integrated with the CVP and SWP.

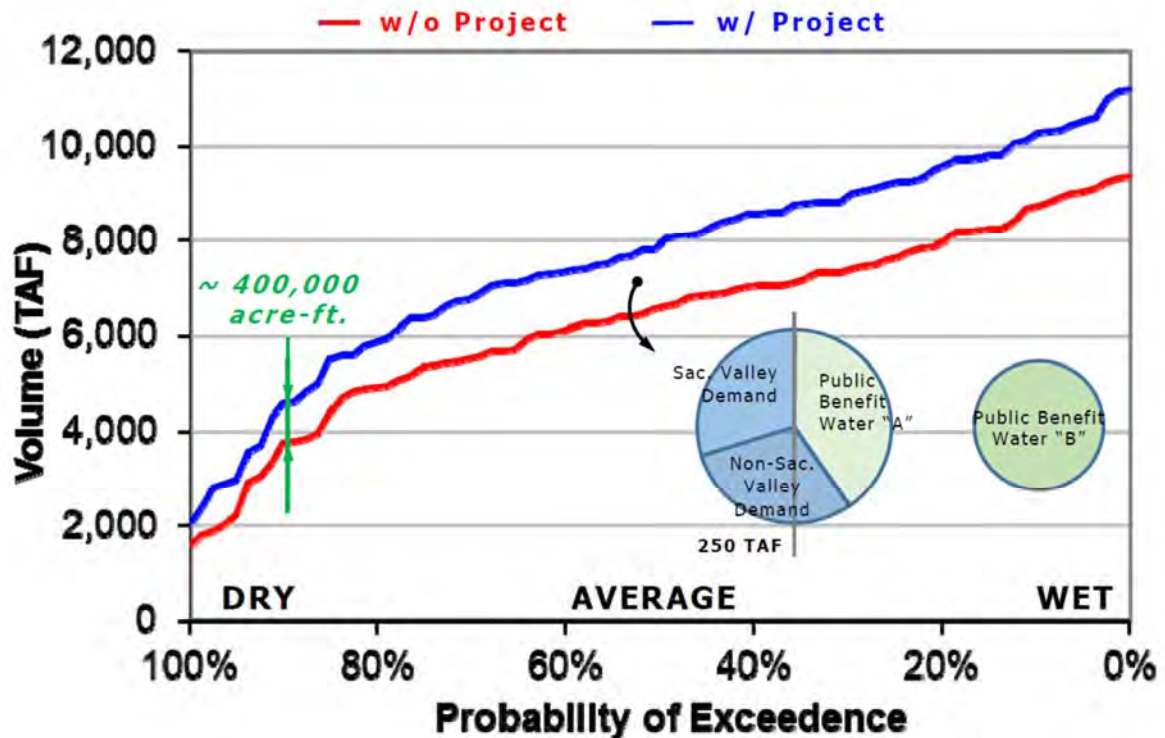
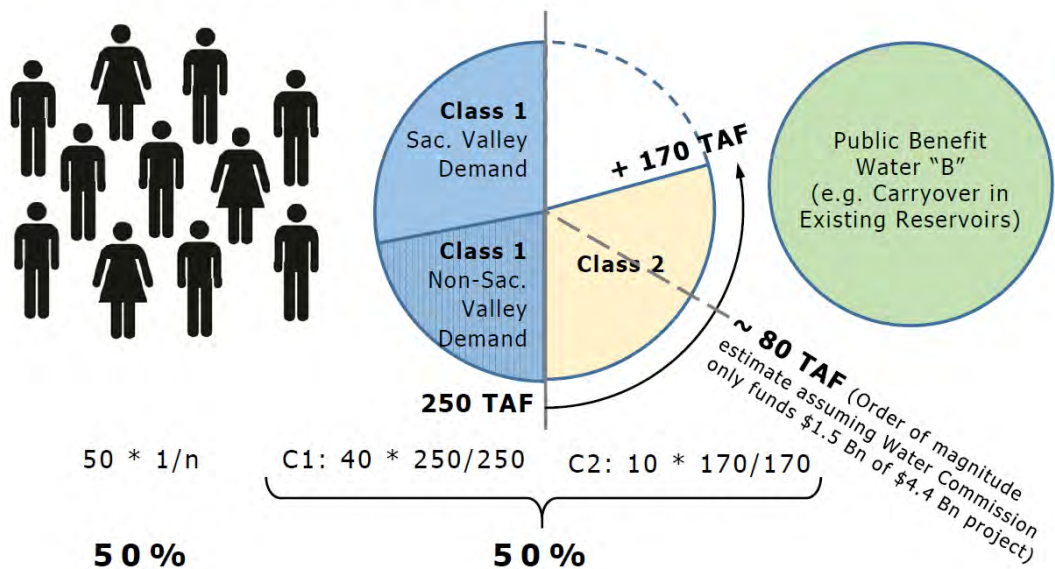


Figure 2: Weighted voting based on Classes of water produced

When all votes are cast, total = 100%



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Assumptions: 28 Project Agreement Members participating in a combination of both Class 1 and/or Class 2 water benefits, such that 100% of the Class 1 water has been allocated (i.e. 250,000 acre-ft) and for Class 2 water benefits, only 92,411 acre-ft. out of 170,000 acre-ft. available has been allocated.

Member A: Participation consists solely of "X" = 3,000 acre-ft./year of Class 1 water.

Member B: Participation consists solely of "X" = 20,000 acre-ft./year of Class 1 water.

Member C: Participation consists of "X" = 10,000 acre-ft./year of Class 1 and "Y" = 6,000 acre-ft./year of Class 2 water benefits.

Member D: Participation consists of "Y" = 2,000 acre-ft./year of Class 2 water benefits.

The **Class 1** weighting factor (WF_1) is **40** & the **Class 2** weighting factor (WF_2) is **10**.

[NOTE: The following table is a complete revision, so redline-strikethrough formatting has not been applied]

Formula	Member:	A	B	C	D
$1/28 * 50$		1.79	1.79	1.79	1.79
Class 1 = $(X/250,000) * WF_1$		0.48	3.20	1.60	0.0
Class 2 = $(Y/92,411) * WF_2$				0.65	0.21
Weight of Member's Vote		2.27	4.99	4.03	2.00

Total needed for approval:

- Simple Majority = 50
- Material Change = 75

EXHIBIT B: PHASE 1

RESERVOIR PROJECT AGREEMENT

REQUIREMENTS

General Requirements:

The Sites Project Authority (the "**Authority**") intends to implement the Sites Reservoir Project in accordance with the Agreement and Bylaws, which, in part, include the creation of one of more Project Agreement Committees (a "**Committee**") to perform project-specific activities. These documents also include the Authority's Mission with project-specific powers and/or authorities set forth in the Bylaws, Section 10.

As stated in the Phase 1 Reservoir Project Agreement, the Reservoir Committee is comprised of certain Members and/or Non-Member Participating Parties, listed on the attached Exhibit A1 (collectively the "Project Agreement Members").

Restatement of Mission: "to be a proponent and facilitator to design and potentially acquire, construct, manage, govern, and operate Sites Reservoir and related facilities; to increase and develop water supplies; to improve the operation of the state's water system; and to provide a net improvement in ecosystem and water quality conditions in the Sacramento River system and the Delta".

The Authority's Bylaws augment its Mission statement through the establishment of its vision statement and values the Authority expects all Project Agreement Members to subscribe to in pursuing the Project Goals.

Primary Project Goal: Maximize both water supply and water supply reliability for (1) the Project Agreement Members and (2) the public benefits – specifically ecosystem and water quality – as defined in Proposition 1, Chapter 8 (2014) in a manner that:

- a. Is both technically and environmentally permissible (e.g. DSOD, FERC, CEQA/NEPA, CESA/ESA, Clean Water Act);
- b. Is economically and financially viable; having a high return on investment for both the Members and public benefits when measured on both an up-front capital cost (i.e. today) and on a long-term life cycle analysis (i.e. a future set of conditions);
- c. Is in accordance with existing (and likely new) water rights and area of origin statutes while acknowledging the leadership value provided by the Authority on behalf of the Sacramento Valley to develop the Project;

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- d. Continues to pursue a strategy to minimize existing land uses, and post-construction maximizes the amount of land that can be returned or sold for non-Project uses;
- e. Can be integrated into the operations of the CVP and SWP while allowing (1) the Project Agreement Members and Non-Member Participating Parties and (2) both the California Water Commission (the "**CWC**") and public agencies contracting for the public benefits (i.e. DFW, DWR, and SWRCB) to have sufficient control to ensure the investment goals are achieved;
- f. Can adapt its operations in response to an uncertain future; affecting both water supply reliability for agricultural and urban uses as well as for the ecosystem in the Sacramento Valley watershed and in the Delta for the benefit of native species;
- g. Can provide flexible hydroelectric power generation that supports the integration of renewable energy sources being developed in response to the State's renewable energy and greenhouse gas reduction goals;
- h. Prudently manages risk by allocating risk to the entity in the best position to effectively manage the risk;
- i. If deemed economically viable without causing a delay to completion of the Project, can contribute to the State meeting its renewable energy goals; and
- j. Includes as a contingency plan or last ditch effort, the ability to pursue the Project solely by the Authority and Project Agreement Members should the Authority determine that the Project is still economically and financially viable, yet contracts for public benefits and/or public funding are not viable or in the best interest of the Authority or Project Agreement Members.

Secondary Project Goals include:

- a. Providing incremental flood damage reduction opportunities;
- b. Developing additional recreation opportunities;

To accomplish this goal, the Authority believes that those working at all levels of this Project should conduct themselves in accordance with the Authority's values, which are restated as follows:

- a. Transact all business in an open and honest manner;
- b. Communicate effectively;
- c. Build trust and confidence – both internally and externally;
- d. Be a respectful community partner;

- e. Make decisions that are fiscally prudent with a focus on creating value, in part, by evaluating the potential impact to the target cost/acre-ft.; and
- f. Utilize best-in-class processes and procedures - especially in the development of project controls and in both the management of risk and ensuring appropriate levels of quality.

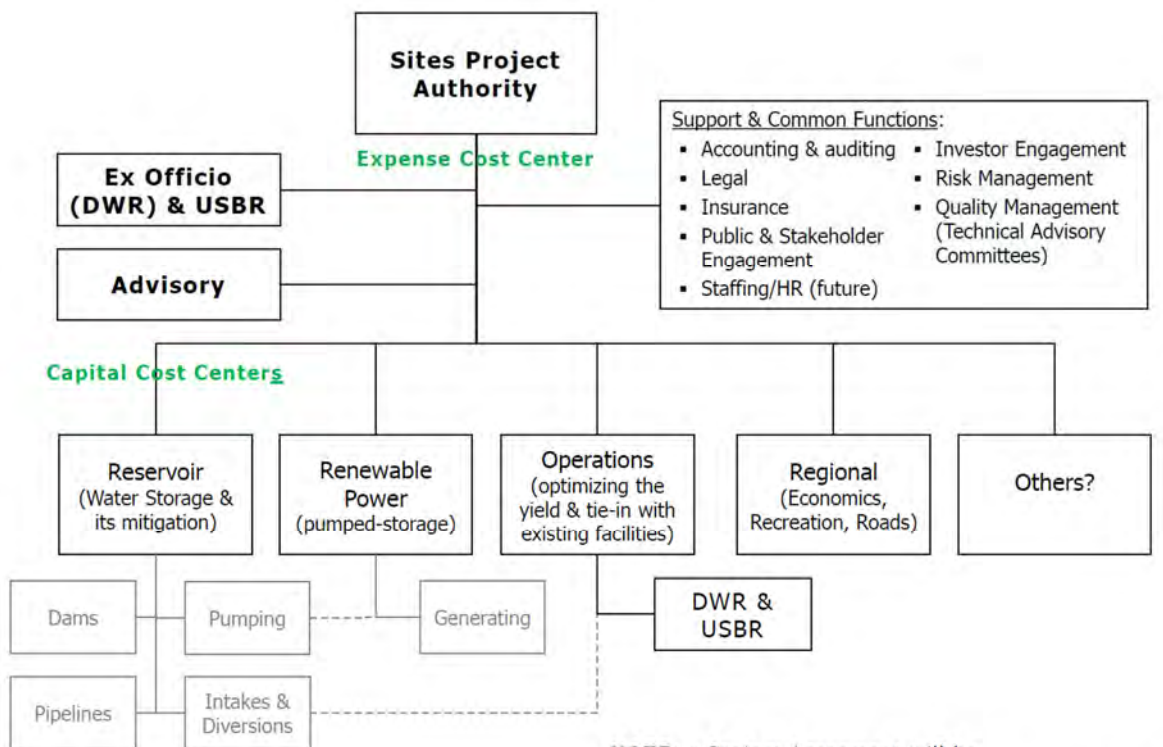
Finally, the Authority anticipates that with the development of any subsequent Phase-level Project Agreements the delegations and responsibilities to the Committee will be revisited to reflect the decision-making requirements needed to further advance the Sites Reservoir Project.

Specific Requirements:

1. Governance:

- 1.1. The Project has been organized to comply with the requirements of Proposition 1, Chapter 8, with the cost centers consolidated such that the Reservoir Project Agreement includes the Storage, Power and Operations cost centers and the Authority also includes the Regional cost center.

Figure 1: Project-level Organization

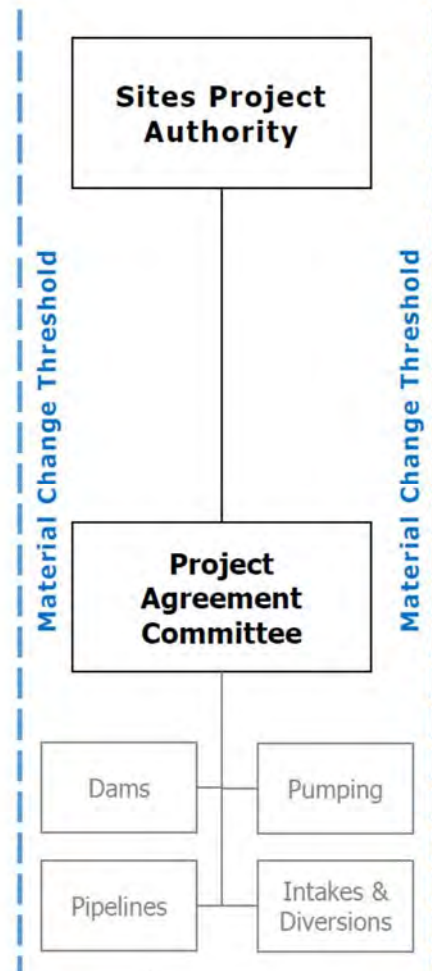


NOTE: a Project Agreement will be executed for each capital cost center

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Figure 2: Phase 1
Organization Chart

- 1.2. For Phase 1 only those authorities specified in this Exhibit B are hereby delegated to the Project Agreement Members. Additional delegations (or rescissions) require execution of an amendment to this Exhibit.
- 1.3. Material Change Thresholds: Unless otherwise specified below, the thresholds established in the Bylaws, Section 12 apply.
- 1.4. Each Project Agreement Member shall ensure that its representative to the Committee has been delegated the responsibility by its governing board to make policy-level decisions.
- 1.5. The Committee can form its own subcommittees including ad-hoc committees with the resulting recommendations and/or work products reported up through the Committee and then to the Authority.



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2. Communications Management:

- 2.1. Communications, both internal and external, should be viewed as a joint responsibility involving all Project Agreement Members. Furthermore, the Authority encourages the dissemination of accurate project data and information to anyone expressing an interest in the Project, regardless of their opinion towards the Project.
- 2.2. External Communications: The Authority retains the lead responsibility for developing the overall strategy, messaging, brand development and related functions with the Project Agreement Committee providing input and support.
 - 2.2.1. Elected Officials, Public Agencies & Utilities: The Authority shall decide how best to engage external interests, including elected officials, interested federal, state and local entities, the public, and non-governmental organizations. The Authority has the final determination regarding representation from the Project, which may include any Project Agreement Member. Should an activity, such as a meeting, occur where the Project is not on the agenda, yet the Project becomes a discussion topic, the Project Agreement Member in attendance shall, in a timely manner, provide a summary of the Project-related discussions to the Authority.
 - 2.2.2. New Members: The Authority has the sole responsibility to negotiate Project participation requirements and will use the templates developed and used to contract with prior Members as the basis for negotiating. However, members of the Committee are encouraged to identify prospective members and to work with the Authority to expand membership. A Project Agreement Member who has communications with a prospective member shall, in a timely manner, provide a summary of the communication to the Authority.
 - 2.2.3. Landowners: For property owners or tenants whose property may be within the lands identified for construction and/or long term Project operations, a Project Agreement Member contacted shall, in a timely manner, provide a summary of the Project-related contact to the Authority.
 - 2.2.4. All Other: Requests for information regarding the Project will come from across the spectrum. A Project Agreement Member contacted or providing project data and information should use its judgement regarding notifying either the Committee and/or Authority.

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2.2.5. Nothing in this Section 2 shall constrain a public agency Member's authority to communicate with its customers and landowners on matters concerning the Project or this Agreement.

3. Personnel (Staffing) Management:

3.1. Only the Authority is authorized to hire personnel. If it believes there is a need, the Project Agreement Committee may recommend the hiring of additional staff to the Authority Board. The recommendation will be in writing with justification of the need and a proposal for funding the additional position. The Authority Board will consider the Committee's recommendation at its next regular meeting or at a special meeting called for the purpose of considering the recommendation.

3.2. Project Agreement Members can, with Authority's approval, provide in-kind services, especially in areas where specialized expertise is needed. Where such assignments are approved, the personnel shall be considered to serve as project staff reporting directly to the General Manager. Any work products developed under such an assignment are deemed to be the intellectual property of the Authority and shall not be distributed without the General Manager's or the Authority's delegated representative's consent.

4. Procurement (Contracting) Management:

4.1. Only the Authority is authorized to enter into contracts or agreements. If it believes there is a need, the Project Agreement Committee may recommend the procurement of additional services or equipment to the Authority Board. The recommendation will be in writing with justification of the need and a proposal for funding the additional services or equipment. The Authority Board will consider the Project Agreement Committee's recommendation at its next regular meeting or at a special meeting called for the purpose of considering the recommendation.

4.2. Direction to consultants and contractors shall be provided through the Authority's General Manager, unless the General Manager has delegated such responsibility to staff or in writing to a management representative from either a Project Agreement Member.

4.3. The Phase 1 work plan anticipates that at least the following services will need to be obtained: Financial advisor, Public Engagement (aka outreach), CEQA legal expertise, water rights expertise, project controls, document management.

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- 4.4. For Proposition 1, Chapter 8, agreements are also required with the CWC for funding and with state agencies (i.e., DFW, DWR, SWRCB) for public benefits. The work plan is predicated on the prerequisite work being performed under the management of the Project Agreement Committee for the Authority's use in negotiating and potential execution of such agreements. For these processes, the Authority intends to convene an ad-hoc committee - for each such agreement that is comprised of both Authority and Project Agreement Committee Members.
- 4.5. Should the Project Agreement Committee or Authority decide to pursue other agreements either under Proposition 1, or another state or federally-sponsored program, the Authority intends to convene an ad-hoc committee for each agreement that is comprised of both Authority and Project Agreement Committee Members.
- 4.6. Task Orders and Invoices: For work managed by the Project Agreement Committee, the Project Agreement Committee shall approve each task order and associated invoices for work performed before the Authority will approve any Payment of Claims.
- 4.7. Change Orders: Proposed change orders that are within the material change thresholds only require Project Agreement Committee approval. However, the Authority retains the authority to execute any contract amendments. Proposed change orders that are deemed to exceed the material change thresholds require approval of both the Project Agreement Committee and the Authority before the Authority can proceed with executing such change orders. For either situation, the Authority or the Project Agreement Committee may invoke the dispute resolution process.

5. Scope Management:

- 5.1. Phase 1 Work Plan: The scope of work for the Project Agreement is summarized in Attachment 1 to this Exhibit B. The Authority approved the phase-level plan on 2015 September 21, which occurred well in advance of the CWC having defined both the application and selection requirements. On _____, with the Project Agreement Committee's concurrence, the Authority approved an amended Phase 1 Work Plan, which is summarized in an amended Exhibit B. Most of the effort is to (1) advance the studies needed to submit an application to the CWC for potential State of California cost-share in exchange for providing qualifying public benefits and (2) negotiate the funding agreement and contracts for public the benefits. The 3 primary activities include:

Operations: Planning level studies related to the operation of the reservoir and ancillary facilities to provide both direct and indirect water supply and water supply reliability for both water users and Proposition 1, Chapter 8-defined public benefits. These results will (a) be included in updated environmental document, (b) aid in bringing in additional Members and/or Non-Member Participating Parties, and (c) aid in negotiating contracts for the Proposition 1, Chapter 8-defined public benefits. The scope and cost-certainty of the elements in the work plan are highly dependent upon the CWC's process, which is being developed as regulations.

Storage: Planning level studies related to the design and construction of the reservoir and ancillary facilities. Activities include incorporation of changes to minimize land use impacts, update the environmental analysis associated with the changes, advance grid interconnection studies and key facility siting studies for inclusion into the environmental document, preparation of a publicly available draft environmental document meeting CWC requirements, and preparation of a feasibility study also meeting the CWC's requirements. The scope and cost-certainty of the elements in the work plan are fairly well known with the exception of USBR's congressional mandate to produce a Feasibility Report.

Power: The potential inclusion of pumped-storage to provide renewable energy and to integrate with other renewable energy sources such as solar and wind to aid the State in achieving the renewable energy goals. The scope and cost-certainty of the elements in the work plan are highly dependent upon the future electricity market conditions and process to obtain hydropower licenses.

5.2. Consultant Scopes of Work: The Authority has executed professional services contracts to support the preparation of an application to the CWC by advancing details related to the Project's scope and feasibility, ability to provide Proposition 1, Chapter 8-defined public benefits, and advance the environmental document. The respective documents are referred to as:

- Ch2m: Proposition 1 EIR/EIS and Feasibility Study Assistance to Support Sites Project Authority (SPA) Application to California Water Commission Scope of Work, which was executed on Nov 2, 2015.
- AECOM: Scope of Work and Fee Estimate, Sites Reservoir Feasibility Report, which was executed on Nov 2, 2015.
- LWA: Scope of Work and Fee Estimate to prepare a Project Funding Policy and preparation of the Cost Development Model, which was executed on Oct 16, 2016.

5.3. Project Development Plans: The development of Project-level management plans is currently not included in the approved Phase 1 work plan. The timing to prepare these plans is dependent upon the priorities of the Project Agreement Committee Members. It is anticipated that the budget and priority to prepare these plans will, in part, be dependent upon the addition of new members. At any time, the Project Agreement Committee or the Authority can decide to amend both the annual operating and Phase-level budget to seek approval to proceed. The development of the following plans shall be a joint effort between the Authority and the Committee:

- 5.3.1. Project Management & Integration Plan: The initial plan should be the development of a project-level work breakdown structure and to document processes being developed to manage the Project to identify areas for improvement.
- 5.3.2. Communications Management Plan: Elements of this plan should include, but are not limited to, how best to conduct outreach to Members, stakeholders and the public, compile the various communications, especially those related to advancing the Project (e.g. obtain permits and negotiate with landowners).
- 5.3.3. Staffing Management Plan: The initial plan should focus on how to account for and encourage the use of in-kind services provided by Project Agreement Members.

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- 5.3.4. Procurement Management Plan: The initial plan should focus on (a) construction packaging and delivery methods to aid in developing the Prospectus Model and (b) contracts to provide public benefits.
- 5.3.5. Scope Management Plan: The initial plan should develop a process to manage potential changes in scope.
- 5.3.6. Schedule Management Plan: The initial plan should document processes being developed to manage the Project to identify areas for improvement.
- 5.3.7. Cost Management Plan: The initial plan should document processes being developed to manage the Project to identify areas for improvement.
- 5.3.8. Quality Management Plan: Absent a plan, the fundamental requirement is to ensure that services are being provided and work products provided meet the applicable standard of care for the industry or function (e.g. engineering, planning).
- 5.3.9. Risk Management Plan: The initial plan should focus on the more-strategic risks and to develop actions to mitigate the risk. Subsequent versions need to include the development of a risk register with assignment of risk to the applicable stakeholders.
- 5.3.10. Document Management Plan: The initial plan should focus on retention and retrieval of documents and processes to respond to requests for information as required by statute.
- 6. Schedule Management: An executive, project-level schedule plan that outlines the major tasks to be completed in each phase is included as Attachment 2 to this Exhibit B.
- 7. Cost Management:
 - 7.1. The cost management requirements defined in Bylaw Section 14 shall also apply to the Project Agreement Committee.
 - 7.2. Work Plan and Budget delegation to the Committee: **Table 1** defines the portion of the Phase 1 work plan that is associated with the work the Project Agreement Committee will manage going forward and will work with the Authority to maintain an updated Phase 1 budget target. The budget is based on the estimated time that costs would become committed (e.g.

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by approval of consultant task orders). This budget is being converted into an incurred cash flow to manage the work to maintain a positive monthly cash flow projection. For this Project, any funds unspent at the end of the fiscal year are added to the subsequent fiscal year's approved budget. At the end of Phase 1, any unspent funds will either be redistributed to the Project Agreement Members in accordance with their participation percentage and/or applied towards the work plan for the next Phase with the Member's approval.

Table 1: Phase 1 Budget Transfer to the Committee:

Cost Center	FY 2015	FY 2016	FY 2017	FY 2018	Total
Status:	Adjusted	Forecast	Forecast	Forecast	Forecast
Operations	\$ -	\$ 241,520	\$ 326,300	\$ 44,280	\$ 612,100
Power	\$ 906	\$ -	\$ 595,133	\$ 390,140	\$ 986,179
Water	\$ 116,475	\$ 2,664,686	\$ 8,139,969	\$ 2,603,441	\$ 13,524,571
Budget Total	\$ 117,381	\$ 2,906,206	\$ 9,061,402	\$3,037,861	\$ 15,122,850

- 7.3. Budget Approval Process: As the Project Agreement Committee's work plan is adjusted, the Project Agreement Committee will forecast both an estimated cost at the end of each fiscal year and at the end of Phase 1. The work plan shall be maintained to serve as the basis for preparing a fiscal year's operating budget and revised Phase 1 budget target. The Project Agreement Committee and Authority shall cooperate on the development of each fiscal year budget to ensure the scope and effort of shared activities (e.g. engagement) align and to ensure adequate reserves are maintained and resource plans are in place to ensure adequate staffing levels can be committed to perform the work. At least 2 months prior to the end of each fiscal year, the Project Agreement Committee shall adopt a fiscal year operating budget and revised Phase 1 budget target and present them to the Authority. The Authority shall incorporate them along with budgets developed by other Project Agreement Committees (as appropriate) to approve at the project-level (1) a fiscal year operating budget and (2) a Phase 1 budget target. Should this process result in changes in the total funding amount listed in Table 1 above or Attachment 1 of Exhibit B, Attachment 1 of Exhibit B will be amended by written acknowledgement of each of the Project Agreement Members, which will supersede the amounts shown in Table 1 and Attachment 1 of Exhibit B to calculate each Members funding contribution, which is based on both the Participant's Percentage and Actual Weighted Vote (refer to Agreement, Exhibit A1).

7.4. Budget or Funding Transfers:

- 7.4.1. Transfers or reprioritizations within approved work plan and budget: Either Project Agreement Committee or Authority may unilaterally move work and/or budget amounts between line-items, add, or subtract budget amounts relative to its approved fiscal year budget, provided that the changes do not create a material change or do not require the other party (Authority or Project Agreement Committee) to have to revise its respective work plan and budget. When changes require both parties to adjust their work plans and/or budgets, no changes can be implemented until it has been approved by both the Project Agreement Committee and Authority.
- 7.4.2. Transfers or reprioritizations between Project Agreement Committees and/or Authority: Transfers between the Project Agreement Committee's and Authority's budgets are permitted so long as the associated funding obligations are also adjusted to reflect the transfer of funds from one party to other party, which shall require the approval of both parties before any changes can be implemented.
- 7.5. Reporting: The Project Agreement Committee and Authority shall endeavor to maintain a transparent approach to managing costs through the services of a shared Treasurer and project accountant. Both parties agree to provide timely cost data to the Treasurer and to work diligently to resolve any discrepancies in an expeditious manner. The Treasurer shall provide timely reporting to both the Authority and Project Agreement Committee.
- 7.6. Auditing: The Authority shall ensure that the Project costs are audited annually and the results are shared with the Project Agreement Committee.
- 7.7. Accounts Receivable and Payable: The Project Agreement Committee and Authority agree to utilize a common software platform and processes (e.g. common fiscal year) to ensure timely collection and payment. Should the Authority's auditor determine that corrections are required to comply with the Agreement, bylaws and/or Generally Accepted Accounting Principles, both parties shall work diligently to correct the deficiency to the auditor's satisfaction.

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8. Reserved for Quality Management: (Future amendment)

9. Risk Management:

9.1. Key Risks affecting Phase 1 include and are not limited to the following:

9.1.1. Project Development: Prior to passage of Proposition 1, the Sites Reservoir Project was being advanced by DWR in coordination with USBR with the inherent project development risks essentially being 'backstopped' financially by the creditworthiness of the State and the United States. To be eligible for cost-share under Proposition 1, Chapter 8, the project applicant has to be local and is required to secure participation, primarily from other public water agencies and potentially private investment. While it is possible for the State to provide non-public benefit funding (i.e. participate on behalf of the State Water Contractors) and for the United States to provide funding (i.e. participate on behalf of the CVP contractors or implementation of portions of CVPIA), to date, neither agency has expressed interest in participating in the Project other than support the Project's operations for both water supply and public benefits.

9.1.2. CEQA Lead Agency: Currently, DWR has this role. The Authority has met with DWR regarding the transfer of this responsibility, which the Authority believes is needed for the Authority to be the applicant for any Proposition 1, Chapter 8 process.

9.1.3. Water Rights: On 1977 September 30, the SWRCB accepted DWR's water rights application for 3,164,000 acre-ft. from a combination of sources: Stone Corral Creek, Funks Creek, two locations on the Sacramento River, and Willow Creek. To finance construction of this Project, the water rights will be needed as the principal asset. It is expected that DWR will assign this water right to the Authority, which in turn would assign it to the entity that will secure the financing.

9.1.4. Many Potential Sources for Schedule Delay: There are a number of Project activities that are not within the Authority's control and therefore could become sources of delay, especially given the complexity of the Project and complexity of some of the statutory requirements. The primary activities focus on:

- Demonstrating CEQA/NEPA & CESA/ESA compliance, which will

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require successful completion of the NEPA process by USBR, acceptance of the CEQA process by responsible and trustee agencies, issuance of incidental take authorizations from federal resource agencies, issuance of other permits by CDFW, USACE, SWRCB, RWQCBs and other permits.

- Land and right-of-way acquisition, and
- CWC's Selection & Evaluation Process, which is of most concern for Phase 1. Preparation of an application for Proposition 1, Chapter 8 funding has to occur in a parallel 'track' with the CWC's process to develop regulations. Once the regulations are adopted, there is a three-month period for applicants to submit the mandatory pre-application. Then, based on CA Water Commission staff's assessment, the applicant has up to six-months to submit a full application. This schedule has already slipped and is prone to additional slippage. Additional sources of delay could occur should the approved regulations be legally challenged. In addition to the uncertainty of the scope of work needed to prepare the application, the cost of delay is the biggest risk.
- Issuance of a water right permit by the SWRCB.

9.1.5. Contracting for Public Benefits: State funding under Proposition 1, Chapter 8 contains a provision that the applicant contract with DFW, DWR, and SWRCB for the public benefits. This is a new process and given the uncertainty in annual hydrology and a potential future with climate change, contract guarantees become challenging. In addition, these same agencies will be required to issue permits before the start of any construction.

9.1.6. USBR Feasibility Report: Congress authorized USBR to study the feasibility of the CalFed Storage Projects, including Sites Reservoir, and provide its findings by 2016 Nov 30. Prior to submitting a final report, USBR's typical process includes (1) public review and (2) a finding related to the Project being in the public interest. A finding of support is needed before any congressional appropriations could occur.

<u>Revision</u>	<u>Effective Date</u>	<u>Status or Authorizing Action</u>
2	2016 Nov 21	Approved by Authority & Reservoir Committee for use.

Exhibit B, Attachment 1: Phase 1 Work Plan

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Working Draft: 11/14/2016

Expense (-) Expense
Category (Multiple Items)
Function (All)
Name (All)

		Values							
Grouping	Cost Center	File Number	WIP	Description	Sum of Total 2015	Sum of Total 2016	Sum of Total 2017	Sum of Total 2018	Sum of Phase 1 Total
Reservoir	Operations	13	Existing	Water Rights Legal Counsel	\$ -	\$ -	\$ (80,000)	\$ (15,000)	\$ (95,000)
		25	Existing	Feasibility Report, TO #2 (X % of Task 9)	\$ -	\$ -	\$ -	\$ -	\$ -
		25	Existing	TO#1-Env & Ops NTP#1 (Task #3: WSIP	\$ -	\$ (162,000)	\$ -	\$ -	\$ (162,000)
			Existing	CalSim Support)					
		25.1	Existing	TO#1-Env & Ops NTP#2 (Task #5.2)	\$ -	\$ (55,000)	\$ -	\$ -	\$ (55,000)
			Existing	USBR+					
			Existing	TO#1-Env & Ops NTP#2 (Task #6.2) DWR	\$ -	\$ (10,000)	\$ (45,000)	\$ -	\$ (55,000)
		30	NEW	H2O Manager, Services	\$ -	\$ -	\$ -	\$ -	\$ -
			NEW	H2O Manager, Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
		42	NEW	Water Rights Strategy Development	\$ -	\$ (9,520)	\$ (47,600)	\$ -	\$ (57,120)
			NEW	Water Rights Technical Assessment	\$ -	\$ (5,000)	\$ (33,000)	\$ -	\$ (38,000)
			NEW	Water Rights Supporting Documentation	\$ -	\$ -	\$ (40,000)	\$ -	\$ (40,000)
			NEW	Water Rights Strategy for Colusa Basin	\$ -	\$ -	\$ (80,700)	\$ -	\$ (80,700)
			NEW	Drain (Divert Flood Flows & Release for Yolo Bypass)					
			NEW	Water Rights Next Steps	\$ -	\$ -	\$ -	\$ (29,280)	\$ (29,280)
			NEW	Water Rights for Colusa Basin Drain	\$ -	\$ -	\$ -	\$ -	\$ -
			NEW	Technical Assessment (Phase 2)	\$ -	\$ -	\$ -	\$ -	\$ -
			NEW	Colusa Basin Drain Feasibility Study (Phase 2)	\$ -	\$ -	\$ -	\$ -	\$ -
Operations Total					\$ -	\$ (241,520)	\$ (326,300)	\$ (44,280)	\$ (612,100)
Power		13	Existing	Legal Services, Holland (Federal/Power)	\$ (906)	\$ -	\$ -	\$ -	\$ (906)
			NEW	Legal Services, Hydropower	\$ -	\$ -	\$ (40,000)	\$ -	\$ (40,000)
		14	NEW	FERC Permit & License Strategy	\$ -	\$ -	\$ (30,000)	\$ -	\$ (30,000)
		30	Existing	Understanding of Regulatory Changes	\$ -	\$ -	\$ (10,000)	\$ -	\$ (10,000)
			Existing	Market Research/Interest	\$ -	\$ -	\$ (10,000)	\$ -	\$ (10,000)
			Existing	Estimate Potential	\$ -	\$ -	\$ -	\$ -	\$ -

Exhibit B, Attachment 1: Phase 1 Work Plan

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File				Values						
Grouping	Cost Center	Number	WIP	Description	Sum of Total 2015	Sum of Total 2016	Sum of Total 2017	Sum of Total 2018	Sum of Phase 1 Total	
Reservoir	Power	30	Existing	Owner-Controlled Contingency:	\$ -	\$ -	\$ (132,000)	\$ (63,380)	\$ (195,380)	
				Hydropower						
				Prepare Power Developer Solicitation (Defer to Phase 2)	\$ -	\$ -	\$ -	\$ -	\$ -	-
		NEW		Prepare & File Permit Applications (FERC) (blank)	\$ -	\$ -	\$ (60,000)	\$ -	\$ (60,000)	
				Initial Grid Interconnection Study	\$ -	\$ -	\$ -	\$ -	\$ -	
				(Holthouse) - WAPA	\$ -	\$ -	\$ (50,000)	\$ (50,000)	\$ (100,000)	
				Initial Grid Interconnection Study	\$ -	\$ -	\$ (50,000)	\$ (50,000)	\$ (100,000)	
				(Holthouse) - PG&E	\$ -	\$ -	\$ -	\$ -	\$ -	
				Initial Grid Interconnection Study (Delevann) - WAPA	\$ -	\$ -	\$ (50,000)	\$ (50,000)	\$ (100,000)	
				Initial Grid Interconnection Study (Delevann) - PG&E	\$ -	\$ -	\$ (50,000)	\$ (50,000)	\$ (100,000)	
Water	Power	10	Existing	PWR Manager, Services	\$ -	\$ -	\$ (103,133)	\$ (123,760)	\$ (226,893)	
				PWR Manager, Expenses	\$ -	\$ -	\$ (10,000)	\$ (3,000)	\$ (13,000)	
				Power Total	\$ (906)	\$ -	\$ (595,133)	\$ (390,140)	\$ (986,179)	
		NEW		General Manager, Expenses	\$ (7,796)	\$ (31,380)	\$ (35,840)	\$ (15,360)	\$ (90,375)	
				General Manager, Services	\$ (108,679)	\$ (308,948)	\$ (311,683)	\$ (155,842)	\$ (885,153)	
				Owner-Controlled Contingency: Non-Ch2m or AECOM Work	\$ -	\$ -	\$ (165,000)	\$ (30,000)	\$ (195,000)	
				Administrative Support to GM (part-time)	\$ -	\$ (6,076)	\$ (9,600)	\$ (4,800)	\$ (20,476)	
				Administrative Support to GM (Full-time)	\$ -	\$ -	\$ (40,960)	\$ (30,720)	\$ (71,680)	
				Ops Manager, Services	\$ -	\$ -	\$ (185,640)	\$ (123,760)	\$ (309,400)	
				Ops Manager, Expenses	\$ -	\$ -	\$ (21,600)	\$ (10,800)	\$ (32,400)	
10.4	Existing	Ops Project Administrator	\$ -	\$ -	\$ (271,320)	\$ (180,880)	\$ (452,200)			
		Ops Mgr Support Staff	\$ -	\$ -	\$ (124,950)	\$ (142,800)	\$ (267,750)			
		PMO Support Services (AECOM Task 15)	\$ -	\$ -	\$ (164,368)	\$ (82,184)	\$ (246,552)			
		Update Terrestrial & Plant Studies for BA Advance EIR/S Beyond Pre-Admin Draft	\$ -	\$ -	\$ (75,000)	\$ -	\$ (75,000)			

Exhibit B, Attachment 1: Phase 1 Work Plan

Attachment 5

		Values							
Grouping	Cost Center	File Number	WIP	Description	Sum of Total 2015	Sum of Total 2016	Sum of Total 2017	Sum of Total 2018	Sum of Phase 1 Total
Reservoir	Water	10.4	Existing	Operations (Annualized Yield) Support During CWC Negotiations	\$ -	\$ -	\$ (100,000)	\$ -	\$ (100,000)
				Land & ROW (Temporary Access) MOVED TO PHASE 2	\$ -	\$ -	\$ -	\$ -	\$ -
		10.6	Mod	Project Scheduler	\$ -	\$ -	\$ (117,810)	\$ (80,325)	\$ (198,135)
		10.7	Existing	Bond Counsel	\$ -	\$ -	\$ -	\$ -	\$ -
				Cost Development Model (Grant Management & Administration Services)	\$ -	\$ (30,000)	\$ (120,000)	\$ (60,000)	\$ (210,000)
				Financial Advisory Services (Bond Strategy Development)	\$ -	\$ -	\$ (71,400)	\$ (35,700)	\$ (107,100)
			Mod	Cost Accountant & Bookkeeper (Formerly Controls Manager)	\$ -	\$ -	\$ (101,745)	\$ (74,970)	\$ (176,715)
		10.8	NEW	Quality Program Manager (w/ Support staff)	\$ -	\$ -	\$ (81,317)	\$ (35,700)	\$ (117,017)
				Technical Advisory Committee Insurance (Commercial & General L & Professional L)	\$ -	\$ -	\$ (40,000)	\$ -	\$ (40,000)
		10.9	Existing	Risk Program Manager (w/ Support staff)	\$ -	\$ (7,500)	\$ (7,500)	\$ -	\$ (15,000)
			NEW	Document Controls Manager	\$ -	\$ -	\$ (83,300)	\$ (221,380)	\$ (304,680)
		11	Existing	CEQA Legal Counsel	\$ -	\$ -	\$ (160,650)	\$ (64,260)	\$ (224,910)
		13	Existing	NEPA Legal Counsel	\$ -	\$ (34,810)	\$ (140,000)	\$ -	\$ (174,810)
				Administrative Record - Assessment	\$ -	\$ (8,278)	\$ (50,000)	\$ -	\$ (58,278)
				Administrative Record Support/Compile	\$ -	\$ -	\$ -	\$ -	\$ -
		20	NEW	EPP Manager, Services	\$ -	\$ (76,160)	\$ (100,000)	\$ -	\$ (100,000)
				EPP Manager, Expenses	\$ -	\$ (12,000)	\$ (456,960)	\$ (228,480)	\$ (761,600)
				EPP Manager (Staff Support)	\$ -	\$ (4,760)	\$ (72,000)	\$ (36,000)	\$ (120,000)
		22	Existing	Prepare Prop 1, Chapter 8 Solicitation	\$ -	\$ -	\$ (28,560)	\$ -	\$ (33,320)
				Retain Former DWR PM for EIR/S (Retired Annuitant)	\$ -	\$ -	\$ (50,000)	\$ -	\$ (50,000)
				Independent Review EIR/S (in-lieu of Members' Staff)	\$ -	\$ -	\$ (30,000)	\$ -	\$ (30,000)
		24	Existing	Update Aquatic Studies for BA	\$ -	\$ -	\$ (200,000)	\$ -	\$ (200,000)
				Update Cultural Resource & Tribal Studies	\$ -	\$ -	\$ (25,000)	\$ -	\$ (25,000)
					\$ -	\$ -	\$ (10,000)	\$ -	\$ (10,000)

Exhibit B, Attachment 1: Phase 1 Work Plan

Attachment 5

Values										
File	Grouping	Cost Center	Number	WIP	Description	Sum of Total 2015	Sum of Total 2016	Sum of Total 2017	Sum of Total 2018	Sum of Phase 1 Total
	Reservoir	Water	24	Existing	Develop Mitigation Plan & Locations for inclusion into EIR/S	\$ -	\$ -	\$ (30,000)	\$ -	\$ (30,000)
			25	Existing	Incorporate Grid Interconnection into Owner-Controlled Contingency: Env & Ops	\$ -	\$ -	\$ -	\$ -	\$ -
				NEW	Public Engagement & Outreach During Public Review of EIR/S	\$ -	\$ -	\$ (294,000)	\$ (60,000)	\$ (354,000)
					Owner-Controlled Contingency: Ops & CalSim	\$ -	\$ -	\$ (60,000)	\$ -	\$ (60,000)
			25	Existing	TO#1-Env & Ops (Task #1: WSIP Feasibility Study Support)	\$ -	\$ (288,455)	\$ -	\$ -	\$ (288,455)
				NEW	TO#3-Subtask 1.5.1 – WSIP Operations Assumptions Refinement	\$ -	\$ (70,000)	\$ (65,000)	\$ -	\$ (135,000)
					TO#3-Subtask 1.5.2 – WSIP Analytical Framework	\$ -	\$ (60,000)	\$ (95,000)	\$ -	\$ (155,000)
					TO#3-Subtask 1.5.3 – WSIP Modeling of Alternative D	\$ -	\$ (75,000)	\$ (150,000)	\$ -	\$ (225,000)
					TO#3-Subtask 1.5.4 – WSIP Application Metrics Development	\$ -	\$ -	\$ (70,000)	\$ -	\$ (70,000)
					TO#3-Subtask 1.5.5 – WSIP Technical Documentation	\$ -	\$ -	\$ (120,000)	\$ -	\$ (120,000)
					TO#3-Subtask 1.5.6 – WSIP Meetings, Coordination and Support	\$ -	\$ (30,000)	\$ (50,000)	\$ -	\$ (80,000)
					TO#3-Subtask 1.5.7 - CWC Response and Technical Support	\$ -	\$ -	\$ (35,000)	\$ -	\$ (35,000)
					TO#3-Subtask 1.5.8 - Sites Reservoir Sensitivity Scenarios	\$ -	\$ -	\$ (140,000)	\$ -	\$ (140,000)
			25	NEW	TO#2-Task 1.6 - USBR Review Federal Feasibility Study	\$ -	\$ -	\$ (40,000)	\$ -	\$ (40,000)
			25	Existing	TO#1-Env & Ops (Task #2: Confirm Analysis Approach/Base Case Assumptions)	\$ -	\$ (50,541)	\$ (22,917)	\$ -	\$ (73,458)
					TO#1-Env & Ops (Task #4: Permit Risk Evaluation)	\$ -	\$ (5,000)	\$ -	\$ -	\$ (5,000)
			25.1	Existing	TO#1-Env & Ops (Task #5.1) USBR+	\$ -	\$ (20,000)	\$ -	\$ -	\$ (20,000)

Exhibit B, Attachment 1: Phase 1 Work Plan

Attachment 5

			Values						
Grouping	Cost Center	File Number	WIP	Description	Sum of Total 2015	Sum of Total 2016	Sum of Total 2017	Sum of Total 2018	Sum of Phase 1 Total
Reservoir	Water	25.1	Existing	TO#1-Env & Ops (Task #6.1) DWR	\$ -	\$ (5,000)	\$ (15,000)	\$ -	\$ (20,000)
			NEW	TO#2-Task 6.3 - CEQA Lead Agency Coordination Support (including AB52 Compliance)	\$ -	\$ (50,000)	\$ (270,000)	\$ -	\$ (320,000)
		25.1	Mod	TO#2-Task 6.4 - CEQA Lead Agency Coordination Support (including AB52 Compliance)	\$ -	\$ -	\$ (120,000)	\$ (130,000)	\$ (250,000)
			Mod	TO#1-Env & Ops TO #2 (Task #7) 1st Draft	\$ -	\$ (256,000)	\$ -	\$ -	\$ (256,000)
		25.1	NEW	TO#2-Subtask 7.5.1 Public Draft Revisions to Introductory/Project Desc Chapters	\$ -	\$ (60,000)	\$ (89,000)	\$ -	\$ (149,000)
			NEW	TO#2-Subtask 7.5.2 - Public Draft Impact Analysis and Required Revisions to Resource Chapters	\$ -	\$ (167,000)	\$ (400,000)	\$ -	\$ (567,000)
		25.1	Existing	TO#2-Subtask 7.5.3 CALSIM (2015 version) Modeling of NODOS Alternatives A, B, and C	\$ -	\$ -	\$ (150,000)	\$ -	\$ (150,000)
			Existing	TO#2-Subtask 7.5.4 - Public Draft Revisions to Appendices	\$ -	\$ (25,000)	\$ (125,000)	\$ -	\$ (150,000)
		25.1	Mod	TO#2-Subtask 7.5.5 - Public Draft Revisions Based on Reclamation Comments on Preliminary EIR/EIS	\$ -	\$ (10,000)	\$ (40,000)	\$ -	\$ (50,000)
			Mod	TO#2-Subtask 7.5.6 - Public Draft Reclamation/Federal Agency Coordination to Produce Public Draft	\$ -	\$ (15,000)	\$ (60,000)	\$ -	\$ (75,000)
		25.1	Existing	TO#1-Env & Ops NTP#2 (Task #8: Calsim for EIR/S)	\$ -	\$ (162,000)	\$ -	\$ -	\$ (162,000)
			Existing	TO#1-Env & Ops NTP#3 (Task #9) 2nd Draft	\$ -	\$ -	\$ -	\$ -	\$ -
		25.1	Mod	TO#2-Subtask 9.1.1 - Revision of Administrative Public Draft EIR/EIS	\$ -	\$ -	\$ (172,000)	\$ -	\$ (172,000)
			Mod	TO#2-Subtask 9.1.2 - Preparation of Public Draft EIR/EIS	\$ -	\$ -	\$ (138,000)	\$ -	\$ (138,000)

Exhibit B, Attachment 1: Phase 1 Work Plan

Attachment 5

				Values					
Grouping	Cost Center	File Number	WIP	Description	Sum of Total 2015	Sum of Total 2016	Sum of Total 2017	Sum of Total 2018	Sum of Phase 1 Total
Reservoir	Water	25.1	Mod	TO#2-Subtask 9.1.3 - Rehabilitation Act Section 508 Compliance	\$ -	\$ -	\$ (40,000)	\$ -	\$ (40,000)
		25.1	Existing	TO#1-Env & Ops NTP#3 (Task #10) Final Draft	\$ -	\$ -	\$ (49,456)	\$ -	\$ (49,456)
		25.1	Existing	TO#1-Env & Ops NTP#3 (Task #11) Public Meeting Assistance	\$ -	\$ -	\$ (50,000)	\$ -	\$ (50,000)
		25.1	NEW	TO#2-Task 12 - Review of Public Comments/Proposed Response Approach	\$ -	\$ -	\$ (100,000)	\$ (50,000)	\$ (150,000)
		25.1	NEW	TO#2-Task 13 - Permits and Environmental Compliance Plan	\$ -	\$ -	\$ (230,000)	\$ (70,000)	\$ (300,000)
		30	Existing	Optimize Design of the Proposed Project ACWA Storage Integration Work Group Technical Study Participation	\$ -	\$ -	\$ -	\$ (20,535)	\$ (20,535)
			NEW	EPC Manager, Services	\$ -	\$ -	\$ -	\$ (285,600)	\$ (285,600)
				EPC Manager, Expenses	\$ -	\$ -	\$ -	\$ (18,000)	\$ (18,000)
		32	Existing	Engineering Support During CWC Negotiations	\$ -	\$ (6,000)	\$ (50,000)	\$ -	\$ (56,000)
				Owner-Controlled Contingency: Engineering	\$ -	\$ -	\$ (231,479)	\$ (68,449)	\$ (299,927)
			NEW	Owner-Controlled Contingency: WSIP	\$ -	\$ -	\$ (60,000)	\$ (40,000)	\$ (100,000)
		32	Existing	WSIP Feasibility Report TO #1 (Task 1, 2, 3)	\$ -	\$ (17,750)	\$ -	\$ -	\$ (17,750)
		32	Existing	WSIP Feasibility Report, TO #2 (Task 4, 5 & 9)	\$ -	\$ (260,484)	\$ -	\$ -	\$ (260,484)
				WSIP Feasibility Report, TO #2 (Task 10) Grid Interconnection Studies	\$ -	\$ (35,000)	\$ -	\$ -	\$ (35,000)
		32	Existing	WSIP Feasibility Report TO #3 (Task 6)	\$ -	\$ (150,000)	\$ (228,570)	\$ -	\$ (378,570)
				WSIP Feasibility Report TO #3 (Task 7)	\$ -	\$ (30,000)	\$ (151,183)	\$ -	\$ (181,183)
				WSIP Feasibility Report TO #3 (Task 8)	\$ -	\$ (170,000)	\$ (140,950)	\$ -	\$ (310,950)
			NEW	Task 14: EIR/S Support (geotechnical)	\$ -	\$ (10,000)	\$ (46,676)	\$ -	\$ (56,676)
				Task 8.1 WSIP Feasibility Rpt: Economics	\$ -	\$ -	\$ (38,536)	\$ -	\$ (38,536)
				Task 8.2 WSIP Ecosystem Priorities & Relative Values	\$ -	\$ -	\$ (102,939)	\$ -	\$ (102,939)

Exhibit B, Attachment 1: Phase 1 Work Plan

Attachment 5

				Values					
Grouping	Cost Center	File Number	WIP	Description	Sum of Total 2015	Sum of Total 2016	Sum of Total 2017	Sum of Total 2018	Sum of Phase 1 Total
Reservoir	Water	32	NEW	Task 8.3 Water Quality Priorities & Relative Values	\$ -	\$ -	\$ (49,147)	\$ -	\$ (49,147)
				Task 8.4 WSIP RFI Comment Response	\$ -	\$ -	\$ (85,000)	\$ (96,897)	\$ (181,897)
				Tak 8.5 WSIP: CWC Coordination	\$ -	\$ (7,000)	\$ (22,914)	\$ -	\$ (29,914)
		32	Existing	Feasibility Report, TO #4 (Task 11 & 12)	\$ -	\$ (61,539)	\$ -	\$ -	\$ (61,539)
				Feasibility Report, TO #4 (Task 13) Colusa Basin Drain Study	\$ -	\$ (18,005)	\$ -	\$ -	\$ (18,005)
		42	Existing	Assess GIS datasets for use in preparing draft EIR/S	\$ -	\$ -	\$ -	\$ -	\$ -
				Update GIS for use in draft EIR/S	\$ -	\$ -	\$ -	\$ -	\$ -
Water Total					\$ (116,475)	\$ (2,664,686)	\$ (8,139,969)	\$ (2,603,441)	\$ (13,524,571)
Reservoir Total					\$ (117,381)	\$ (2,906,206)	\$ (9,061,402)	\$ (3,037,861)	\$ (15,122,850)
Grand Total					\$ (117,381)	\$ (2,906,206)	\$ (9,061,402)	\$ (3,037,861)	\$ (15,122,850)

Exhibit B, Attachment 2: AMENDED Phase-level Schedule Plan

Attachment 5

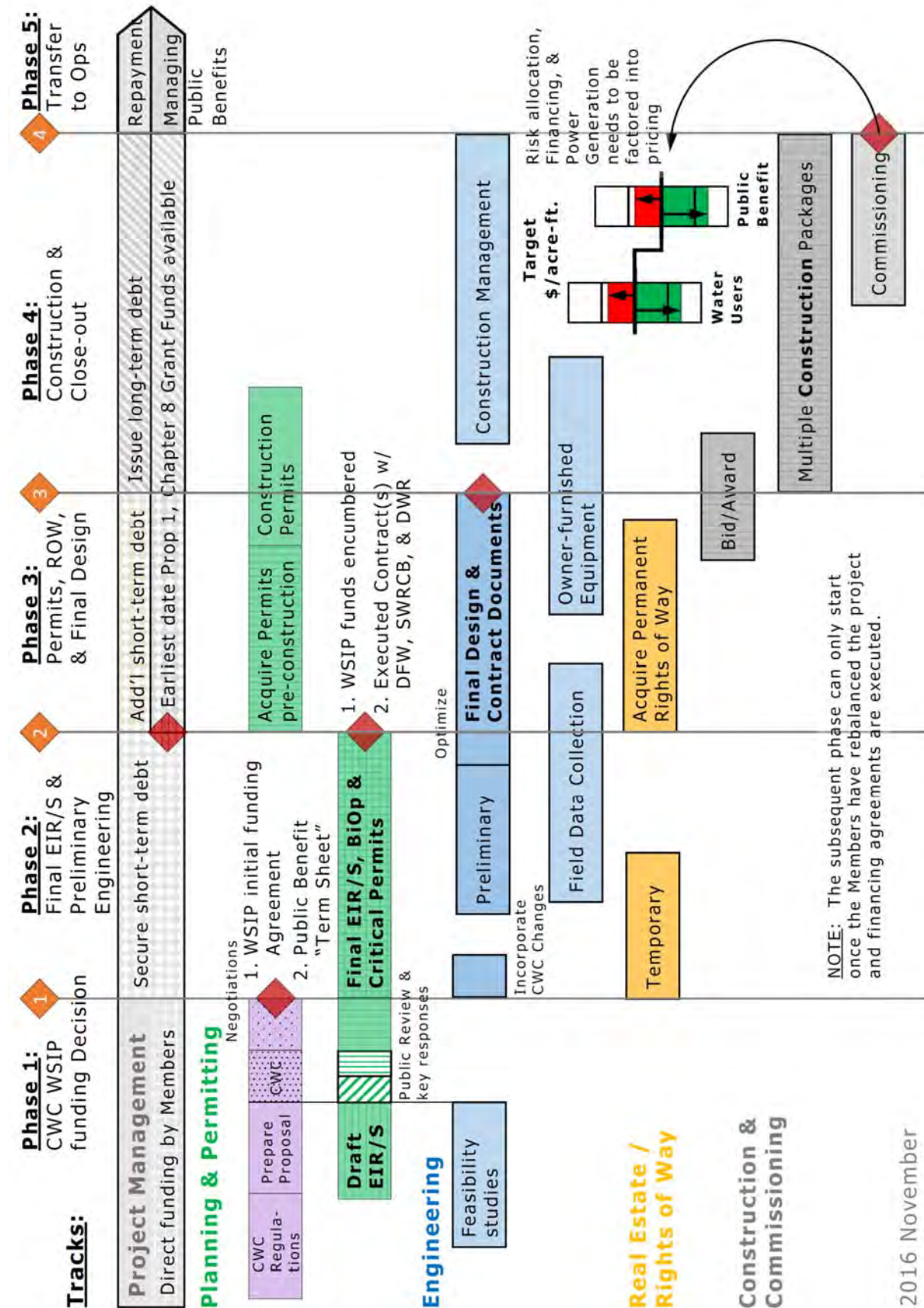


EXHIBIT C:

NOTIFICATIONS

Project Agreement Member Addresses in accordance with Section 14 of the Agreement:

Effective Date: Nov 21, 2016

4M Water District
P.O. Box 338
Maxwell, CA 95955

Davis Water District
P.O. Box 83
Arbuckle, CA 95912

City of American Canyon
4381 Broadway, Suite 201
American Canyon, CA 94503

Desert Water Agency
1200 South Gene Autry Trail
Palm Springs, CA 92264

Antelope Valley-East Kern WA
6500 West Avenue N
Palmdale, CA 93551

Dunnigan Water District
P.O. Box 84
Dunnigan, CA 95937

Carter MWC
4245 River Road
Colusa, CA 95932

Glenn-Colusa Irrigation District
P.O. Box 150
Willows, CA 95988

Castaic Lake Water Agency
27234 Bouquet Canyon Road
Santa Clarita, CA 91350

Garden Highway MWC
12755 Garden Highway
Yuba City, CA 95991

Colusa County
547 Market St., Suite 102
Colusa, CA 95932

LaGrande Water District
P.O. Box 370
Williams, CA 95987

Colusa County Water District
P.O. Box 337
Arbuckle, CA 95912

Orland-Artois Water District
P.O. Box 218
Orland, CA 95963

Cortina Water District
P.O. Box 489,
Williams, CA 95987

Pacific Resources MWC
4831 Calloway Drive, Ste. 102
Bakersfield, CA 93312

Coachella Valley Water District
P.O. Box 1058
Coachella, CA 92236

Proberta Water District
P.O. Box 134
Proberta, CA 96078

Attachment 5

Reclamation District 108
P.O. Box 50
Grimes, CA 95950

Reclamation District 2035
45332 County Road 25
Woodland, CA 95776

San Bernardino Valley Municipal
Water District
380 East Vanderbilt Way
San Bernardino, CA 92408-3593

San Geronio Pass Water Agency
1210 Beaumont Ave,
Beaumont, CA 92223

Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3686

Western Canal Water District
PO Box 190
Richvale, CA 95974

Westside Water District
5005 State Hwy 20
Williams, CA 95987

Westlands Water District
P.O. Box 6056
Fresno, CA 93703-6056

Wheeler Ridge-Maricopa Water
Storage District
12109 Highway 166
Bakersfield, CA 93313

Zone 7 Water Agency
100 North Canyons Parkway
Livermore, CA 94551

SITES PROJECT SCHEDULE:

