



**A REGULAR MEETING OF THE OPERATING COMMITTEE  
of the  
CENTRAL COAST WATER AUTHORITY**

will be held at 9:00 a.m., on Thursday, October 14, 2021  
via URL: <https://meetings.ringcentral.com/j/1469597795>  
or via telephone by dialing 1(623) 404-9000 and entering code 146 959 7795#

CCWA's Committee meetings are conducted pursuant to California Government Code Section 54953 and Governor Newsom's Executive Orders (N-25-20, N-29-20 and N-35-20), temporarily suspending portions of the Brown Act in response to the COVID-19 pandemic. Members of the Committee will participate in this meeting by video call or telephone.

Public Comment on agenda items may occur via video call or telephonically, or by submission to the CCWA Board Secretary via email at [lfw@ccwa.com](mailto:lfw@ccwa.com) no later than 8:00 a.m. on the day of the meeting. In your email, please specify (1) the meeting date and agenda item (number and title) on which you are providing a comment and (2) that you would like your comment read into the record during the meeting. If you would like your comment read into the record during the meeting (as either general public comment or on a specific agenda item), please limit your comments to no more than 250 words.

Every effort will be made to read comments into the record, but some comments may not be read due to time limitations. Please also note that if you submit a written comment and do not specify that you would like this comment read into the record during the meeting, your comment will be forwarded to Board members for their consideration.

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Committee less than seventy-two (72) hours prior to the meeting will be available on the CCWA internet web site, accessible at <https://www.ccwa.com>.

Eric Friedman  
Chairman

Ed Andrisek  
Vice Chairman

Ray A. Stokes  
Executive Director

Brownstein Hyatt  
Farber Schreck  
General Counsel

*Member Agencies*

City of Buellton

Carpinteria Valley  
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water  
Conservation District,  
Improvement District #1

*Associate Member*

La Cumbre Mutual  
Water Company

- I. Call to Order and Roll Call**
- II. \* Consideration of a Resolution No. 21-01 to Authorize the Operating Committee to Meet via Remote Teleconference Pursuant to the Brown Act as Amended by Assembly Bill 361– For Approval**
- III. Public Comment – (Any member of the public may address the Committee relating to any matter within the Committee’s jurisdiction. Individual Speakers may be limited to five minutes; all speakers to a total of fifteen minutes.)**
- IV. \* Consent Calendar**
  - A. Minutes of the July 8, 2021 Operating Committee Meeting – *For Approval*
- V. Executive Director’s Report**
  - A. Operations Update – *For Information Only*
  - \* B. Pacheco Reservoir Expansion Project - *For Information Only*
  - C. Water Supply Situation Report and Supplemental Water Purchase Program Update - *For Information Only*
  - \* D. CCWA/San Luis Obispo County State Water Transfer Proposal - *For Discussion*
  - \* E. Ventura-Santa Barbara Counties Intertie Project - *For Information Only*
  - \* F. DWR Capital Cost Compression and Possible Financing JPA - *For Information Only*
- VI. CLOSED SESSION**
  - A. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
Government Code section 54956.9(d)(1)  
Name of case: *CCWA et al. v. SBCFCWCD et al.* [Case No. 21CV02432]
- VII. RETURN TO OPEN SESSION**
- VIII. Reports from Committee Members for Information Only**
- IX. Date of Next Regular Meeting: January 13, 2022**
- X. Adjournment**

\* Indicates attachment of document to agenda packet

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## Operating Committee Report

Stephanie O. Hastings  
Attorney at Law  
805.882.1415 tel  
shastings@bhfs.com

### VIA EMAIL

**DATE:** October 7, 2021

**TO:** Operating Committee of the Central Coast Water Authority

**FROM:** Stephanie Hastings, Mack Carlson

**CC:** Ray Stokes

**RE:** Consideration of a Resolution No. 21-01 to Authorize the Operating Committee to Meet via Remote Teleconference Pursuant to the Brown Act as Amended by Assembly Bill 361

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### I. INTRODUCTION

This report provides background on the requirement of the Operating Committee to adopt Resolution No. 21-01 (**Attachment A**) with specific findings to continue to hold remote teleconference meetings during the COVID-19 pandemic pursuant to amendments to the Ralph M. Brown Act (Brown Act) by Assembly Bill (AB) 361.

### II. RECOMMENDATION

We recommend that the Operating Committee:

- A. Adopt a Resolution of the Operating Committee of the Central Coast Water Authority Authorizing Remote Teleconference Meetings under the Ralph M. Brown Act, and
- B. Find that this action is exempt from review pursuant to the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines (Cal. Code Regs., tit 14, § 15000 et seq.) Section 15061(b)(3), the “common sense” exemption that CEQA only applies to projects that have the potential for causing a significant effect on the environment.

### III. BACKGROUND

Since March 2020, the Central Coast Water Authority Board of Directors and Operating Committee have been meeting remotely due to the COVID-19 pandemic. The Governor’s Executive Order No. N-29-20 (Executive Order) suspended the Brown Act’s requirements for standard teleconferencing during the COVID-19 pandemic provided that notice and accessibility requirements are met, the public members are allowed to observe and address the legislative body at the meeting, and that a legislative body of a local agency has a procedure for receiving and swiftly resolving requests for reasonable accommodation for

individuals with disabilities, as specified. The provisions of the Executive Order, however, expired on September 30<sup>th</sup>, 2021.

In recognition that the pandemic remains ongoing, on September 16, 2021 the Governor signed AB 361, an urgency measure, which amends the Brown Act and authorizes remote teleconference public meetings under certain circumstances. AB 361 took effect on October 1, 2021 and expires on January 1, 2024. If the Operating Committee desires to continue to meet remotely, it must comply with the Brown Act as amended by AB 361.

AB 361 applies to meetings during a state of emergency as declared by the Governor. There also must be either imposed or recommended measures to promote social distancing by state or local officials, or a finding by the legislative body that meeting in person would present imminent risks to the health or safety of attendees as a result of the emergency. The bill, however, does not require the Central Coast Water Authority to continue to hold teleconference or hybrid public meetings.

AB 361 also requires several procedural safeguards to protect public participation during a remote meeting, which are generally consistent with the Operating Committee's current remote meeting practices. Key safeguards include: (1) the public must have the ability to address the legislative body directly, and must be provided information on how to address the body; (2) the public must have either a call-in or internet-based service option; (3) the legislative body must stop the meeting in the event of a disruption of the call-in or internet-based option; and (4) the legislative body must allow for a reasonable time for real-time comments, including time to register to provide remote public comments. Should the Operating Committee decide to hold teleconference meetings, as it has during the COVID-19 pandemic, it will have to comply with these requirements.

If the Operating Committee elects to hold one or more meetings by teleconference, it will need to adopt the proposed Resolution. The Board of Directors will consider a similar resolution at its next scheduled meeting, which may supersede the Operating Committee's Resolution. In either case, the Operating Committee and/or Board of Director findings are required every 30 days in order to continue holding remote teleconference meetings. Thus, if the Operating Committee elects to continue remote teleconference meetings, the Operating Committee and/or Board of Directors will need to make similar findings at each meeting.

#### **IV. ENVIRONMENTAL REVIEW**

The CEQA Guidelines Section 15061(b)(3) provides a "common sense" exemption to environmental review that CEQA only applies to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to review. The proposed Resolution, allowing for the continuance of holding remote teleconference meetings during a declared state of emergency, does not have the potential for causing a significant effect on the environment. The Resolution thus makes a finding that the Resolution is not subject to CEQA.

#### **V. ATTACHMENTS**

A. Resolution No. 21-01

## RESOLUTION NO. 21-01

### RESOLUTION OF THE OPERATING COMMITTEE OF THE CENTRAL COAST WATER AUTHORITY AUTHORIZING REMOTE TELECONFERENCE MEETINGS UNDER THE RALPH M. BROWN ACT

**WHEREAS**, the Central Coast Water Authority (Authority) is committed to preserving and fostering public access and participation in meetings of the Operating Committee, as required by the Ralph M. Brown Act (Gov. Code § 54950 et seq.) (Brown Act), so that any member of the public may attend and participate as the Operating Committee conducts the public's business; and

**WHEREAS**, the Brown Act contains special provisions for remote teleconference participation in meetings when the Governor has declared a state of emergency pursuant to Government Code section 8625, and either state or local official have imposed or recommended measures to promote social distancing, or an in-person meeting would present imminent risks to the health and safety of attendees; and

**WHEREAS**, such conditions now existing with the County of Santa Barbara (County). On March 4, 2020, Governor Gavin Newsom issued a Proclamation of a State of Emergency for the COVID-19 pandemic. The County Health Officer has issued numerous Health Orders regarding safety protocols during the COVID-19 pandemic, including Health Officer Order No. 2021-10.5, dated October 5, 2021, which requires the use of face covering at all times in all indoor public settings and promotes physical distancing. Further, the County Health Officer and Public Health Director issued a Health Official AB 361 Social Distance Recommendation, dated September 28, 2021, encouraging remote teleconference options for public meetings as an effective and recommended social distancing measure to facilitate public participation while protecting participants and others from the COVID-19 disease. The latest County order and recommendation were made necessary by the rise in the more contagious and easily spread Delta variant of the COVID-19 virus throughout the nation, and specifically within the County; and

**WHEREAS**, the Operating Committee finds that the current situation with regard to COVID-19, and particularly the Delta variant, is causing, and will continue to cause, risks to the safety of persons within the County and finds that the Operating Committee shall conduct its meetings with remote teleconference participation in the manner authorized by Government Code Section 54953, subdivision (e) and in compliance with the requirements to provide public access in Government Code Section 54953, subdivision (e)(2); and

**WHEREAS**, this Resolution is exempt from the California Environmental Quality Act (CEQA) pursuant to the "common sense" exemption to environmental review under Section 15061 subdivision (b)(3) of Title 14 of the California Code of Regulations (CEQA Guidelines) because remote teleconference meetings during a

declared state of emergency do not have the potential for causing a significant effect on the environment.

**NOW THEREFORE, THE OPERATING COMMITTEE DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

**Section 2.** Remote Teleconference Meetings. The Operating Committee shall conduct its meeting with remote teleconference participation in the manner authorized by Government Code Section 54953, subdivision (e), and in compliance with the requirements to provide public access in Government Code Section 54953, subdivision (e)(2).

**Section 3.** Effective Date. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of November 13, 2021, or such time as the Operating Committee or Board of Directors of the Authority adopts a resolution in accordance with Government Code Section 54953, subdivision (e)(3) to extend the time during which meetings may continue to be held via remote teleconference in compliance with that section.

I certify that the foregoing Resolution No. 21-01 was adopted by the Operating Committee of the Central Coast Water Authority at a meeting held October 14, 2021, 2021.

\_\_\_\_\_  
 Paeter Garcia, Chairman

[Seal]

Attest:

\_\_\_\_\_  
 Elizabeth Watkins  
 Secretary to the Board of Directors

	VOTING PERCENTAGE	AYE	NAY	ABSTAIN	ABSENT
City of Buellton	1.77%	_____	_____	_____	_____
Carpinteria Valley Water District	6.12%	_____	_____	_____	_____
Goleta Water District	13.78%	_____	_____	_____	_____
City of Guadalupe	0.92%	_____	_____	_____	_____
La Cumbre Mutual Water Company	3.06%	_____	_____	_____	_____
Montecito Water District	7.61%	_____	_____	_____	_____
City of Santa Barbara	9.18%	_____	_____	_____	_____
City of Santa Maria	34.60%	_____	_____	_____	_____
Santa Ynez River Water Conservation District, Improvement District No. 1	6.12%	_____	_____	_____	_____
Vandenberg Space Force Base	16.84%	_____	_____	_____	_____

**MINUTES OF THE  
CENTRAL COAST WATER AUTHORITY  
OPERATING COMMITTEE**

**July 8, 2021**

The Operating Committee meeting was conducted pursuant to California Government Code Section 54953 and Governor Newsom's Executive Order, N-29-20, temporarily suspending portions of the Brown Act to implement social distancing in response to the COVID-19 pandemic. Committee members participated in this meeting by video call or telephone. Public Comment on agenda items also occurred telephonically.

Ms. Lisa Watkins, Board Secretary, confirmed that all Committee members could hear each other, had received a copy of the meeting agenda, and could hear the proceedings.

**I. Call to Order and Roll Call**

Mr. Garcia, Committee Chair, called the July 8, 2021, Central Coast Water Authority Operating Committee meeting held at 255 Industrial Way, Buellton, California, to order at 9:00 a.m.

Committee members present:

Paeter Garcia	-	Santa Ynez River Water Conservation District, ID#1
John McInnes	-	Goleta Water District
Rose Hess	-	City of Buellton
Robert McDonald	-	Carpinteria Valley Water District
Shad Springer	-	City of Santa Maria
Shannon Sweeney	-	City of Guadalupe
Catherine Taylor	-	City of Santa Barbara
Nick Turner	-	Montecito Water District
Pernell Rush	-	Vandenberg AFB
Mike Alvarado	-	La Cumbre Mutual Water Company

Matt Van der Linden, Advisory Member for the City of Solvang was also present.

**II. Public Comment**

There was no public comment.

**III. Consent Calendar**

**A. Approve Minutes of the March 11, 2021 Operating Committee Meeting**

Motion to approve the consent calendar was made by Mr. Springer, seconded by Ms. Hess, and carried following a roll call vote with Committee Members Garcia, Hess, McDonald, McInnes, Rush, Springer, Sweeney, Taylor and Turner in favor and none opposed.

## IV. Executive Director's Report

### A. Operations Update

John Brady, CCWA Deputy Director, reported plant production, chemical costs, and totals pumped into Lake Cachuma. He also provided an overview of operations:

- The Water Treatment Plant has been operating at or below design minimum since winter shutdown.
- The switchgear project was completed in March and April so the Santa Ynez pumping plant was not operating at this time.
- A nitrification event during June 2021 was discussed, as nitrite concentrations increased during the week of June 7. CCWA responded by dosing Tank 7 and Tank 5, which combined with the operation of the pumping facilities has resolved the issue. Since the event, staff has been working to identify the source of the Nitrite and looking for alternatives to treat the water to prevent future occurrences. The current Fiscal Year Budget includes permanent dosing facilities at Tank 7 and Tank 5, which will be beneficial in resolving future nitrification events more expediently.
- CCWA had included a procurement of spare pipe for the San Andreas Fault crossing in its budget for FY 2021/22, but due to the increase in steel prices and the small size of the request, received no bids in its Request for Bids.
- The Urban Water Management Plan was adopted by the CCWA Board in June and submitted to DWR prior to the July 1 deadline.
- Air-Vol bricks were installed at the drop inlets to address the Tank 2 Erosion Repair project.
- An encroachment permit was issued to a large scale cannabis farm near the Santa Ynez River, and Mr. Brady explained the facilities that were impacted by the farm operations, He also reviewed the cooperative efforts that were conducted with the farm operators to ensure CCWA is not affected by the ongoing business.
- During the switchgear replacement project, the SYPP variable frequency drive VFD was replaced and has a problem with overheating which will be addressed with a warranty repair.
- DWR is addressing CCWA concerns related to Westlands Water District's pump in program.
- CCWA has installed Endpoint Detection and Response software to protect from cyber-attack, and has drafted Cyber Security Policy and Procedures.
- In spite of news of a chlorine shortage, CCWA vendors have assured staff that CCWA's chemical contract will not be affected.

### B. Water Supply Situation Report

Ray Stokes, CCWA Executive Director, provided an update on the precipitation, and snow pack levels within the State of California. Currently, indications are the year is well below average in terms of precipitation and snow pack. Reservoir storage is well below average, with Lake Oroville expected to reach its lowest level in over fifty years. The Governor is expected to hold a press conference at either Cachuma or Lopez Lake today, and he will declare a drought emergency which will allow local agencies to request aid.

C. 2021 Supplemental Water Purchase Program Update

CCWA's Supplemental Water Purchase Program has four participants in 2021, and four source program have been identified, including the SWC Dry Year Transfer Program, Yuba Accord, and water sales from Casitas Municipal Water District and Mojave Water Agency. Total payments in the program are about \$1.9 million.

D. Water Management Strategies Update

There is a meeting on the Water Management Strategies project this afternoon at 1:00 PM, and Mr. Stokes encouraged Committee members to attend the meeting due to the amount of information that will be provided.

E. DWR Statement of Charges

DWR provides the calendar year 2022 Statement of Charges (SOC) on July 1, 2022, and Mr. Stokes stated there is a \$2 million reduction compared to the amount CCWA included in its FY 2021/22 Budget.

The Committee adjourned to closed session at 9:53 AM.

**V. Closed Session**

A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Government Code section 54956.9(d) (1)

Name of case: Central Coast Water Authority, et al. v. Santa Barbara County Flood Control and Water Conservation District, et al. (Case No. 21CV02432)

B. CLOSED SESSION: CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Government Code section 54956.8

Property: State Water Contract

Agency negotiator: Ray Stokes

**VI. Return to Open Session**

The Committee reconvened to open session at 10:19 PM.

Ms. Hastings, CCWA General Counsel, announced there were no reportable actions as a result of closed session.

**VII. Reports from Committee Members for Information Only**

There were no reports from the Committee members.

**VIII. Date of Next Regular Meeting:**

October 14, 2021 is the date of the next Regular meeting.

There will be a Joint meeting of the CCWA Operating Committee and San Luis Obispo County Flood Control and Water Conservation District State Water Subcontractors Advisory Committee on July 8, 2021 at 1:00 PM.

**IX. Adjournment**

The meeting was adjourned at 10:21 AM.

Respectfully submitted,

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Elizabeth F. Watkins  
Secretary to the Board



**CENTRAL COAST WATER AUTHORITY**

**MEMORANDUM**

October 5, 2021

**TO:** CCWA Operating Committee  
**FROM:** Ray A Stokes,   
Executive Director  
**SUBJECT:** Pacheco Reservoir Expansion Project

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**DISCUSSION**

CCWA has been contacted by staff from the Santa Clara Valley Water District (Valley Water) inquiring about CCWA's potential interest in participating in an expansion project of the Pacheco Reservoir located in close proximity to San Luis Reservoir.

Valley Water is currently seeking additional partners for up to 50,000 AF of storage capacity in the enlarged reservoir (a copy of the project brochure is attached to this report).

The benefit of this storage project is that it is upstream of the DWR Coastal Branch facilities and would therefore not be subject to operational exchange capacity or pump in programs to return the water, but would instead rely on exchange of Valley Water's Table A in San Luis Reservoir for return water to CCWA stored in Pacheco Reservoir.

Valley Water staff will be in attendance at the Operating Committee meeting and will provide a brief presentation for the Operating Committee members.

RAS

Attachment

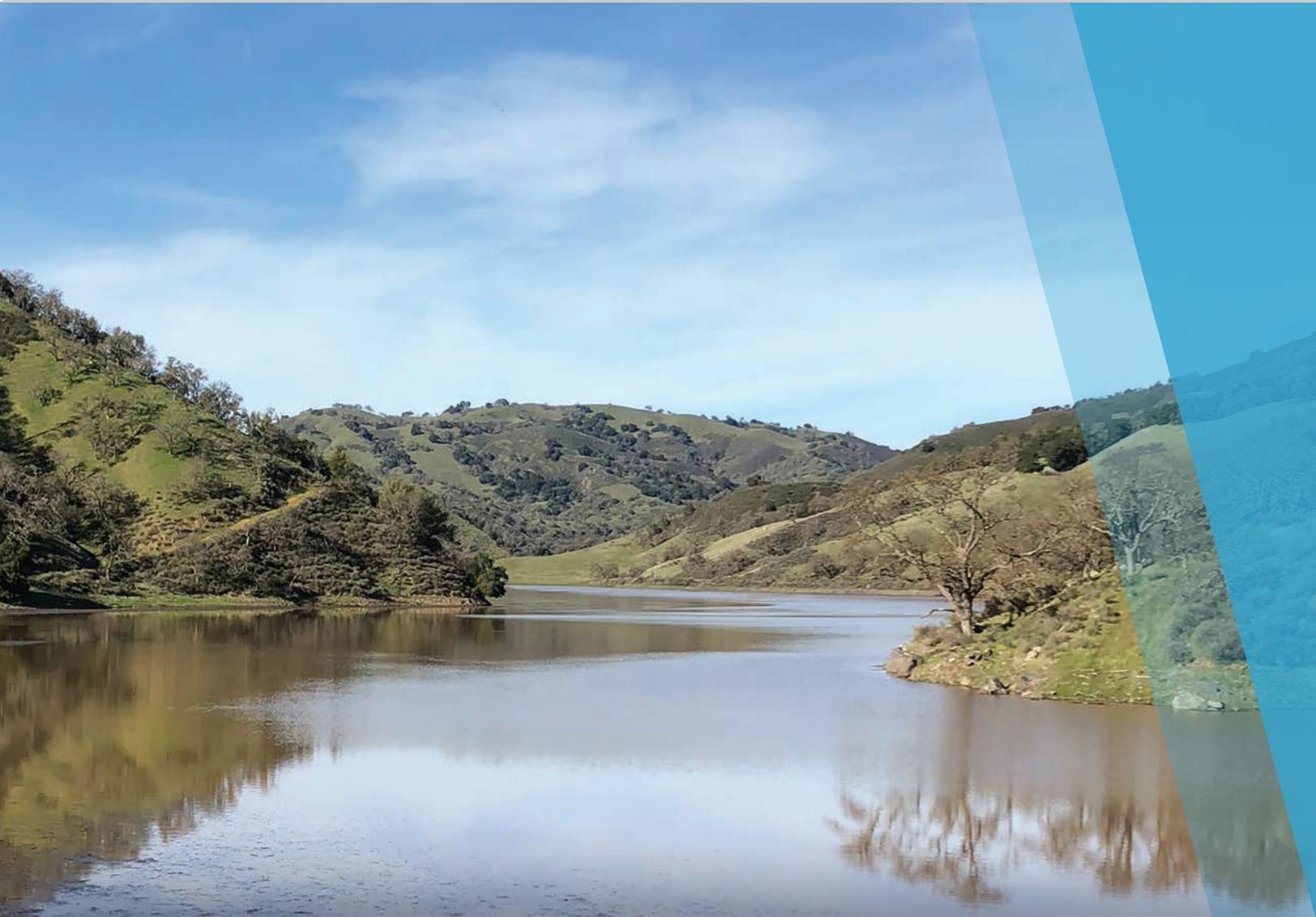


Clean Water • Healthy Environment • Flood Protection



San Benito County  
Water District

**PPWD** Pacheco Pass  
Water District



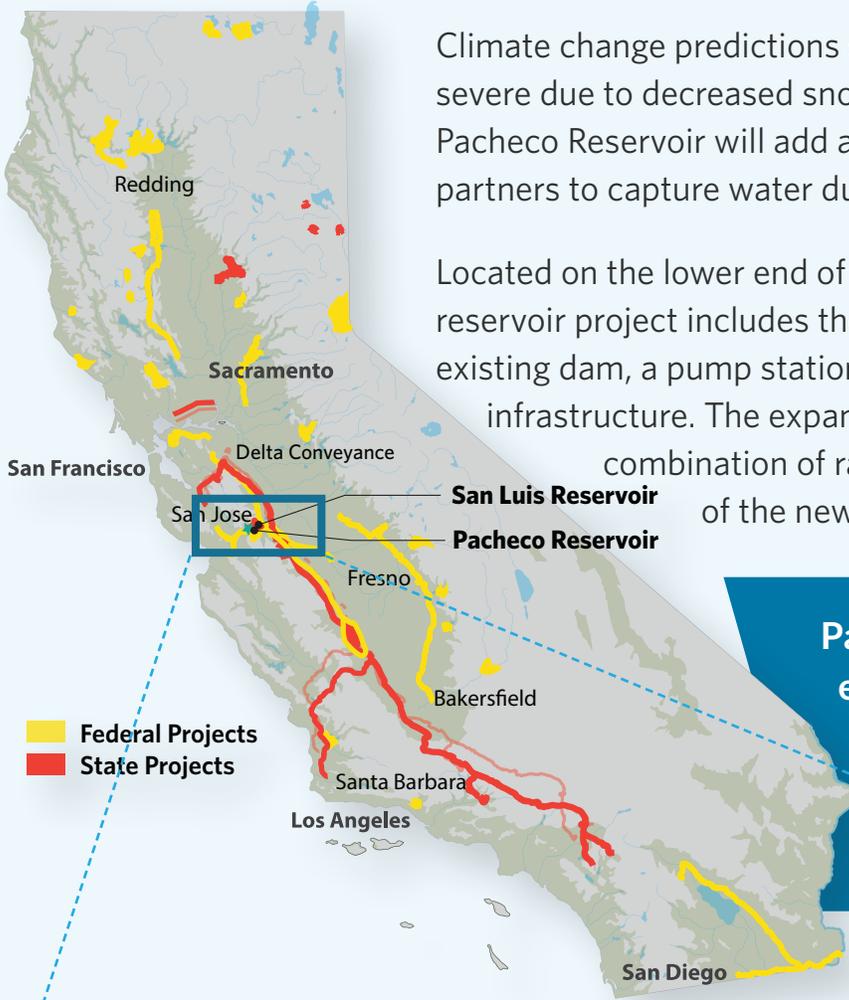
DIVERSIFY YOUR INVESTMENT PORTFOLIO WITH A  
**UNIQUE PARTNERSHIP  
OPPORTUNITY**

— PACHECO RESERVOIR EXPANSION PROJECT —

# ABOUT THE RESERVOIR

Climate change predictions suggest future droughts will be more severe due to decreased snowpack in the Sierra Nevada. An expanded Pacheco Reservoir will add available storage for Valley Water and its partners to capture water during wet years.

Located on the lower end of North Fork Pacheco Creek, the expanded reservoir project includes the construction of a dam upstream of the existing dam, a pump station, a pipeline and other supporting infrastructure. The expanded reservoir would be filled by a combination of rainfall, runoff from the watershed upstream of the new dam, and imported water supplies.



Partners can access water stored in an expanded Pacheco Reservoir through Valley Water's local system and the extensive state and federal systems via San Luis Reservoir.

← Water operations through the San Luis Reservoir and proposed Pacheco Reservoir expansion area



## BENEFITS TO PARTNERS



Offers a wide reach of potential benefits through connection to San Luis Reservoir and operations of the state and federal conveyance systems.



For Bay Area regional drought supply and emergencies, leverages Valley Water's existing system and enhances dry-year supply for agriculture, urban use, and wildlife refuges.



Enhances exchange possibilities through Valley Water's Semitropic storage and any future groundwater storage rights.



Helps meet the Sustainable Groundwater Management Act (SGMA) groundwater sustainability objectives south of Delta.



Captures wet year supplies available from the Central Valley and State Water projects subject to San Luis Reservoir carryover limitations.



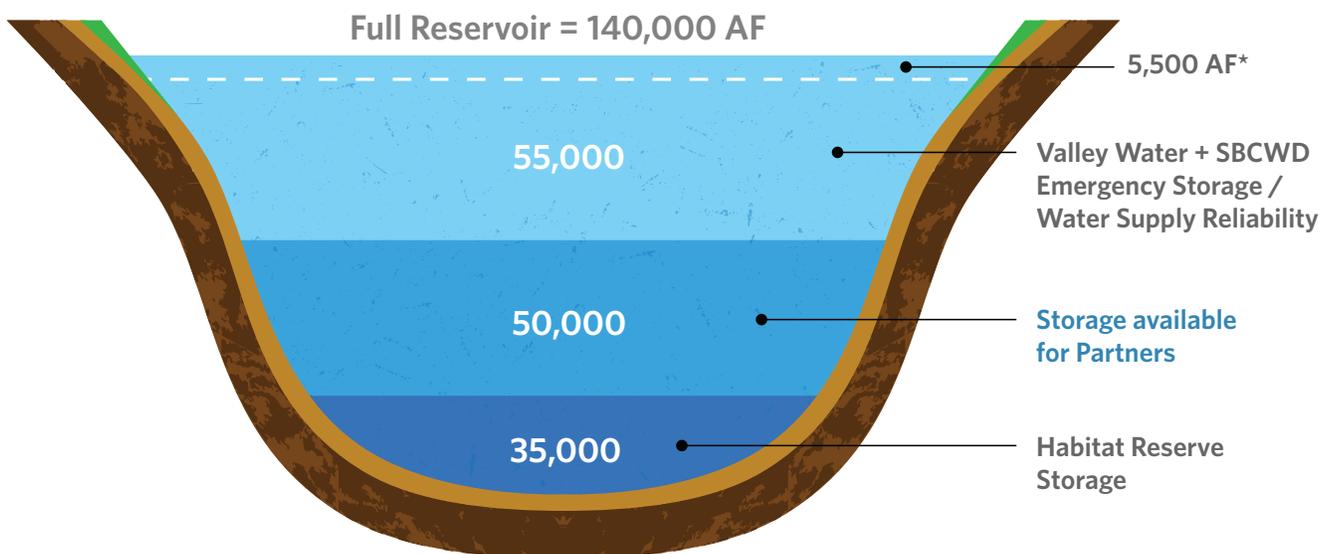
Adds valuable storage that is needed to manage increased variability of supply due to climate change.

# PARTNERSHIP STORAGE

New project partners will have the opportunity to fully utilize their dedicated share of up to 50,000 acre-feet (AF) of storage capacity. The primary path for a partner agency to place water in the expanded Pacheco Reservoir will be through San Luis Reservoir. For example, water from a project partner may be placed in Pacheco Reservoir directly or by exchange with Valley Water, and this water may later be withdrawn from the reservoir by exchange.

The San Benito County Water District (SBCWD) is an existing partner with an allocation of up to 10% of the reservoir capacity. The Pacheco Pass Water District is also an existing partner with the rights to receive storage consistent with its water rights.

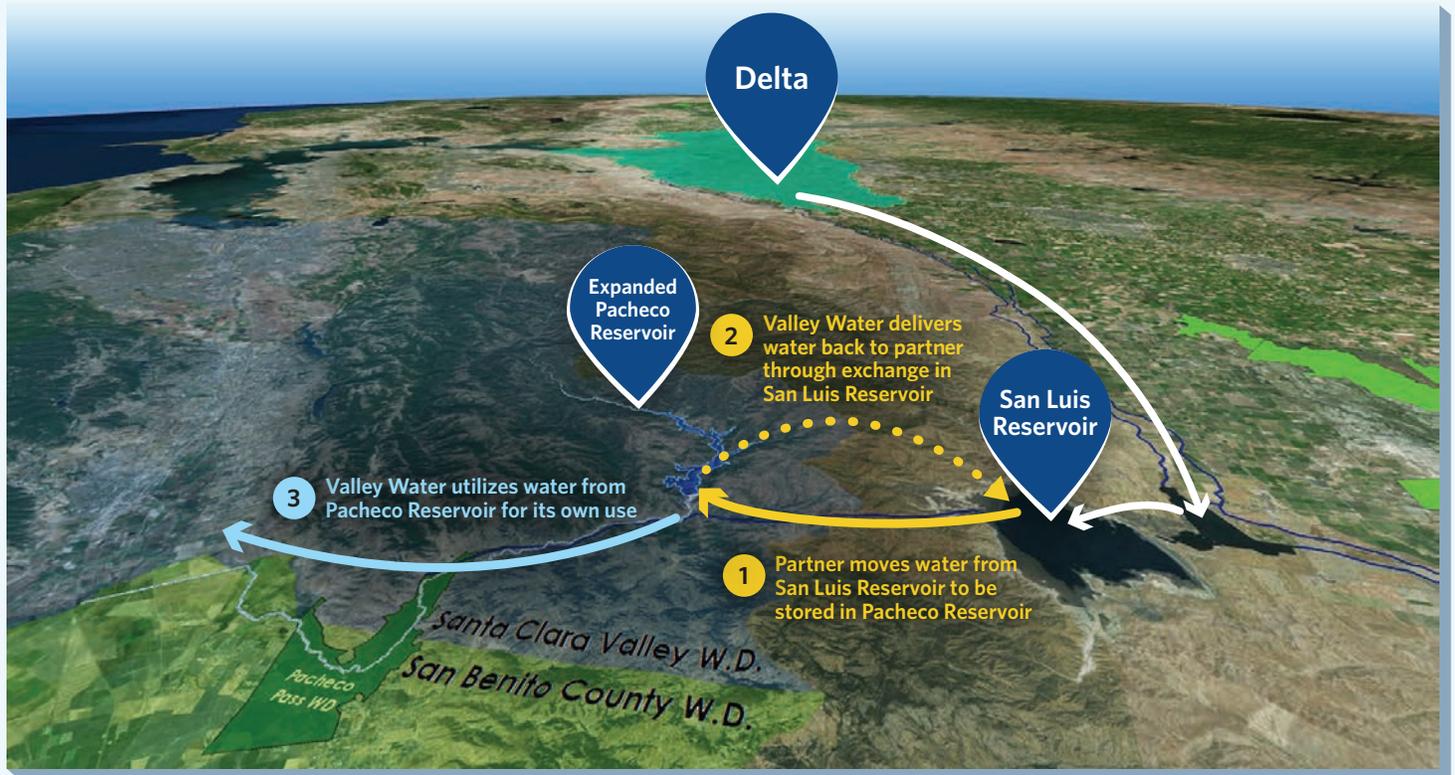
## Example of Partnership Storage



\* 5,500 AF storage space reserved Nov. 1 for natural inflow only

# PARTNERSHIP PROJECT OPERATION

## Example of Project Operations



All modes of conveyance and exchange will require discussion and approvals of other agencies including potentially the Bureau of Reclamation and or the Department of Water Resources:

- Partners will have rights to utilize all their designated storage capacity for the benefit of their customers/landowners.
- Since the flow of imported water into Pacheco Reservoir is always via the Federal/State San Luis Reservoir, partners may source their inbound water by exchange with Valley Water.
- Partners who are Central Valley Project (CVP) or State Water Project (SWP) contractors would receive in future years, by exchange, a portion of Valley Water's CVP/SWP allocations.
- Bay Area Regional partners may bring in their source water via San Luis Reservoir, involving use of federal/state facilities, and pumped into Pacheco Reservoir. In this case, partner arrangements for wheeling their inbound water would be made with the Bureau of Reclamation, (potentially) the California Department of Water Resources, and Valley Water. Partnership withdrawals of water would be facilitated by Valley Water and wheeled through the San Felipe pipeline and Valley Water's pipelines for delivery to their system or may be exchanged for Valley Water's CVP or SWP water.
- Alternatively, Bay Area regional partners may explore with Valley Water other ways of exchanging water involving Pacheco Reservoir storage.

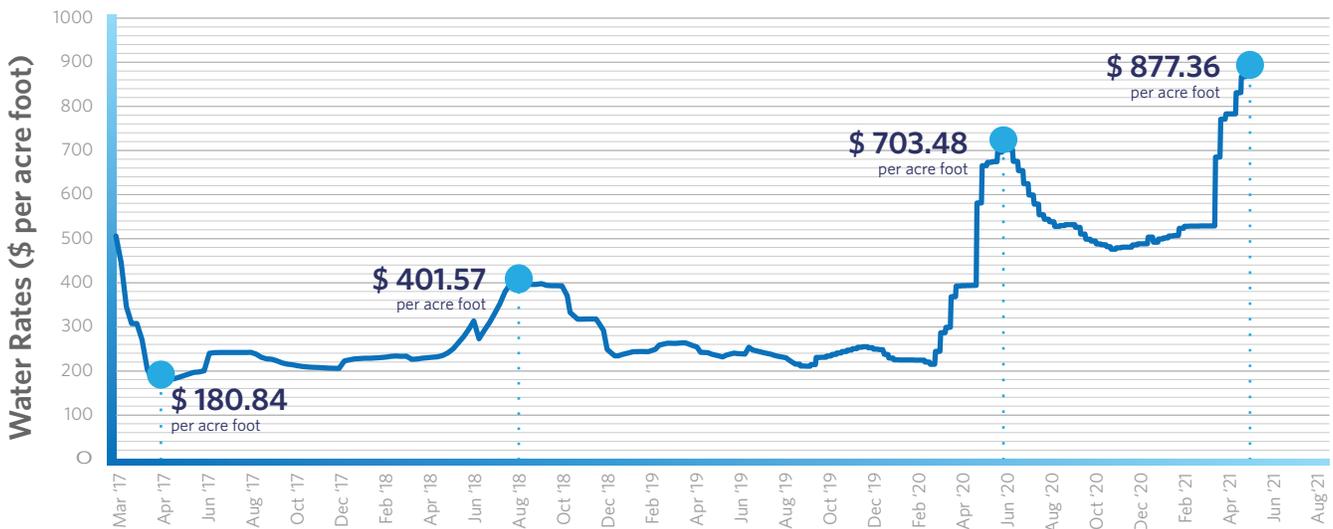
# PARTNERSHIP COST

	Environmental Reserve (WSIP) <sup>1</sup>	Valley Water and San Benito County Water District	Partners	Total
<b>Reservoir Reserved Volume</b> (acre-feet, AF)	35,000 AF	55,000 <sup>2</sup> AF	<b>50,000 AF</b>	140,000 AF
<b>Capital Cost</b>	\$ 0.5 billion <sup>2</sup>	\$ 1.1 billion <sup>3</sup>	<b>\$ 0.9 billion</b>	\$ 2.5 billion
<b>Capital Cost</b> (% of Total)	20%	44%	<b>36%</b>	100%
<b>Annual O&amp;M Cost<sup>4</sup></b> (%million/year, 2030)	-	\$ 2.6 million/year	<b>\$ 2.4 million/year</b>	\$ 5.0 million/year

- 1 Water Storage Investment Program
- 2 Includes payment for emergency storage benefits (Valley Water).
- 3 Will increase if Partnership commitment is less than 50,000 acre-feet.
- 4 Transfer costs and evaporation losses are not included in this estimate.

# THE COST OF WATER

Climate change is expected to result in more severe droughts, impacting our state’s water supply. When supply is low, the cost to purchase water skyrockets. Investing in the Pacheco Reservoir Expansion Project will help Valley Water and project partners secure an accessible emergency supply for future droughts.



Index that benchmarks the spot price of water in California. Source: [www.nasdaq.com/solutions/nasdaq-vels-water-index](http://www.nasdaq.com/solutions/nasdaq-vels-water-index)

## PROJECT FUNDING

Valley Water, the Pacheco Pass Water District and the San Benito County Water District collaborated to secure \$496.65 million in funding from California's Proposition 1 Water Quality, Supply and Infrastructure Improvement Act of 2014. The Act, passed by California voters, provides for \$7.5 billion in general obligation bonds, including \$2.7 billion for investments in surface and groundwater storage projects. The Prop 1 funding was conditionally approved in July 2018.

The current estimated cost of the project is \$2.5 billion. Valley Water will make up to 50,000 acre-feet of storage space in the reservoir available to its partners at an equivalent cost participation level. For example, a project partner could secure 50,000 acre-feet, or 36% of the total storage, at 36% of the project cost consistent with the table above.

## PROJECT TIMELINE

Valley Water is continuing to conduct investigations and surveys to design and evaluate feasibility and potential environmental impacts. Construction is anticipated to begin in 2025. Preliminary estimates indicate construction of the Pacheco Reservoir Expansion Project will take at least five years.



### Contact Us

To get more information about this partnership opportunity, contact **Chris Hakes**, Deputy Operating Officer of Valley Water's Dam Safety & Capital Delivery Division at [chakes@valleywater.org](mailto:chakes@valleywater.org) or at (408) 630-3796.



*In the fall of 2019, Valley Water performed exploratory drilling to gather information about the soil and rock characteristics needed for the project design.*

# PACHECO RESERVOIR EXPANSION PROJECT



## CENTRAL COAST WATER AUTHORITY

### MEMORANDUM

October 6, 2021

**TO:** CCWA Operating Committee

**FROM:** Ray A. Stokes  
Executive Director 

**SUBJECT:** CCWA/San Luis Obispo County State Water Transfer Proposal

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#### SUMMARY

CCWA and representatives from San Luis Obispo County (SLO County) have been in discussions recently to reconvene discussions on a temporary transfer of SLO County's State water Table A with CCWA. This report will provide an update regarding those discussions.

#### DISCUSSION

SLO County approached CCWA in mid-2016 to inquire if CCWA would be willing to enter into an agreement whereby the SLO County State water participants could receive more State water through the CCWA-owned Polonio Pass Water Treatment Plant and SLO County Coastal Branch turnouts than the 4,830 AF contract amount SLO County is currently entitled to receive under the Master Water Treatment Agreement between CCWA and SLO County. In exchange for the additional water treated at the Polonio Pass Water Treatment Plant, SLO County would provide CCWA one acre-foot of SLO County's Table A amount for every acre-foot of water treated and delivered above the 4,830 AF contract amount.

CCWA did agree to this proposal in 2016 and CCWA and SLO County submitted the proposal to DWR for approval, which ultimately denied the proposal stating it was inconsistent with the then-current SWP contract.

Since that time, the SWP Water Management Contract Amendment has been executed which allows for the sale of SWP water between SWP Contractors thereby providing a contractual path for the revised proposal.

The attached DRAFT term-sheet provides a basic outline of the proposal currently being considered at a staff level. The terms are essentially the same as previously negotiated with the exception that the transaction would be structured as a sale or "transfer" rather than an exchange which would require a return of a portion of the water.

CCWA staff will provide an overview of the draft proposal at the Operating Committee meeting and will solicit feedback from the Committee members regarding the proposal.

RAS

Attachment

**DRAFT** MEMORANDUM OF AGREEMENT POINTS  
CCWA/SLO County Exchange  
September 29, 2021

**Background Information**

1. San Luis Obispo County Flood Control and Water Conservation District (SLO District) is a SWP contractor with a total Table A amount of 25,000 AF.
2. CCWA owns and operates the Polonio Pass Water Treatment plant (PPWTP), which treats SWP water for CCWA project participants in Santa Barbara County and SLO District project participants.
3. CCWA and SLO District executed the Master Water Treatment Agreement, dated March 1, 1992 whereby CCWA agreed to treat and deliver up to 4,830 AF per year of SLO County's State Water Project water at the Polonio Pass Water Treatment plant.
4. SLO District takes delivery of its treated state water through reaches 33B, 34 and 35 of the DWR Coastal Branch Extension of the State Water Project.
5. SLO District has capacity rights of 4,830 AF in reach 33B, 4,730 AF in reach 34 and 2,392 AF in reach 35.
6. SLO District desires to take delivery of more than 4,830 AF per year through the CCWA WTP
7. SLO District desires to transport water in excess of 4,830 through reaches 33B, 34 and 35 of the Coastal Branch SWP facilities using CCWA's unused pipeline capacity.

**Deal Points**

1. CCWA agrees to treat SLO District SWP water in excess of the 4,830 AF contract amount in the Master Water Treatment agreement at CCWA's Polonio Pass Water Treatment Plant.
2. In exchange for treating SLO District's SWP water in excess of the 4,830 AF contract amount, SLO District will provide CCWA with 1 AF of its annual SWP water allocation for every 1 AF of water treated by CCWA above the 4,830 AF contract amount.
3. In order to effectuate the transfer of SLO District's water to CCWA, CCWA (through Santa Barbara County Flood Control and Water Conservation District) will enter into a transfer with SLO District.
4. The transfer will be for an amount up to 5,000 AF per year, with up to 5,000 AF provided to CCWA from SLO.
5. The minimum amount transferred to CCWA per year will be 1,000 AF.
6. The transfer will be effective for five years for the years of XXXX through XXXX, up to 5,000 AF each year.
7. CCWA will take delivery of the transfer water in San Luis Reservoir.
8. In the month in which water is returned to SLO District by CCWA, CCWA will internally account for SLO District's right to have the same quantity of water treated through the CCWA WTP and delivered through the Coastal Branch facilities to any of the SLO District turnouts. The accounting will track the amount of water still available to be treated through the WTP above the contractual amount of 4,830 AF until it is exhausted.
9. The right of SLO District to take delivery of the transferred water through the CCWA WTP will not expire and is not tied to the term of the transfer agreement.

10. While CCWA does not anticipate there will be capacity constraints to treat and deliver the additional water to SLO District, CCWA will guarantee that on an annual basis, up to 1,000 AF of capacity will be made available to SLO County at the CCWA WTP and CCWA's capacity in reaches 33B, 34 and 35.
11. SLO County will be responsible for all costs to treat and deliver the additional water above the current 4,830 AF contract amount treated and delivered by CCWA under the transfer agreement.



**CENTRAL COAST WATER AUTHORITY**

**MEMORANDUM**

October 5, 2021

**TO:** CCWA Operating Committee

**FROM:** Ray A Stokes  
Executive Director 

**SUBJECT:** Ventura-Santa Barbara Counties Intertie Project

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**DISCUSSION**

Casitas Municipal Water District and Carpinteria Valley Water District have been in discussions to construct an intertie pipeline between Carpinteria and Casitas to allow Casitas to take delivery of its State Water allotment through the Coastal Branch facilities of the State Water Project.

The attached pamphlet provides a brief overview of the proposed project. Casitas Municipal Water District staff will be in attendance at the Operating Committee meeting to provide a brief presentation on the project.

RAS

Attachment

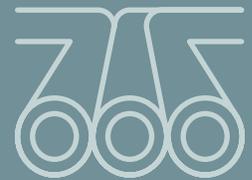


# VENTURA-SANTA BARBARA COUNTIES INTERTIE PROJECT



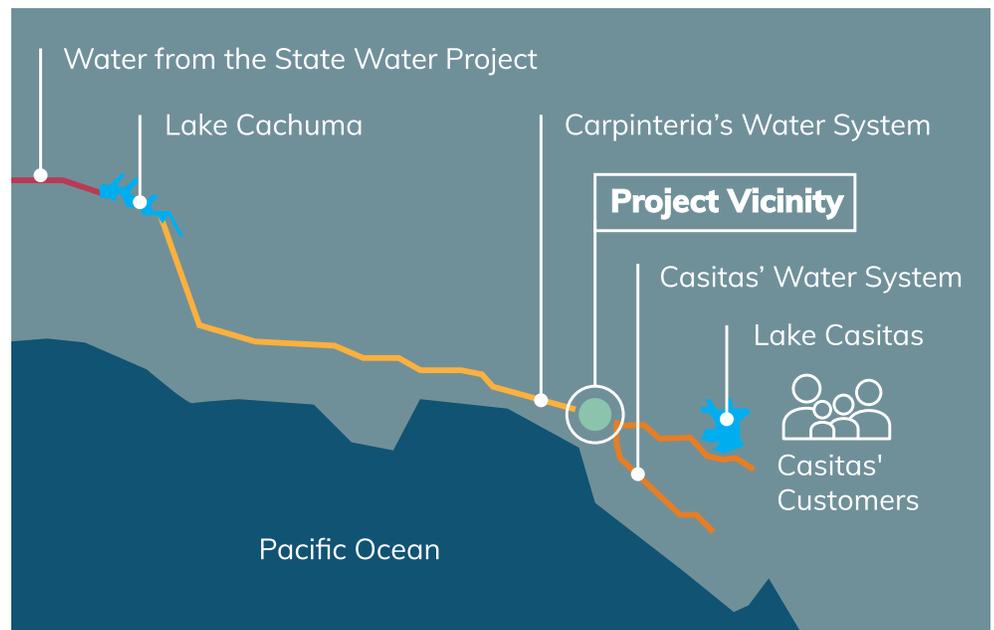
## PLANNING AHEAD TO SECURE OUR COMMUNITY'S WATER FUTURE

As Casitas looks ahead to continue to meet the water needs of our customers and our community for years to come, we are partnering with the neighboring Carpinteria Valley Water District to connect our two water systems that are only 1.3 miles apart, gaining access to the State Water Project (SWP) – the backbone of California's water supply.



### PROJECT BENEFITS

- Protect long-term Lake Casitas water supply
- Mitigate short-term drought risk
- Diversify water supply sources
- Improve local water management
- Increase regional emergency preparedness



# CONNECTING CASITAS

Casitas has always considered connecting to the SWP. For decades, Casitas has held an existing contract for 5,000 acre-feet of SWP water, but has not been able to use it because we do not have the infrastructure we need to bring it here. Think of connecting to the SWP as a water insurance plan for our community – to help prevent Lake Casitas water levels from getting too low or in case of a regional emergency, we will always have the option to bring in SWP water or other supplemental water supplies.

## ACRE FOOT?

AN ACRE FOOT IS DEFINED AS THE VOLUME OF WATER NECESSARY TO COVER ONE ACRE OF SURFACE AREA (APPROXIMATELY THE SIZE OF A FOOTBALL FIELD) TO A DEPTH OF ONE FOOT.

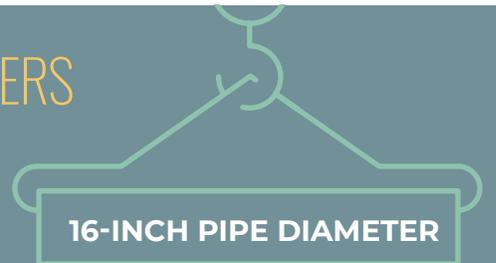
Total Project Construction  
Funded Through  
Grants & Loans.



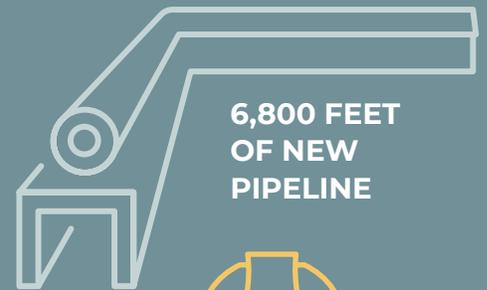
## BY THE NUMBERS



12-15 MONTHS OF  
CONSTRUCTION

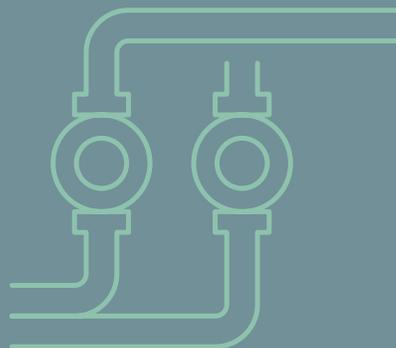


16-INCH PIPE DIAMETER



6,800 FEET  
OF NEW  
PIPELINE

2 BOOSTER PUMP STATIONS



\$15.5 MILLION  
TOTAL PROJECT  
CONSTRUCTION  
COST

The Ventura-Santa Barbara Counties Intertie project is a cost efficient, no regrets project that will help our community to become more resilient in responding to droughts and emergencies, both now and into the future.

[www.casitaswater.org](http://www.casitaswater.org)



**CENTRAL COAST WATER AUTHORITY**

**MEMORANDUM**

October 5, 2021

**TO:** CCWA Operating Committee

**FROM:** Ray A Stokes  
 Executive Director

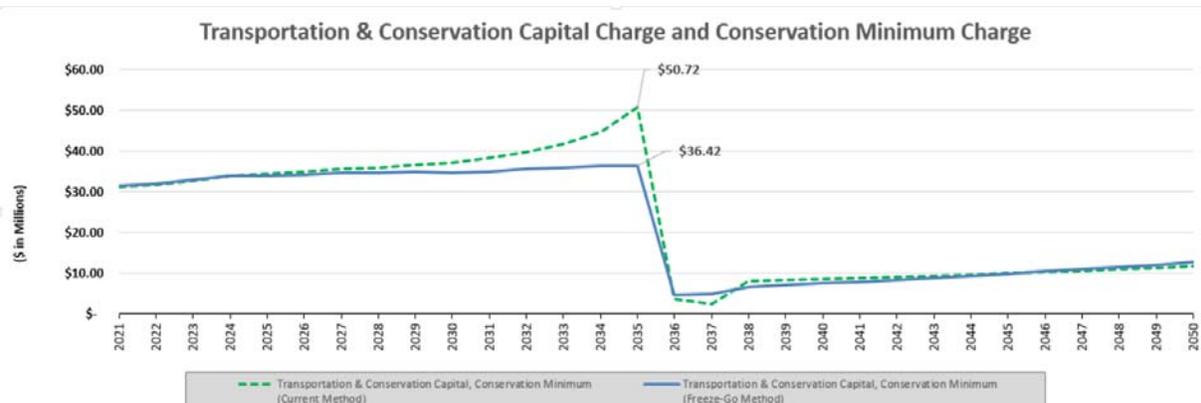
**SUBJECT:** DWR Capital Cost Compression and Possible Financing JPA

**BACKGROUND**

Due to uncertainty of the timing of implementation of the Contract Extension Amendment, some SWP Contractors have discussed the possible need for an alternative financing mechanism for the interim period.

DWR will not issue revenue bonds beyond the current project repayment period—2035. This means that instead of paying for large capital expenditures over a typical 30-year bonding period, SWP Contractors will be repaying the costs on an ever-shortening term which will cause a compression and escalation of costs. DWR’s current capital cost projection indicate it will spend between \$500 to \$600 million per year in capital expenditures.

The following graph shows the impact of the cost compression issue compared to implementing the Contract Extension Amendment and corresponding “Billing Transitions Date” in 2024 for all capital-related charges for CCWA capital-related charges only:



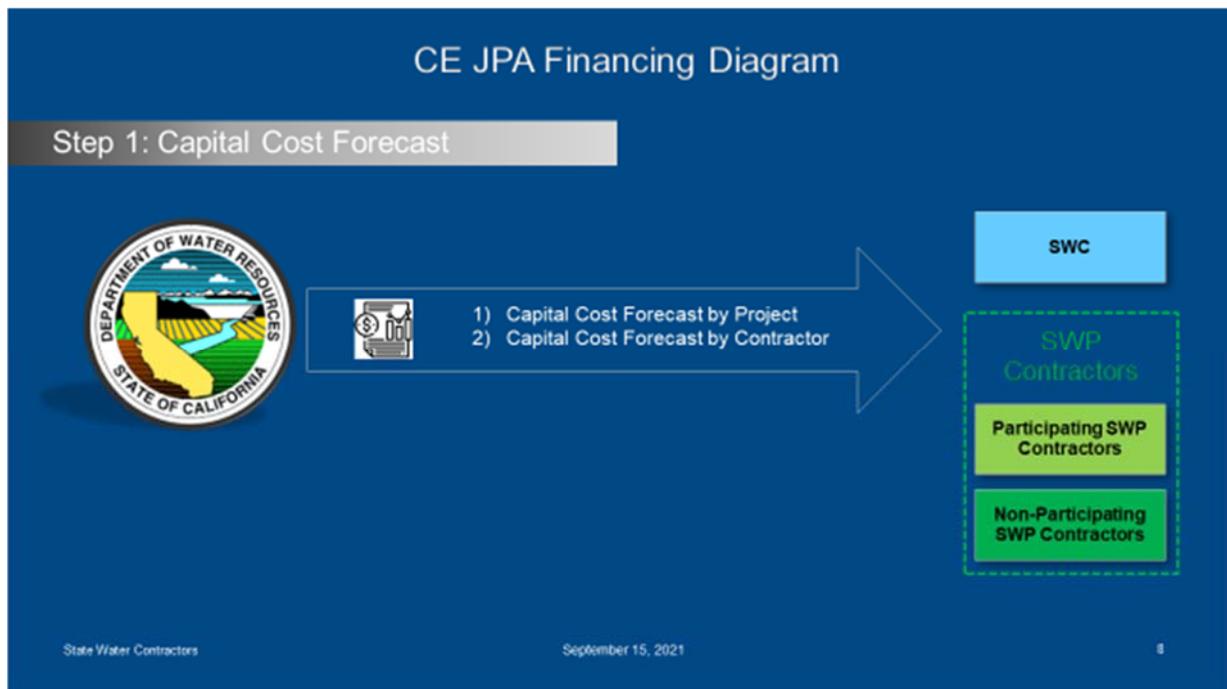
## FINANCING JPA

The SWP Contractors are exploring an alternative option to finance the SWP Contractors' share of the DWR capital expenditures. The SWP Contractors have proposed an external financing organization, such as a financing Joint Powers Authority (JPA), for this purpose.

With a financing JPA, two or more SWP Contractors would come together to form the JPA with the expressed purpose of issuing long-term (30 year) bonds for each participating Contractor's share of DWR's anticipated capital expenditures over a 2 or 3 year period (i.e., bond issuance every 2 to 3 years for the anticipated DWR capital expenditures).

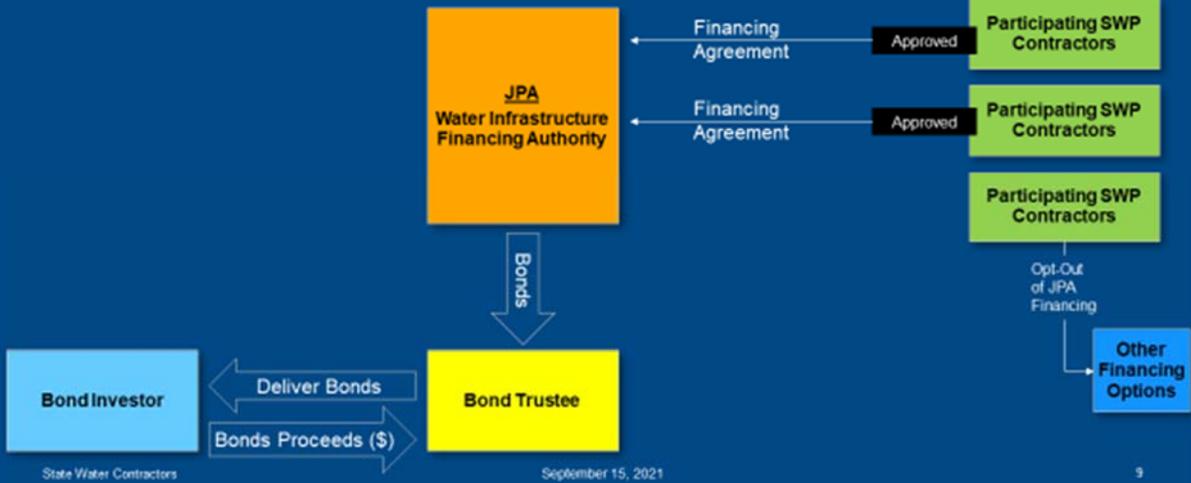
When the bond proceeds are received from the bond sale, each participating SWP Contractor would direct the bond trustee to forward the bond proceeds to DWR to pay for that Contractor's share of the capital project. The participating SWP Contractor would then pay the cost of the capital expenditure over the 30 year term of the bond to the financing JPA instead of the compressed project repayment period to 2035 under the DWR statement of charges.

The following slides show how the bond proceeds would flow between the bond investors, bond trustee, Financing JPA participant and DWR.



# CE JPA Financing Diagram

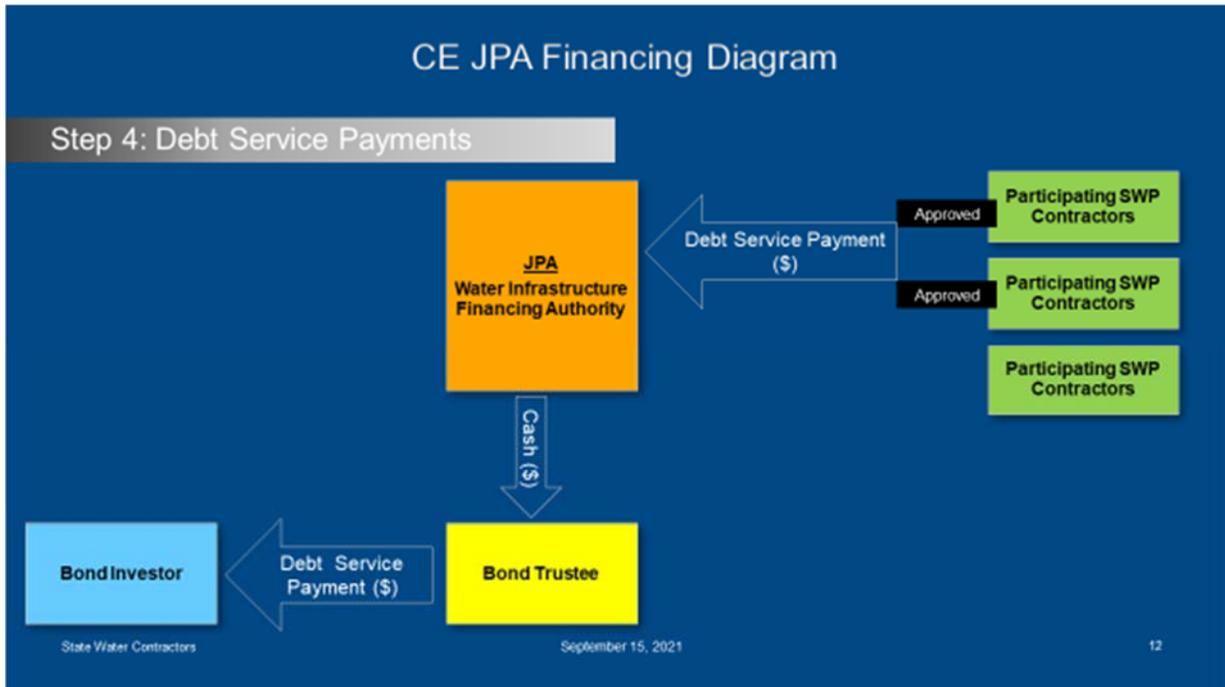
## Step 2: Capital Cost Financing



# CE JPA Financing Diagram

## Step 3: Disbursement of Bond Proceeds





Questions and Answers

1. *What are the shared financial liabilities at the Financing JPA level? Would a participating Contractor be liable for payment defaults of other Financing JPA participants?*

*Answer:* No member of the Financing JPA would be responsible for debt obligations of other Financing JPA participants. Each participant would be solely responsible for their own debt issued under the JPA.

2. *If one Contractor has good credit but another JPA participant does not, does that make the Contractor with a better credit rating ability to issue debt more costly?*

*Answer:* Each Financing JPA participant's credit rating will be the basis for their own tranche of bonds within a aggregated bond issuance. In other words, there may be multiple tranches of bonds within one bond issuance with each tranche based solely on the credit rating of that participant's bond rating.

3. *What happens when DWR starts issuing bonds again, on a different schedule? Would JPA participants be responsible for 2 different stacks of debt?*

*Answer:* When DWR resumes issuing long-term debt for future capital projects, DWR will allocate the costs of the new capital projects to all SWP Contractors. JPA participants will then pay the costs of the new capital projects only, but DWR will not bill JPA participants for the capital projects that were paid for with proceeds from the Financing JPA.

4. *Can a JPA participant withdraw/terminate its participation in the JPA if no longer needed?*

*Answer: Yes*

5. *What's the advantage of issuing debt through the Financing JPA vs Contractors issuing their own bonds?*

*Answer: The primary advantage of the Financing JPA is sharing the costs of bond issuance with the other participants of the Financing JPA. If a JPA participant were to issue its own bonds every three or four years for their estimated share of DWR capital costs, the bond issuance costs would have to pay for all bond issuance costs.*

6. *Could individual Contractors finance their own capital expenditures through the Financing JPA?*

*Answer: Yes.*

7. *How much will it cost to stand up the Financing JPA?*

*Answer: Essentially just the filing fee with the Secretary of State of \$15. All other legal fees, etc. have been minimal and would be charged to the participants of the Financing JPA once it is stood up.*

## **CONCLUSION**

CCWA staff will be asking the CCWA Board of Directors for approval to stand up a Financing JPA with at least one other SWP Contractor at its meeting on October 28, 2021.

RAS