



## SWP CONTRACT AMENDMENT FOR CALIFORNIA WATERFIX

### Meeting Summary and Action Items

SWP Contract Amendment for California WaterFix

February 13, 2018 10:00 AM – 11:53 AM

### Draft Meeting Attendance List

#### California Department of Water Resources Lead Negotiators

- Vinay Behl, California Department of Water Resources
- Spencer Kenner, California Department of Water Resources
- Joel Ledesma, California Department of Water Resources
- Dave Paulson, California Department of Water Resources
- Carl Torgersen, California Department of Water Resources
- Pedro Villalobos, California Department of Water Resources

#### California Department of Water Resources Staff

- Ted Alvarez, California Department of Water Resources
- Steve Cohen, California Department of Water Resources
- Cathy Crothers, California Department of Water Resources
- Stan Dirks (by phone), California Department of Water Resources
- Terri Ely, California Department of Water Resources
- Brian "BG" Heiland, California Department of Water Resources
- Gary Lippner, California Department of Water Resources
- Cindy Messer, California Department of Water Resources
- Karla Nemeth, California Department of Water Resources

- Vera Sandronsky, California Department of Water Resources
- Russ Stein (by phone), California Department of Water Resources
- Lisa Toms, California Department of Water Resources
- Molly White, California Department of Water Resources

#### Public Water Agencies Lead Negotiators

- Steve Arakawa, Metropolitan Water District of Southern California
- Dwayne Chisam, Antelope Valley-East Kern Water Agency
- Kathy Cortner, Mojave Water Agency
- Curtis Creel, Kern County Water Agency
- Jeff Davis, San Geronio Pass Water Agency
- Mark Gilkey (by phone), County of Kings/Empire-West Side Irrigation District/Tulare Lake Water Storage District
- Paul Gosselin, County of Butte
- Douglas Headrick, San Bernardino Valley Municipal Water District
- Steven Inn, Alameda County Water District
- Cindy Kao, Santa Clara Valley Water District
- Darin Kasamoto, San Gabriel Valley Municipal Water District
- Dale Melville, Dudley Ridge Water District
- Phillip Miller, Napa County Flood Control and Water Conservation District Department of Public Works
- Jon Pernula (by phone), Palmdale Water District
- Bob Perreault, Plumas County Flood Control and Water Conservation District

- Valerie Pryor, Santa Clarita Valley Water Agency
- Roland Sanford, Solano County Water Agency
- Ray Stokes, Central Coast Water Authority
- Steve Wickstrum (by phone), Ventura County Watershed Protection District
- Greg Young, City of Yuba City

#### Public Water Agencies Staff

- Eric Chapman, State Water Contractors
- Fray Crease (by phone), Santa Barbara County Flood Control and Water Conservation District
- Jaime Dalida (by phone), Metropolitan Water District of Southern California
- Kevin Donhoff, Metropolitan Water District of Southern California
- Mike Flood (by phone), Casitas Municipal Water District
- Amparo Flores (by phone), Alameda County Flood Control and Water Conservation District Zone 7
- Dan Flory, Dudley Ridge Water District/Antelope Valley-East Kern Water Agency
- Garth Hall (by phone), Santa Clara Valley Water District
- Adam Kear (by phone), Metropolitan Water District of Southern California
- Theresa Lightle, State Water Contractors
- Dirk Marks, Santa Clarita Valley Water Agency
- Thomas McCarthy, Mojave Water District
- Holly Melton, Kern County Water Agency
- Amelia Minaberrigarai (by phone), Kern County Water Agency
- Stefanie Morris (by phone), State Water Contractors
- Chantal Ouellet (by phone), Tulare Lake Basin Water Storage District
- Ted Page, Kern County Water Agency
- Thomas Pate, Solano County Water Agency
- Jennifer Pierre, State Water Contractors
- Julie Ramsay, State Water Contractors
- David Reukema (by phone), Metropolitan Water District of Southern California

- Ivory Reyburn, Coachella Valley Water District
- Jack Safely (by phone), Metropolitan Water District of Southern California
- John Schlotterbeck (by phone), Metropolitan Water District of Southern California
- Erick Soderlund (by phone), Santa Clara Valley Water District
- Peter Thompson (by phone), Palmdale Water District
- Wes Thompson (by phone), San Luis Obispo Flood Control and Water Conservation District
- Craig Wallace, Kern County Water Agency
- Jacob Westra (by phone), Tulare Lake Basin Water Storage District/County of Kings
- Bill Wulff, Kern County Water Agency

#### Members of the Public

- Jennifer Buckman, Bartkiewicz, Kronick & Shanahan
- Maddie Dunlap (by phone), Coalition for a Sustainable Delta
- Conner Everts (by phone), Environmental Water Caucus (EWC)
- Jason Gianquinto, Semitropic Water Storage District
- Dan Kemether, Professional Engineers in California Government
- Rob Kunde, Wheeler Ridge-Maricopa Water Storage District
- Dan McDaniel (by phone), Central Delta Water Agency
- Anthony Navasero, Delta Stewardship Council
- Stephen Pang, Delta Stewardship Council
- Tom Schlosser (by phone), Hoopa Valley Tribe
- Harry Starkey, West Kern Water District
- Tim Stroshane, Restore the Delta
- Yung-Hsin Sun, Stantec
- Steve Michael Thomas (by phone), San Diego County Water Authority
- Mary-Ann Warmerdam (by phone), RCRC
- Leah Wills, Plumas County Flood Control and Water Conservation District

Facilitation Team

- Mary Beth Day, Kearns & West
- Sasha Torrevillas, Kearns & West
- Anna West, Kearns & West

## I. Welcome and Introductions

There were roundtable introductions of the negotiation teams and staff. Members of the public were given the opportunity to introduce themselves.

## II. Meeting Overview

Anna West, of Kearns & West, thanked everyone for attending the public negotiation meeting on the contract amendment for California WaterFix. She reviewed the ground rules and outlined the negotiation session agenda. Anna noted that meeting materials had been uploaded to a Department of Water Resources (DWR) hosted dropdrive rather than the WaterFix webpage due to technical difficulties related to the recent redesign of the DWR website. Anna outlined the process for public comment at the end of the meeting and reminded everyone that any party (i.e. DWR or the State Water Contractors/Public Water Agencies) can call a caucus at any time.

## III. Objectives

Joel Ledesma, on behalf of DWR, provided opening remarks. He explained that on behalf of the Department he looks forward to a successful negotiation of a Contract Amendment for California WaterFix. The Department is interested in a sustainable, reliable water system and California WaterFix is a very important component to achieve this. He looks forward to a focused and flexible approach to the negotiations. He reminded the group that these negotiations adhere to the Monterey Settlement Agreement which has the negotiations conducted in a public process. The plan is to develop an "Agreement in Principle" (AIP) by the end of June.

Jeff Davis, on behalf of the Public Water Agency (PWA) Contractors, expressed appreciation for all who have committed time and effort for this process. He noted that the Public Water Agency Contractors (the 29 State Water Project Contractors) have two goals for these negotiations.

- 1) Enhance water management tools to achieve the current and future water supply goals for the Project; and
- 2) To equitably allocate the costs and benefits of California WaterFix across the PWA Contractors.

He acknowledged that California is growing to 37 million people with projections of 50 million, and noted that 25 million Californians benefit from the State Water Project. The PWA Contractors need

greater, more flexible tools to meet the water supply goals. The PWA Contractors look forward to working with DWR to meet the timetable of an AIP in June. He noted that the PWA have identified two buckets for topics. One set of topics is for the current negotiations. The second set of topics the PWA Contractors look forward to tackling with DWR next year.

Joel gave a presentation on the background and current status of California WaterFix. He introduced Brian "BG" Heiland as the Program Manager for the contract amendment process. Joel explained that the water supply contracts were initially signed in the 1960s. These contracts were intended to enable Contractors to receive water service and pay for the associated costs. DWR is responsible for allocating the available water supply to the various Contractors. Current contracts terminate between 2035 and 2042, with efforts underway to extend the contracts to 2085.

Joel noted that the public process for the proposed Bay Delta Conservation Plan (BDCP) was initially noticed on November 21, 2014. In July 2015, DWR identified California WaterFix as the preferred project alternative, replacing the BDCP. DWR certified the final EIR in July 2017, and is now resuming this public process to negotiate proposed amendments to the State Water Project (SWP) water supply contracts.

Joel explained that DWR's hopes for the negotiations sessions are threefold. First, that they will provide a venue to negotiate and develop terms and conditions for the proposed amendments to the water supply contracts. Second, that the negotiations will address cost allocation for California WaterFix. Finally, that the negotiations will also consider potential water management actions, including water transfers.

Joel concluded his presentation by reminding everyone that this process is being held in a public forum per the Monterey Settlement Agreement. He noted the goal of the negotiations is to produce a non-binding Agreement in Principle (AIP), and that AIP will provide the basis for developing contract language as well as developing the CEQA project description for the environmental review for the contract amendments that will be subsequent steps in the process. He noted that as part of the CEQA process there will be opportunities for public review.

Joel presented DWR's Objective:

**Objective 1:** The California Department of Water Resources will ensure that the terms and conditions for the proposed Contract Amendments allow for the continued financial integrity of the State Water Project (SWP). The terms and conditions will: 1) be made in compliance with all legal requirements, 2) provide a fair and equitable approach for repayment of SWP Contractor costs to address the addition of the California WaterFix facilities to the SWP, and 3) confirm and supplement DWR's position on water management actions available to the State Water Project Contractors under the contracts.

Jeff Davis gave a presentation outlining the PWA Contractor's objectives. The Contractors have two objectives:

**Objective 1:** Enhance management tools to facilitate greater flexibility for the Public Water Agencies to meet current and future water supply challenges.

**Objective 2:** Implement CA WaterFix to equitably allocate costs and benefits to the SWP Public Water Agencies.

Jeff noted that the PWAs generally endorse the Notice to Contractors (NTC 17-11) management tools, but they would like to enhance and update the PWA's existing water management tools. The current tools were developed in a different era with different challenges. Current and future scenarios require enhanced and updated management tools. Jeff stated that the PWAs would like the five North of Delta Contractors (City of Yuba City, County of Butte, Plumas County Flood Control and Water Conservation District, Napa County Flood Control and Water Conservation District, and Solano County Water Agency) to be excluded from construction, construction mitigation, and operating and maintenance costs associated with California WaterFix. Jeff explained that the Contractors would be providing additional detail regarding their objectives at the next meeting.

The Lead Negotiators began a discussion of the objectives. Joel indicated DWR was open to excluding the North of Delta Contractors from taking on costs associated with California WaterFix.

*DWR and PWA Contractors took a short caucus.*

#### IV. Continued Discussion

Joel welcomed everyone back to the meeting and introduced Karla Nemeth, Director of DWR. Karla noted that California WaterFix will provide an opportunity to do important things around moving water south of the Delta, possibly setting up ways to meet our needs for 50, 100, or more years. She emphasized that this process is hugely important to her and Governor Brown, and called on all parties to use all the creativity and energy they can muster to reach the June deadline.

Joel restarted the discussion of the objectives. He stated that DWR found the PWA Contractor's objectives to be clear and that they did not have any questions at this time, but look forward to a more detailed description at the next meeting. Joel explained that DWR would like to see addressing the North of Delta Contractors as the first priority, and cost allocation for California WaterFix as the second priority. He explained that DWR wants an AIP in place addressing both issues by the end of June.

Joel asked if the PWA Contractors could provide some proposed solutions to the North of Delta issue at the next meeting, and Jeff agreed. Joel requested that a technical team work in parallel to examine the feasibility of excluding the North of Delta Contractors and on cost allocation.

Pedro Villalobos, DWR, suggested DWR would be able to develop several approaches to addressing the North of Delta Contractors. Jeff, as well as Ray Stokes, Central Coast Water Authority, and Curtis Creel, Kern County Water Agency, all agreed that having a technical team focus on working out these issues was necessary.

Ray noted that small groups of both DWR and Contractor representatives were effectively used to flesh out technical details during the previous round of contract negotiations and wondered if DWR would be open to this approach again.

Joel agreed that DWR wants to use technical teams to tackle some of these issues.

Carl Torgersen, DWR, suggested that the technical groups should be set up immediately prior to the next negotiation meeting. Joel and Jeff agreed that this would be productive.

The Lead Negotiators agreed to set a deadline for the end of the week for DWR and the PWA Contractors to identify who would serve on two technical teams. One team will address the North of Delta issue, and the other would examine cost allocation. Both teams will meet at least once before the next negotiation session. It was noted that it would likely be the same participants so the group agreed to convene one technical team. BG Heiland will serve as the point of contact to coordinate scheduling and logistics of the technical team.

Dave Paulson, DWR, reminded everyone that the productivity of these technical groups in the past was due in part to keeping the groups to a small, workable number of members. Jeff agreed, and Anna suggested alternate members could observe the technical group meetings to stay involved in and informed of the discussions without making the groups unwieldy.

The Lead Negotiators agreed to have the technical group report back at the next meeting, as well as hear a more detailed presentation of the PWA Contractor's objectives.

Paul Gosselin, County of Butte, inquired if, as was done in the previous negotiations, both parties might agree to a common set of objectives. He observed that the current objectives are not very far apart and wondered if the objectives should be merged prior to starting the technical team discussions. Anna noted that the previous negotiations the objectives were merged into a single set.

Pedro noted the PWA Contractor's objectives would be discussed in greater depth at the next meeting and thus it might be sensible to wait to combine objectives until after the additional details have been presented.

After further discussion, the Lead Negotiators agreed that the Contractors would bring proposed language for a common objective regarding North of Delta to the meeting after the next negotiation session (tentatively March 7), and that doing the same for the water management issues would require additional discussion.

The Lead Negotiators also agree that the technical group should focus on developing a range of solutions that can be presented to the full group for discussion at the next meeting. The technical group should be sure to highlight any policy issues that arise in their meetings and bring these to the next negotiation session. It was affirmed that the technical group is to explore details and develop options, but policy issues are brought forward to this public negotiation forum.

#### V. Next Steps

All parties agreed that the next meeting will be Wednesday, February 28, 2018 at 10:00 am, location to be determined. Anna adjourned the business part of the meeting.

#### VI. Public Comment

There were no public comments.

VII. Adjourn

The meeting was adjourned at 11:53 AM.

**Action List**

	<b>Action Items</b>	<b>Responsibility (Due Date)</b>
1)	Create a document that lists DWR's and PWA Contractor's objectives	K&W (ASAP)
2)	Identify members of North of Delta and Cost Allocation Technical Team	DWR and PWA Contractors (2/16)
3)	Coordinate and schedule the Technical Team Meeting	BG Heiland (2/27)
4)	Develop draft language for a combined North of Delta objective	PWA Contractors (after 2/28)

